

Date: 23 February 2016

Resonance Health is implementing a Minimum Holding Share Sale

The directors of Resonance Health Limited (ACN 006 762 492) (**Company**) are pleased to announce that the Company will commence the process for the sale of ordinary shares for and on behalf of shareholders that hold less than a "marketable parcel" (defined in the Australian Securities Exchange (**ASX**) Listing Rules as a parcel of securities of not less than \$500 in value) (**Unmarketable Parcel**).

The Company incurs costs to administer shareholdings, and to provide any reports, notices of meetings etc. The sale of each Unmarketable Parcel is being instituted in accordance with clause 3 of the Company's Constitution to reduce the administrative and registry costs associated with these remaining Unmarketable Parcels.

Each Unmarketable Parcel will be sold for no less than the price per share equal to 80% of the simple average of the last sale prices of the ordinary shares quoted on the Australian Securities Exchange (**ASX**) for each of the ten trading days immediately preceding the date of any offer received by the Company (**Authorised Price**).

As at 22 February 2016, based on a closing price of 2.0 cents per share an Unmarketable Parcel is 24,999 shares or less. The sale will enable holders of Unmarketable Parcels as at 22 February 2016 to sell their full holding for no less than the Authorised Price. By way of an example, in applying the calculation the minimum Authorised Price would be 1.60cents per share.

The Company has approximately 1,222 shareholders who hold an Unmarketable Parcel. As at 22 February 2016, the Company estimates the value of the shares held by all holders of Unmarketable Parcels to represent \$138,000 at 2.0 cents per share. Shareholders who own 25,000 shares or more will not be eligible to participate in the sale.

On and from **13 April 2016**, each holder of an Unmarketable Parcel shall be deemed to have irrevocably appointed the Company as their agent:

- (a) to sell all the Unmarketable Parcel held by them at a price not less than the Authorised Price and without any cost being incurred by the holder;

- (b) to deal with the proceeds of the sale of the Unmarketable Parcel in accordance with clause 3.8 of Company's Constitution (Minimum Shareholding - Proceeds of Sale); and
- (c) where the Unmarketable Parcel contains Chess Approved Securities held in uncertificated form, to initiate a Holding Adjustment (as defined in the ASTC Settlement Rules) to move the securities from the CHESS Holding (as defined in the ASTC Settlement Rules) to an Issuer Sponsored or Certificated Holding (as defined in the ASTC Settlement Rules) for the sale of the Unmarketable Parcel.

Shareholders with an Unmarketable Parcel who wish to retain their shareholding need to complete a Notice of Retention and send it to the Company. A Notice of Retention needs to be received by the Company from shareholders with an Unmarketable Parcel who wish to retain their shares by no later than 5.00pm (WST) on **12 April 2016**.

Shareholders with an Unmarketable Parcel who wish for their shareholding to be sold by the Company for no less than the Authorised Price under the sale do not need to do anything.

If you hold shares in the Company as multiple entities, whereby the value of the shareholdings is less than \$500, then the Company will sell the shares unless a Notice of Retention is received by the Company.

Directors and Staff of Resonance may purchase some of the shares sold in the Minimum Holding Share Sale.

The Board has adopted an allocation policy whereby the Shares which are available for purchase under the Minimum Holding Share Sale are first allocated to offers received from unrelated parties, in priority to the directors and staff.

The Company will forward as soon as possible the proceeds of the sale of Unmarketable Parcels to all shareholders whose shares are sold by the Company under the sale. There will be no brokerage fees payable by shareholders whose shares are sold by the Company under the sale.

Attached is a copy of the letter to shareholders and a personalised Notice of Retention form both of which have been dispatched to all relevant shareholders.

For further information contact:

Adrian Bowers

Company Secretary

AdrianB@resonancehealth.com

P: +61 (0)8 9286 5300

W: www.resonancehealth.com



23 February 2016

Dear Shareholder

Minimum Holding Share Sale

Resonance Health Limited (ACN 006 762 492) (**Company**) has instituted a sale of ordinary shares for and on behalf of shareholders who hold less than a "marketable parcel" defined by the Australian Securities Exchange (**ASX**) Listing Rules as a parcel of securities of not less than \$500 (**Unmarketable Parcel**).

On this basis, you have been determined as currently holding an Unmarketable Parcel.

Pursuant to clause 3 of the Company's Constitution, the Company is able to sell Unmarketable Parcels held by shareholders, unless the shareholder instructs the Company not to sell those shares.

The sale has been instituted to enable shareholders holding an Unmarketable Parcel to realise their shares without brokerage and other expenses and to reduce the significant administrative and registry costs associated with Unmarketable Parcels.

Each Unmarketable Parcel will be sold for no less than the price per share equal to 80% of the simple average of the last sale prices of the ordinary shares quoted on the Australian Securities Exchange (**ASX**) for each of the ten trading days immediately preceding the date of any offer received by the Company (**Authorised Price**).

As at 5pm (WST) 22 February 2016 (**Record Date**), the last sale prices of the Company's shares was 2.0cents and on this basis an Unmarketable Parcel is 24,999 shares or less. The sale will enable holders of Unmarketable Parcels as at 22 February 2016 to sell their full holding for no less than the Authorised Price. Our share registry shows that the number of shares held by you in the Company as at 5.00pm (WST) on 22 February 2016 is valued at less than \$500.

On and from **13 April 2016**, each holder of an Unmarketable Parcel is deemed to have irrevocably appointed the Company as their agent:

(d) to sell all the Unmarketable Parcel held by them at a price not less than the Authorised Price and without any cost being incurred by the holder;

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278 Stirling Hwy, Claremont, WA 6010, AUSTRALIA Postal: PO Box 1135, Nedlands, WA 6909, AUSTRALIA

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- (e) to deal with the proceeds of the sale of the Unmarketable Parcel in accordance with clause 3.8 of Company's Constitution (Minimum Shareholding - Proceeds of Sale); and
- (f) where the Unmarketable Parcel contains Chess Approved Securities held in uncertificated form, to initiate a Holding Adjustment (as defined in the ASTC Settlement Rules) to move the securities from the CHESS Holding (as defined in the ASTC Settlement Rules) to an Issuer Sponsored or Certificated Holding (as defined in the ASTC Settlement Rules) for the sale of the Unmarketable Parcel.

If you want the Company to sell your Unmarketable Parcel for no less than the Authorised Price under the sale, you do not need to do anything.

If you do not want your Unmarketable Parcel to be sold by the Company for no less than the Authorised Price under the sale, you must complete the enclosed **Notice of Retention** and return it to the Company. A Notice of Retention needs to be received by the Company by no later than 5.00pm (WST) on **12 April 2016**. If a **Notice of Retention** is not received by this date, your shares will be sold by the Company.

If you hold shares in the Company as multiple entities, whereby the value of the shareholdings is less than \$500, then the Company will sell the shares unless a Notice of Retention is received by the Company.

If your shareholding is sold by the Company, the Company will forward as soon as practicable the proceeds of the sale. There will be no brokerage fees payable by shareholders whose shares are sold by the Company under the sale.

The Directors and Staff of Resonance may purchase some of the shares sold in the Minimum Holding Share Sale.

The Board has adopted an allocation policy whereby the Shares which are available for purchase under the Minimum Holding Share Sale are first allocated to offers received from unrelated parties, in priority to the directors and staff.

Any taxation consequences arising from the sale of Unmarketable parcels under the sale will be your responsibility. If you require information regarding possible taxation implications for the sale of Unmarketable Parcels under the sale, please contact your professional advisor.

If you require further information in respect of the sale, please contact: Mr Adrian Bowers, Company Secretary Telephone: +61 8 9286 5300

For enquiries on your shareholding please call Advanced Share Registry Ltd on +61 8 9389 8033.

Yours faithfully

Dr Martin Blake

**Executive Chairman
Resonance Health Limited**

NOTICE OF RETENTION RESONANCE HEALTH LIMITED

ACN 006 762 492

POSTAL ADDRESS: PO Box 1135 Tel: (08) 9286 5300 Fax: (08) 9286 1179
Nedlands WA 6909

Date:

Adrian Bowers
Company Secretary
Resonance Health Limited
C/- Advanced Share Registry Ltd
PO Box 1156
Nedlands WA 6909

NOTICE OF RETENTION

In accordance with Clause 3 of the Company's Constitution, I/we give notice to the Company that I/we wish to retain my/our shareholding in Resonance Health Limited (ACN 006 762 492).

Individual/Joint applications

Title, Given Name(s) & Surname or Company Name

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)

Unit Street Number Street Name or PO Box/ other information

Suburb/Town

State

Post Code

Details of Holding

SRN

Number of Shares held

Signature(s)

Individual or Shareholder 1

Director

Shareholder 2

Director/Secretary

Shareholder 3

Sole Director and Secretary

My/our day time contact number in the case of inquiry is:

Telephone ()