



23 April 2014

Dear Shareholder

**RESONANCE HEALTH LIMITED – NON-RENOUNCEABLE RIGHTS ISSUE**

As announced on 10 April 2014, Resonance Health Limited (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%
<b>TOTAL</b>	<b>\$4,637,392</b>	<b>100%</b>

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.

**Ineligible shareholders**

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Offer Document. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

If you have any queries concerning the Rights Issue, please contact your financial adviser or Adrian Bowers, Resonance Health Limited's Company Secretary, on +61 9286 5300.

Yours sincerely

**Liza Dunne**  
Managing Director