

Blackstar Investors PLC

Disposal and Trading Update

Disposal of holding in DCD-Dorbyl (Pty) Limited

Blackstar Investors Plc (“Blackstar” or the “Company”) is pleased to announce that it has entered into a conditional agreement for the sale of all of its effective 17% shareholding in DCD-Dorbyl (Pty) Limited (“DCD”) for ZAR190 million (£12.5 million) in cash to other existing shareholders in DCD, namely Investec Bank and Siyahamba Engineering. Completion of the sale, which is conditional on the receipt of certain approvals, is expected in the first quarter of 2009.

DCD supplies products and services to three sectors of the economy, namely rail transport, heavy engineering and the marine ship repair and offshore oil industries. In the year ended 31 March 2008, DCD reported profit before taxation of ZAR319 million (£20.9 million) and net assets of ZAR392 million (£25.8 million).

The disposal is expected to realise approximately 2.55 times money and a 69% IRR in Pounds sterling over the 20 month holding period (assumed to end January 2009) and is at a premium of £2.4 million to the carrying value as of 30 June 2008. DCD has been a very successful investment for Blackstar.

Trading Update

It is currently expected that the net asset value (“NAV”) for the year ending 31 December 2008 will show a significant decline compared to the 30 June 2008 interim financial statements. This decline is primarily attributable to a decrease in the market value of Blackstar’s listed investments, most notably Mvelaphanda Resources Limited (“Mvela”) which has fallen sharply by 74% since the 30 June 2008. The Mvela decline is largely on the back of the fall in platinum prices and the equity markets in general brought on by the global credit crunch and the indiscriminate sell-off of global equities. In addition the investment is in a ring fenced leveraged structure which exacerbates the effect. However, this leverage, to the extent that Mvela’s share price recovers, would also benefit Blackstar’s investment.

As previously announced, Mvela, in which Blackstar indirectly owns an effective 7.7% shareholding through its investment in Afripalm Resources (Pty) Limited, has recently been approached by Impala Platinum Holdings Limited (“Impala”). An acquisition by Impala of the entire issued share capital of Mvela and its subsidiary Northam Platinum Limited would create the second largest platinum group in the world. Discussions remain ongoing but the transaction has proven to be difficult to finalise due to the significant volatility of the underlying Mvela and Impala share prices. Both Mvela and Impala management have indicated that they are still positive that a deal will be concluded in the first half of 2009.

The remainder of Blackstar's portfolio has performed satisfactorily during the second half of the year. The Company views the expected decline in its NAV since 30 June 2008 as temporary as the Company believes that it is invested in quality robust businesses with strong market shares in their respective sectors. Blackstar's investments are largely positively disposed to the weaker rand and are well placed to achieve growth

Blackstar Share Price

The current Blackstar share price of 22.5 pence per share equates to a market capitalisation of £17 million with the company currently holding approximately £16 million in cash on the balance sheet. In addition, completion of the sale of our investment in DCD, which is expected in the first quarter 2009, will further increase our cash resources.

Blackstar expects shortly to dispatch a circular to shareholders convening an Extraordinary General Meeting to seek approval, inter alia, for authority to buy back up to 14.99% of its own shares. Given the significant discount at which Blackstar's shares currently trade to its NAV, any buy backs would enhance shareholder value.

Outlook

Whilst the market environment is challenging, Blackstar believes this will give rise to many opportunities. Blackstar currently has a strong balance sheet and is well positioned with to take full advantage of opportunities as they arise.

Blackstar Investors PLC

Andrew Bonamour

+27 11 283 0060

Collins Stewart Europe Limited

Hugh Field
Adam Cowen

+44 (0) 20 7523 8350