



COMPLETION OF RADIOLOGY GROUP ACQUISITION

ANNOUNCEMENT

31 AUGUST 2007

The Board of Capitol Health Limited (**Capitol or Company**) is pleased to announce that it has completed the acquisition of a 100% interest in a group of 7 radiology clinics (**Radiology Group**) located across metropolitan Melbourne, Victoria.

Shareholder approval was obtained at the Company's General Meeting held 30 August 2007 for the issue of 183 million fully paid ordinary shares and 10 million unlisted options exercisable at 20 cents each on or before 31 March 2010 to vendors of the Radiology Group. A voluntary escrow period of 12 months applies to 168 million shares and 10 million unlisted options. Attached is an Appendix 3B seeking quotation of the 183 million shares.

As a result of the completion of this transaction, shareholders approved the appointment of Mr John Conidi to the Company's board of directors. Mr Conidi was a director, major shareholder, and one of the founders of the Radiology Group. Attached is Mr Conidi's "Appendix 3X – Initial Director's Interest Notice".

Dr Russell Fine has also retired as a non-executive director of the Company. The Company thanks Dr Fine for his efforts and looks forward to continue working with him as a part of the Group's clinical team in the future. Attached is Dr Fine's "Appendix 3Z – Final Director's Interest Notice".

Authorised by:

Andrew Harrison
Managing Director

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

CAPITOL HEALTH LIMITED

ABN

84 117 391 812

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares;
Options exercisable at 20 cents each on or before
31 March 2010. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 183,000,000 fully paid ordinary shares;
10,000,000 options exercisable at 20 cents each on
or before 31 March 2010. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares;
Options exercisable at 20 cents each on or before
31 March 2010. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>The shares rank parri passu with existing shares on issue.</p> <p>Options over unissued shares may only be exercised in accordance with their terms and conditions. Upon conversion of the options to shares, the shares will rank equally with existing shares.</p>				
<p>5 Issue price or consideration</p>	<p>Shares – deemed issue price of \$008 per share; Options – nil consideration.</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The shares have been issued pursuant to shareholder approval, as consideration for the acquisition of 100% interest in a group of 7 radiology clinics.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>30 August 2007.</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1209 989 1254">Number</th> <th data-bbox="989 1209 1291 1254">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1254 989 1411">239,100,001</td> <td data-bbox="989 1254 1291 1411">Ordinary fully paid shares.</td> </tr> </tbody> </table>	Number	+Class	239,100,001	Ordinary fully paid shares.
Number	+Class				
239,100,001	Ordinary fully paid shares.				
<p><i>* includes 168,000,000 shares under voluntary escrow.</i></p>					
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1489 989 1534">Number</th> <th data-bbox="989 1489 1291 1534">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1534 989 1691">20,000,000</td> <td data-bbox="989 1534 1291 1691">Unlisted options.</td> </tr> </tbody> </table>	Number	+Class	20,000,000	Unlisted options.
Number	+Class				
20,000,000	Unlisted options.				
<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>Not Applicable</p>				

Part 2 - Bonus issue or pro rata issue

Questions 11 to 33 Not Applicable

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Questions 35 to 37 - Not Applicable

Entities that have ticked box 34(b)

Questions 38 to 42 - Not Applicable

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: **31 August 2007**
(Company secretary)

Print name: **Kim Hogg**

====

⁺ See chapter 19 for defined terms.

Appendix 3X

Initial Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity	Capitol Health Limited
ABN	84 117 391 812

We (the entity) give ASX the following information under listing rule 3.19A.1 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	John Conidi
Date of appointment	30 August 2007

Part 1 - Director's relevant interests in securities of which the director is the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Number & class of securities
Nil.

Appendix 3X
Initial Director's Interest Notice

Part 2 – Director's relevant interests in securities of which the director is not the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Name of holder & nature of interest	Number & class of Securities
<small>Note: Provide details of the circumstances giving rise to the relevant interest.</small>	
<p>Registered holder: Idinoc Pty Ltd <J&R Conidi Family Account>. Mr Conidi is a director of the company, joint trustee and a beneficiary of the trust which is the registered holder.</p>	24,054,672 fully paid ordinary shares.
<p>Registered holder: Nick Conidi Pty Ltd < Conidi Family Account>. Mr Conidi is a beneficiary of the trust and a shareholder of the company which is the registered holder.</p>	24,809,232 fully paid ordinary shares.
<p>Registered holder: Monteleone Melbourne Pty Ltd. Mr Conidi is a director and shareholder of the company which is the registered holder.</p>	2,254,560 fully paid ordinary shares.
<p>Registered holder: Worldwide Pty Ltd. Mr Conidi's wife is a director and shareholder of the company which is the registered holder.</p>	4,500,000 fully paid ordinary shares and 10,000,000 options exercisable at \$0.20 each on or before 31 March 2010.

Part 3 – Director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	
Nature of interest	
Name of registered holder (if issued securities)	
No. and class of securities to which interest relates	

+ See chapter 19 for defined terms.

Appendix 3Z

Final Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity	Capitol Health Limited
ABN	84 117 391 812

We (the entity) give ASX the following information under listing rule 3.19A.3 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of director	Russell Jonathan Fine
Date of last notice	9 June 2006
Date that director ceased to be director	30 August 2007

Part 1 – Director's relevant interests in securities of which the director is the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Number & class of securities
Nil.

+ See chapter 19 for defined terms.

Appendix 3Z
Final Director's Interest Notice

Part 2 – Director's relevant interests in securities of which the director is not the registered holder

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Name of holder & nature of interest	Number & class of securities
<p>Note: Provide details of the circumstances giving rise to the relevant interest</p> <p>Registered holder: RJ & JR Fine <RJ Fine Services Trust>.</p> <p>Dr Fine is joint trustee and a beneficiary of the trust which is the registered holder.</p>	<p>7,550,000 fully paid ordinary shares</p> <p>2,500,000 options exercisable at \$0.20 each on or before 31 March 2010.</p>

Part 3 – Director's interests in contracts

Detail of contract	Not Applicable
Nature of interest	
Name of registered holder (if issued securities)	
No. and class of securities to which interest relates	

+ See chapter 19 for defined terms.