

25 August 2016

MXC Capital Limited

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

Proposed Tender Offer and return of capital to shareholders

Notice of General Meeting and posting of Circular

On 10 May 2016, as part of the Company's Interim Results, the Board confirmed its intention to extend its policy of returning capital to shareholders, whilst retaining sufficient capital in the business to fund its 12 month investment pipeline. The Company returned £0.8 million to shareholders in the February 2016 Tender Offer and the Board now proposes to return a further £3 million to shareholders via a Tender Offer at 3.6 pence per share, a premium of 24% over the closing middle market price at 24 August 2016.

Background to and reasons for the Tender Offer

Encouraging results for the six months ended 29 February 2016 demonstrated the continuing strength of MXC Capital's technology focused merchant banking model, with the growth in value of the investment portfolio being augmented by the profits generated by the Group's Capital Markets and Advisory businesses. The Company's portfolio was valued at £73 million at 29 February with 23% (£14 million) growth in value achieved since the previous year end.

Since January, the Company has led:

- the £51 million IPO of Tax Systems plc as a cornerstone investor;
- the quotation and two acquisitions for CORETX Holdings plc as both adviser and lead investor;
- adept4 plc's (previously Pinnacle Technology Group plc) acquisitions of Ancar-B, Weston Communications, and adept4 and its associated equity and debt financing;
- Castleon Technology plc's acquisition of Kypera and
- Redcentric plc's acquisition of City Lifeline.

The Company's investment portfolio currently consists of eleven investments, six of which are quoted. Details of all these transactions and the company's investment portfolio are available on the Company's website at www.mxccapital.com.

During this busy period of corporate activity, the Company also realised a gain of £7 million after disposing of part of its stake in Redcentric plc in June 2016. MXC retains 8,692,988 warrants in Redcentric plc, all highly profitable at today's market price, and a holding of 49,108 shares.

MXC was an original investor in Redcentric plc at the time of its demerger from Redstone plc and has supported the company in identifying and executing accretive M&A activities while acting as a cornerstone investor in each of its public funding rounds.

The Board believes that in light of the Company's progress it is appropriate to make a further return of capital of approximately £3 million to shareholders via a Tender Offer. It anticipates that the Company will have access to cash resources of approximately £12 million as at 31 August 2016 after accounting for the payment under the proposed Tender Offer.

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

Peter Rigg, Chairman of MXC Capital, said:

“The decision to increase the level of capital return to shareholders, at the same price we returned capital in February this year, demonstrates the strength of the MXC merchant banking model in generating returns and value for shareholders and underlines the Board’s optimism in the future prospects of the Company.”

The Tender Offer

The Company today announces the proposed purchase of 1 in every 41 Ordinary Shares in the Company at a fixed price 3.6 pence (a 24% premium to the closing middle market price at 24 August 2016) 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 price of 3.6 pence per share is equal to the price of the Tender Offer made in February 2016.

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 83,399,424 (assuming no exercise of Options and no issue of new Ordinary Shares eligible for tender), representing approximately 2.44% of the Company’s issued share capital.

If the maximum number of 83,399,424 Ordinary Shares (assuming no exercise of Options and no issue of new Ordinary Shares eligible for tender) is purchased, this will result in an amount of approximately £3 million 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 12 September 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	25 August
Tender Offer opens	25 August
Latest time and date for receipt of forms of proxy for the General Meeting	9.00 a.m. on 8 September
Latest time and date for receipt of Tender Forms and TTE instructions from CREST Shareholders	1.00 p.m. on 9 September
Record Date for the Tender Offer	6.00 p.m. on 9 September
General Meeting	9.00 a.m. on 12 September
Outcome of Tender Offer announced	by 8.00 a.m. 13 September
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 22 September
CREST accounts credited for revised holdings of Ordinary Shares	by 22 September
Dispatch of balance share certificates for unsold Ordinary Shares	by 22 September

Enquiries:

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

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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.