

4 February 2016

MXC Capital Limited

("MXC" or the "Company", together with its subsidiaries, the "Group")

Proposed Tender Offer and return of cash to shareholders

Notice of General Meeting and posting of Circular

On 1 December 2015 the Group announced in its final results for the year ended 31 August 2015 that it intended to return cash to shareholders equal to 20% of realised gains on its portfolio to shareholders via a tender offer mechanism.

Background to and reasons for the Tender Offer

The Group has established itself as a technology focused merchant bank offering technology businesses growth capital, management support and a range of corporate finance services. The Group now holds a portfolio of 11 investments, 6 of which are quoted covering a breadth of software and services businesses.

In view of the strong financial results announced for the year ended 31 August 2015, the Board believes that it is an appropriate time to return cash to Shareholders. This proposed distribution underlines the strength of the Group's model, delivering attractive returns on investment, augmented by our profitable merchant banking activities supporting the growth of our investee companies.

The mechanism of the Tender Offer gives shareholders the flexibility to either realise a return by allowing the Company to purchase a portion of their shares in cash, or to retain a potentially larger relative holding in the Company so that they might further benefit from any future capital growth.

In the year ended 31 August 2015, the Group generated an underlying profit before taxation of £5.7 million including realised gains of £5 million. Consequently the Board has resolved to undertake a buyback programme of up to 20% of the realised gains, post taxation, by way of the Tender Offer. In addition, the Group generated an unrealised return of 160% on its portfolio assets, 20% of which could be available for future Tender Offers.

The Tender Offer

The Company today announces the proposed purchase of 1 in every 142 Ordinary Shares in the Company at a fixed price 3.6 pence (being the closing middle market price as at 2 February 2016 rounded to one decimal point) per share by way of a Tender Offer from Qualifying Shareholders in accordance with terms and conditions set out in Part III of the Circular.

The Tender Offer will present Qualifying Shareholders with an opportunity to sell more than their Tender Offer Entitlement (up to their entire holding of Ordinary Shares) to the extent that other shareholders tender less than their Tender Offer Entitlement. In such case, surplus tenders will be accepted in proportion to the number of additional Ordinary Shares tendered so that the total number of Ordinary Shares purchased does not exceed 22,303,894 (assuming no exercise of Options), representing approximately 0.7% of the Company's issued share capital.

If the maximum number of 22,303,894 Ordinary Shares (assuming no exercise of Options) is purchased, this will result in an amount of approximately £0.8m being paid by the Company to its shareholders. It is intended that the Ordinary Shares purchased under the Tender Offer will be cancelled and not available for re-issue.

The Tender Offer is open to Qualifying Shareholders, being all holders of Ordinary Shares on the Company's share register at the Record Date, who may participate by tendering all or a proportion of their holding of Ordinary Shares.

The implementation of the Tender Offer requires the approval of shareholders. A Notice of General Meeting together with the required resolution accompanies the Circular (including the expected timetable for the Tender Offer) which is being posted to shareholders later today, all of which will also be available on the Company's website www.mxccapital.com

Capitalised terms used in this announcement shall have the meanings given in the Circular referred to above.

The General Meeting will be held at the offices of Carey Group, 1st and 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW at 9.00 a.m. on 22 February 2016. The Resolution to approve the purchase of Ordinary Shares pursuant to the Tender Offer at a fixed price of 3.6 pence per Ordinary Share will be proposed at the General Meeting.

Expected Timetable of Events

Event	2016
Announcement of the Tender Offer	4 February
Tender Offer opens	4 February
Latest time and date for receipt of forms of proxy for the General Meeting	9.00 a.m. on 19 February
Latest time and date for receipt of Tender Forms and TTE instructions from CREST Shareholders	1.00 p.m. on 19 February
Record Date for the Tender Offer	6.00 p.m. on 19 February
General Meeting	9.00 a.m. on 22 February
Outcome of Tender Offer announced	by 8.00 a.m. on 23 February
Cheques dispatched for certificated Ordinary Shares purchased pursuant to the by Tender Offer and payment through CREST for uncertificated Ordinary Shares purchased pursuant to the Tender Offer	by 3 March
CREST accounts credited for revised holdings of Ordinary Shares	by 3 March
Dispatch of balance share certificates for unsold Ordinary Shares	by 3 March

MXC Capital Limited

Marc Young
+44(0)20 7965 8149

Zeus Capital Limited (Nominated adviser and broker)

Nick How
+44 (0)20 3829 5577

Alma PR

Josh Royston / Hilary Buchanan

+44 (0)7780 901979/+44 (0) 7515 805218

About MXC Capital (www.mxccapital.com)

MXC (AIM:MXCP) 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.