



Dear Shareholder,

RENOUNCEABLE ENTITLEMENT ISSUE

Capitol Health Limited (**Company**) has announced to ASX Limited (**ASX**) a renounceable entitlement issue on the basis of one (1) new share for every eleven (11) shares held on the record date at \$0.04 per share together with one (1) free option for each share issued (**Offer**).

Entitlement issue will result in the issue of approximately 25,310,568 new shares and 25,310,568 new options in the Company. The options will be exercisable at 5 cents on or before 30 April 2012.

The Offer is underwritten by Patersons Securities Limited.

The Prospectus relating to this issue has been lodged with the Australian Securities and Investments Commission and ASX and is available on the ASX website at www.asx.com.au for inspection. The timetable and important dates of the issue are set out below:

Lodgement of Prospectus and Appendix 3B with ASIC	15 October 2009
Notice sent to Shareholders	19 October 2009
Ex Date	20 October 2009
Rights trading commences	20 October 2009
Record Date for determining Shareholder entitlements	26 October 2009
Prospectus dispatched to Shareholders	29 October 2009
Rights trading ceases	6 November 2009
Securities quoted on a deferred settlement basis	9 November 2009
Closing Date of Offer	13 November 2009
Notify ASX of under-subscriptions	17 November 2009
Despatch date/Securities entered into Shareholders' security holdings	23 November 2009

The purpose of the issue is to raise approximately \$1,012,423 and the funds raised will be used in the implementation of the Company's Technology Transformation Programme, to consider potential growth opportunities and otherwise for general working capital.

The capital structure of the Company on completion of the issue will be as follows (assuming the Offer is fully subscribed):

Shares

	Number
Shares on issue at date of Prospectus	278,416,241
Shares offered pursuant to the Offer	25,310,568
Total Shares on issue after completion of the Offer	303,726,809

Options

	Number
Unlisted Options exercisable at \$0.20 on or before 31 March 2010	20,000,000
Unlisted Incentive Options exercisable at \$0.25 on or before 26 September 2010	250,000
Options offered pursuant to the Offer exercisable at \$0.05 on or before 30 April 2012	25,310,568
Total Options on issue after completion of the Offer	45,560,568



In calculating entitlements under the entitlement issue fractions will be rounded up to the nearest whole number.

The offer under the Prospectus is made to Shareholders with registered addresses in Australia and New Zealand. Overseas shareholders should contact the Company Secretary on (61-8) 6389 2688 with any queries.

Full detail of the issue will be contained in the Prospectus that will be mailed to all shareholders who are registered on the record date. Shareholders eligible to participate should read the Prospectus carefully.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Conidi', is written over a faint, light-colored signature line.

John Conidi
Managing Director