



23 April 2014

Dear Shareholder

RESONANCE HEALTH LIMITED – NON-RENOUNCEABLE RIGHTS ISSUE

As announced on 10 April 2014, Resonance Health Ltd (ACN 006 762 492) (**Company**) is undertaking a pro-rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 92,747,841 fully paid ordinary shares (**New Share**) to raise up to \$4,637,392 before costs. The price of New Shares under the Offer is A\$0.05 each (**Issue Price**) and will be offered to eligible shareholders on the basis of one (1) Share for every four (4) Shares held on the Record Date. The Company lodged an offer document for the Rights Issue (**Offer Document**) with ASX on 22 April 2014.

The Offer is lead managed by Azure Capital. The Company must pay Azure Capital a management fee of 2% and a placement fee of 3% of the total amount raised under the Offer.

The Company intends to apply the funds raised from the Offer towards:

Item of Expenditure	Amount (\$)	Percentage (%)
Further the development of the Company's MRI based intellectual property including HepaFat, Fibrosis and other products	\$4,000,000	86.3%
Working capital	\$557,392	12%
Expenses of the Offer	\$80,000	1.7%
TOTAL	\$4,637,392	100%

The above table is a statement of the Board's current intentions as at the date of the Offer. The allocation of funds set out in the above table may change depending on a number of factors. The Board reserves the right to alter the way the funds are applied.

The Offer is being made to all shareholders of the Company named on its register of members at 5pm (WST) on 30 April 2014, whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 92,747,841 New Shares resulting in total Shares on issue of approximately 463,739,206.

A copy of the Offer Document is available on ASX's and the Company's website. Eligible Shareholders will be mailed an Offer Document together with an Entitlement and Acceptance Form no later than 2 May 2014. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Offer Document.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Offer Document (**Entitlement**) or part of your Entitlement. To take up all or some of your Entitlement you will need to ensure your application money for the Entitlement you wish to take up is received by the Company by no later than 5pm (WST) on 23 May 2014, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate application monies (at \$0.05 per Share) or pay via BPAY® by following the instructions set out in the Entitlement and Acceptance Form.
- You may wish to accept your full Entitlement **and** apply for additional Shortfall Shares. To take up all your Entitlement and apply for Shortfall Shares you will need to ensure your application money for the Entitlement and Shortfall Shares you wish to take up is received by the Company by no later than 5pm (WST) on 23 May 2014, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form, including filling in the number of Shortfall Shares you wish to apply for in the shortfall section on the Entitlement and Acceptance Form, and attach your cheque, drawn on an Australian bank or bank draft or money order made payable in Australian currency, for the appropriate application monies (at \$0.05 per Share) or pay via BPAY® by following the instructions set out in the Entitlement and Acceptance Form.
- You may do nothing. If you choose to do nothing with your Entitlement, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Proposed Date
Offer Document, Appendix 3B and s708AA Cleansing Notice lodged with ASX	Prior to commencement of trading on 22 April 2014
Notice of Rights Issue sent to shareholders	23 April 2014
Ex date	28 April 2014
Record date for determining Entitlements	30 April 2014
Offer Document sent out to Shareholders & Company announces this has been completed & Offer Opening Date	2 May 2014
Closing Date	23 May 2014
Securities quoted on a deferred settlement basis	26 May 2014
Notification of under-subscriptions to ASX (if any)	27 May 2014
Issue date/Shares entered into Shareholders' security holdings	29 May 2014

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or Adrian Bowers, Resonance Health Limited's Company Secretary, on +61 9286 5300.

Yours sincerely

Liza Dunne
Managing Director