

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 CANCELLATION OF AGREEMENT - MULTI-LINKS**

Blue Label has an effective ownership of 36.72% in Africa Prepaid Services Nigeria Limited ("APSN") through its 72% shareholding in Africa Prepaid Services (Pty) Ltd. In terms of the Super Dealer Agreement ("the Agreement") with Multi-Links Telecommunications Limited ("Multi-Links") (a wholly owned subsidiary of Telkom SA Limited), APSN was given the right to procure customers for, and to sell and market, the complete range of Multi-Links' CDMA services and products, on an exclusive basis in Nigeria, for a 10 year period which commenced in December 2008.

Multi-Links has recently announced that it intends to "exit" its voice CDMA service and products business. On 25 November 2010 Multi-Links notified APSN that it has terminated the Agreement.

Multi-Links' purported termination of the Agreement is unlawful and constitutes a repudiation of its obligations in terms of the Agreement, which wrongful repudiation has been accepted by APSN and APSN has cancelled the Agreement.

APSN intends to institute proceedings for the recovery of the damages it has suffered and will continue to suffer arising out of Multi-Links' wrongful repudiation of the Agreement and its consequent cancellation.

For the financial year ended May 2010, APSN contributed R38.7 million to the group's net profit after tax, equating to 5.1cents of the group's headline earnings per share of 48.27cents per share.

APSN has other operations outside of the Agreement. The termination of the Agreement will not result in APSN withdrawing from Nigeria. APSN has confidence in the growth opportunities which Nigeria presents for the consumption of prepaid products, including airtime, electricity and other products and services such as bill payments and, in time, money transfer. To this end APSN intends to expand its existing transactional footprint to facilitate growth in the virtual distribution of these products in partnership with Nigerian network operators and utility providers.

26 November 2010

Sponsor:

Investec Bank Limited

