

ASX ANNOUNCEMENT

5th October 2018

Additional MRI Medicare Licence Process

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) provides the following update relating to the Federal Government's recent announcement about the pending allocation of 20 new Medicare MRI licences, comprising a mix of fully eligible units and upgrades of existing partial units.

Capitol welcomes the recent announcement by the Prime Minister and the Minister for Health that there will be an increase in patient access to Medicare-funded MRI services. Twenty new licences will be issued shortly via an invitation to apply process. The new licences will have access to Medicare funding from as early as 1 March 2019. In accordance with the invitation to apply, Capitol intends to submit applications for a number of new licences.

Capitol operates clinics across Victoria, Tasmania and Western Australia and currently has a fleet of 18 MRIs (including one under installation). Of these, two have full Medicare licences, eight have partial Medicare licences, and eight do not have Medicare licenses so operate without attracting a Medicare rebate. The Company has several sites suitable for Medicare-funded MRI services and is optimistic that the allocation process will be supportive of Capitol's commitment to providing bulk-billed MRI services in communities that need them.

In advance of this process Capitol has been advised that the full MRI Medicare licence which was previously transferred to Imaging at Olympic Park in December 2016 will revert to Mildura and the partial MRI Medicare licence transferred to Mildura will transfer back to Imaging at Olympic Park from March 2019 to coincide with the commencement of newly-allocated MRI licences. Capitol will consequently be seeking to retain the full licence at Imaging at Olympic Park through the recently-announced MRI licensing program by applying for an upgrade to its existing partial licence and is confident that this valuable service to Melbourne's CBD will be retained once the allocation process is complete.

After an initial review of the impact of the potential reversion to a partial licence and the potential timing (if a new application is not successful), the Company has concluded that the impact for FY19 is not material and confirms its earnings guidance range for FY19.

For further information, please contact:

Company

Andrew Harrison

CEO

(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, Tasmania, and Western Australia. 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 Joint Venture with CITIC Pharmaceutical (Shenzhen) Co., Ltd ("CITIC Pharmaceutical") to provide consulting and clinic management services across mainland China.