

Blue Label Telecoms Limited

(Incorporated in the Republic of South Africa)

(Registration number 2006/022679/06)

Share code: BLU ISIN: ZAE000109088

("Blue Label")

Arbitration and litigation between Blue Label, Telkom SA SOC Limited ("Telkom") and others

Further to the SENS announcements made on 14 June and 20 August 2013, Blue Label advises as follows:

In June 2011 Africa Prepaid Services Nigeria Limited ("APSN"), a subsidiary of Blue Label, launched arbitration proceedings in South Africa ("the arbitration proceedings") against Multi-Links Telecommunications Limited ("MLT"), a subsidiary of Telkom at the time, for payment of the sum of US\$457 million arising out of the cancellation of a Super Dealer Agreement ("the SDA"). In terms of the SDA, APSN acquired the right to market and distribute a range of products for MLT in Nigeria. In the arbitration proceedings MLT has counter-claimed against APSN for payment of the sum of US\$123 million.

Evidence in the arbitration proceedings was due to be presented in November 2012, but was postponed. The arbitration proceedings were due to recommence in February 2014.

In May 2013 Telkom and MLT obtained an order, without notice to APSN, in terms of which APSN's claim against MLT in the arbitration proceedings together with a costs order in APSN's favour were attached ("the attachment application"). The purpose of the attachment application was to found and confirm the jurisdiction of the South African High Court ("the High Court") over APSN in an action instituted by Telkom and MLT against Blue Label, APSN and others. In the action Telkom and MLT claim payment of damages in an aggregate amount of US\$724 million ("the action").

APSN launched an application in the High Court to set aside the attachment order. Telkom and MLT conceded that the attachment order was misconceived and was a nullity.

In June 2013 MLT launched an application in the High Court in terms of the South African Arbitration Act to set aside the arbitration agreement contained in the SDA ("the stay application"). APSN launched an application for an order declaring that the High Court has no jurisdiction over APSN in the action ("the jurisdiction application").

On 19 August 2013, the High Court heard argument in relation to the stay application, the jurisdiction application and the costs arising out of the attachment application.

On 6 September 2013 the High Court delivered judgement in terms of which:

1. The jurisdiction application was dismissed with costs.
2. The stay application was granted with costs.
3. Telkom and MLT were ordered to pay APSN's costs in the attachment application on the attorney and client scale.
4. The Court directed that the question of the High Court's jurisdiction over APSN in the action should be determined by the trial court.

APSN is in the process of considering the judgement with a view to deciding whether it should apply for leave to appeal against the dismissal of the jurisdiction application and the grant of the stay application.

The High Court did not make any determination on the merits of the claims in the arbitration and the action.

The consequence of these events is that the arbitration proceedings will not continue in February 2014 and APSN will either pursue its claim against MLT in the High Court or in the arbitration proceedings should APSN pursue and succeed with an appeal against the judgement of the High Court.

A further update will be given in due course.

Johannesburg

9 September 2013

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