

RESONANCE HEALTH LIMITED
ABN 96 006 762 492

27 October 2009

Dear Shareholder

Resonance Health delivered a profit for the 2009 financial year, an outstanding success in the current economic climate. FerriScan[®] is the Company's core product, providing a Magnetic Resonance Imaging (MRI) based test for the accurate assessment of body iron stores for patients with iron overload disorders. Revenue increases for the FerriScan[®] test continue to support a growing acceptance of the role of FerriScan[®] within general clinical practice notably in the UK and USA.

Financial highlights for the year include:

- Net profit of \$617,051
- FerriScan[®] revenue of \$2,259,191 up 31%
- Expenditure decrease of 15%
- Cash of \$2,644,938 and no debt

Resonance Health provides FerriScan[®] to a major pharmaceutical company, Novartis, who are conducting clinical trials on iron chelator drug therapies. Novartis conducted an independent validation of the various tools available to measure liver iron and subsequently chose FerriScan[®] as the best of breed solution for measuring liver iron. This glowing endorsement of FerriScan[®] has resonated with key medical opinion leaders throughout the world.

Whilst revenue associated with contracts for clinical trial services increased, this year saw a significant increase in FerriScan[®] revenue associated with the general clinical use of the test. This provides an encouraging outlook for FerriScan[®]'s broad clinical acceptance.

International marketing of FerriScan[®] was accelerated during the year, with an initial focus on the UK market. Results were very positive providing a 200% increase in sales in the first six months of the UK campaign. The Company has developed strong relationships with key disease groups and the related medical specialists including the thalassaemia and sickle cell communities.

The UK Sickle Cell Society has formally endorsed FerriScan[®] as the appropriate technology for the monitoring of transfused sickle cell patients throughout the UK. The Thalassaemia International Federation's Guidelines for the Clinical Management of Thalassaemia recommends FerriScan[®] as part of the management of thalassaemia patients with iron overload owing to its accuracy, reproducibility, accessibility for patients and its easy implementation on most MRI scanners.

FerriScan[®] Rapide was launched in September 2009 providing a 60% reduction in MRI scan time for patients having a FerriScan[®] test. This reduction in scan time significantly improves the cost effectiveness of the test due to the high costs associated with MRI technology, and has been well received by the market.

Activities aimed at gaining health insurance reimbursement for FerriScan[®] remain a primary focus to ensure growth outside the clinical trial market. The Company expects a result from its submission to the Australian Medical Services Advisory Committee (MSAC) for reimbursement in Q1 2010, and is working with consultants in the USA to gain reimbursement for FerriScan[®] in the US market. The funding for FerriScan[®] by several UK NHS Trusts has accelerated the use of FerriScan[®] in that market whilst the Canadian funding for FerriScan[®] has also resulted in increased sales.

Development work has been accelerated for an MRI test to assess liver fibrosis. Chronic liver disease is responsible for 1.4m deaths annually worldwide and in the US is among the top 10 disease related causes of death. A non-invasive test would provide clinicians and patients with a diagnostic tool to replace liver biopsy, currently used to assess liver fibrosis and cirrhosis, the primary causes of which are hepatitis C and fatty liver disease. This development represents a significant opportunity for the company in a very large and growing market.

The board is encouraged by the expanding sales of FerriScan[®] in the general clinical settings and a growing consensus that FerriScan[®] represents the method of choice for managing patients with conditions associated with iron overload. Ongoing product improvements together with the development of a technology to assess liver fibrosis will deliver a broader revenue base for the company and a stronger position for sustained growth.

Yours sincerely,



Stewart Washer
Chairman



Liza Dunne
Managing Director

Resonance Health Limited ABN: 96 006 762 492

1st Floor, 216 Stirling Hwy, Claremont, WA 6010, AUSTRALIA Postal: PO Box 1135, Nedlands, WA 6909, AUSTRALIA

T: +61 (0) 8 9286 5300 F: +61 (0) 8 9286 5399 www.resonancehealth.com

RESONANCE HEALTH LIMITED

ABN 96 006 762 492

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00 am

DATE: Wednesday, 25 November 2009

PLACE: Gerald New Room
Wollaston College Conference Centre
Wollaston Road
Mount Claremont, Western Australia

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Shareholders of Resonance Health Limited will be held at 10:00am on Wednesday 25 November 2009 in the Gerald New Room at the Wollaston College Conference Centre, Wollaston Road, Mount Claremont, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined that pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the AGM are those who are registered Shareholders at Close of Business Perth time on Monday 23 November 2009.

AGENDA

Reports and Accounts

To receive the Financial Report of the Company for the year ended 30 June 2009, together with the Directors' Report, the Remuneration Report and the Auditor's Report.

Ordinary Business

Resolution 1 – Adoption of Remuneration Report (non-binding)

To consider and if thought fit to pass with or without amendment, the following resolution as a non-binding resolution:

"That, for the purposes of Section 250R(2) of the Corporations Act 2001 (Cth) and for all other purposes, the Company adopts the Remuneration Report."

Short Explanation: The Corporations Act provides that a resolution on the remuneration report must be put to vote at a listed company's AGM. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-election of Dr Timothy St Pierre

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, Dr Timothy St Pierre, being a Director, retires by rotation in accordance with Clause 13.2 of the Constitution, and being eligible, is hereby re-elected as a Director."

Resolution 3 – Re-election of Dr Stewart Washer

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, Dr Stewart Washer, being a Director of the Company who was appointed on 16 February 2009 and being eligible and offering himself for re-election, be appointed as a Director of the Company."

Resolution 4 – Re-election of Mr Simon Panton

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, Mr Simon Panton, being a Director of the Company who was appointed on 5 October 2009 and being eligible and offering himself for re-election, be appointed as a Director of the Company."

Resolution 5 – Approval to Issue Shares to the Managing Director

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and for all other purposes, shareholders approve the allotment and issue of that number of fully paid ordinary shares to Liza Dunne that is equal to \$10,000 divided by the volume weighted average price of the Company's shares as traded on ASX over the 20 trading days prior to the date of issue of the shares on the terms set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Liza Dunne and any of her associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 – Adoption of New Constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

"That, for the purpose of s136(2) of the Corporations Act and for all other purposes, approval is given for the adoption of a new Constitution, in the form as signed by the Chairman of the Annual General Meeting for identification purposes in lieu of the existing Constitution of the Company, to take immediate effect."

By Order of the Board



Eva O'Malley

Company Secretary

27 October 2009

Explanatory Statement

Resolution 1 - Adoption of Remuneration Report

In accordance with Section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption of the Remuneration Report. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report, set out in the Company's 2009 Annual Report from page 11 to 13, includes all of the information required by Section 300A of the Corporations Act, including:

- (a) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the Company;
- (b) discussion of the relationship between such policy and the Company's performance; and
- (c) the prescribed details in relation to the remuneration of each Director and certain executives.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM.

The Directors recommend Shareholders vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

Resolution 2 – Re-election of Dr Timothy St Pierre

Clause 13.2 of the Constitution provides that one-third of the Directors, or if their number is not a multiple of 3 then the number nearest one-third, shall retire from office at each AGM, provided always that no Director, (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third AGM following his or her appointment, whichever is longer, without submitting himself for re-election. A retiring Director is eligible for re-election.

Dr Timothy St Pierre, retiring at this AGM, seeks re-election in accordance with Clause 13.2 of the Constitution. Details regarding the Directors are set out in the Company's 2009 Annual Report.

The Directors, other than the retiring Director who abstains from making any recommendation, recommend Shareholders vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

Resolution 3 – Re-election of Dr Stewart Washer

Clause 13.4 of the Constitution provides that a Director who was appointed by the Directors as an addition to the Board, shall only hold office until the next general meeting and shall be eligible for re-election at such meeting. Dr Stewart Washer was appointed by the Board on 16 February 2009. In accordance with clause 13.4 of the Constitution, it is necessary for Dr Washer to stand for re-election at the next general meeting. Details regarding the Directors are set out in the Company's 2009 Annual Report.

The Directors, other than the retiring Director who abstains from making any recommendation, recommend Shareholders vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

Resolution 4 – Re-election of Mr Simon Panton

Clause 13.4 of the Constitution provides that a Director who was appointed by the Directors as an addition to the Board, shall only hold office until the next general meeting and shall be eligible for re-election at such meeting. Mr Simon Panton was appointed by the Board on 5 October 2009. In accordance with clause 13.4 of the Constitution, it is necessary for Mr Panton to stand for re-election at the next general meeting.

Mr Panton has been a strong supporter of the Company and the FerriScan technology over a number of years and is a major shareholder of Resonance Health. Mr Panton brings skills in business and marketing having run his own successful business.

The Directors, other than the retiring Director who abstains from making any recommendation, recommend Shareholders vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

Resolution 5 – Approval to Issue Shares to the Managing Director

The Company wishes to issue shares to Liza Dunne to a value of \$10,000 in recognition of her performance to the Company.

Resolution 5 seeks Shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of these shares.

Shareholder approval is not being sought under the related party provisions of the Corporations Act because the independent directors consider that the issue falls within either the arm's length exemption in Section 210 of the Corporations Act or the reasonable remuneration exemption in Section 211 of the Corporations Act.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Liza Dunne is a related party of the Company by virtue of being a director.

Explanatory Statement (Continued)

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the shares under Resolution 5 as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the shares will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Share Ratification:

- (a) the issue price of the shares will be equal to the volume weighted average price of the Company's shares as traded on ASX over the 20 trading days prior to the date of issue of the shares (**Issue Price**);
- (b) the number of shares to be issued will be equal to \$10,000 divided by the Issue Price;
- (c) the shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares;
- (d) the shares will be allotted and issued to Liza Dunne (or her nominee);
- (e) the shares will be issued no later than one month after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the shares will be issued on one date; and
- (f) there will be no funds raised from the issue as the shares will be issued in recognition of past services by Liza Dunne for the Company.

Resolution 6 – Adoption of New Constitution

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 6 is a special resolution which will enable the Company to adopt a new constitution of the type required for a company limited by shares. The existing constitution of the Company was adopted in May 2004.

The new Constitution to be adopted contains a number of provisions designed to promote the more efficient running of the Company, which should be of long term benefit to the Company and its Shareholders. It has been updated to reflect recent amendments to the Corporations Act and Listing Rules.

It is not practicable to list all of the changes to the Constitution in this Explanatory Statement and Shareholders are invited to contact the Company if they have any queries or concerns.

The main changes in the proposed new Constitution relate to changes to the rotation of directors and the process for cleaning up non-marketable parcels of securities.

A copy of the proposed new Constitution is available for review by Shareholders at the office of the Company.

END OF DOCUMENT