

Blackstar Group Plc

Disposal of Investment

Blackstar Group Plc (“Blackstar” or the “Company”) is pleased to announce that, on 19 April 2010, it entered into a conditional agreement with Afripalm Resources Pty Limited (the “Afripalm Consortium”) to dispose of its indirect interest in Mvelaphanda Resources Limited (“Mvela”) (the “Transaction”). This interest is held through the Afripalm Consortium, a special purpose vehicle established to acquire an equity interest in Mvela, in the form of cumulative redeemable preference shares (the “Preference Shares”). In accordance with the terms of the Preference Shares, Blackstar was entitled to 40% of the ordinary share capital of the Afripalm Consortium upon the conversion of the Preference Shares. The Afripalm Consortium currently holds an interest of 19.2% in the ordinary shares in Mvela.

Under the terms of the Transaction and upon completion, Blackstar will receive £20 million in cash, whilst retaining a right to receive 10% of any future realized equity value of the Afripalm Consortium (the “Profit Participation”). This retained Profit Participation in the Afripalm Consortium has been estimated by the Board to have a current value of approximately £2 million.

Blackstar originally invested £11.5 million in the Afripalm Consortium in December 2006 and the disposal price represents an almost two times money return, before any potential return from the Profit Participation, in sterling terms. Blackstar’s investment in the Afripalm Consortium was valued at £18.7 million as at 31 December 2009 and therefore the Transaction will crystallize an immediate profit of £1.3m for the Company.

The realization of Blackstar’s indirect investment in Mvela is in line with Blackstar’s investing policy, as well as the Board’s intention to dispose of its existing minority investments where the Company has little managerial input or influence as set out in the Company’s Annual Report and Accounts for the year ended 31 December 2009. The Transaction will also release a significant portion of capital that the Board expects to redeploy in accordance with the Company’s investing policy.

The Transaction is expected to complete shortly and a further announcement will be made in due course.

For further information, please contact:

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21 April 2010