

**Blackstar Investors Plc**  
**(“Blackstar” or the “Company”)**

**Acquisition of further interest in KMG**

The Board of Blackstar is pleased to announce the acquisition today of a further 25.47% shareholding in Kulungile Metals Group (Pty) Limited (“KMG”). Blackstar initially invested in KMG in June 2007 and this further acquisition will bring Blackstar’s shareholding in KMG to 72.98%. Blackstar paid ZAR 50.0 million (GBP 3.45 million) in cash from its own resources for this 25.47% shareholding, bringing its total investment in KMG to approximately GBP 22.6 million. Blackstar’s investment in KMG is held in the form of equity, preference shares and shareholder loans.

KMG has a strong market position in South Africa and the country’s third largest processor, distributor and stockist of carbon steel, stainless steel and aluminium in the form of high quality sheet, plate and coil as well as structural and other long product profiles. KMG services the engineering, mining, building fabricators and component manufacturers to the automotive industry. KMG also owns 100% of Global Roofing Solutions (“GRS”), the largest steel roofing and cladding company in South Africa.

KMG has grown considerably since Blackstar’s initial investment and for the six months ended 31 August 2008, KMG’s unaudited profit before taxation and extraordinary items was ZAR 118 million (GBP 8.14 million) on turnover of ZAR 1,491 million (GBP 103 million).

For the seventeen months ended 28 February 2008, KMG reported audited profit before taxation and extraordinary items of ZAR 70.3 million (GBP 4.9 million) on turnover of ZAR 2,030 million (GBP 140 million). These results effectively reflected only 9 months of operations of KMG and 3 months of operations at GRS (as KMG acquired the business of KMG Holdings Proprietary Limited with effect from 1 June 2007 and GRS with effect from 11 December 2007).

KMG’s unaudited shareholders’ equity (including shareholders’ loans) as at 31 August was ZAR 236 million (GBP 16.2 million).

Andrew Bonamour, director of Blackstar said today

“We expect that KMG will continue to benefit in 2009 from robust steel volumes as the South African government continues its infrastructure spending. KMG has a strong management team and the structure of our investment should contribute good cash flow to Blackstar”.

Blackstar Investors PLC	Andrew Bonamour	+27 11 283 0060
-------------------------	-----------------	-----------------

Collins Stewart Europe Limited	Hugh Field	+44 207 523 8350
	Adam Cowen	