

The Manager  
Company Announcements  
Australian Stock Exchange  
4th Floor  
20 Bridge Street  
SYDNEY NSW 2000

20 April 2006

Dear Sir,

## **US expansion plans, institutional investment and changes to RHT Board**

Resonance Health Ltd (ASX: RHT) today announces a funding and acquisition strategy to significantly expand its US business operations.

The changes will include:

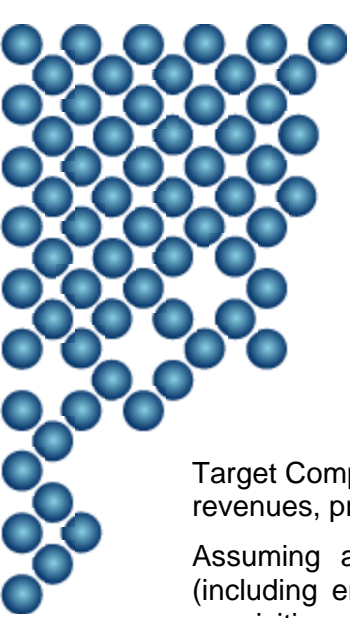
- Intended acquisition of US based specialist pathology businesses
- Intended institutional investment by a Queensland Investment Corporation Fund
- Appointment of Dr Gary W. Pace, a current director of ResMed, Inc (NYSE:RND) and Peplin Ltd (ASX:PEP), as Chairman and changes to non-executive Directors

### **I. Acquisition of a specialist US pathology company**

RHT has signed a non-binding Letter of Intent for the acquisition of a US-based anatomical pathology business ("Target Company"). The acquisition will complement RHT's focus on the commercialisation of FerriScan and the development of a non-invasive tool to measure liver fibrosis. It is intended that Montgomery Pacific Group, RHT's existing US Corporate advisors, will source further acquisitions for RHT.

The acquisition strategy will provide RHT with an established business that will facilitate the continued roll-out of FerriScan, as well as the development of a new MRI based test for liver fibrosis. The pathology acquisition and consolidation strategy will complement RHT's radiology based diagnostic tests, will strengthen access to referral channels and provide access to established US-based billing and operational infrastructure. The proposed acquisition strategy will also provide immediate revenue to RHT and will position the company as an integrated diagnostic business.

The Target Company has annualised revenues in excess of US\$5 million. The terms of the transaction relating to this business include payments in the form of cash and RHT shares with a total consideration expected to be US\$9 million over 5 years, with 25% payable on closing and a further 15% earn-out payment due in each of the 5 subsequent years. The total consideration payable may increase or decrease subject to the ongoing performance of the



Target Company. The minimum total consideration payable, subject to the company maintaining revenues, profitability and association of the principals will be US\$5.37 million.

Assuming all conditions precedent to proceeding with this first transaction are satisfied (including entering into a binding purchase agreement), the payment on closing of this first acquisition will be US\$1.6875 million in cash and US\$562,500 in RHT shares at a AU\$0.063 valuation. The payment made after the first year anniversary will be 75% RHT shares and 25% cash, and each one thereafter will be 100% RHT shares. The share component for the earn out payments will be valued at the 30-day volume weighted average share price (vwap) for the 30 days leading up to the commencement date of the earn-out year.

## II. Institutional investment from a Queensland Investment Corporation Fund

In connection with the acquisition strategy and continued development of the current RHT technology portfolio (FerriScan and liver fibrosis diagnostic tests), RHT has received a letter of intent from a Queensland Investment Corporation Fund for an investment in RHT of up to AU\$8 million at a price of AU\$0.063 per share. It should be understood that this is a non-binding statement of current intentions, and is subject to final due diligence and other normal closing conditions.

Further details of the proposed transactions and timing will be provided to the market as soon as possible and will be subject to finalisation of terms, successful completion of due diligence and securing shareholder approval at a general meeting of shareholders.

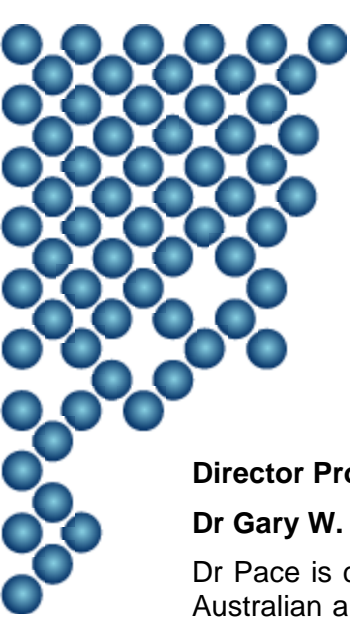
## III. Board of Directors restructure

To facilitate and support these changes, the current Board of RHT acknowledges the need to restructure the existing Board. Therefore, the changes to RHT's Board of Directors will include:

- Dr Gary W. Pace's appointment as Chairman
- Mr Roger Greene, Mr Michael Dalsin and Mr Guy Aird's appointment as non-executive directors
- The Hon Dr Michael Wooldridge will become Deputy Chairman, with Mr Ian Anderson and Dr Andrew Walker remaining as non-executive directors
- Dr Christine Bennett, Mr Anthony Fitzgerald and Dr Jay Ives' will resign as directors with effect from today

Summary biographies for the new Chairman and Directors are provided below.

The Hon Dr Michael Wooldridge said: "Speaking on behalf of the Board, I would like to formally acknowledge the valuable contributions of the retiring directors, each of whom have played an instrumental role in seeing the FerriScan technology advance from development through to market, and in positioning the company for its next phase of expansion." Dr Gary Pace also complimented and thanked the retiring Board members on their significant contribution to RHT.



## Director Profiles

### **Dr Gary W. Pace, PhD FTS - Chairman**

Dr Pace is currently Chairman and CEO of QRxPharma Pty Ltd and a director of a number of Australian and US companies, including: Protiveris Inc., ResMed, Inc. (NYSE:RMD), Peplin Ltd (ASX:PEP), Transition Therapeutics Inc. (TSX:TTH) and Celsion Corp. (AMX:CLN). He is also a Visiting Scientist at the Massachusetts Institute of Technology (MIT), an Adjunct Professor at the University of Queensland and a member of the Queensland North America Biotechnology Advisory Council. From 1995 to 2001, Dr Pace was President and CEO of RTP Pharma. From 2000 to 2002, he was Chairman and CEO of Waratah Pharmaceuticals Inc., a spin-off company of RTP Pharma. From 1993 to 1994, he was the founding President and CEO of Transcend Therapeutics Inc. (formerly Free Radical Sciences Inc.), a biopharmaceutical company. From 1989 to 1993, Dr Pace was Senior Vice President of Clintec International, Inc., a Baxter/Nestle joint venture and manufacturer of clinical nutritional products. Dr Pace holds a Bachelor of Science with honours from the University of New South Wales and a PhD from MIT. Dr Pace resides in Boston, Massachusetts.

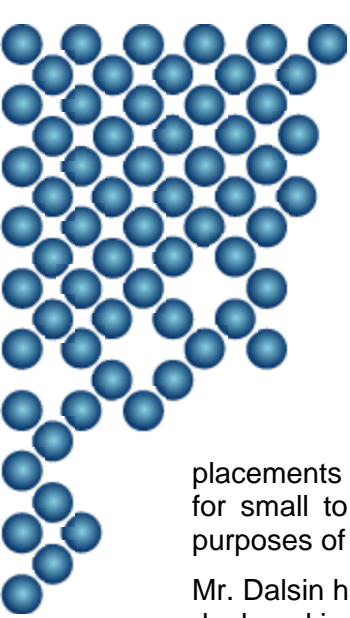
### **Mr Roger Greene, AB Econs, LLB – Non-Executive Director**

Mr Greene is currently a partner in the investment banking group Montgomery Pacific Group, LLC., and has worked with the various funds in the Robert M. Bass Group in Texas as a principal and as general counsel. He participated in a number of their opportunity funds, including Brazos Fund, which purchased \$2 billion in assets in the US and Canada, and Lone Star Fund, which has acquired and managed several billions of dollars in assets in North America, Asia and Europe. For Brazos, Mr. Greene was responsible for negotiations on a \$300 million purchase of assets from a thrift in Canada, an acquisition of assets of over \$100 million that resulted from the merger of two insurance companies, and the securitization of hundreds of millions of dollars of mortgage loans. For Lone Star, Mr. Greene was responsible for negotiation and structuring of asset acquisitions from foreign entities. Prior to that time, he also worked on resolution and management of the assets of American Savings and Loan Association after the acquisition of American Savings Bank by the Robert M. Bass Group. Mr. Greene has also acted as a principal in real estate and operating company acquisitions.

Previously, he was an attorney at Covington & Burling in Washington DC and Jackson, DeMarco & Peckenpaugh in Orange County, California. Mr. Greene has also worked to start up and fund a services based technology company in Southern California. Mr Greene is currently on the Board of ASX listed Avastra Ltd. Mr Greene holds a degree in Economics from Harvard College and a Law degree from Harvard Law School.

### **Mr Michael Dalsin, BSc – Non-Executive Director**

Mr Dalsin is currently a partner in the investment banking group Montgomery Pacific Group, LLC., and has worked in international investment banking and deal-making for investments by Morgan Stanley Managing Director's funds in London, Hong Kong and New York. He was as a lead banker and negotiator for small and medium market (\$US15M to \$US50M) international acquisitions for both American and English companies. He participated as a key sales person in institutional fundraising for a number of international (micro-capitalization) companies with



placements of \$US5M to \$US10M. He has experience in securing cash flow debt and term debt for small to medium companies and has practice in high yield and convertible debt for the purposes of acquisition.

Mr. Dalsin has been invited to speak for Inc. Magazine and Cambridge University on the topic of deal making in small to medium market acquisitions. Previous to his investment banking experience, Mr. Dalsin worked as an acquisition strategist in the small and middle markets with both Cisco Systems and Lucent Technology partner companies. Mr Dalsin is currently on the Board of ASX listed Avastra Ltd. Mr Dalsin holds a degree in Economics from the University of Wisconsin.

### **Mr Guy Aird, Dip. Valuations, Grad. Dip. Applied Corp Finance – Non Executive Director**

Mr Guy Aird is a partner in Melbourne boutique investment bank, Domain Capital. He has twenty years operational experience within the investment advisory sector including fifteen years experience in equities dealing/ advising/ research for a number of Melbourne based stock broking firms. He is also a Director of ASX listed Biotech company Avastra Limited. Mr Aird lives in Melbourne.

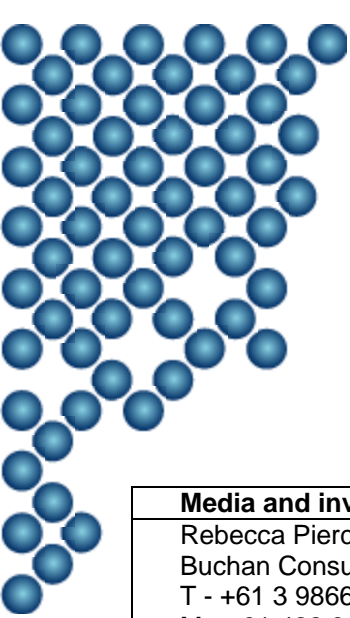
### **About Resonance Health Ltd**

Resonance Health (ASX: RHT) is an Australian Healthcare company that to date has specialised in the development and commercialisation of magnetic resonance imaging (MRI)-related technology for the quantitative measurement of iron levels in the human body. Our mission is to develop and market our technologies to assist in the diagnosis and management of patients suffering from iron-related conditions, whilst delivering significant added value for our MRI customers who deliver our service through their networks.

In 2005, RHT began the global commercial launch of FerriScan®, its world-leading non-invasive tool for measuring liver iron levels.

The FerriScan service involves an MRI scan followed by off-site processing of the images by RHT using its patented methodology to generate the liver iron concentration result. MR data is transmitted electronically via a secure data process to the RHT analysis centre from anywhere in the world. The test requires no new equipment purchase at the MRI centre level. FerriScan provide a significant improvement over current blood markers and invasive surgical procedures. This improvement leads to increased clinical efficiency and accuracy in diagnosis, in addition to allowing optimisation of treatment programs for iron-related disorders such as hereditary haemochromatosis and thalassemia. FerriScan is now positioned to become a routine part of the clinical diagnosis and management of iron loading disorders as well as playing a major role in the testing and monitoring of drugs used to treat these conditions.

FerriScan has received regulatory clearance to be marketed in the US, Australia, UK and Europe. Further information about Resonance Health and FerriScan can be obtained from the following websites: [www.resonancehealth.com](http://www.resonancehealth.com) and [www.ferriscan.com](http://www.ferriscan.com).



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