

notice of annual general meeting

Notice is hereby given that the first annual general meeting of the shareholders of Blue Label Telecoms will be held in the boardroom, Blue Label Telecoms Corporate Offices, 75 Grayston Drive, Sandton, on Wednesday, 12 November 2008 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 2008, including the directors' report and auditors report thereon.
2. To re-elect directors in accordance with the provisions of the company's articles of association. In accordance with the articles of association of the company all directors are required to retire at the company's first annual general meeting.

All retiring directors are eligible and have offered themselves for re-election respectively.

Abbreviated curriculum vitae in respect of each director offering himself/herself for re-election are contained on pages 19 to 21 of this annual report.

3. To ratify the non-executive directors' remuneration paid for the period ended 31 May 2008 as follows:

	Aggregate fees paid for the period R
Board chairman	325 000
Board members	780 000
Audit and Risk Management committee chairman and members	158 332
Remuneration and Nomination committee chairman and members	93 333
Investment committee chairman and members	320 000
Transformation committee chairman and members	80 000
Special committee members	60 000
	1 816 665

4. To approve the non-executive directors' remuneration for the year ending 31 May 2009.

Proposed remuneration for non-executive directors:

	Fee per meeting R	Capped fee per annum R
Services as directors		
• chairman of the board	—	600 000
• board members	30 000	150 000
Audit and Risk Management		
• chairman	41 666	166 664
• member	25 000	100 000
Remuneration Committee		
• chairman	33 333	133 333
• member	20 000	80 000
Investment Committee		
• chairman	25 000	200 000
• member	15 000	120 000
Transformation Committee		
• chairman	25 000	100 000
• member	15 000	60 000
Ad-Hoc Committee		
• chairman	25 000	100 000
• member	15 000	60 000



5. To re-appoint PricewaterhouseCoopers Inc. as independent registered auditors of the company, to authorise the directors to fix the remuneration of the auditors for the past year's audit as reflected in note 18 of the annual financial statements and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 May 2009 is Mr EJ Gerrits.

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

6. Special resolution number 1 – General authority to repurchase shares

Resolved that the company or 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 (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;
- the company remaining in compliance with the shareholder spread requirements 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 – pages 19 to 21
- major beneficial shareholders – page 59
- directors' interests in shares – page 72
- share capital of the company – page 99



notice of annual general meeting (continued)

Litigation statement

In terms of paragraph 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 19 to 21 of this annual 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 pages 19 to 21 of this annual report confirm that to the best of their knowledge and belief:

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

and in these circumstances the directors accept responsibility for the information contained in this annual report.

Material change

Other than the facts and developments reported on in this annual 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 repurchase of the company's shares may be advisable having regard to a number of factors, including share price, surplus cash and the opportunity to enhance earnings per share. The company requests shareholders to give the directors a general authority for the company to purchase its shares should it be opportune to do so.

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

Resolved that a general authority be granted to the directors to allot and issue the unissued ordinary shares of the company 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 2008.
- issues in terms of this authority shall be subject to the provisions of section 221 of the Companies Act and the JSE Listings Requirements.

8. 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 share, 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; 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 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 this authority to become effective.



9. Ordinary resolution number 3 – Approval of the Blue Label Telecoms Forfeitable Share Plan (the share plan)

Resolved that the Blue Label Telecoms Forfeitable Share Plan, the rules of which was tabled at the meeting and initialled by the chairman of the meeting for the purposes of identification, be and is hereby adopted.

10. Ordinary resolution number 4 – Authorisation to implement the share plan

Resolved that, subject to ordinary resolution number 3 being passed at the meeting at which this ordinary resolution number 4 will be proposed and considered, the directors of Blue Label Telecoms be and are hereby authorised to do all such things and sign all documents, including company forms, and take all such action as they consider necessary to give effect to and implement the Forfeitable Share Plan.

11. Ordinary resolution number 5 – Signature of documents

Resolved that any one 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 Tuesday 11 November 2008. 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

13 October 2008

REGISTERED OFFICE

75 Grayston Drive
Morningside Ext 5
Sandton
2196
(PO Box 652261, Benmore, 2010)

TRANSFER SECRETARIES

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

explanatory notes to resolutions for consideration at the annual general meeting

1. Adoption of annual financial statements

In terms of the Companies Act 61 of 1973 as amended (the Companies Act), 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 2008.

2. Re-election of directors

In accordance with the articles of association of the company all directors are required to retire at the first annual general meeting of the company. At each subsequent annual general meeting of the company one third of the directors shall retire from office. In addition, any person appointed to the board of directors after the annual general meeting shall be required to retire and is eligible for re-election at the first annual general meeting following the appointment.

All retiring directors are all eligible for re-election. Abbreviated curriculum vitae in respect of each director offering himself/herself for re-election are contained on pages 19 to 21 of this annual report.

3. Non-executive remuneration

Shareholders are requested to ratify the fees paid to non-executive directors during the six month period ended 31 May 2008.

Shareholders are further requested to approve the fees payable to the company's non-executive directors during the period 1 June 2008 to 31 May 2009. 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 Report on page 54 of this annual report.

4. Re-appointment of auditors and determination of auditors' fees

PricewaterhouseCoopers Inc. has indicated 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 further gives authority to the directors to fix the remuneration of the auditors, which fee determination will be reviewed and recommended by the Audit and Risk Management Committee.

In accordance with section 270A of the Corporate Laws Amendment Bill, the Audit and Risk Management Committee has satisfied itself that the proposed auditor, PricewaterhouseCoopers Inc, is independent of the company.

5. Special resolution number 1 – General authority to purchase shares

The effect of this special resolution and the reason therefore is to grant the company or 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 or 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 of such general authority 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.

The directors are of the opinion that the granting of this general authority would be in the best interests of the company as it would allow the company or any its subsidiaries to be in a position to repurchase the securities issued by the company through the order book of the JSE, should the market conditions and price justify such an action.

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

In terms of sections 221 and 222 of the Companies Act the shareholders have to approve the placement of the unissued shares under the control of the directors. The authorities granted under these resolutions would be 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 2008.

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

The directors consider it to be advantageous for the company to be granted these authorities as it would enable the company to take advantage of business opportunities that may arise in the future.

7. Ordinary resolution number 3 – Approval of the Blue Label Telecoms Forfeitable Share Plan

The effect of ordinary resolution number 3 and the reason therefore is to provide a mechanism for the incentivisation of the senior executives, management and other employees within the Blue Label Telecoms group, to increase employee and shareholder alignment through employee share ownership and to attract and retain key talent.

The salient features of the Blue Label Telecoms Forfeitable Share Plan (share plan) are set out on pages 139 to 142 of this annual report. The rules of the share plan will be available for inspection during normal business hours at the registered office of the company, from the date of this annual report up to and including the date of the annual general meeting.

