

Blackstar Group SE (“Blackstar” or the “Company”)

Update re transfer to Malta and payment of special dividend

Following the announcement made by the Company on 23 September 2011 at the time of release of its interim results for the six months ended 30 June 2011 (the “announcement”), the Company wishes to update shareholders on the proposed transfer of the registered office and tax residence of the Company to Malta and the proposed payment of a special dividend.

Transfer to Malta

In relation to the transfer of the registered office and the tax residence of the Company to Malta, it was stated in the announcement that the Directors of the Company were planning to propose to Shareholders shortly that Blackstar transfers its registered office and tax residence to Malta. This will lessen the administrative, legal and auditing costs which arise from it having its registered office in the United Kingdom and its tax residence and principal establishment in Luxembourg. The Directors also believe Malta will be the most efficient jurisdiction for the Company with respect to distributions to Shareholders.

The preparation for the proposed transfer is progressing well and it is expected that within the next two to three weeks a circular in relation to the transfer will be posted to shareholders of Blackstar and a transfer proposal (setting out the prescribed details in relation to the migration) will be published on or about the same date as the posting of the circular to shareholders. On the basis that a circular will be posted and the transfer proposal published within the stated timeframe, the shareholders meeting for purposes of resolving on the proposed transfer will be held around the middle of January 2012 and the effective date of the transfer (assuming that shareholders will approve it) will be in late January 2012 or early February 2012.

The reason for the delay between the posting of the circular and the proposed date of the shareholders meetings is that under Luxembourg law any shareholder meeting relating to a transfer of registered office or tax residency away to another jurisdiction must be held no earlier than 2 months following publication of the associated transfer proposal.

Special Dividend

In the announcement it was further stated that following completion of the sale of the Company’s 54% interest in Ferro Industrial Products (Pty) Limited for £18.2 million (which has now happened) and the transfer to Malta (which is still subject to shareholder approval), the Board of Blackstar intends paying a special dividend of £5.5 million to its shareholders in line with the Company’s announcement dated 11 May 2011 on its capital management policy.

In order to avoid any significant delays in the payment of the special dividend, the Board of the Company has taken advice that, on an exceptional and once-off basis, the Company will be able to pay the special dividend in a tax efficient manner prior to the transfer to Malta (i.e. at a time that the Company will still be tax resident in Luxembourg).

Hence, the Board has resolved to declare a special dividend of 6.5 pence per ordinary share for shareholders on the UK register or 80.53175 cents per ordinary share for shareholders on the South African register. The special dividend due to shareholders on the South African register was converted to South African Rand from Pounds Sterling at the spot exchange rate of GBP 1 = ZAR 12.38950 at 5 pm South African time on Thursday,

27 October 2011. The special dividend will be paid in accordance with the salient dates and times set out below.

Last day to trade on the South African register	Friday, 4 November 2011
Trading ex-dividend commences on the South African register	Monday, 7 November 2011
Last day to trade on the UK register	Tuesday, 8 November 2011
Trading ex-dividend commences on the UK register	Wednesday, 9 November 2011
Record date for shareholders recorded on the UK and South African share registers	Friday, 11 November 2011
Day of payment	Friday, 2 December 2011

Share certificates may not be dematerialised or rematerialised between Monday, 7 November 2011 and Friday, 11 November 2011, both days inclusive, and transfers between the UK register and the South African register may not take place during that period.

It should be noted that in accordance with Luxembourg law (and based on the stand-alone Luxembourg GAAP accounts of the Company) the payment to shareholders will not be considered as a dividend, but rather as a return of share premium, which under Luxembourg law, and in accordance with the Company's articles, is within the discretion of the Board. For the avoidance of doubt, in South Africa and the UK (in terms of IFRS) the payment to shareholders will be out of retained earnings and is therefore considered to be a dividend.

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