

NSL Health

2 October 2008

BUSINESS UPDATE: MANAGEMENT APPOINTMENTS, CAPITAL RAISING, IRON ORE HILL PROCESS AND TIMETABLE

Managing Director and CEO Appointed

The Board of Directors of NSL Health Limited (**Company**) is delighted to announce that Mr Cedric Goode has been appointed as Managing Director/CEO elect for a three-year term from 1 December 2008.

Mr Goode holds a Masters of Business Administration and brings with him more than 16 years of mining industry experience, most recently as Vice President Commercial at Dyno Nobel Asia Pacific Ltd where he led the commercial division throughout Australia, Indonesia and Papua New Guinea.

With industry experience focussed in the Iron Ore, Coal and Gold sectors, Mr Goode has held a variety of technical, commercial, operational and strategic roles both domestically and internationally.

A proven track record in North American and global strategic planning, global new business acquisitions, merger integration, joint venture establishment and profit and loss responsibility, makes Mr Goode an ideal MD/CEO elect. Details of Mr Goode's proposed remuneration package are set out at the end of his announcement.

Other Board Appointments

Complementing the appointment of Mr Goode to Managing Director/CEO, the Company has secured the agreement of Mr David Macoboy (Non-Executive Chairman), Dr Jaydeep Biswas (Director – Commercial Development) and Mr Jim Malone (Non-Executive Director) as new directors.

Each of these directors brings a different skill set and a significant level of experience to the Company moving forward.

The appointments of Mr Jim Malone and Dr Jaydeep Biswas take effect immediately and the appointment of Mr David Macoboy is subject to the completion of the merger with IOH.

Short bios on each of these directors are set out at the end of this announcement.

Given the new appointments to the Board, Mr Faldi Ismail (Non-Executive Director) has resigned to facilitate the hand over to new management. The Board would like to thank Mr Ismail for his valuable input and commitment.

Once the merger has completed, it is likely that Mr Peter Wall (Non-Executive Chairman) and Mr Sean Henbury (Non-Executive Director) will both resign as directors so that the new, more experienced management team can take the Company forward.

Underwriting of Capital Raising

The Company is pleased to advise that it today entered into an underwriting agreement with Vanilla Group Australia Pty Ltd (**Vanilla**) to raise a minimum of \$5 million with a best endeavours obligation to raise up to an additional \$10 million.

Vanilla has advised the Company that it has already secured commitments for the \$5 million underwritten portion of capital raising and is in advanced discussions with various parties for the balance of the \$10 million.

Vanilla has also agreed to use best endeavours to facilitate a \$25 million convertible note facility for the Company. In this regard, an introduction to the proposed funding party has been made to the Company and negotiations are progressing.

The underwriting agreement is subject to Vanilla being satisfied with the Company's due diligence investigations/results (acting reasonably), consenting to be named in the Company's prospectus and the prospectus being lodged with the Australian Securities and Investments Commission on or before 15 December 2008. The underwriting agreement is otherwise on ordinary commercial terms.

Under the terms of the underwriting agreement, the Company is entitled to seek additional investors to subscribe for funds over and above the amount underwritten by Vanilla and various other leads are being pursued on this basis.

The capital raising will support the expenditure and working capital requirements of the group once the merger with IOH is completed.

Iron Ore Hill Update

IOH has made significant progress in advancing its interests in Southern India. In particular, IOH has, through its Indian legal team, held discussions with the State Government of Kerala which has indicated support will be given for an expedited application process for a mining lease over the entire iron ore project in Kerala, India (known as Iron Ore Hills 1, 2 and 3).

In response, IOH's Indian subsidiary lodged a mining lease application over an area of 358,686 Hectares of land covering Iron Ore Hills 1, 2 and 3 in Kerala on 29 September 2008 before the Department of Mines and Geology, Government of Kerala. IOH will now be vigorously pursuing the grant of this mining lease.

This is an advancement of IOH's strategy for securing land tenure over the Kerala iron ore project. Previously, the strategy was focussed on securing significant freehold title to the land on which the project is situated before submitting a mining lease application. While it is likely that the freehold title will still need to be acquired, it may be possible to defer additional land acquisitions until a later stage in the project development i.e. before the execution of the mining lease deed with the Government of Kerala.

This advanced strategy will require less funding up front. However, holding surface rights will strengthen IOH's application for a mining lease and, as such, IOH will continue to pursue the requisite surface rights over the proposed leased area either by way of securing Non-Objection Certificates or by executing 'Option Agreements' with the land owners by paying nominal consideration - thus freeing up a substantial portion of the funds for exploration of the project. While commencing the exploration operations, the leased lands can then be fully acquired by IOH's Indian subsidiary.

Under the present mining lease application, IOH's subsidiary has asked for interim permission from the Government to allow it to drill bore-holes, collect samples and analyze this data to estimate the size of the ore body and ascertain the grade. As it stands, IOH will only be able to undertake these activities on the 44 acres of the land it has acquired until such time as IOH's Indian subsidiary secures the option rights on additional land (which is proposed). This interim permission, if granted, will allow IOH to expedite the timeline to commencement of exploration activities.

In addition to the above strategy, IOH has commenced negotiations with another private iron ore mining company that has secured a mining lease adjacent to IOH's interests in Iron Ore Hill 3. IOH's Indian lawyers are progressing these negotiations with a view to securing this mining lease. This complementary strategy is being pursued because the initial indications are that the exploration/mining activities can be commenced on a relatively short timetable after completion of an environmental impact study and subsequent approval from the Central Environmental Ministry. As such, obtaining access to this mining

lease may enable IOH to undertake exploration/mining activities on the area adjacent to Iron Ore Hill 3 on a faster timetable than would otherwise be the case. Further information will be released to the ASX as the negotiations progress.

Matha Mine

The right of first refusal in relation to the Matha Mine has lapsed due to Kingsway Resources Pte Ltd not taking up its option to acquire the mine. As a result, the Company will be calling for the \$500,000 loan made available to Kingsway Resources Pte Ltd to be immediately repaid.

While disappointing, the Company is aware that other mining assets are available for purchase in India and these opportunities will be pursued vigorously once the merger with IOH is complete.

Timetable

A revised indicative timetable is set out at the end of this announcement.

- Ends-

For further enquiries:

Sean Henbury
Company Secretary
NSL Health Limited
Ph: (08) 9486 2333.

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Timetable

<u>Event</u>	<u>Date</u>
Announcement of Merger	10 July 2008
Dispatch Notice of Meeting seeking approval for Merger	31 October 2008
Suspension of NSL shares from trading on ASX at the opening of trading	29 November 2008
General Meeting to approve Merger	29 November 2008
Lodgement of Prospectus with the ASIC and ASX	15 December 2008
Opening of Offer under the Prospectus	22 December 2008
Closing Date of Offer under the Prospectus	14 February 2009
Settlement of the Merger	19 February 2009
Anticipated date the suspension of trading is lifted and NSL shares commence trading again on ASX	25 February 2009

Director Bios

David Michael Macoboy BEd (Hons), BCom, FAICD, CPA
(Proposed Non-Executive Chairman)

Mr Macoboy has a wealth of business and corporate finance experience. Holding degrees in economics and finance, Mr Macoboy has held a number of senior executive positions throughout his career including Finance Director, Consolidated Minerals, Director of Finance & Corporate with Portman Limited, Group Treasurer with Australian Capital Equity, Vice President, Investment Banking with Merrill Lynch and General Manager and Treasury & Capital Markets with Challenge Bank.

During the past three years, Mr Macoboy has served as a director of the following listed companies:

- Ammtec Limited Chairman - appointed 11 September 2007
- Global Construction Services Limited (appointed 1 July 2007)
- Ironclad Mining Limited, Chairman (appointed 1 July 2007)
- Grange Resources Limited (appointed 30 November 2007)
- Territory Resources Limited, Chairman (appointed 28 December 2005 resigned 9 August 2007)
- Monarch Gold Limited (appointed March 2002, resigned 30 June 2007) Consolidated Minerals Limited (appointed 1998, resigned 31 December 2006).

Dr Jaydeep Biswas, B.E (Chemical), PhD, MBA

(Director – Commercial Development)

Dr Biswas, an Indian National, is a seasoned executive with senior management experience in multinational and government-owned enterprises both in Australia and internationally, including the Shell Group from 1987 to 2001. Dr Biswas' roles have been in research, academic, commercial, finance and operational areas. Since 2001, Dr Biswas has been a consultant or Board member in many companies across industries such as resources, property, technology, energy sustainability and finance.

The role of Director – Commercial Development will be focused on securing funding support for the merged group, assisting with the on ground strategy India, and management of key relationships both in Australia and India.

Jim Malone, B.Comm (UWA), ASA

(Non Executive Director)

Mr Malone has successfully worked as an accountant, stockbroker, business analyst, CEO and a Company Director of mining and resourced companies over the past 21 years. Mr Malone is currently a Director of six listed and non-listed resource and investment companies. He has been instrumental in the listing and management of seven ASX-listed companies across industrial minerals, gold, uranium, coal, copper, molybdenum and oil and gas exploration/development in Australia, the United States, South America, Asia and Europe.

Jim has worked for Arthur Andersen Accountants, Hartley Poynton stockbrokers, CSFB and Lehman Brothers merchant banks in London and the West Coast Eagles and Richmond Football Clubs, the latter as CEO from 1994 until 2000.

Remuneration of Managing Director/CEO

Mr Goode will be paid a salary of \$450,000 per annum and will be issued, subject to shareholder approval, 4,000,000 short term incentive options and 12,000,000 long term incentive options. The options will have varying exercise prices and will only vest on achievement of defined performance criteria (to be set by the remuneration committee).