



1 September 2006

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

Dear Sir/Madam,

**RHT: Resonance Health Announces Agreement from Largest Customer to Increase FerriScan<sup>®</sup> Pricing**

Resonance Health (RHT) announces today that it has been informed by its largest current customer, a major pharmaceutical company, that the customer has agreed to increase the pricing of its FerriScan<sup>®</sup> services for clinical trials. RHT expects to receive the signed formal agreement from the customer early next week. Under the amended agreement, once signed, for the period from August 1, 2006 through January 31, 2007, the customer will pay RHT a flat fee of up to US\$100,000 per month for up to 100 scans per month. For any scans above 100 per month, the pricing reverts to US\$250 per scan for the next 120 scans, resulting in a maximum additional charge of US\$30,000 per month.

The customer is currently the largest FerriScan<sup>®</sup> customer, accounting for more than 70% of revenues year to date prior to the renegotiation of the contract. Prior to the renegotiation, pricing for FerriScan<sup>®</sup> scans for this customer were billed at US\$250 per scan.

“I am pleased that our main customer has indicated its agreement to the amended contract, which gives RHT more time to develop FerriScan<sup>®</sup> commercially,” said Dr. Gary W. Pace, Chairman of the Board. “When the nature of FerriScan<sup>®</sup> losses became apparent earlier in the year, we took steps to cut operating expenses immediately. We also began an initiative to re-examine whether current pricing of FerriScan<sup>®</sup> was viable in light of the costs of service. Our goal was to minimize or eliminate operating losses associated with FerriScan<sup>®</sup>. This amendment will be the first result of our re-pricing initiative.”

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“We are pleased to obtain this commitment from a top global pharmaceutical company, and will strive to demonstrate the value of FerriScan<sup>®</sup> to this customer and others in the coming months,” commented Dr. Tim St. Pierre Chief Scientific Officer and executive director of RHT.

Despite the benefit of increased pricing, the contract amendment covers only a six month period, and requires the parties to commence negotiations on pricing for periods after January 31, 2007. There is no guarantee that the customer will agree to similar pricing for FerriScan<sup>®</sup> in the future. Other risks include the possibility that the contract not be signed by the customer, that it may be cancelled, the fact that the clinical trials will continue only for a finite time, that there is no provision for charging on scans beyond 220 per month, or that the customer may find other technologies that serve its purposes in the future. The directors expect the additional revenue for the proposed 6-month contract period to further assist RHT to fund its operations in the short term.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Eva L.', written in a cursive style.

Eva Liu  
Company Secretary