

Blackstar Investors Plc

Corporate action within investment

Blackstar Investors Plc (“Blackstar” or the “Company”), announces that Mvelaphanda Resources Limited (“Mvela”), in which Blackstar indirectly owns 7.7% through its investment in Afripalm Resources (Pty) Limited (“Afripalm”), has been approached by Impala Platinum Holdings Limited (“Impala”) to acquire the entire issued share capital of Mvela.

It is proposed that Impala acquire through a series of inter-conditional transactions, the entire issued share capital of Mvela and Northam Platinum Limited (“Northam”) (collectively “the Proposed Transaction”). The Proposed Transaction will be implemented as follows:

- Mvela will unbundle its approximately 62% shareholding in Northam to Mvela shareholders;
- A scheme of arrangement will be proposed whereby Impala will acquire 100% of the issued share capital of Northam and Mvela.

Mvela’s largest shareholders, including Afripalm, have provided undertakings to vote in favour of the Proposed Transaction.

The consideration for the Proposed Transaction will be settled by a combination of Impala shares and cash based on a 30 day VWAP of Impala immediately preceding the closing date of the Proposed Transaction. Impala is proposing a consideration of 33.81 Impala shares for every 100 Mvela shares. Based on the closing share price of Impala on 1 October 2008 of R165.75, the indicative price per Mvela share would be R56.04, a premium of 26% to the Mvela closing share price on the same day of R44.39.

This transaction is in line with Blackstar’s strategy of participating in the consolidation it believed would take place in the platinum resources sector. Blackstar remains locked-up in this investment until 2014 and views this transaction as very positive for the following reasons:

- Blackstar will be exposed to the second largest global platinum producer;
- Impala is currently a dividend yielding share; and
- Afripalm will be able to utilise the cash portion of the Proposed Transaction to reduce its leverage.

Due to the complexity of this transaction, it will take a substantial amount of time to complete and Blackstar estimates that closure will take place towards the end of the first quarter of 2009.

Over the last few weeks, global equity markets and commodity prices have experienced significant volatility and price declines. As a result, the value of the consideration for the Proposed Transaction has been similarly volatile. As of close yesterday, Mvela’s share price was R33.80. If the discount to the offer value remains at current levels at year end, it will negatively impact the net asset value of the Blackstar portfolio, although this [will/should](#) correct if the Proposed Transaction completes on the terms outlined above.

There has also been some depreciation of the South African Rand since half year end. As noted in the Investment Advisor’s statement in the Interim Report, this remains a key variable, which in

turn could also have an impact on the net asset value of the Blackstar portfolio, though many of our investments will be beneficiaries of a weaker currency.

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