



ABN 84 117 391 812

**NOTICE OF GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM**

Date of Meeting

Friday, 2 May 2008

Time of Meeting

9.00am (WST)

Place of Meeting

79 Broadway
Nedlands, Western Australia, 6009

NOTICE OF GENERAL MEETING

A General Meeting of Capitol Health Limited (**Capitol Health** or **Company**) is to be held on Friday, 2 May 2008 at 79 Broadway, Nedlands, WA, 6009, commencing at 9.00am (WST).

The Explanatory Statement that accompanies and forms part of this Notice describes the matters to be considered at this meeting.

BUSINESS

Resolution 1 – Ratification of Issue of 8,000,000 Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 of the Listing Rules of ASX Limited and for all other purposes, shareholders ratify the issue of 8,000,000 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: Under the Listing Rules, the Company may seek shareholder approval following an issue of securities to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary securities in any one 12 month period.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by any person who participated in the issue and any associates of those persons.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 – Approval of Issue of 3,538,462 Shares

To consider and, if thought fit to pass, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 of the Listing Rules of ASX Limited and for all other purposes, shareholders approve the issue of 3,538,462 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement that forms part of this Notice”.

Short Explanation: Under ASX Listing Rule 7.1, a company may seek shareholder approval prior to an issue of securities to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total equity securities in any 12 month period.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associate of any of those persons.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**DATED THIS 2nd DAY OF APRIL 2008
BY ORDER OF THE BOARD**



**Kim Hogg
Company Secretary**

NOTES:

1. A member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the member. A proxy need not be a member of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (eg "the Company Secretary").
2. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If no such proportion is specified, each proxy may exercise half of the member's votes.
3. A proxy form is enclosed. A separate form must be used for each proxy. An additional form can be obtained by writing to the Company at PO Box 3438, Nedlands, WA, 6909 or by fax to (61 8) 6389 2588. Alternatively, you may photocopy the enclosed form.
4. A duly completed proxy form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at its registered office or the address or fax number set out below, not less than 48 hours before the time for commencement of the meeting. Please send by post to PO Box 3438, Nedlands, Western Australia 6909 or by fax to (61-8) 6389 2588.
5. The Company will accept proxy appointments by a corporate member executed in accordance with either section 127(1) (not under seal) or section 127(2) (under seal) of the Corporations Act.
6. The time nominated by the Board for the purpose of determining the voting entitlements at the meeting is 5.00 pm WST on Wednesday, 30 April 2008.
7. The Explanatory Memorandum attached to this Notice forms part of this Notice.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the General Meeting of Capitol Health Limited ("Company").

The Directors recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

BACKGROUND

As announced to ASX on 28 March 2008, the Company completed the acquisition of Bell Imaging (**Bell**). Pursuant to a Business Sale Agreement dated 6 December 2007, the Company will issue a total of 11,538,462 fully paid ordinary shares at a deemed issue price of 6.5 cents per share as part consideration of the acquisition.

However, under Listing Rule 7.1, the Company only had capacity to issue approximately 8.08m Shares without seeking shareholder approval. Consequently, the Company resolved to issue 8,000,000 Shares to the vendors immediately, and seek shareholder approval for the issue of the balance of 3,538,462 Shares.

Resolution 1 – Ratification of Issue of 8,000,000 Shares

On 28 March 2008, the Company allotted 8,000,000 Shares pursuant to the Business Sale Agreement noted above. Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to reinstate the Company's capacity to issue up to 15% of its ordinary capital in the next 12 months without prior Shareholder approval.

ASX Listing Rule 7.4 provides an exception to ASX Listing Rule 7.1. The Listing Rule provides that where a company in a general meeting subsequently approves a previous issue of securities made without approval under ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.5 the following information is provided to Shareholders:

- (a) the total number of securities allotted is 8,000,000 Shares;
- (b) the Shares were issued at a deemed issue price of 6.5 cents per Share;
- (c) the Shares issued rank equally with the existing Shares on issue;
- (d) the Shares were issued to the following parties:

Allottee	Number of Shares
Wayne David McGregor	4,000,000
John Richard Sauvey	4,000,000
	8,000,000

- (e) the Shares were issued as part consideration for the acquisition of Bell at a deemed issue price of 6.5 cents per Share.

Resolution 2 – Approval of Issue of 3,538,462 Shares

On 28 March 2008, the Company completed the acquisition of Bell noted above. Shareholder approval is now sought pursuant to ASX Listing Rule 7.1 to issue the balance of 3,538,462 Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, during any 12-month period issue any equity or other securities with rights of conversion to equity if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders in general meeting.

The proposed issue of the Shares is placed before shareholders to allow this number of securities to be excluded from the calculation set out in ASX Listing Rule 7.1.

For the purpose of Listing Rule 7.3, the following information is provided:

- (a) a total of 3,538,462 Shares are to be issued;
- (b) the Company will issue the Shares noted above within 3 months of the date of the Meeting (or such other date as extended by ASX) and it is anticipated that all of those Shares will be issued on one date;
- (c) the allottees of the Shares will be as follows:

Allottee	Number of Shares
Wayne David McGregor	1,769,231
John Richard Sauvey	1,769,231
	3,538,462

- (d) all Shares issued pursuant to the Business Sale Agreement will be issued on the same terms as, and will rank equally with the Company's existing listed Shares; and
- (e) the Shares will be issued as part consideration for the acquisition of Bell at a deemed issue price of 6.5 cents per Share.

GLOSSARY

\$ means an Australian dollar.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules and **Listing Rules** mean the official listing rules of ASX.

Company and **Capitol** means Capitol Health Limited (ABN 84 117 391 812).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Explanatory Statement means the explanatory statement accompanying the Notice.

Meeting means the general meeting convened by the Notice.

Notice means the notice convening the Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a member of the Company, as defined in the Constitution of the Company.

WST means Western Standard Time.

PROXY FORM

(Name of member/s)

of

(Address of member/s)

Appointment of Proxy

I/We being a member/s of Capitol Health Limited and entitled to attend and vote hereby appoint

the Chairman of
the Meeting
(mark with an 'X')

If you are appointing **someone other than** the Chairman of the Meeting, write here the name of the company or person you are appointing

or, failing a company or person named, or if no company or person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if not directions have been given, as the proxy sees fit) at the General Meeting of Capitol Health Limited to be held at 79 Broadway, Nedlands, WA on Friday, 2 May 2008 commencing at 9.00 am and at any adjournment of that meeting.

Voting directions to your proxy – please mark to indicate your directions

	FOR	AGAINST	ABSTAIN*
1. Ratification of Issue of 8,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of Issue of 3,538,462 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy

I/We wish to appoint a second proxy

Mark with an 'X' if you wish to appoint a second proxy

AND

%

OR

State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/ Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/ Company Secretary

Contact Name

Contact Daytime Telephone

Date

HOW TO COMPLETE THE PROXY FORM

1. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the company or person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that company or person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

If you have appointed a company as your proxy and a representative of that company wishes to attend the meeting, the representative will be required to provide the Company with the appropriate written documentation evidencing that the person is a representative of the proxy. Should you require it, the Company will provide you with a corporate representative form free of charge. Please contact the Company Secretary if you require a corporate representative form.

2. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

3. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

4. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 48 hours before the commencement of the meeting at 9.00 am (WST) on Friday, 2 May 2008. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by posting, delivery or facsimile to Capitol Health Limited:-

PO Box 3438
Nedlands WA 6909

Fax: (61-8) 6389 2588
