

ASX ANNOUNCEMENT

18 August 2017

Capitol Health announces on-market share buy-back

Capitol Health Limited (ASX: **CAJ**) (**Capitol Health** or **Company**) is pleased to announce the introduction of an on-market share buy-back of up to 52,300,000 ordinary shares. These shares represent approximately 6.5% of the current shares on issue and, based on the closing price on 17 August 2017 of \$0.275, the cash outlay before costs (if all shares are acquired) would be approximately \$14.38 million.

The announcement of this on-market buy-back follows the statement regarding capital management made with the Company's announcement of the sale of its NSW assets on 14 June 2016.

The Board considers that, once the sale of the NSW assets to I-Med Radiology Network completes, Capitol Health will have capital, net of financial debt, in excess of the amount that it can realistically invest within the next 12 months. Completion is expected to occur on 31 August 2017.

The buy-back gives Capitol Health flexibility to purchase its ordinary shares in circumstances where it is beneficial to the efficient capital management of the Company. The buy-back is therefore dependent on market conditions, volumes, price and other relevant conditions from time to time. The buy-back may also enable shareholders to take advantage of the expected additional liquidity in the Company's shares.

The buy-back is limited to approximately 6.5% of the Company's existing issued shares and may take place anytime in the 12 month period from 4 September 2017 to 4 September 2018 unless terminated earlier. Details of the on-market buy-back are contained in the following Appendix 3C.

Capitol Health may also seek shareholder approval at the forthcoming Annual General Meeting to buy-back more shares than the approximate 52,300,000 shares it is currently permitted to buy-back.

Capitol Health has appointed Taylor Collison to undertake the on-market buy-back.

For further information, please contact:

Andrew Harrison
Managing Director, Capitol Health Limited
(03) 9348 3333
investors@capitolhealth.com.au

About Capitol Health

Capitol Health is a leading provider of diagnostic imaging and related services to the Australian healthcare market. Headquartered in Melbourne, Victoria, the Company owns and operates clinics throughout Victoria. The Company's operational focus is on delivering a community-based infrastructure for radiologists and related medical practitioners to deliver optimal, efficient, accurate healthcare service outcomes for patients.

Capitol also has an investment in diagnostic imaging artificial intelligence through Enlitic Inc in the US and a collaboration agreement with Enlitic regarding revenue share from the sale of Enlitic's Deep Learning Services in the radiology field in China.

Capitol also recently entered the Chinese diagnostic imaging market through a Joint Venture with CITIC Pharmaceutical (Shenzhen) Co., Ltd ("CITIC Pharmaceutical") and Xiamen Zhouxin Medical Image Co., Ltd (Zhouxin) to provide consulting and clinic management services to a network of independent imaging clinics to be created by CITIC and Zhouxin across mainland China.

Appendix 3C

Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000.

Name of entity

ACN or ARBN

Capitol Health Limited

117 391 812

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On-market
2	+Class of shares which is the subject of the buy-back (eg, ordinary/preference)	Ordinary
3	Voting rights (eg, one for one)	One for one
4	Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding)	Fully paid
5	Number of shares in the +class on issue	810,598,465
6	Whether shareholder approval is required for buy-back	No - on-market buy-back of up to 10% of issued shares.
7	Reason for buy-back	Ongoing capital management of the Company.

+See chapter 19 for defined terms.

8	Any other information material to a shareholder's decision whether to accept the offer (<i>eg, details of any proposed take-over bid</i>)	N/A
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On-market buy-back

9	Name of broker who will act on the company's behalf	Taylor Collison Limited
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10	Name of each director and +related party of a director who reserves the right to sell shares, and number of shares in respect of which that director or +related party reserves the right	N/A
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11	If the company intends to buy back a maximum number of shares – that number Note: This requires a figure to be included, not a percentage.	52,300,000
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12	If the company intends to buy back shares within a period of time – that period of time; if the company intends that the buy-back be of unlimited duration – that intention	4 September 2017 – 4 September 2018, unless terminated earlier by the Company
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13	If the company intends to buy back shares if conditions are met – those conditions	N/A
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Employee share scheme buy-back

14	Number of shares proposed to be bought back	N/A
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15	Price to be offered for shares	N/A
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Selective buy-back

16	Name of person or description of class of person whose shares are proposed to be bought back	N/A
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17	Number of shares proposed to be bought back	N/A
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+See chapter 19 for defined terms.

18 Price to be offered for shares N/A

Equal access scheme

19 Percentage of shares proposed to be bought back N/A

20 Total number of shares proposed to be bought back if all offers are accepted N/A

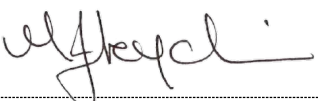
21 Price to be offered for shares N/A

22 +Record date for participation in offer
Cross reference: Appendix 7A, clause 9. N/A

Compliance statement

1 The company is in compliance with all *Corporations Act 2001* requirements relevant to this buy-back.

2 There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here:  Date: 18 August 2017
(Company secretary)

Print name: Melanie Leydin

+See chapter 19 for defined terms.