



BLUE LABEL TELECOMS

Blue Label Telecoms Limited

(Incorporated in the Republic of South Africa) (Registration number 2006/022679/06)

Share code: BLU ISIN: ZAE000109088 ("Blue Label" or "the Company")

NOTICE OF ANNUAL GENERAL MEETING OF BLUE LABEL SHAREHOLDERS

All terms defined in the circular, to which this notice of Annual General Meeting is attached, shall bear the same meanings when used in this notice of Annual General Meeting.

Notice is hereby given to Blue Label shareholders recorded in the Company's securities register on 30 September 2011, that the fourth Annual General Meeting of the shareholders of Blue Label will be held in the Boardroom, Blue Label Telecoms corporate offices, 75 Grayston Drive, Sandton, on Tuesday, 22 November 2011 at 10:00, to conduct such business as may lawfully be dealt with at the Annual General Meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder (including the ordinary and special resolution in respect of the specific repurchase). The record date for determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 11 November 2011. Accordingly, the last day to trade in order to be eligible to participate and vote at the Annual General Meeting will be Friday, 4 November 2011.

Please note that Blue Label intends to provide for participation by way of electronic communication to Blue Label shareholders to participate in the Annual General Meeting. In this regard, please read the notes at the end of this notice.

RESOLUTIONS RELATED TO THE SPECIFIC REPURCHASE

Special resolution number 1 – Specific authority, in terms of the Companies Act, for the repurchase by the Company of the Microsoft shares, namely 91,851,852 Blue Label shares

Resolved that, the Company be and is hereby authorised, by way of a specific authority, in terms of the Companies Act, the Listings Requirements and article 36 of the Company's memorandum of incorporation, to acquire 91,851,852 Blue Label shares at a price of R4.25 per Blue Label share, from Microsoft upon the terms and conditions of the Share Buy-Back Agreement.

In terms of sections 48(8)(b), 62(3)(c) and 65(9) of the Companies Act, article 36 of the Company's memorandum of incorporation and paragraph 5.69(b) of the Listings Requirements, the requisite percentage of voting rights for this resolution to be adopted is 75%.

Reason for and effect of special resolution number 1

The reason for special resolution number 1 is to specifically authorise the Company to acquire the Microsoft shares, namely 91,851,852 Blue Label shares in terms of the Companies Act, the Listings Requirements, the memorandum of incorporation of the Company, and the Share Buy-Back Agreement. In terms of the Listings Requirements, the votes of Microsoft will be taken into account in determining whether a quorum of shareholders is present at the Annual General Meeting, but such votes will not be taken into account in determining the results of the voting at the Annual General Meeting on each of special resolution number 1 and ordinary resolution number 1 relating to the specific repurchase.

The effect of special resolution number 1 is to enable the Company, by way of a specific authority, to acquire shares in the Company from Microsoft in terms of the Share Buy-Back Agreement.

In terms of the Listings Requirements, the specific repurchase is a related party transaction as Microsoft, by virtue of its 12% shareholding in Blue Label, is a material shareholder (as defined in the Listings Requirements) and is consequently a related party to Blue Label. Therefore, in terms of the Listings Requirements, in order to implement the specific repurchase, a special resolution of the Company must be passed by shareholders excluding Microsoft.

Statement by the directors of the Company

The directors of Blue Label have considered the impact of the specific repurchase and are of the opinion that:

- the provisions of section 4 and section 48 of the Companies Act have been complied with;
- Blue Label and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of approval of this circular;
- the assets of Blue Label and the group will be in excess of its liabilities for a period of 12 months after the date of approval of this circular, where for this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the group;
- the share capital and reserves of Blue Label and the group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this circular; and
- the working capital of Blue Label and the group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this circular.

Furthermore, it is stated as follows:

- in terms of section 46(1)(a)(ii) of the Companies Act and the Listings Requirements, the board has authorised the specific repurchase by resolution;
- in terms of section 46(1)(b) of the Companies Act, it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the specific repurchase; and
- in terms of section 46(1)(c) of the Companies Act, the board has, by resolution, acknowledged that it has applied the solvency and liquidity test as set out in section 4 of the Companies Act, and reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after completing the specific repurchase.

Ordinary resolution number 1 – Directors’ authority to take all such actions necessary to implement the specific repurchase

Resolved that, any director of the Company, be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of special resolution number 1.

In terms of sections 62(3)(c) and 65(7) of the Companies Act, the requisite percentage of voting rights for this resolution to be adopted is 50.1%.

RESOLUTIONS RELATED TO THE REMAINING BUSINESS OF THE ANNUAL GENERAL MEETING

Special resolution number 2 – Non-executive directors' remuneration

Resolved that, following the election of non-executive directors not to be paid an increase in the fees payable to them for services as directors, the current remuneration structure of the Company depicted below be and is hereby approved for the period 1 June 2011 to 31 May 2012:

	Current fee per meeting*	Current capped fee per annum**
Services as directors <ul style="list-style-type: none">• Chairman of the board• Board members	— R34,340	R750,000 R171,700
Audit, Risk and Compliance Committee <ul style="list-style-type: none">• Chairman• Members	R47,694 R28,617	R190,776 R114,468
Remuneration and Nomination Committee <ul style="list-style-type: none">• Chairman• Members	R38,155 R22,894	R152,620 R91,576
Investment Committee <ul style="list-style-type: none">• Chairman• Members	R28,617 R17,170	R228,936 R137,360
Transformation Committee <ul style="list-style-type: none">• Chairman• Members	R28,617 R17,170	R114,468 R68,680
Ad-Hoc Committee <ul style="list-style-type: none">• Chairman• Members	R28,617 R17,170	R114,468 R68,680

*In the event that there are fewer meetings as envisaged, the member shall receive the fee in respect of the number of meetings attended.

**In the event that there are more meetings per year than initially planned, directors' fees will be paid only up to the cap.

In terms of sections 62(3)(c) and 65(9) of the Companies Act, the requisite percentage of voting rights for this resolution to be adopted is 75%.

Reason for and effect of special resolution number 2

Section 66 of the Companies Act requires the approval by way of a special resolution of the remuneration payable to the directors in respect of their services as directors, which approval must be obtained within the previous 2 (two) years. Furthermore, specific remuneration payable to directors must be approved in advance in terms of the Listings Requirements and as recommended by King III. The effect of special resolution number 2 is that the fees payable to the directors are approved.

Special resolution number 3 – General authority to repurchase shares

Resolved that, the Company and any of its subsidiaries be and they are hereby authorised, by way of a general approval, to acquire ordinary shares issued by the Company, in accordance with the requirements of the Company's memorandum of incorporation, the Companies Act and Listings Requirements, provided that:

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement with the counterparty;
- this general authority shall be valid until the Company's next annual general meeting, or for 15 (fifteen) months from the date of the passing of this special resolution number 3, whichever period is shorter;
- an announcement will be published as soon as the Company or any of its subsidiaries has cumulatively acquired ordinary shares constituting 3% of the initial number of ordinary shares in issue, and for each 3% in aggregate of the initial number of ordinary shares acquired thereafter, in compliance with paragraph 11.27 of the Listings Requirements;
- the acquisition of shares in aggregate in any one financial year may not exceed 20% of the Company's ordinary issued share capital;
- the ordinary shares may not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of the repurchase of such ordinary shares;

- the Company has been given authority by its memorandum of incorporation;
- at any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any repurchase on behalf of the Company and/or its subsidiaries;
- the directors authorise the acquisition, the Company passes the solvency and liquidity test contemplated in section 4 of the Companies Act and that from the time that the test is done, there are no material changes to the financial position of the group;
- the Company and/or its subsidiaries undertake that they will not enter the market to repurchase the Company's shares until the Company's sponsor has provided written confirmation to the JSE regarding the adequacy of the Company's working capital in accordance with Schedule 25 of the Listings Requirements; and
- the Company and/or its subsidiaries shall not purchase any shares during a prohibited period, as defined in paragraph 3.67 of the Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period.

In terms of sections 62(3)(c) and 65(9) of the Companies Act and paragraph 5.72(c) of the Listings Requirements, the requisite percentage of voting rights for this resolution to be adopted is 75%.

Reason for and effect of special resolution number 3

Section 48 of the Companies Act read with the Listings Requirements requires that shareholders approve a general repurchase of securities by way of a special resolution. The effect of this special resolution and its rationale is to grant the Company and any of its subsidiaries a general authority to facilitate the acquisition by the Company and/or any of its subsidiaries of the Company's shares, which general approval shall be valid for the period set out in the resolution above.

Special resolution number 4 – Financial assistance to directors, prescribed officers and related or inter-related companies

Resolved that, the board is authorised, as it in its discretion thinks fit, but subject to compliance with the requirements of the memorandum of incorporation of the Company and the Companies Act, in particular section 45 thereof, to provide direct or indirect financial assistance to a director or prescribed officer of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, on the basis that the board shall have the authority to determine at the relevant time whether to make such financial assistance available on an interest free or market-related basis, provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution number 4.

The board will, before making any such financial assistance available, satisfy itself that:

- immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test in the Companies Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

Such authority shall endure for 2 (two) years following the date on which this special resolution number 4 is adopted.

In terms of sections 62(3)(c) and 65(9) of the Companies Act, the requisite percentage of voting rights for this resolution to be adopted is 75%.

Reason for and effect of special resolution number 4

This resolution is proposed in order to comply with the requirements of section 45 of the Companies Act as that section requires any financial assistance by the Company to, *inter alia*, its related and inter-related companies and corporations to first be approved by a special resolution of its shareholders. Section 45 of the Companies Act provides, *inter alia*, that financial assistance which is provided to, *inter alia*, a company that is related or inter-related to the Company must be approved by a special resolution of shareholders, adopted within the previous 2 (two) years.

Special resolution number 4 authorises the provision of financial assistance by the Company within the ambit of section 45 of the Companies Act.

Ordinary resolution number 2 – Presentation of annual financial statements

Resolved that, the annual financial statements of the Company and the consolidated annual financial statements of the group for the year ended 31 May 2011, be and are hereby received, considered and adopted, including the directors' report and auditor's report thereon posted together with the circular to which this notice of Annual General Meeting is attached.

Ordinary resolution number 3 – Re-election of directors

Resolved that, by way of a separate vote, each of the following directors retiring from the board by rotation, and who are eligible for re-election and have offered themselves for re-election to the board be and are hereby re-elected to the board:

- 3.1 Resolved that Mr Mark Pamensky retires as a director of the Company in accordance with article 15.1 of the Company's memorandum of incorporation and, being eligible for re-election as a director of the Company in terms of article 15.2 of the Company's memorandum of incorporation, offers himself for re-election by the shareholders, and be and is hereby re-elected as a director of the Company with immediate effect; and
- 3.2 Resolved that Mr David Rivkind retires as a director of the Company in accordance with article 15.1 of the Company's memorandum of incorporation and, being eligible for re-election as a director of the Company in terms of article 15.2 of the Company's memorandum of incorporation, offers himself for re-election by the shareholders, and be and is hereby re-elected as a director of the Company with immediate effect.

Brief biographies in respect of each director offering himself for re-election are contained on pages 29 and 30 of the circular.

In terms of sections 62(3)(c) and 65(7) of the Companies Act, the requisite percentage of voting rights for this resolution to be adopted is 50.1%.

Ordinary resolution number 4 – Re-appointment of external auditors

Resolved that, on the recommendation of the current Audit, Risk and Compliance Committee of the Company, PricewaterhouseCoopers Inc., be and is hereby re-appointed as independent registered auditors of the Company for the ensuing year until the conclusion of the next annual general meeting of the Company and Mr EJ Gerrys is re-appointed as the individual registered auditor for the ensuing year.

In terms of sections 62(3)(c) and 65(7) of the Companies Act, the requisite percentage of voting rights for this resolution to be adopted is 50.1%.

Ordinary resolution number 5 – Election of members of the Audit, Risk and Compliance Committee

Resolved that, by way of a separate vote, each of the following directors, be and are hereby elected as members of the Blue Label Audit, Risk and Compliance Committee, with effect from the date of this Annual General Meeting in terms of section 94(2) of the Companies Act:

- 5.1 Resolved that Mr JS Mthimunye, an independent non-executive director, be and is hereby elected as a member and the chairman of the committee;
- 5.2 Resolved that Mr GD Harlow, an independent non-executive director, be and is hereby elected as a member of the committee; and
- 5.3 Resolved that Mr NN Lazarus SC, a non-executive director, be and is hereby elected as a member of the committee.

Brief biographies of those directors offering themselves for election as members of the Audit, Risk and Compliance Committee are contained on pages 30 to 31 of this circular.

In terms of sections 62(3)(c) and 65(7) of the Companies Act, the requisite percentage of voting rights for this resolution to be adopted is 50.1%.

Ordinary resolution number 6 – Endorsement of the remuneration policy

Resolved that, through a non-binding advisory vote, the Company's remuneration policy (excluding the remuneration of non-executive directors and members of committees of the board for their services as directors and members of such committees) as set out on pages 27 to 29 of this circular, be and is hereby endorsed.

In terms of sections 62(3)(c) and 65(7) of the Companies Act, the requisite percentage of voting rights for this resolution to be adopted is 50.1%.

Ordinary resolution number 7 – General authority to directors to allot and issue authorised but unissued shares

Resolved that, as required by and subject to the memorandum of incorporation of the Company, the Companies Act and the Listings Requirements, the general authority granted to directors at the previous annual general meeting of the Company to allot and issue, as they in their discretion think fit, the unissued ordinary shares of the Company, be and is hereby renewed and such shares be and are hereby placed under the control of the directors of the Company as a general authority in terms of the Companies Act and Listings Requirements, and such directors are authorised to allot and issue same at their discretion until the next annual general meeting of the Company on the basis that such allotments and issues are subject to the provisions of the memorandum of incorporation of the Company, the Companies Act and the Listings Requirements.

In terms of sections 62(3)(c) and 65(7) of the Companies Act and the Listings Requirements, the requisite percentage of voting rights for this resolution to be adopted is 50.1%.

Ordinary resolution number 8 – General authority to issue shares for cash

Resolved that, subject to the renewal of the general authority proposed in terms of ordinary resolution number 7 above and in terms of the Listings Requirements, the directors be and are hereby granted a general authority to allot and issue ordinary shares in the capital of the Company for cash as and when suitable situations arise, subject to the following limitations:

- any issue of shares shall be to public shareholders as defined by the Listings Requirements;
- this authority shall be valid until the date of the next annual general meeting of the Company, provided it shall not extend beyond 15 (fifteen) months from the date of this Annual General Meeting;
- a paid press announcement giving details, including the impact of the issue on net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share, and if applicable, diluted earnings and headline earnings per share, and the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the issue is agreed in writing between the Company and the party/ies subscribing for the shares, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within one year, 5% or more of the ordinary number of issued shares prior to any such issues;
- that issues in the aggregate in any one financial year shall not exceed 15% of the ordinary shares in the issued share capital of the Company from time to time, and in determining the aforesaid percentage, instruments which are compulsorily convertible shall be included, and paragraph 5.52 of the Listings Requirements shall be taken into account; and
- in determining the price at which an allotment and issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the ordinary shares over the 30 days prior to the date that the price of issue is determined or agreed between the Company and the party/ies subscribing for the shares.

In terms of section 63(2) of the Companies Act and paragraph 5.50 of the Listings Requirements, the requisite percentage of voting rights for this resolution to be adopted is 75% (it being noted that in terms of this Listings Requirements this resolution is an ordinary resolution requiring the aforesaid 75% approval).

Entitlement to attend and vote at the Annual General Meeting

Blue Label shareholders who wish to participate in the Annual General Meeting should note that in terms of section 63 of the Companies Act, meeting participants are required to provide reasonable satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

Certificated shareholders or own name dematerialised shareholders may attend and vote at the Annual General Meeting, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead by completing the attached form of proxy and returning it to the transfer secretaries at the address given in the circular by no later than 10:00 on Friday, 18 November 2011.

Dematerialised shareholders other than own name dematerialised shareholders, must contact their CSDP or broker, as the case may be, and obtain the relevant letter of representation from it if they wish to attend the Annual General Meeting. If shareholders are unable to attend the Annual General Meeting but wish to be represented thereat, they must furnish their CSDP or broker, as the case may be, with their instructions for voting at the Annual General Meeting.

Forms of proxy should be forwarded to reach the transfer secretaries at the address given in the circular by not later than 10:00 on Friday, 18 November 2011. The completion of a form of proxy will not preclude a shareholder from attending the Annual General Meeting.

Shareholders wishing to participate electronically in the Annual General Meeting are required to:

- deliver written notice to the Company at 75 Grayston Drive, corner Benmore Road, Morningside Extension 5, 2196 (marked for the attention of E Viljoen, Group company secretary) that they wish to participate via electronic communication at the Annual General Meeting; or
 - register on the Company's website at www.bluelabeltelecoms.co.za where a link to the registration page will be placed,
- by no later than 10:00 on Friday, 18 November 2011 ("**Electronic Notice**").

In order for the Electronic Notice to be valid it must contain: (a) if the Blue Label shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the Blue Label shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the Annual General Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number ("**Contact Address/Number**"); and (d) if the Blue Label shareholder wishes to vote via electronic communication, set out that the Blue Label shareholder wishes to vote via electronic communication. By no later than 24 (twenty four) hours before the Annual General Meeting the Company shall use its reasonable endeavours to notify a shareholder at its Contact Address/Number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

Should you wish to participate in the Annual General Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial-in on the date of the Annual General Meeting. The dial-in facility will be linked to the venue at which the Annual General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the Annual General Meeting. The dial-in facility will enable all persons to participate electronically in the Annual General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the Annual General Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

SUPPLEMENTARY EXPLANATORY NOTES TO SPECIAL RESOLUTIONS 2 TO 4 (BOTH INCLUSIVE) AND ORDINARY RESOLUTIONS 2 TO 8 (BOTH INCLUSIVE) FOR CONSIDERATION AT THE ANNUAL GENERAL MEETING

Non-executive directors' remuneration for services as directors (special resolution number 2)

In terms of section 66(8) and (9) of the Companies Act, remuneration may only be paid to directors, for their services as directors, in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of a Company's memorandum of incorporation.

Special resolution number 2 requires shareholders to approve the fees payable to the Company's non-executive directors for the period 1 June 2011 to 31 May 2012. The board agreed not to increase the fees payable to both executives and non-executive directors of the Company in line with the group's cost containment initiatives which were implemented.

Full particulars of all remuneration paid to non-executive directors for their services as directors as well as remuneration paid for consulting services rendered are contained on pages 31 and 34 of this circular. Particulars of the process followed by the Remuneration and Nomination Committee are contained in the Remuneration Policy on pages 27 to 29 of this circular.

General authority to repurchase shares (special resolution number 3)

The effect of this special resolution and its rationale is to grant to the Company and any of its subsidiaries a general authority to facilitate the acquisition by the Company and any of its subsidiaries of the Company's shares, which general approval shall be valid for the period contemplated in the resolution.

Any decision by the directors to use the general authority to acquire shares of the Company will be taken having regard to prevailing market conditions, the share price, the cash needs of the Company together with various other factors and in compliance with the Companies Act, the Listings Requirements and the memorandum of incorporation of the Company.

The directors are of the opinion that the renewal of this general authority is in the best interests of the Company as it allows the Company and any of its subsidiaries to repurchase the securities issued by the Company through the order book of the JSE, should the market conditions and price justify such action.

The directors have no specific intention, at present, for the Company or its subsidiaries to repurchase any of the Company's shares (other than for the purposes of the employee share incentive scheme) but consider that such a general authority should be put in place should an opportunity present itself to do so during the ensuing year.

Financial assistance to directors, prescribed officers and related or inter-related companies (special resolution number 4)

Section 45 of the Companies Act provides, *inter alia*, that financial assistance contemplated in such section, to a related or inter-related company may only be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and provided further that the board is satisfied that:

- immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The Company previously had to provide loans to and guarantees for the obligations of certain of its subsidiaries and was not precluded from doing so in terms of its constitutional documents or in terms of the Companies Act, 61 of 1973, as amended. The Company, in the ordinary course of its business, might well need to provide financial assistance to certain of its subsidiaries in accordance with section 45 of the Companies Act. In the circumstances and in order, *inter alia*, to ensure that the Company's subsidiaries and other related and inter-related companies have access to financing and/or financial backing from the Company, it is necessary to obtain the approval of shareholders, as set out in special resolution number 4.

Adoption of the annual financial statements (ordinary resolution number 2)

The directors are required to present to shareholders at the Annual General Meeting the annual financial statements incorporating the directors' report and the report of the auditors, for the year ended 31 May 2011. These are contained within the annual financial statements.

Re-election of directors (ordinary resolution number 3)

In accordance with the Company's memorandum of incorporation, one third of the directors are required to retire at each annual general meeting and may offer themselves for re-election. Messrs MV Pamensky and DB Rivkind retire by rotation at the Annual General Meeting in accordance with article 15.1 of the Company's memorandum of incorporation, and have offered themselves for re-election. Abbreviated curriculum vitae in respect of directors offering themselves for re-election are contained on pages 29 to 30 of this circular.

The directors of the Company are satisfied that each of the directors standing for re-election, continue to make an effective and valuable contribution to the Company and to the board. The board recommends to shareholders that they should vote in favour of the re-election of the directors who retire by rotation.

Re-appointment of external auditors (ordinary resolution number 4)

PricewaterhouseCoopers Inc. has expressed its willingness to continue in office and ordinary resolution number 4 proposes the re-appointment of that firm as the Company's auditors until its next annual general meeting.

The Audit, Risk and Compliance Committee has satisfied itself that the proposed auditor, PricewaterhouseCoopers Inc., is independent of the Company as contemplated by the South African Independence laws and the applicable rules of the International Federation of Accountants. The committee nominated the re-appointment of PricewaterhouseCoopers Inc. as independent registered auditor of Blue Label for the 2012 financial year.

Election of Audit, Risk and Compliance ("ARC") Committee members (ordinary resolution number 5)

In terms of section 94(2) of the Companies Act, audit committee members must be elected by shareholders at each annual general meeting. King III likewise requires the shareholders of a public company to elect the members of an audit committee at each annual general meeting.

In terms of the Regulation 42 of the Companies Regulations, 2011 relating to the Companies Act, at least one-third of the members of the Company's ARC Committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The proposed members have experience in audit, accounting, commerce, economics, law, corporate governance and general industry as is evident from the curriculum vitae of each of the members contained on pages 30 to 31 of this circular.

Blue Label Remuneration Policy (ordinary resolution number 6)

Chapter 2 of King III, dealing with boards and directors, requires companies to table their remuneration policy to shareholders for a non-binding advisory vote at the Annual General Meeting. This vote enables shareholders to express their views on the remuneration policies adopted for the remuneration of executive directors and on their implementation. The Blue Label Remuneration Philosophy is contained in pages 27 to 29 of this circular.

Ordinary resolution number 6 is of a non-binding advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the board will take the outcome of the vote into consideration when considering the Company's remuneration policy and the remuneration of executive directors.

Control of authorised but unissued shares and general authority to issue shares for cash (ordinary resolution numbers 7 and 8)

The existing authorities granted by the Blue Label shareholders at the previous annual general meeting held on 12 October 2010, will expire at the Annual General Meeting unless renewed. The authorities granted under these resolutions are subject to the Companies Act, the Listings Requirements and the memorandum of incorporation of the Company.

The directors are of the opinion that the granting of this general authority is in the best interests of the Company as it allows the Company to take advantage of business opportunities that may arise in the future.

By order of the board

BLUE LABEL TELECOMS LIMITED

E Viljoen

Group company secretary

20 October 2011

Registered office:

75 Grayston Drive, corner Benmore Road

Morningside Extension 5

2196

(PO Box 652261, Benmore, 2010)