

1.1. 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")

CLARIFICATION ANNOUNCEMENT RELATING TO THE DISPOSAL BY BLUE LABEL OF ITS INTERESTS IN VAS OPERATIONS AND 3G DISTRIBUTION AND FURTHER CAUTIONARY

1. INTRODUCTION

Shareholders are referred to the announcement released on SENS on 25 September 2019 ("**Category 1 announcement**") in respect of Blue Label's proposed disposal of its direct and indirect interests in:

- Blue Label Mobile or the VAS Operations; and
- 3G Mobile (excluding the share capital held in and loan claims against CEC) to DNI.

Unless specified otherwise, the terms defined in the Category 1 announcement, when used in this announcement, bear the same meanings as in the Category 1 announcement.

The purpose of this announcement is to clarify certain aspects of the Proposed Transactions as set out below.

2. SUBJECT OF THE VAS OPERATIONS TRANSACTION

VAS Operations comprises companies that currently form part of Blue Label Mobile as well as certain smaller companies which will be consolidated under Blue Label Mobile prior to the implementation of the VAS Operations Transaction. All of the companies within VAS Operations are disclosed within the Mobile segment of Blue Label's annual financial statements, excluding Airvantage Proprietary Limited and AV Technology Limited which are disclosed within the Africa Distribution segment and the International segment of Blue Label's annual financial statements respectively. The steps involved in the restructure of Blue Label Mobile, the affected companies as well as the percentage shareholdings in the aforementioned companies are set out in the subsequent events note 9.2 of Blue Label's annual financial statements for the year ended 31 May 2019 available at <https://www.bluelabeltelecoms.co.za/>.

3. SUBJECT OF THE 3G DISTRIBUTION TRANSACTION

3G Mobile is a wholly owned subsidiary of TPC which in turn is a wholly owned subsidiary of Blue Label. It is disclosed within the Africa Distribution segment of Blue Label's annual financial statements. CEC, which is a wholly owned subsidiary of 3G Mobile is excluded from the 3G Mobile Transaction. In order to achieve the exclusion of CEC, 3G Mobile's shares and claims in CEC will be distributed in specie to TPC prior to the implementation of the 3G Distribution Transaction.

4. CONSIDERATION IN RESPECT OF THE VAS OPERATIONS TRANSACTION

As set out in the Category 1 announcement, the total consideration to be received by Blue Label in respect of the VAS Operations Sale Interest is expected to be:

- R350 million plus the amounts Blue Label have disbursed for the acquisition of 50% of Hyve Mobile Proprietary Limited and Mobile Content Africa Limited (together "Hyve") as at the effective date (expected to be R80 million plus interest thereon); and
- R100 million, bearing interest at prime overdraft rates plus 2% per annum compounded on a monthly basis, deferred until the solvency and liquidity status of Cell C is proven.

As the acquisition of 50% of Hyve is included in the VAS Operations Transaction, all payments made by Blue Label up and until the effective date will be refundable by DNI and this is in excess of the R350 million purchase consideration and R100 million deferred purchase consideration as detailed above.

Of the initial amount of R80 million payable to the shareholders of Hyve, R57 million plus interest of R1.6 million has been paid to date. On payment of the balance of R23 million plus interest thereon, Blue Label Mobile's 50% shareholding in Hyve will become effective.

5. FURTHER CAUTIONARY ANNOUNCEMENT

Given that the financial information with respect to the Proposed Transactions is still to be announced, shareholders are advised to continue to exercise caution when dealing in the Company's securities until such announcement of the financial information.

Sandton
[16] October 2019

Financial Advisor and Sponsor
Investec Bank Limited

Legal Adviser to Blue Label
Werksmans Inc

Legal Advisor to DNI
CDH