

RESONANCE HEALTH LIMITED – POLICY ON DIRECTORS AND EMPLOYEES DEALING IN SECURITIES

RESONANCE HEALTH LIMITED

Policy on Directors and Employees Dealing in Securities

1. BACKGROUND

Although Directors and employees are encouraged to become shareholders of the Company, there are severe penalties for dealing on the basis of inside information.

2. AIM

- Effects proper business controls
- Meets legal requirements

3. DEFINITIONS

3.1 *Who is covered by this Policy?*

All Directors and employees of Group companies (which includes associated companies) and their close associates.

3.2 *What is a Close Associate?*

For the purposes of this policy, a close associate is:

- any company in which you have a substantial shareholding;
- any private trust of which you are a beneficiary; and
- any person or company with whom you have an arrangement which would entitle you to control, or influence substantially, the exercise of any voting power of shares in any of the relevant companies.

3.3 *Who is a Family Member?*

For the purposes of this policy a family member is your spouse or defacto spouse, each of your parents, parents-in-law (including parents of a defacto spouse) your children, step children (including children of a defacto spouse) and the spouse or defacto spouse of any of those people.

3.4 *What are Securities?*

For the purposes of this policy, securities are any listed or unlisted class of share, right, share option, or warrant.

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3. DEFINITIONS Cont'd

3.5 *What is a Group Company?*

For the purposes of this policy, the Group companies are:

- Resonance Health Limited
- Resonance Health Analysis Services Pty Ltd

and any other Company which becomes part of the Group as a result of a takeover offer or other form of acquisition by a Group company.

3.6 *What is Dealing in Securities?*

For the purposes of this policy, dealing includes:

- the buying or selling of, or subscribing for, any securities; and
- the exercise of listed or unlisted options (including employee incentive plan options)

whether on your own account or on behalf of another person.

The issue of any shares, rights to shares, options, rights to options or any other interest to staff under the any employee share plan or any dividend investment scheme offered by a Group company is not considered to be dealing in securities under this policy. However, the subsequent sale of any such shares and options or the exercising of these options does constitute such a transaction and must comply with this policy.

3.7 *What is Inside Information?*

For the purposes of this policy, inside information is information which has not been released to the Australian Securities Exchange, and which may have an effect on the price of the securities in the relevant company.

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3. DEFINITIONS (Cont'd)

3.8 *What is the Blackout Period?*

The blackout period is the period from the reporting date until one (1) day after the release of the financial results.

There are two blackout periods each year:

- (i) The period from 30 June until one day after the release of the Appendix 4E Preliminary Final Report; and
- (ii) The period from 31 December until one day after the release of the Appendix 4D Half Year Report.

From time to time the Company Secretary may determine that circumstances are such as to justify another period as an additional blackout period. You will be officially notified if such a determination is made.

4. POLICY

4.1 *Group Companies*

You and your close associates may deal in securities in Group companies at any time other than during a blackout period.

At no time may you deal in securities in Group companies when you are in possession of inside information.

In addition, when in possession of inside information, it is not permissible to:

- communicate the information to any other person; or
- encourage or induce any other person to deal in those securities.

4.2 *Non-Group Companies*

You and your associates should not deal in securities in a non-Group company which you are aware is the subject of an unannounced significant commercial transaction with a Group company. This applies particularly to Joint Venture partners.

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4. POLICY (Cont'd)

4.3 *Trading by a Family Member*

Trading by a family member in Group securities is to be discouraged during a blackout period.

There is a serious risk that successful trading in Group securities by a family member will be misconstrued as having been facilitated by information passed on by you. This has the potential to cause you and the Group enormous embarrassment.

You should inform your family members of this policy and should endeavour to ensure that your family members follow this policy and comply with it.

5. PROCEDURE

5.1 *What must you do if you wish to deal in Group securities?*

You can deal in securities in any Group company outside a blackout period unless you hold inside information.

Once you have completed the transaction you must report the details utilising the Notification of Change in Shareholdings Group Securities form to the Company Secretary who maintains a register of those transactions on behalf of the Audit and Risk Committee. A copy of the appropriate form is attached (Attachment 1).

A completed form must be forwarded to the Company Secretary within one week after the transaction.

5.2 *Because of continuous disclosure why can't I deal at any time?*

This policy has been reviewed in the light of continuous disclosure. It has been decided for a number of reasons (including policy supervision and the existence of significant exceptions to continuous disclosure requirements) not to permit dealing during blackout periods.

5.3 *What must you do if you have a special need to deal during the blackout period, or if you believe you may hold inside information?*

You should contact the Company Secretary prior to entering into the transaction so that they can determine whether the dealing would be prohibited under the Corporations Act. Permission granted by the Company Secretary is valid for a period of one week. After the expiration of the one week period permission must be re-sought from the Company Secretary.

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5. PROCEDURE (Cont'd)

Should you complete the transaction, you must report the details to the Company Secretary to record, together with the reason for the dealing, in the register. The Notification of Change in Shareholdings - Group Securities Form must be forwarded to the Company Secretary within one week of the transaction.

5.4 *What Authority Levels and Procedures Apply to Companies Buying and Selling Securities?*

In order to comply with the policy, once Board approval to creep has been obtained, any "creeping" is initiated outside a blackout period. The spirit of the policy is followed if the creep is not completed prior to the commencement of a blackout period by:

- a) Immediately suspending the order if the company is aware that consideration is being given to making a price sensitive ASX announcement;
- b) Ensuring that the purchase does not result in an increase in the closing price of the security of a sale in a decrease in the closing price on any three consecutive days; and
- c) Ensuring that the order does not represent more than one third of the monthly turnover.

5.5 *What do I do if a family member or close associate places me in a compromising position?*

If you feel you are being compromised by the share trading actions of a family member or a close associate, or should a family member or close associate indicate unwillingness or inability to comply with a request to comply with the policy, you should advise and discuss the matter with the Company Secretary.

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Attachment 1

Notification of Change in Shareholdings in Group Securities

NB: This form should be completed at the time of any security transaction activity and forwarded to:

Company Secretary
Level 1
216 Stirling Highway
Claremont, WA 6010
Fax: 08 9286 1179

within one week of the transaction.

I hereby notify the Company of a change in my shareholding (*or that of a close associate*), in the Company or related corporation, as detailed below:

Name of shareholder: _____

Relationship: Self / Spouse / Other (*delete as applicable*)

Contact Telephone Number: _____
(*business hours*)

Home address: _____

Type of transaction: Buy/sell/exercise/subscribe for Share/Right/
Options/Warrant (*delete as applicable*)

Date of transaction: _____

Number of securities: _____

Price of securities: _____

Name: _____ Signature: _____

Date: _____