

## Notice of annual general meeting

Notice is hereby given that the third annual general meeting of the shareholders of Blue Label Telecoms Limited will be held in the Boardroom, Blue Label Telecoms Corporate Offices, 75 Grayston Drive, Sandton, on Tuesday, 12 October 2010 at 10:00 to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the company and of the Blue Label Telecoms group for the year ended 31 May 2010, including the directors' report and auditors' report thereon.
2. To re-elect, each by way of a separate vote, the following directors retiring by rotation, and being eligible, have offered themselves for re-election:
  - 2.1 Resolved that Mr JS Mthimunye who is required to retire by rotation as a director of the company at this annual general meeting and who is eligible for re-election and who has offered himself for re-election, be and is hereby reappointed as a director of the company with immediate effect.
  - 2.2 Resolved that Mr LM Nestadt who is required to retire by rotation as a director of the company at this annual general meeting and who is eligible for re-election and who has offered himself for re-election, be and is hereby reappointed as a director of the company with immediate effect.
3. To re-elect Mr KM Ellerine as a director of the company, as he was appointed to the board since the last annual general meeting and who retires in terms of the company's articles of association and, being eligible, has offered himself for re-election.

An abbreviated curriculum vitae of each director offering himself for re-election is contained on pages 16 to 21 of this report.

4. To re-appoint PricewaterhouseCoopers Inc as independent registered auditors of the company for the ensuing year and to authorise the directors to determine the remuneration of the auditors for the past year's audit as reflected in note 18 of the annual financial statements. The individual registered auditor who will undertake the audit during the financial year ending 31 May 2011 is Mr EJ Gerryts.

To consider and, if deemed fit, pass with or without modification the following special resolution and ordinary resolutions.

5. **Special resolution number 1 – 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 terms of section 85 and 89 of the Companies Act, No 61 of 1973, as amended (“or any legislation by which it may be superseded”) (“the Companies Act”), and in terms of the JSE Limited (“the JSE”) Listings Requirements, being 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, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution number 1;
- an announcement will be published as soon as the company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- acquisition of shares in aggregate in any one financial year may not exceed 20% of the company’s ordinary issued share capital as at the date of passing of this special resolution number 1;
- 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 five business days immediately preceding the date of repurchase of such ordinary shares;
- the company has been given authority by its articles of association;
- at any point in time, the company and/or its subsidiaries may only appoint one agent to effect any repurchase;
- the company and/or its subsidiaries undertaking 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 JSE Listings Requirements; and
- the company and/or its subsidiaries not repurchasing any shares during a prohibited period, as defined in the JSE 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 the Securities Exchange News Service (SENS) prior to the commencement of the prohibited period.

Before entering the market to effect the general repurchase, the directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, will ensure that for a period of 12 (twelve) months after the date of the notice of annual general meeting:

- the company and the Blue Label Telecoms group will be able, in the ordinary course of business, to pay its debts;
- the consolidated assets of the company and the Blue Label Telecoms group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the company and the Blue Label Telecoms group;
- the company and the Blue Label Telecoms group’s ordinary share capital, reserves and working capital will be adequate for ordinary business purposes; and
- the working capital of the company and the Blue Label Telecoms group will be adequate for the purposes of the business of the company and the Blue Label Telecoms group.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- directors and management – pages 16 to 23
- major beneficial shareholders – page 103
- directors' interests in shares – page 140
- share capital of the company – page 197

#### **Litigation statement**

In terms of paragraph 7.D.11 of the JSE Listings Requirements, the directors, whose names appear on pages 16 to 21 of this report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Blue Label Telecoms group's financial position.

#### **Directors' responsibility statement**

The directors, whose names appear on page 139 of this annual report, confirm that to the best of their knowledge and belief:

- the statements made in the report are true and correct;
- there are no facts which have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made;
- the report contains all information required by law and the JSE Listings Requirements.

#### **Material change**

Other than the facts and developments reported on in this report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

The reason for and effect of this special resolution is to grant the directors of the company or its subsidiaries a general authority in terms of the Companies Act and the JSE Listings Requirements for the repurchase by the company or a subsidiary company of the company, of the company's shares.

The directors have no specific intention, at present, for the company or its subsidiaries to repurchase any of the company's shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year.

**6. Ordinary resolution number 1 – Control of authorised but unissued shares**

Resolved that the general authority granted to the directors to allot and issue the unissued ordinary shares of the company be renewed subject to the following limitations:

- the 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;
- issues in terms of this authority will not, in any financial year, in aggregate exceed 3% of the number of ordinary shares in the company's issued share capital as at 31 May 2010;
- issues in terms of this authority shall be subject to the provisions of the Companies Act and the JSE Listings Requirements.

**7. Ordinary resolution number 2 – General authority to issue shares for cash**

Resolved that subject to the general authority proposed in terms of ordinary resolution number 1 above and in terms of the JSE Listings Requirements, shareholders grant the directors a general authority for the allotment and issue of 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 JSE 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 on net asset value and earnings per shares, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within one year, 3% 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 3% of the ordinary shares in the issued share capital of the company from time to time;
- 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 by the directors of the company.

In terms of the JSE Listings Requirements, the approval of 75% majority of the votes cast by shareholders present or represented by proxy at this annual general meeting will be required for ordinary resolution number 2 to become effective.

## 8. Ordinary resolution number 3 – Non-executive directors' remuneration

Resolved that the fees payable to the non-executive directors for the ensuing 12-month period be set as follows:

	Current fee per meeting	Proposed fee per meeting*	Proposed capped fee per annum**
<b>Services as directors</b>			
• chairman of the board <sup>1</sup>	—	—	R750 000
• board members	R32 550	R34 340	R171 700
<b>Audit and Risk Management</b>			
• chairman	R45 208	R47 694	R190 778
• member	R27 125	R28 617	R114 468
<b>Remuneration Committee</b>			
• chairman	R36 166	R38 155	R152 621
• member	R21 700	R22 894	R91 574
<b>Investment Committee</b>			
• chairman	R27 125	R28 617	R228 935
• member	R16 275	R17 170	R137 361
<b>Transformation Committee</b>			
• chairman	R27 125	R28 617	R114 468
• member	R16 275	R17 170	R68 681
<b>Ad hoc Committee</b>			
• chairman	R27 125	R28 617	R114 468
• member	R16 275	R17 170	R68 681

\* 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

<sup>1</sup> The annual fee paid to the chairman in respect of the year ended 31 May 2010 amounted to R700 000

## 9. Ordinary resolution number 4 – Consulting services for non-executive directors

Resolved that non-executive directors may be contracted to render services to the group from time to time, in addition to their services as non-executive directors to the board of Blue Label Telecoms and in addition to any remuneration so received, non-executive directors shall be entitled to receive an amount of remuneration recommended by the board of the company for the additional non-executive services.

## 10. Ordinary resolution number 5 – Signature of documents

Resolved that any director or the secretary of the company be and is hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to implement the resolutions set out in the notice convening this annual general meeting at which this ordinary resolution will be considered.

**VOTING AND PROXIES**

Shareholders may appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead. Shareholders holding dematerialised shares but not in their own name must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting should they wish to vote. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, to complete the relevant form of proxy attached. Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut-off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume you do not wish to attend the annual general meeting or send a proxy. If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of representation to you.

Shareholders holding dematerialised shares in their own name, or who hold shares that are not dematerialised, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the relevant form of proxy attached in accordance with the instructions therein and lodge it with, or mail it to, the transfer secretaries.

Forms of proxy should be forwarded to reach the company's transfer secretaries at the address given below by not later than 10:00 on Monday, 11 October 2010. The completion of a form of proxy will not preclude a shareholder from attending the annual general meeting.

By order of the board

**E Viljoen**

*Group company secretary*

23 August 2010

**Transfer secretaries**

Computershare Investor Services (Proprietary) Limited  
70 Marshall Street  
Johannesburg  
2001  
(PO Box 61051, Marshalltown, 2107)

**Registered office**

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## Explanatory notes to resolutions for consideration at the annual general meeting

### Adoption of annual financial statements

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 2010. These are contained within the annual report.

### Re-election of directors

In accordance with the articles of association of the company, one third of the directors are required to retire at each annual general meeting and may offer themselves for re-election. Messrs JS Mthimunya and LM Nestadt retire by rotation at the annual general meeting in accordance with article 15.1 of the articles of association of the company, and have offered themselves for re-election. The appointment of any person to fill a casual vacancy on the board of directors, or as an addition thereto is similarly required to retire and is eligible for re-election at the annual general meeting held immediately after the appointment. In addition, the articles of association provides that directors have the power at any time to appoint any person as a director subject to the provisions of article 16.2, which provides that a newly appointed director will retain office only until the next annual general meeting and then retire and be eligible for re-election. In this regard Mr KM Ellerine will retire at the forthcoming annual general meeting and is available for re-election. Abbreviated curriculum vitae in respect of each director offering himself for re-election are contained on pages 16 to 21 of this annual report.

The Blue Label Telecoms board of directors recommends to shareholders the re-election of the directors who retire by rotation.

### Re-appointment of independent auditors

PricewaterhouseCoopers Inc. has expressed its willingness to continue in office and resolution number 4 proposes the re-appointment of that firm as the company's auditors until the next annual general meeting. The resolution also gives authority to the directors to fix the remuneration of the auditors, which fee determination will be reviewed and recommended by the Audit, Risk and Compliance Committee.

In accordance with section 270A of the Corporate Laws Amendment Act, 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 reappointment of PricewaterhouseCoopers Inc. as independent registered auditor of Blue Label Telecoms for the 2011 financial year.

Furthermore the Audit, Risk and Compliance Committee has, in terms of paragraph 2.86 of the JSE Listing Requirements, considered and satisfied itself that PricewaterhouseCoopers Inc., the reporting accountant and individual auditor are accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements.

### Special resolution number 1 – General authority to repurchase shares

The effect of this special resolution and its rationale is to grant the company and any of its subsidiaries a general authority in terms of the Companies Act 61 of 1973, as amended ("the Companies Act"), for the acquisition by the company and any of its subsidiaries of the company's shares, which general approval shall be valid until the earlier of such next annual general meeting of the company or its variation or revocation by special resolution at any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 months from the date of this annual general meeting.

## Explanatory notes to resolutions for consideration at the annual general meeting | continued

266

The directors are of the opinion that the renewal of this general authority is in the best interest 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.

### **Ordinary resolutions numbers 1 and 2 – Control of authorised but unissued shares and general authority to issue shares for cash**

The existing authorities granted by the shareholders at the previous annual general meeting held on 25 November 2009 expire at the following annual general meeting unless renewed. The authorities granted under these resolutions are subject to the Companies Act and the JSE Listings Requirements and will not, in any financial year, exceed in aggregate 22 990 827 ordinary shares, being 3% of the number of ordinary shares in the company's issued share capital as at 31 May 2010.

Ordinary resolution numbers 1 and 2 respectively require a 50% and 75% majority of the votes, cast by shareholders present or represented by proxy at the annual general meeting to become effective.

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.

### **Ordinary resolution number 3 – Non-executive directors' remuneration**

Shareholders are requested to approve the fees payable to the company's non-executive directors for the period 1 June 2010 to 31 May 2011. Fee increases are only implemented after formal approval by shareholders.

The proposed fees have been reviewed by the Remuneration and Nomination Committee and are recommended by the board of directors. Particulars of the process followed by the Remuneration and Nomination Committee are contained in the Remuneration Policy on page 78 of this annual report.

### **Ordinary resolution number 4 – Consulting services for non-executive directors**

The company's articles of association make provision for the payment of fees to non-executive directors, apart from the fees earned in their capacities as directors, for additional services rendered to the company or its subsidiaries. The Remuneration and Nomination Committee recommended that the fees paid to non-executive directors rendering consultancy services to the group be decided by the board and sanctioned by the annual general meeting.

Messrs Harlow and Lazarus provided corporate finance, legal and strategic advice to the company and group for which they received advisory fees. The fees for the 2010 financial year amounted to R3 million in total (2009 financial year amounted to R1.3 million in total).