

Blackstar Group PLC
("Blackstar" or the "Company")

STRATEGIC CO-OPERATION AGREEMENT BETWEEN BLACKSTAR AND WALLBERG INVEST SA ("WALLBERG")

The Board of Blackstar is pleased to announce that the Company has entered into a strategic co-operation agreement with Wallberg Invest SA ("Wallberg") that will result in its wholly-owned South African subsidiary, Blackstar Group (Proprietary) Limited ("Blackstar South Africa"), which is regulated by the South African Financial Services Board, being appointed as the asset manager to Wallberg African All Stars, a Luxembourg UCITS III ("UCITS") compliant fund (the "Fund"), subject to regulatory approval.

The Fund, which targets liquid, listed investment opportunities with a large exposure to, or growth path into, Africa, was established in 2008 for an indefinite period in accordance with Part I of the Luxembourg Law of 20 December 2002, as amended in the form of a *fonds commun de placement*. The UCITS legislation, established under a European Directive, regulates risk, liquidity, diversification, eligible asset constraints and counterparty exposure.

Luxembourg has established a competitive legal framework for UCITS to become the largest global distribution centre in Europe and worldwide. The Fund is exempt from Luxembourg income tax and net wealth tax, and no withholding tax is levied on distributions unless the EU Savings Tax Directive applies. The Fund is subject to Luxembourg subscription tax at a rate 0.5% of its net asset value per annum, unless exempt or reduced under special circumstances.

Blackstar welcomes the potential future appointment as asset manager to the Fund, which is in line with the Company's strategy to increase its management of third party listed securities, principally in Africa. With an experienced, on the ground investment team and a history of outperformance, Blackstar was identified by Wallberg as an ideal partner to further develop the Fund which already has a strong track record. Although the current assets under management of the Fund are not significant, Blackstar and Wallberg believe that this Fund has the potential to raise significant additional capital, particularly as the African investment market plays an increasingly prominent role in the global economy. Companies with a majority exposure to the African continent have shown strong earnings growth potential and can be acquired at low entry multiples relative to other emerging markets.

Pursuant to Blackstar's strategic co-operation agreement with Wallberg, Wallberg shall seek approval from the *Commission de Surveillance du Secteur Financier* in Luxembourg ("CSSF") for Blackstar South Africa to fulfil the asset management function in relation to the Fund.

Once this approval is granted, the name of the Fund will change to Wallberg Blackstar African Fund. A further announcement will be made in due course.

For further information, please contact:

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