



To Whom It May Concern

UPDATE TO SHAREHOLDERS: DECEMBER 2016

Dear Capmed shareholder

The directors of Capmed wish to report as follows:

1. GENERAL

The broad strategy of the company, at a macro level, has always been:

- 1.1 To protect and maintain its existing assets, especially in the Democratic Republic of the Congo (“DRC”).
- 1.2 To develop broad strategies to raise capital to turn these assets to account.

On a micro level various actions were taken to keep the company intact as a going concern, while following the above steps.

In tandem, Capmed has always been in negotiations with players in both the financial and the mineral industries about possibly selling all or part of its assets (to develop the balance) or to enter into joint ventures with other role players for this purpose.

2. GENERAL

The position of the two main assets of Capmed in the DRC namely:

- (i) The Decree and
- (ii) The PIC mining rights,

is still the same, as has been reported in the update of April 2016.

3. PREVIOUS NEGOTIATIONS

The strategy of the board of Capmed is still the same as described in the report of April 2016.

3.1 The Aim listing will be a costly exercise, but Capmed had an approach from a UK Group which proposed to take Capmed to an Altex-listing, and to fund the startup costs themselves. They will then initiate a process whereby they would raise cash from high end wealth individuals to seek the U.K. Listing.

3.2 In the interim Capmed was approached by a Wellness Group in the USA, to make a 60% buyout of the Capmed shares.

3.3 The U.K. Group subsequently returned and wanted some 30% of Capmed when listed in the U.K.

4. NEW NEGOTIATIONS

New negotiations were started with an international diamond house, interested in the concession in the DRC. Numerous meetings were held. The objects agreed upon would be a 100% buyout of Capmed and the buyer would then pursue the interests connected to the concession.

The total funding of \$110 million dollars was being arranged.

5. PROBLEMS IN THE DRC

In the meantime the political situation in the DRC has deteriorated, primarily due to the following:

5.1 The Government of the DRC wants to push back this month's presidential election to April 2018, in a move that is set to keep President Kabila in office until the delayed vote.

5.2 A wave of deadly protests pitting police against demonstrators hit the DRC, as the opposition demanded Kabila's resignation.

5.3 The capital of Kinshasa is gripped by a strike to protest a deal signed earlier in November which would keep Kabila in power in the DRC until 2018.

5.4 The UN beefed up their peace keeping force in the DRC.

5.5 The Congolese Prime Minister, Augustin Matata resigned a week or two ago to make way for an opposition figure to take his place following a controversial deal that effectively extends the president's term in office.

5.6 The police in DRC have detained youth leaders on the eve of a planned protest against the President.

Taking the difficult situation into account, the negotiations between Capmed and the international diamond house, is making slow progress.

This negative situation in the DRC will have an impact on the valuations of the assets but Capmed still believes that this project of Capmed provides the opportunity for a reversal of fortunes.

The situation will be closely monitored in the DRC and the board envisages the 100% buyout to be concluded early next year, with payment thereafter.

6. LATEST

In spite of the obstacles, the board has initiated two further possibilities.

- 6.1 Capmed is working with resources experts to identify mineral assets in the DRC to:
 - 6.1.1 be granted to Capmed by the government;
 - 6.1.2 as a source of funding to implement the decree;
 - 6.1.3 after discounting the value of the assets with the International Finance Corporation/ World Bank;
 - 6.1.4 with the cash going to the DRC government;
 - 6.1.5 to pay the premiums on the medical services provided by Capmed.
- 6.2 Capmed is negotiating with First Wealth Holdings about possibly creating a “block chain” based banking system for the DRC government employees to source the required funding.

The board shall report on all these developments during the first quarter of next year.



THE BOARD
CAPMED HOLDINGS LTD

