

MXC Capital plc

("MXC" or the "Company")

Acquisition of Castleton shares

MXC is pleased to announce that it has entered into an agreement to acquire all of the shares in Castleton Technology Plc ("Castleton") currently owned by MXC Holdings Limited ("MXC Holdings"). The consideration for the acquisition is to be satisfied by an issuance of new Ordinary Shares in MXC to MXC Holdings. This is in line with the stated strategy in the Company's Admission Document that MXC Holdings will introduce all future technology investment opportunities to MXC on a first refusal basis, and that MXC will conduct future investment activities in the TMT sector.

MXC Holdings, currently a 51.15% shareholder of the Company is the owner of 160,866,080 shares in Castleton, the IT managed services business focused on the public and non for profit sectors. Castleton recently undertook a £5.5m placing in connection with its acquisition of Documotive Limited. MXC participated in that placing and its subscribed shares equates to 9.6% of the entire issued share capital of Castleton post placing.

The value of the Castleton shares to be acquired will be determined by the placing price of 1.1p from its most recent placing. Based on the mid-closing price of MXC shares at 29 October 2014 of 1.7p, 104,089,816 of shares in MXC will be issued to MXC Holdings as consideration ("Consideration Shares").

Following this transaction and Admission of the Placing Shares:

- MXC will own 269,956,989 shares in Castleton, representing 23.2% of the entire issued share capital of Castleton
- MXC Holdings will own 1,049,089,816 shares in MXC, representing 53.75% of the issued share capital of MXC

Application has been made to the London Stock Exchange for the Company's share capital as enlarged by the Consideration Shares (the "Enlarged Issued Share Capital") to be admitted to trading on AIM and it is expected that admission will become effective and that dealings in the Enlarged Issued Share Capital will commence on 5 November 2014.

Following Admission of the Enlarged Issued Share Capital, the total number of voting rights in the Company will be 1,951,636,992. There are a further 899,726 shares held in treasury.

The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company, under the FCA's Disclosure and Transparency Rules.

Related Party Transactions

The acquisition of Castleton shares by MXC from MXC Holdings in return for issue of shares in MXC to MXC Holdings constitutes a related party transaction pursuant to AIM Rule 13. This is due to the fact that MXC Holdings is a majority shareholder in MXC and Marc Young, CEO of MXC is a shareholder in MXC Holdings. In addition, Ian Smith and Tony Weaver, CEO and Non-Executive Director of Castleton are considered the ultimate beneficial owners of MXC Holdings. Peter Rigg and Paul Guilbert, who are not involved in the transaction and are therefore independent, consider, having consulted with the Company's nominated adviser, Zeus Capital, that the terms of MXC Capital's investment are fair and reasonable insofar as the Company's shareholders are concerned.

MXC Capital plc

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About MXC Capital

MXC is a specialist merchant bank with a track record of investing in and advising companies in the TMT sector. We bring together a deep knowledge of technology, first-hand experience of managing companies in the sector, an ability to make meaningful investments and a highly experienced corporate advisory team in support, all of which we combine to grow shareholder value.