

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

# **BLACKSTAR INVESTORS PLC**

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996)  
(R.C.S. Luxembourg number B114318)*

## **NOTICE OF A GENERAL MEETING OF SHAREHOLDERS**

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**TO BE HELD AT 58 RUE CHARLES MARTEL, L-2134 LUXEMBOURG  
ON 15 JANUARY 2009 AT 11.00 CET**

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor or other professional advisor immediately.

This document does not constitute or form part of an offer or invitation to sell or issue, or any solicitation or offer to purchase or subscribe for, shares or any other interest in Blackstar Investors PLC, nor does it constitute the giving of investment advice by Blackstar Investors PLC.

In this document:

**AGM** means the annual general meeting of the Company which was held on 13 May 2008;

**AIM** means the market of that name operated by the London Stock Exchange plc;

**Articles** means the memorandum and articles of association of the Company;

**Blackstar** or the **Company** means Blackstar Investors Plc, incorporated in England and Wales under the Companies Act 1985 with registered number 2396996, and with its principal establishment in the Grand Duchy of Luxembourg (R.C.S. Luxembourg number B114318);

**Blackstar Managers** means Blackstar Managers Limited, a private company incorporated in the British Virgin Islands (registration number: 629747);

**Board** means the board of directors of the Company composed of Andrew Bonamour, Julian Treger, Marcel Ernzer, Wolfgang Baertz and John Mills;

**Capita Registrars** means a trading division of Capita IRG Plc;

**CREST** means the computer-based system and procedures administered by Euroclear UK and Ireland Limited which enable title to securities to be held and transferred in uncertificated form;

**Directors** mean the directors of the Company;

**EGM** means the general meeting of the Company convened to be held at 58 rue Charles Martel, L-2134 Luxembourg on 15 January 2009 at 11.00 CET in the presence of a Luxembourg notary, which meeting is considered as an extraordinary general meeting for the purposes of Luxembourg law;

**Form of Proxy** means the form of proxy set out in Annexure B of this document;

**Group** means the Company and its subsidiaries;

**Notice of Meeting** means the notice of EGM and its agenda set out in Annexure A of this document;

**Ordinary Shares** means the ordinary shares of £1 each in the issued share capital of the Company;

**Proposals** means the proposals to enable the Company to (i) purchase up to 11,342,183 issued Ordinary Shares in the market and then to cancel them as soon as practicable thereafter; (ii) issue up to 25,221,666 new shares; and (iii) disapply pre-emption rights when allotting and issuing new shares;

**Resolutions** means the resolutions to be proposed to Shareholders at the EGM and which are set out in Annexure A of this document (being the Agenda of the EGM);

**Shareholders** or **Members** means the holders of Ordinary Shares in the Company;

**£** or **Pounds Sterling** means the lawful currency of the United Kingdom of Great Britain and Northern Ireland; and

**ZAR** means South African Rand.

In this document all currency conversions between £ and ZAR have been calculated on the basis of 15.1244 ZAR to £1, being the closing exchange rate on 12 December 2008 quoted by Bloomberg.

# **Blackstar Investors PLC**

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996)*

*(R.C.S. Luxembourg number B114318)*

To the holders of Ordinary Shares

Date: 16 December 2008

Dear Shareholder

## **Notice of Extraordinary General Meeting**

### **1. Introduction**

The purpose of this letter is firstly to provide Shareholders with details of the Board's proposals to seek the authority of Ordinary Shareholders for (i) the purchase in the market and cancellation as soon as practicable thereafter by the Company of up to 11,342,183 issued Ordinary Shares; (ii) the issue by the Company of new shares with an aggregate nominal value of up to £25,221,666; and (iii) the disapplication of pre-emption rights in respect of new shares with an aggregate nominal value of £3,783,250 when allotting and issuing new shares and secondly to explain why the Board is recommending that Shareholders vote in favour of the Resolutions to be proposed at the EGM.

### **2. Disposal and Trading update**

On 11 December 2008, Blackstar announced that it has entered into a conditional agreement for the sale of all of its effective 17 per cent. shareholding in DCD-Dorbyl (Pty) Limited ("DCD") for ZAR190 million (£12.6 million) in cash to another existing shareholder in DCD, namely Investec Bank. 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 (£21.1 million) and net assets of ZAR392 million (£25.9 million).

The disposal is expected to realise approximately 2.57 times money and a 70 per cent. IRR in Pounds Sterling over the holding period of approximately 20 months (assumed to end during January 2009) and is at a premium of £2.3 million to the carrying value as of 30 June 2008. The Board views DCD as a very successful investment for Blackstar.

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 per cent. since 30 June 2008. The Mvela Board believes that the decline in the Mvela share price is largely on the back of the fall in platinum prices and the equity markets in general brought on by the global credit crunch. 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 per cent. shareholding through its investment in Afripalm Resources, 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 consolidate Impala's position as 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. Mvela 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 it believes that it is invested in quality robust businesses with strong market shares in their respective sectors. It is the view of the Board that Blackstar's investments are largely positively disposed to the weaker rand and are well placed to achieve growth.

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

### **3. Background**

The current Blackstar share price of 22.5 pence per share equates to a market capitalisation of approximately £17 million with the Company holding approximately £16 million in cash on the balance sheet. In addition, the completion of the sale of Blackstar's investment in DCD, which is expected in the first quarter of 2009, will further increase Blackstar's cash resources. However, due in large part to the unprecedented global downturn, the Board believe that the Ordinary Shares currently trade at a significant discount to their net asset value.

In line with its stated strategy of delivering Shareholder value, the Board would like to have the options available to it of buying back Ordinary Shares from Shareholders in the market and also to issue new shares should suitable opportunities arise. The Board has therefore called an EGM and is recommending that Shareholders vote in favour of the Resolutions at such EGM.

At the Company's AGM, similar proposals were tabled as special resolutions. However, Resolution 3 (being Resolution 14 at the AGM) was different to the extent that the maximum number of Ordinary Shares to be purchased was set at 7,566,499, equivalent to 10 per cent. of the Company's issued share capital. The Board is now seeking authority to repurchase 14.99 per cent. of the issued share capital, which the Board has been advised is the normal market level for listed companies. In order to pass a special resolution under Luxembourg Law, a quorum of more than 50 per cent. of the issued and outstanding capital of the Company is required, whereas at the AGM only 42.14 per cent. were represented. Of the represented Shareholders, 99.9 per cent. voted in favour of the three resolutions tabled at the AGM. However, as the AGM was not quorate the special resolutions could not be passed.

### **4. The Share Buy-Back**

It is proposed that the Board be authorised to purchase in the market up to 11,342,183 issued Ordinary Shares (equivalent to 14.99 per cent. of the Company's issued share capital). Purchases of the Ordinary Shares will be made at the discretion of the Board in the light of prevailing market conditions and within guidelines set from time to time by the Board. Purchases will only be made through the market at prices below the Board's calculation of the prevailing net asset value per Ordinary Share. The Ordinary Shares purchased will be held in treasury for a short time until they are cancelled in the presence of a Luxembourg public notary for the purposes of Luxembourg law.

The Board believes that the power to repurchase Ordinary Shares will enable the Company to be better positioned to address any imbalance between supply and demand for the Ordinary Shares.

### **5. The Issue of New Shares**

It is proposed that the Board be authorised to issue up to 25,221,666 new shares (equivalent to 33.33 per cent. of the Company's issued share capital) and disapply pre-emption rights when allotting and issuing up to 3,783,250 new shares (equivalent to 5 per cent. of the issued share capital). This would allow the Board to ensure that the Company can capitalise on opportunities likely to deliver value to Shareholders that might require the issue of new shares.

## **6. EGM**

The EGM is to be held at 58 rue Charles Martel, L-2134 Luxembourg, on 15 January 2009 at 11.00 CET in the presence of a Luxembourg notary in order to consider and vote on the Resolutions. The Resolutions to be tabled at the Company's EGM are special resolutions and as such require a 75 per cent. majority by value of the Ordinary Shares present or represented at the EGM. In addition, in order to pass the Resolutions under Luxembourg law, a quorum of more than half of the issued Ordinary Shares by value is required to be present or represented at the EGM.

In accordance with Luxembourg law, the EGM cannot be adjourned if there is no quorum. Accordingly, if at the EGM (the "First Meeting") the aforesaid quorum requirement of more than half of the issued Ordinary Shares by value is not present, the Resolutions will not be proposed and will, therefore, not be capable of being passed. The Directors may then decide to convene a subsequent general meeting ("Second Meeting") to re-consider the Resolutions, for which a further notice of meeting will be sent to the Members in accordance with the Articles.

The quorum requirement in relation to all the Resolutions at a Second Meeting is at least two Members present or represented at such Second Meeting. At the Second Meeting, the Resolutions can be validly adopted by a majority of 75 per cent. by value of the Ordinary Shares present or represented.

## **7. Action to be Taken**

Shareholders will find in Annexure B a Form of Proxy for use at the EGM. Whether or not Shareholders propose to attend the EGM they are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive no later than 11.00 CET on 13 January 2009, to Capita Registrars (Proxy Department), PO Box 25, 34 Beckenham Road, Beckenham, Kent BR3 4TO. The completion and return of a Form of Proxy will not preclude Shareholders from attending the EGM and voting in person should they so wish.

IT IS IMPORTANT THAT SHAREHOLDERS COMPLETE AND RETURN THEIR FORM OF PROXY TO TRY TO ENSURE THAT THE EGM IS QUORATE.

## **8. Recommendation**

The Directors of the Company consider that the Proposals are in the best interests of the Shareholders as a whole. Accordingly, the Directors of the Company unanimously recommend all Shareholders to vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings in the Company's share capital, amounting in aggregate to 9,523,816 Ordinary Shares.

Yours sincerely

John Mills  
*16 December 2008*

# ANNEXURE A

Company No. 2396996

## **BLACKSTAR INVESTORS PLC**

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 2396996)  
(R.C.S. Luxembourg number B114318)*

### **AGENDA OF THE EGM**

Notice is given that a general meeting of Blackstar Investors plc will be held at 58 rue Charles Martel, L-2134 Luxembourg on Thursday 15 January 2009 at 11.00 a.m. CET to consider the following resolutions, which will be proposed as special resolutions:

#### **1. DIRECTOR'S AUTHORITY TO ALLOT AND ISSUE SHARES**

That, subject to the passing of Resolution 2 below, and in place of all existing powers, for the purposes of section 80 of the Companies Act 1985 (the "Act") (and so that expressions used in this resolution shall bear the same meanings as in the said section 80):

- 1.1 the directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot and issue relevant securities up to an aggregate nominal amount of £25,221,666 to such persons and at such times and on such terms as they think proper during the period expiring (unless previously revoked, varied or renewed) on 15 April 2010 or, if sooner, at the end of the annual general meeting of the Company to be held in 2009; and
- 1.2 the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require relevant securities to be allotted after this expiry of the said period and the directors may allot and issue relevant securities in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution, so that all previous authorities of the directors pursuant to the said section 80 be and are hereby revoked and that the Articles be amended to reflect the effect of this resolution.

#### **2. DISAPPLICATION OF PRE-EMPTION RIGHTS**

That, subject to the passing of Resolution 1 above, and in place of all existing powers, the directors be and are empowered in accordance with section 95 of the Act to allot and issue equity securities (as defined in section 94 of the Act) for cash, pursuant to the authority conferred on them to allot and issue relevant securities (as defined in section 80 of the Act) by Resolution 1, as if section 89(1) and sub-sections (1) to (6) of section 90 of the Act did not apply to such allotment and issue (i.e. the statutory pre-emption rights normally applying to the allotment and issue of equity securities for cash be disapplied) provided that the power conferred by this resolution shall be limited to:

- 2.1 the allotment and issue of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal, or practical problems arising in connection with the laws, or requirements of any recognised regulatory body or stock exchange in any territory; and
- 2.2 the allotment and issue (otherwise than pursuant to sub-paragraph 2.1 above) of equity securities up to an aggregate nominal value not exceeding £3,783,250;

and this power, unless renewed, shall expire on 15 April 2010 or, if sooner, at the end of the annual general meeting of the Company to be held in 2009, but shall extend to the making, before such expiry, of an offer

or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot and issue equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired and that the Articles be amended to reflect the effect of this resolution.

### **3. COMPANY'S AUTHORITY TO PURCHASE ITS OWN SHARES**

That the Company be and is generally authorised pursuant to section 166 of the Act to make market purchases (within the meaning of section 163(3) of the Act) of its Ordinary Shares of £1 each on such terms and in such manner as the directors shall determine, provided that:

- 3.1 the maximum number of Ordinary Shares hereby authorised to be purchased is 11,342,183;
- 3.2 the maximum price which may be paid for each Ordinary Share shall be 5 per cent. above the average of the middle market quotations for an Ordinary Share (as derived from the AIM appendix to the Daily Official List of the London Stock Exchange plc) for the five business days immediately before the day on which the purchase is made (in each case exclusive of expenses);
- 3.3 the minimum price which may be paid for each Ordinary Share shall be 1 pence; and
- 3.4 this authority (unless previously revoked, varied or renewed) shall expire on 15 January 2010 or, if sooner, at the end of the annual general meeting of the Company to be held in 2009 except in relation to the purchase of Ordinary Shares the contract for which was concluded before such date and which will or may be executed wholly or partly after such date and that the Ordinary Shares bought back in terms of this resolution be cancelled as soon as practicable thereafter and that any employee of Maitland Luxembourg S.A. or of M Partners be hereby appointed to appear before a public notary in Luxembourg for the purpose of amending the Articles to reflect the changes resulting from any cancellation of any Ordinary Shares bought back in accordance with the terms of this resolution.

All of the Resolutions are special resolutions and therefore require a 75 per cent. majority by value of the Ordinary Shares present or represented at the EGM. In addition, in order to pass each of the Resolutions a quorum of more than half of the issued Ordinary Shares by value is required to be present or represented at the EGM.

In accordance with Luxembourg law, the EGM cannot be adjourned if there is no quorum. Accordingly, if at the EGM (the "First Meeting") the aforesaid quorum requirement of more than half of the issued Ordinary Shares by value is not present none of the Resolutions will be proposed and will, therefore, not be capable of being passed. The Directors may then decide to convene a subsequent general meeting (the "Second Meeting") to re-consider each of the Resolutions, for which a further notice of meeting will be sent to the Members in accordance with the Articles.

The quorum requirement in relation to all the Resolutions at the Second Meeting will be at least two Members present or represented at the Second Meeting.

At the Second Meeting, each of the Resolutions can be validly adopted by a majority of 75 per cent. by value of the Ordinary Shares present or represented.

By order of the Board

16 December 2008

**Blackstar Investors Plc**  
Registered Office  
7th Floor, Phoenix House  
18 King William Street  
London EC4N 7HE

## NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him. The proxy need not be a member of the Company but must attend the meeting in order to represent his appointor. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
2. A member entitled to attend and vote at the meeting is entitled to appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares held by that member.
3. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notorially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Capita Registrars (Proxy Department), 43 Beckenham Road, Beckenham, Kent BR3 4TO not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours before the time appointed for taking the poll, or where the poll is taken not more than 48 hours after it was demanded, the document(s) must be delivered at the meeting at which the demand is made.
4. A Form of Proxy which may be used to appoint a proxy and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact Capita Registrars on 0871 664 0300. Calls cost 10p per minute plus network charges.
5. The register of interests of the directors and their families in the share capital of the Company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company and at the principal place of business of the Company in Luxembourg during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the EGM.
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the EGM is 6.00 p.m. (GMT) on 13 January 2009 (being not more than 48 hours prior to the time fixed for the meeting) or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
7. Any corporation that is a member of the Company may, by resolution of its directors or other governing body, authorise any person it thinks fit to act as its representative at the EGM.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the EGM to be held on the above date and at any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent, Capita Registrars, (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.