Summarised Annual Report
and Notice of AGM
for the year ended 31 December 2012
The reports and statements set out below comprise the annual report presented to the shareholders.

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</tr>
</tbody>
</table>

**Prepared by:**
Mogamat Naiem Davids  
Senior Financial Manager (GMG Trust Company (SA) Proprietary Limited)

**Under supervision of:**
Brendan Harmse CA(SA)  
Director (GMG Trust Company (SA) Proprietary Limited)

**Thulani S Gcabashe**  
Chairman: Board of directors  
Sandton  
Director

13 June 2013
Board of directors at 31 December 2012 (with a resignation during the 2012 financial year noted)

Thulani S Gcabashe (55)
BA (Botswana), MURP (Ball State, USA), PED (IMD); TRP (SA)
Non-executive chairman
Appointed: 21 February 2011
Skills, expertise and work experience
Founder and executive chairman of BuiltAfrica Holdings since 2008. Prior to founding BuiltAfrica Holdings, he led the South Africa Power Project during 2007, an initiative aimed at developing a globally competitive manufacturing cluster. Thulani was employed by Eskom where he served as chief executive officer from 2000 to 2007, before which he filled various leadership positions including deputy chief executive and chairman of Eskom Enterprises from 1993.

Grant G Gelink (63)
BComm, BCompt (Hons), CA(SA)
Non-executive director
Appointed: 17 October 2012
Chairman of the audit committee
Appointed: 17 October 2012
Skills, expertise and work experience
Chief executive of Deloitte & Touche from 2006 to 2012. Prior to this, he was the advisory and relationship partner on Barloworld, Imperial Holdings, Murray & Roberts, Nedbank, Sappi, South African Airways and Transnet.

Sonja de Bruyn Sebotsa (41)
LLB (Hons), MA: Economic Policy Management, SFA (UK); Harvard Executive Program
Non-executive director
Appointed: 23 February 2011
Chairman of the audit committee
Appointed: 15 March 2011
Skills, expertise and work experience
Sonja is the founder and executive of Manase & Associates since 1996. Prior to this, she was employed by Shell SA, Smith chem and Spoornet in various financial management positions and served on the boards of the Central Energy Fund, Soekor, Mossgas, the Medical Research Council, Denel, South African Reserve Bank, International Marketing Council (IMC) and was chairman of the Presidency audit committees.

Zodwa P Manase (52)*
BComm, BCompt (Hons), CA(SA), Higher Diploma in Tax
Non-executive director
Appointed: 28 September 2011
Resigned: 28 September 2012
Skills, expertise and work experience
Founder and chief executive of Manase & Associates since 2002. Prior to this, she was employed by Deloitte & Touche in South Africa until his retirement from the firm in 2001. He was also president of the Natal Society of Chartered Accountants from 1977 to 1978 and president of the South African Institute of Chartered Accountants from 1982 to 1983. Subsequent to his retirement he served as a non-executive director of a number of listed public companies from which positions he has since retired with the exception of JD Group.

Martin J Shaw (74)
CA(SA)
Non-executive director
Appointed: 21 February 2011
Member of the audit committee
Appointed: 15 March 2011
Chairman of the audit committee
Appointed: 28 September 2012
Resigned: 17 October 2012
Skills, expertise and work experience
Martin served as managing partner, chief executive and chairman of Deloitte & Touche in South Africa until his retirement from the firm in 2001. He was also president of the Natal Society of Chartered Accountants from 1977 to 1978 and president of the South African Institute of Chartered Accountants from 1982 to 1983. Subsequent to his retirement he served as a non-executive director of a number of listed public companies from which positions he has since retired with the exception of JD Group.

*Resigned 28 September 2012
Dear shareholder

The position of MTN Zakhele (RF) Limited (MTN Zakhele or the Company) continued to improve in 2012 thanks to a further reduction in its debt and the sound operational performance of the MTN Group Limited (MTN). The Company’s sole business is holding shares in MTN and administering the associated funding of these shares. Its success is therefore dependent on the success of MTN as well as the ongoing receipt of dividends from MTN to service and repay debt.

When MTN concluded the MTN Zakhele scheme in 2010 it was called one of the country’s more successful broad-based black economic empowerment (BBBEE) transactions. The success of the structure has remained intact over the past year as MTN continued to deliver strong cash returns to shareholders.

MTN itself also continued to benefit from MTN Zakhele’s ownership of 4% of its shares, which along with its other transformation and empowerment initiatives resulted in the Group being ranked 13th in the 2012 annual Financial Mail survey of the 100 most empowered listed companies in South Africa. In addition, during 2012, MTN South Africa maintained its empowerment rating at Level 2.

Ensuring compliance and proposing a refinancing

In 2012, MTN Zakhele worked hard to ensure its compliance with the requirements of the new Companies Act, as amended, by inter alia finalising a new memorandum of incorporation (MoI).

The Board also obtained proposals to refinance some of the notional vendor finance (NVF) which was provided by MTN to MTN Zakhele at the inception of MTN Zakhele in November 2010. The potential to implement such a refinancing arises as a result of the redemption, during April 2012, of all the Class B preference shares. These were fully repaid earlier than anticipated due to higher-than-expected dividends received from MTN.

The method of refinancing is expected to be through the issuance of a new class of preference shares. The net proceeds of this preference share issue to lenders will be used to settle a portion of the NVF owing to MTN. Considering the expected pricing of the new class of preference shares, the NVF is in comparison, relatively expensive funding.

Preparing for trading

Trading of MTN Zakhele shares between members of the black public is due to start at the end of November 2013. To facilitate this, towards the end of 2012, the Board commenced with the appointment of relevant service providers. I am pleased to report that the setting up of the trading platform and the drafting of its relevant terms and conditions are both progressing well. We are also undertaking a number of initiatives to facilitate a smooth and understandable trading environment in which all shareholders may participate.

Further strengthening of MTN Zakhele

The robustness of the MTN Zakhele’s funding structure became increasingly evident during the year. The MTN dividends received during April 2012 and September 2012 exceeded the obligations under the preference share funding arrangements. As mentioned earlier, this enabled the Company to fully settle the Class B preference share balance in April 2012, which was originally R720 million. The dividends due to both the Class A and Class B preference shares were also settled.

The Company also started partially settling the NVF funding in September 2012 with a payment of R239 367 229 to MTN from proceeds of R241 915 127 via acquiring shares in the open market and delivering an equivalent number of shares, initially issued by MTN to the Company, back to MTN. The difference between the amount of NVF settled and the proceeds used for settlement resulted from a calculation mechanism outlined in the transaction documents, namely volume-weighted average price multiplied by the number of shares purchased, compared to the actual cost of those shares. The acquired MTN shares are now reflected on the Company’s balance sheet and not as part of the derivative option anymore.
Interest rate risk was partially hedged, as the Class A preference shares were subject to a fixed interest rate until 30 April 2013. Subsequent to 30 April 2013 the class A preference shares will be subject to a floating interest rate.

These are significant achievements and the implementation of the proposed refinancing is expected to improve the total returns to shareholders as fewer funds will be required to service the more expensive NVF funding obligations.

MTN Zakhele shareholders initially contributed about 20% of the total funding needed for the BBBEE transaction. MTN made a significant donation, which provides a buffer against movements in the MTN share price from an asset cover perspective. This, together with the NVF funding from MTN, also means that the BBBEE transaction will remain geared at a reasonably conservative level, even after implementing the proposed refinancing.

MTN continues to perform
As mentioned previously, the success of MTN Zakhele is dependent on the success of the MTN share price as well as the ongoing receipt of dividends to service its funding commitments.

The MTN share price has performed strongly since MTN Zakhele first purchased MTN shares in November 2010. When MTN Zakhele acquired the shares, the cost was based on a price of R107.46 per share and a total value of R4 974 590 649. By 31 December 2012, the MTN share price had increased to R177.60, bringing the total value of MTN shares held by MTN Zakhele to R8 327 523 874. At the end of December 2011, the MTN share price was R143.73, with the total value of MTN Zakhele’s holding at R6 520 769 374.

Dividends received from MTN have increased meaningfully over the years, because of stronger earnings and a steady increase in its payout ratio: 40% in August 2010, 55% in March 2011, 65% in August 2011, 70% in March 2012 and 72% in August 2012. In its results announcement for the 2012 financial year, MTN said it would move to a dividend policy of absolute growth, rather than of one based on a particular payout ratio. This decision was made in light of exchange rate volatility and the impact of that on reported earnings.

MTN’s 2012 results reflected another sound performance, with subscriber numbers increasing 15.1% to 189.3 million. The margin on earnings before interest, taxation, depreciation and amortisation (EBITDA) was relatively stable at 42.9% (2011: 43.9%) and headline earnings per share increased by 1.9% to 1 089.1 cents.

MTN declared a final cash dividend of 503 cents per share, bringing the total dividend to 824 cents per share. Further information on MTN’s performance can be found at www.mtn.com.

In the report for 2011, I wrote of the allegations of breaches of ethical conduct that were made against MTN in early 2012.

The good news is that, following a year-long investigation that involved a detailed review of the evidence, Lord Hoffmann (and the Hoffmann Committee) determined that the allegations of impropriety made by Turkcell against MTN were without foundation. He concluded that he found nothing in the conduct of MTN over this period that put at question MTN’s integrity or propriety. Further, the legal action instituted against MTN by Turkcell in the USA courts has been withdrawn, following a ruling by the US Supreme Court which effectively prevented such types of claims from being brought in US courts.

Dividends
The dividend income earned on the MTN shares held by MTN Zakhele is required to: firstly, pay permitted operational fees, costs, expenses and tax liabilities and thereafter, to meet the dividend obligations to the third-party funders. The payment of transaction costs and the repayment of the third-party preference share funding are made from the receipt of ordinary dividends from MTN on 30 April each year. However, in 2010 MTN started paying interim dividends, resulting in a payout running twice a year and dividends being declared to Class B preference shareholders twice a year as well. The dividend on the Class A preference shares, while there is an interest rate hedge in place, is only declared once annually.

In 2012, MTN Zakhele declared the following dividends to preference shareholders:

- A preference share dividend during March 2012: R96 700 256.88;
- B preference share dividend during March 2012: R14 618 445.86.

Class B preference shares were fully redeemed in April 2012 and therefore there was no dividend on class B preference dividends in September 2012.

Directorate and management
The Mol provides that the Board comprises no more than five directors, two of whom will be appointed by MTN. The MTN appointees are Thulani Gcabashe and Martin Shaw. The remaining three directors are to be independent of MTN and will be appointed or (in the case of a director who was appointed to fill a vacancy or as an additional director) confirmed by the Company’s shareholders. These directors are currently Sonja de Bruyn Sebotsa and Grant Gelink, the latter of whom replaced Zodwa Manase on her resignation following the annual general meeting (AGM) on 28 September 2012. Directors who are appointed by the MTN Zakhele Board to fill a vacancy in their number or as an
additional director will retain office only until (i) they are removed by the MTN Zakhele shareholders by ordinary resolution; or (ii) the next AGM of MTN Zakhele, unless the appointment is confirmed by the shareholders at such an AGM. Grant Gelink’s interim appointment by the directors is thus the subject matter of one of the resolutions to be proposed at the AGM.

The current MTN-nominated directors were appointed on 21 February 2011. Sonja de Bruyn Sebotsa was originally appointed on 23 February 2011 and she was re-appointed (after resigning by rotation) at the AGM on 28 September 2012.

The necessary resolutions required under the new Companies Act have been included for approval at the AGM. The proposed amendments to the MoI which are required in order to give effect to the proposed refinancing are available on the MTN Zakhele website at www.mtnzakhele.co.za. They are also available on request from zakhele@linkmarketservices.co.za or by dialling 0861 686925 (0861 MTNZAK).

MTN Zakhele has no staff and the administrative functions of the Company are outsourced. GMG Trust Company (SA) Proprietary Limited (GMG) indicated that it wished to resign as administrator at the end of 2012 and has been replaced by Deloitte & Touche as the professional service provider responsible for a range of advisory, administrative, secretarial and taxation functions. These include certain funds flow requirements of the funding agreements, preparation of the financial statements and arranging the AGM and other meetings of the Board and the shareholders of MTN Zakhele. GMG was responsible for completing the 2012 financial statements and the annual report of the Company. Final handover of all matters was completed during April 2013, following a three-month handover period and an audit committee meeting held to approve the Company’s annual report. The AGM notices and related information were compiled by Deloitte & Touche.

Engaging shareholders
Shareholder communication remains important for us. However, it has to be efficiently executed as cost management is equally crucial for MTN Zakhele. With over 121 000 shareholders who speak various languages and who are located across a vast geography, this is best done through a limited number of communication mediums. Formats are reviewed and feedback is considered after events such as the AGM. This annual report forms part of that communication and is sent out annually prior to the AGM and is made available on the Company’s website. Shareholder participation in the AGM is possible through attendance in person or by proxy, detailed on pages 26, 30, 31 and 32 of the AGM notice. Shareholders can also access the website or contact the call centre for assistance.

Shareholder information
During the 2012 AGM, shareholders requested that they be provided with information which may assist them in understanding aspects of the Company’s affairs. As a result, the following shareholder information initiatives are planned for implementation on the day of, and immediately after, the AGM to be held at the time and place set out in the AGM notice included in this annual report:

- Presentation on elements of the proposed trading platform for MTN Zakhele ordinary shares and the provision of related material;
- Presentation on the basic principles of interpreting financial statements and the provision of related material.

Acknowledgments
In 2012, MTN Zakhele accomplished a significant amount from both a financial and governance perspective. On behalf of the Board and the Company’s shareholders, I thank everyone involved for their contribution. I would particularly like to acknowledge the constructive and wise counsel provided by my fellow Board members. I would like to thank administrator GMG for its consistent work since our company’s inception, as well as note my appreciation of joint auditors PricewaterhouseCoopers Inc. (PwC) and SizweNtsalubaGobodo Inc. for their contribution since day one. PwC resigned during the year, and shareholders will vote on the re-appointment of SizweNtsalubaGobodo Inc. at the AGM on 29 July 2013.

Prospects
The sound operational performance of MTN to date and its dividend policy of absolute growth, along with MTN Zakhele’s robust funding structure, give me great confidence for MTN Zakhele in the year ahead. The revised proposed capital structure should ensure a more efficient and cost-effective funding in order to improve shareholder returns. We especially look forward to the start of trading in the Company’s shares at the end of November 2013. Preparations for this are fully under way.

Thulani S Gcabashe
Chairman
13 June 2013
Summarised income statement
for the year ended 31 December 2012
(As extracted from the audited financial statements)

<table>
<thead>
<tr>
<th>Note</th>
<th>2012 R’000</th>
<th>2011 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other income</td>
<td>5 600 644</td>
<td>468 759</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(9 703)</td>
<td>(8 622)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>590 941</td>
<td>460 137</td>
</tr>
<tr>
<td>Finance income</td>
<td>3 490</td>
<td>4 255</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(116 694)</td>
<td>(150 090)</td>
</tr>
<tr>
<td>Gain on remeasurement of the derivative financial assets</td>
<td>142 841</td>
<td>286 030</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>620 578</td>
<td>600 332</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(110 200)</td>
<td>(41 235)</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>510 378</td>
<td>559 097</td>
</tr>
</tbody>
</table>

Summarised statement of comprehensive income
for the year ended 31 December 2012
(As extracted from the audited financial statements)

<table>
<thead>
<tr>
<th>2012 R’000</th>
<th>2011 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after tax</td>
<td>510 378</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>1 207 905</td>
</tr>
<tr>
<td>Gain on remeasurement of the available-for-sale financial assets</td>
<td>1 564 839</td>
</tr>
<tr>
<td>Adjustment to deferred tax attributable to change in CGT inclusion rate</td>
<td>(64 935)</td>
</tr>
<tr>
<td>Deferred tax on gain on remeasurement of the available-for-sale financial assets</td>
<td>(291 999)</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>1 718 283</td>
</tr>
</tbody>
</table>
## Summarised statement of financial position

at 31 December 2012
(As extracted from the audited financial statements)

### Assets

<table>
<thead>
<tr>
<th>Notes</th>
<th>2012 R'000</th>
<th>2011 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>6</td>
<td>8 327 524</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td></td>
<td>1 914 700</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>10 242 224</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax receivable</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Other receivables</td>
<td></td>
<td>309</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>8 862</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>9 172</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>10 251 396</td>
</tr>
</tbody>
</table>

### Equity and liabilities

#### Equity

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary share capital</td>
<td>809</td>
<td>809</td>
</tr>
<tr>
<td>Share premium</td>
<td>1 616 956</td>
<td>1 616 956</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2 117 280</td>
<td>1 640 520</td>
</tr>
<tr>
<td>Available-for-sale reserve</td>
<td>2 528 540</td>
<td>1 320 635</td>
</tr>
<tr>
<td>Non-distributable reserve</td>
<td>1 557 417</td>
<td>1 523 799</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>7 821 002</td>
<td>6 102 719</td>
</tr>
</tbody>
</table>

#### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>1 426 936</td>
<td>1 710 835</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>937 799</td>
<td>471 642</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2 364 735</td>
<td>2 182 477</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>7</td>
<td>64 555</td>
</tr>
<tr>
<td>Other payables</td>
<td></td>
<td>1 104</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>65 659</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>2 430 394</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>10 251 396</td>
</tr>
</tbody>
</table>
**Summarised statement of changes in equity**

*for the year ended 31 December 2012*

 *(As extracted from the audited financial statements)*

<table>
<thead>
<tr>
<th></th>
<th>Share capital R’000</th>
<th>Share premium R’000</th>
<th>Available-for-sale reserve R’000</th>
<th>Non-distributable reserve R’000</th>
<th>Retained earnings R’000</th>
<th>Total equity R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 January 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cancelled shares</td>
<td>* (26)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer between reserves**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 31 December 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 1 January 2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer between reserves**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 31 December 2012</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Amount less than a thousand.

**The transfer between reserves arises in respect of the gain on remeasurement of the derivative financial asset that was recorded in profit and loss.

The amount transferred is net of the related deferred tax calculated at the increased Capital Gains Tax rate, which came into operation from 1 March 2012 and applies in respect of years of assessment commencing on or after that date.

This transfer of the net gain from retained earnings to the non-distributable reserve is effected as the gain is currently not distributable.
### Summarised statement of cash flows

**for the year ended 31 December 2012**

(As extracted from the audited financial statements)

<table>
<thead>
<tr>
<th></th>
<th>2012 R’000</th>
<th>2011 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash used in operations</td>
<td>(9 688)</td>
<td>(18 913)</td>
</tr>
<tr>
<td>Interest received</td>
<td>3 711</td>
<td>4 317</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(112 302)</td>
<td>(81 270)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>600 644</td>
<td>468 759</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(978)</td>
<td>(6 309)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>481 387</td>
<td>366 584</td>
</tr>
</tbody>
</table>

|                                |            |            |
| **Cash flows used in financing activities** |            |            |
| Cost of shares used to partially repay the Notional Vendor Finance | (241 915) | –          |
| Borrowings repaid              | (288 555)  | (380 890)  |
| **Net cash used in financing activities** | (530 470)  | (380 890)  |

|                                |            |            |
| **Net decrease in cash and cash equivalents** | (49 083)   | (14 306)   |
| **Cash and cash equivalents at the beginning of the year** | 57 945     | 72 251     |
| **Cash and cash equivalents at the end of the year** | 8 862      | 57 945     |
Notes to the summarised annual financial statements
for the year ended 31 December 2012
(As extracted from the audited financial statements)

1. General information
The Company is engaged in acquiring and holding shares in MTN Group Limited on behalf of the black public and operates in
South Africa.

2. Basis of preparation
The summarised financial information was prepared in accordance with International Financial Reporting Standards ("IFRS"), the
presentation and disclosure requirements of IAS 34 Interim Financial Reporting and the requirements of the South African
Companies Act, No 71 of 2008, as amended, on a basis consistent with the prior year.

3. Accounting policies
The accounting policies adopted are consistent with those of the annual financial statements for the year ended
31 December 2012, as described in the annual financial statements. During the period under review, the Company adopted
all the IFRS and interpretations that were effective and deemed applicable to the Company. None of these had a material
impact on the results of the Company.

4. Contingent liabilities and commitments
There is no reimbursement due to any third party for potential obligations of the Company. The Company did not have any
contingent liabilities or commitments at period end.

5. Other income
Other income comprises dividends received from MTN Group Limited of R601 million (2011: R469 million).

6. Available-for-sale financial assets

   Available-for-sale

   The investment consists of 46 889 211 (2011: 45 368 186) MTN Group Limited Shares. The total investment together with the
derivative financial asset comprises 4% of the MTN Group issued share capital. The shares in MTN Group were partly obtained
through a donation received from MTN Group.

   The donation was used to subscribe for 12 045 412 shares at the price of R107,46 per share. Shares were acquired for cash at a price of
   R3 680 190 649 in 2010, and 1 521 025 shares were acquired on the open market in September 2012 as partial settlement of the
   Notional Vendor Finance.

   The gain recorded in other comprehensive income for the current financial year is R1 564 839 373 (2011: R422 377 812).

   The fair value of the available-for-sale investment is based on a quoted market price of R177,60 per share (2011: R143,73) as listed
   on the JSE Limited at 31 December 2012.

7. Borrowings

   Class A

   The MTN Zakhele Class A preference shares ("Class A preference shares") are held by Newshelf 1041 Proprietary Limited ("BFC").
   Voluntary redemption can be effected before the redemption date. The Class A preference shares are redeemable on
   24 November 2016, however mandatory redemption must be made out of available cash after three years and one day from the
   issue date, subject to a cash waterfall. All payments shall be made upon approval by the directors. Interest is required to be paid
   on 30 April of each year, following the receipt of the annual dividend from MTN Group, during the term of the preference shares.
   Other payments are required to be made at any other time and manner as prescribed in the transaction documents, being the
documents defined as such in the BIC preference share subscription agreement. The payment obligation accrues interest which is
based on a fixed rate of 6,6787% (being 110% of the 2,545 year interpolated swap rate) until 30 April 2013 and thereafter at a rate
of 77% of Prime (NACM); 7,223%.

   Class B

   The MTN Zakhele Class B preference shares ("Class B preference shares") were held by Newshelf 1041 Proprietary Limited ("BFC").
   Voluntary redemption could be effected before the redemption date and the Class B preference shares were redeemed in full on
   30 April 2012.

8. Events after the reporting date

   MTN Group Limited declared a final dividend of 503 cents per share in March 2013.

   The directors are not aware of any matters or circumstances arising since the end of the reporting year to the date of signing this
report that would require adjustment or disclosure.
## Notes to the summarised annual financial statements continued
for the year ended 31 December 2012
(As extracted from the audited financial statements)

### 9. Related parties

**Relationships:**
- Preference shareholder: Newshelf 1041 Proprietary Limited
- Provider of Notional Vendor Finance: MTN Group Limited
- Members of key management: Thulani Gcabashe, Grant Gelink, Sonja de Bruyn Sebotsa, Zodwa Manase*, Martin Shaw

The preference shares are issued by MTN Zakhele to Newshelf 1041 Proprietary Limited (BFC). These are back-to-back preference shares with the preference shares issued by BFC to the Class A BFC preference shareholders. Refer to note 7 for terms of the preference shares borrowings.

**Related party balances:**

<table>
<thead>
<tr>
<th>Related party balances:</th>
<th>2012 R’000</th>
<th>2011 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference share liability – owing to related party</td>
<td>Newshelf 1041 Proprietary Limited</td>
<td>1 491 491</td>
</tr>
</tbody>
</table>

**Related party transactions:**

<table>
<thead>
<tr>
<th>Related party transactions:</th>
<th>2012 R’000</th>
<th>2011 R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid to related parties</td>
<td>Newshelf 1041 Proprietary Limited</td>
<td>116 694</td>
</tr>
</tbody>
</table>

**Remuneration of the board of directors – directors’ fees**

<table>
<thead>
<tr>
<th>Directors’ fees</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thulani Gcabashe</td>
<td>197</td>
<td>167</td>
</tr>
<tr>
<td>Grant Gelink</td>
<td>11</td>
<td>–</td>
</tr>
<tr>
<td>Sonja de Bruyn Sebotsa</td>
<td>129</td>
<td>147</td>
</tr>
<tr>
<td>Zodwa Manase</td>
<td>146</td>
<td>159</td>
</tr>
<tr>
<td>Martin Shaw</td>
<td>159</td>
<td>147</td>
</tr>
<tr>
<td>UIF/SDL</td>
<td>21</td>
<td>–</td>
</tr>
</tbody>
</table>

**Reduction of the NVF balance**

The Company started partially settling the NVF funding in September 2012 with a payment of R239 367 229 to MTN from proceeds of R241 915 127 via acquiring shares in the open market and delivering an equivalent number of shares, initially issued by MTN to the Company, back to MTN. The difference between the amount of NVF settled and the proceeds used for settlement resulted from a calculation mechanism outlined in the transaction documents, namely volume-weighted average price multiplied by the number of shares purchased, compared to the actual cost of those shares. The acquired MTN shares are now reflected on the Company’s balance sheet and not as part of the derivative option anymore.

* Resigned 28 September 2012

### 10. Independent audit

These summary financial results set out on pages 6 to 11 have been audited by the Company’s independent auditors, PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc., who have performed their audit in accordance with the International Standards on Auditing. A full copy of their unqualified audit report is available for inspection at the Company’s registered office.

### 11. Availability of full set of audited financial statements

The complete audited financial statements:

(i) can be accessed on the following website: http://www.mtnzakhele.co.za;

(ii) will be sent to you by ordinary post if you request this from Link Market Services (whose details appear under the Administration Section on the inside back cover).
Notice of the annual general meeting
for the year ended 31 December 2012

MTN Zakhele (RF) Limited
Incorporated in the Republic of South Africa
(Registration number 2010/004693/06)
(‘MTN Zakhele’ or ‘the Company’)

This document is important and requires your immediate attention
If you are in any doubt about what action you should take, consult your legal adviser, banker, financial adviser, accountant or other professional adviser immediately.

Included in this document are:
• The notice of the annual general meeting, setting out the resolutions to be proposed at the meeting, together with explanatory notes and relevant annexure, being the report applicable to special resolution number 1. There are also guidance notes if you wish to attend the meeting (for which purpose the meeting location map is included) or to vote by proxy.
• A proxy form for use by shareholders.

A shareholder entitled to attend and vote at the meeting may appoint one or more individuals as proxies to attend, participate and vote in his/her stead. A proxy does not have to be a shareholder of the Company but must be an individual. The appointment of a proxy will not prevent the shareholder who appointed that proxy from attending the annual general meeting and participating and voting in person to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.

Notice to shareholders: annual general meeting (AGM)
Notice is hereby given to shareholders as at the record date of 19 June 2013 that the annual general meeting of shareholders of MTN Zakhele will be held in the Sandton Convention Centre, Maude Street, Sandown, Gauteng, on Monday, 29 July 2013 at 11:00 (South African time), to (i) consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act 71 of 2008, as amended, and (ii) deal with such other business as may lawfully be dealt with at the meeting, which meeting is to be participated in and voted at by shareholders as at the record date of 22 July 2013 in terms of section 62(3)(a), read with section 59, of the Companies Act 71 of 2008, as amended.

Important: Section 63 (1) of the Companies Act 71 of 2008, as amended – Identification of meeting participants.
Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders’ meeting. Forms of identification include valid identity documents, driver’s licences and passports.

When reading the resolutions below, please refer to the explanatory notes for AGM resolutions on pages 19 to 26.

As indicated in the Chairman’s statement set out on pages 3 to 5 of the annual report, during the 2012 annual general meeting, shareholders requested that they be provided with information which may assist them in understanding aspects of the Company’s affairs. As a result, the following shareholder information initiatives are planned for implementation on the day of, at the venue of and immediately after the AGM referred to in this notice:
• Presentation on elements of the proposed trading platform for the Company’s ordinary shares and the provision of related material; and
• Presentation on the basic principles of interpreting financial statements and the provision of related material.

1. Presentation of annual financial statements
The audited annual financial statements of the Company (as approved by the Board of directors of the Company (the ‘Board’)), including the directors’ report, the audit committee report and the external auditors’ report for the year ended 31 December 2012, have been distributed as required and are presented to shareholders at this AGM.

The complete annual financial statements are set out on pages 13 to 39 of the annual report.
2. Resolutions

SPECIAL RESOLUTIONS

2.1 Special resolution number 1

Conversion of the existing Initial Class A BIC Preference Shares into no par value shares

“Resolved that in terms of Regulation 31(6) of the Regulations promulgated under the Companies Act 71 of 2008, as amended (the ‘Regulations’), the conversion of the 1 440 000 (one million four hundred and forty thousand) class A senior cumulative redeemable preference shares with a par value of R0,0001 (one hundredth of a cent) each in the authorised share capital of the Company (the ‘Initial Class A BIC Preference Shares’) into 1 440 000 (one million four hundred and forty thousand) class A senior cumulative redeemable preference shares having no par value (such no par value preference shares referred to as ‘Class A BIC Preference Shares’) by way of an amendment to the memorandum of incorporation of the Company (‘company’s MoI’ or ‘MoI’) be and is hereby approved. This resolution will take effect in accordance with the provisions of the Companies Act 71 of 2008, as amended, but not earlier than the conclusion of the meeting at which this resolution is passed.”

Special resolution number 1 converts the Initial Class A BIC Preference Shares into 1 440 000 (one million four hundred and forty thousand) Class A BIC Preference Shares, to enable implementation of the Proposed Refinancing (as defined on page 19 of the Explanatory Notes to this notice on pages 19 to 26 (“Proposed Refinancing”).

The percentage of voting rights required for special resolution number 1 to be adopted shall be (i) as a special resolution under the Companies Act 71 of 2008, as amended, 75% of the voting rights exercised on the resolution by the shareholders (all classes voting), and additionally by (ii) at least 65% of the voting rights exercised on special resolution number 1 by the holders of ordinary shares in the Company.

2.2 Special resolution number 2

Alteration of authorised share capital of the Company

“Resolved that, subject to the passing and filing with the Companies and Intellectual Property Commission (‘CIPC’) of special resolution number 1, in terms of sections 36(2)(a) and 37(5)(b) of the Companies Act 71 of 2008, as amended, the authorised share capital of the Company be and is hereby altered by the creation of an additional 1 700 000 (one million seven hundred thousand) Class A BIC Preference Shares (the ‘Subsequent Class A BIC Preference Shares’). This will result in an amendment to the Company’s MoI and to the authorised share capital of the Company now consisting of:

(i) 100 000 000 (one hundred million) par value ordinary shares of R0,01 (one cent) each;
(ii) 3 140 000 (three million and one hundred and forty thousand) Class A BIC Preference Shares;
(iii) 44 000 000 (forty four million) unclassified shares; and
(iv) 720 000 (seven hundred and twenty thousand) class B senior cumulative redeemable preference shares with a par value of R0,0001 (one hundredth of a cent) each (‘Class B BIC Preference Shares’).

This resolution will take effect in accordance with the provisions of the Companies Act 71 of 2008, as amended, but not earlier than the conclusion of the meeting at which this resolution is passed.”

Special resolution number 2 increases the authorised share capital of the Company by creating additional Class A BIC Preference Shares to enable implementation of the Proposed Refinancing.

The percentage of voting rights required for special resolution number 2 to be adopted shall be (i) as a special resolution under the Companies Act 71 of 2008, as amended, 75% of the voting rights exercised on the resolution by the shareholders (all classes voting), and additionally by (ii) at least 65% of the voting rights exercised on special resolution number 2 by the holders of ordinary shares in the Company.

2.3 Special resolution number 3

Cancellation of 44 000 000 unclassified shares in the authorised share capital of the Company

“Resolved that subject to the passing and filing with CIPC of special resolutions numbered 1 and 2, all the 44 000 000 (forty four million) unclassified shares in the authorised share capital of the Company be and are hereby cancelled. This will result in the authorised share capital of the Company consisting of:

(i) 100 000 000 (one hundred million) par value ordinary shares of R0,01 (one cent) each;
(ii) 3 140 000 (three million and one hundred and forty thousand) Class A BIC Preference Shares; and
(iii) 720 000 (seven hundred and twenty thousand) Class B BIC Preference Shares having a par value of R0,0001 (one hundredth of one cent) each.”
This resolution will take effect in accordance with the provisions of the Companies Act 71 of 2008, as amended, but not earlier than the conclusion of the meeting at which this resolution is passed."

Special resolution number 3 cancels all the unclassified shares in the authorised share capital of the Company as these are no longer required in relation to the Proposed Refinancing.

The percentage of voting rights required for special resolution number 3 to be adopted shall be (i) as a special resolution under the Companies Act 71 of 2008, as amended, 75% of the voting rights exercised on the resolution by the shareholders (all classes voting), and additionally by (ii) at least 65% of the voting rights exercised on special resolution number 3 by the holders of ordinary shares in the Company.

2.4 Special resolution number 4

*Financial assistance (sections 44 and 45 of the Companies Act)*

“Resolved that, subject to the passing and filing with CPIC of special resolutions numbered 1, 2 and 3, to the extent required by sections 44 and 45 of the Companies Act 71 of 2008, as amended, the Board may, subject to compliance with the requirements of the Company’s MoI and the Companies Act 71 of 2008, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security, subordination of rights, or otherwise, to any person (including without limitation to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company or corporation, or to MTN Group Limited, or to Newshelf 1041 Proprietary Limited (‘Newshelf’), or to the holders of preference shares in the Company and/or in Newshelf and/or to any other person which participates in the financing of Newshelf and/or the Company) for any purpose, including without limitation in relation to or arising from the proposed refinancing of a portion of the existing funding in the Company and the issuance of additional preference shares. This authority will endure for a period of 2 (two) years from the date of this resolution.”

Special resolution number 4 authorises the directors of the Company to grant financial assistance to any person, including to Newshelf (which is the preference shareholder in the Company) and the holders of preference shares in Newshelf, including but not limited to in relation to the proposed refinancing of a portion of the Company’s existing funding, as contemplated in section 44 and, to the extent applicable, section 45 of the Act, which authority is subject to compliance with the requirements of the Company’s MoI and the Companies Act 71 of 2008, as amended, and subject further to the contractual consent required from the agent of the existing preference shareholders and from MTN Group Limited.

The percentage of voting rights required for special resolution number 4 to be adopted shall be (i) as a special resolution under the Companies Act 71 of 2008, as amended, 75% of the voting rights exercised on the resolution by the shareholders (all classes voting), and additionally by (ii) at least 65% of the voting rights exercised on special resolution number 4 by the holders of ordinary shares in the Company.

2.5 Special resolution number 5

*Approval of further amendments to the Company’s memorandum of incorporation (Company’s MoI)*

“Resolved that, subject to the passing of special resolutions numbered 1, 2, 3 and 4 and filing of special resolutions numbered 1, 2 and 3 with CPIC, in addition to the amendments to the Company’s MoI set out in special resolutions 1, 2 and 3, the Company’s MoI is amended by each of the amendments identified in tracked text format in a draft version of the existing MoI of the Company, which draft has been approved by resolution of the Board of the Company and initialled by the chairman of the Board for purposes of identification. This resolution will take effect in accordance with the provisions of the Companies Act 71 of 2008, as amended, but not earlier than the conclusion of the meeting at which this resolution is passed. This resolution will take effect in accordance with the provisions of the Companies Act 71 of 2008, as amended, but not earlier than the conclusion of the meeting at which this resolution is passed.”

Special resolution number 5 amends the Company’s MoI in order to, among other things, give effect to the Proposed Refinancing. In addition to the amendments to the Company’s MoI set out in special resolutions numbered 1, 2 and 3, the salient features of the Company’s amended MoI are set out in the Explanatory Notes to this notice on pages 19 to 26 and the complete, amended MoI (including a version which, for ease of reference, identifies the amendments in tracked text format in the existing MoI) can be obtained from the transfer secretary by phoning +27 086 168 6925 or downloaded from the Company’s website, address at http://www.mtnzakhele.co.za.
2.6 Special resolution number 6

*Resolved that:

(i) in terms of the Companies Act 71 of 2008, as amended, and clauses 29.1 and 29.2 of the Company’s MoI and subject to the terms thereof, that the directors’ remuneration, with effect from the passing of this resolution, be as set out below:

**MTN Zakhele (RF) Limited Board**

<table>
<thead>
<tr>
<th>Role</th>
<th>Annual retainer fee (ZAR)</th>
<th>Attendance fee (ZAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proposed quarterly fee</td>
<td>Total annually</td>
</tr>
<tr>
<td>Chairman</td>
<td>21 400</td>
<td>85 600</td>
</tr>
<tr>
<td>Member</td>
<td>9 357</td>
<td>37 428</td>
</tr>
</tbody>
</table>

*It is anticipated that the Board of directors will meet quarterly.

**MTN Zakhele (RF) Limited audit committee**

<table>
<thead>
<tr>
<th>Role</th>
<th>Annual retainer fee (ZAR)</th>
<th>Attendance fee (ZAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proposed</td>
<td>Proposed attendance fee (per meeting)</td>
</tr>
<tr>
<td>Chairperson</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Member</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*It is anticipated that the audit committee will meet at least twice per year aligning with the interim and year-end results, and only attendance fees will be paid.

**MTN Zakhele (RF) Limited – special assignments/projects per day/ad hoc work**

<table>
<thead>
<tr>
<th>Daily/hourly rate (ZAR) unless otherwise stated</th>
<th>Proposed (ZAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special assignment or projects per day</td>
<td>8 506</td>
</tr>
<tr>
<td>Ad hoc work on special projects per day including telecon meetings (hourly rate)</td>
<td>1 022</td>
</tr>
</tbody>
</table>

(ii) the directors may be paid all reasonable expenses in travelling (including hotels) to and from meetings of the directors and shareholders, and the members of the Board committees shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the members of the Board committee and all other amounts referred to in clauses 29.1 and 29.2 of the Company’s MoI.”

The proposal set out in special resolution number 6 is in line with the remuneration paid to non-executive directors and other non-executive office bearers of other South African companies. The proposed revised remuneration is considered to be fair and reasonable and in the best interests of the Company, and the Board has sanctioned the proposal.

The percentage of voting rights required for special resolution number 6 to be adopted shall be at least 75% of the voting rights exercised on special resolution number 6.
Notice of the annual general meeting continued
for the year ended 31 December 2012

ORDINARY RESOLUTIONS

2.7 Ordinary resolution number 1
Re-election of Sonja de Bruyn Sebotsa as a director
“Resolved that Sonja de Bruyn Sebotsa, who retires by rotation and who is eligible and available for re-election, is re-elected as director of the Company.”

The percentage of voting rights required for ordinary resolution number 1 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 1.

2.8 Ordinary resolution number 2
Election of Grant Gelink as a director
“Resolved that the appointment of Grant Gelink, who was appointed on 17 October 2012 as a director by the Board to fill a vacancy, be confirmed.”

The percentage of voting rights required for ordinary resolution number 2 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 2.

2.9 Ordinary resolution number 3
Election of the audit committee – Election of Grant Gelink
“Resolved that, subject to the passing of ordinary resolution number 2, Grant Gelink, who was appointed by the Board on 17 October 2012 to fill a vacancy on the audit committee, be elected a member and chairman of the audit committee, with effect from the end of this meeting in terms of section 94(2) of the Companies Act 71 of 2008, as amended, until the conclusion of the next annual general meeting.”

The percentage of voting rights required for ordinary resolution number 3 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 3.

2.10 Ordinary resolution number 4
Election of the audit committee – Re-election of Martin Shaw
“Resolved that Martin Shaw be re-elected a member of the audit committee, with effect from the end of this meeting in terms of section 94(2) of the Companies Act 71 of 2008, as amended, until the conclusion of the next annual general meeting.”

The percentage of voting rights required for ordinary resolution number 4 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 4.

2.11 Ordinary resolution number 5
Election of the audit committee – Re-election of Sonja de Bruyn Sebotsa
“Resolved that, subject to the passing of ordinary resolution number 1, Sonja de Bruyn Sebotsa be re-elected a member of the audit committee, with effect from the end of this meeting in terms of section 94(2) of the Companies Act 71 of 2008, as amended, until the conclusion of the next annual general meeting.”

The percentage of voting rights required for ordinary resolution number 5 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 5.
2.12 Ordinary resolution number 6
Election of the audit committee – Re-election of Thulani Gcabashe

“Resolved that Thulani Gcabashe be re-elected a member of the audit committee, with effect from the end of this meeting in terms of section 94(2) of the Companies Act 71 of 2008, as amended, until the conclusion of the next annual general meeting.”

The percentage of voting rights required for ordinary resolution number 6 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 6.

2.13 Ordinary resolution number 7
Appointment of independent auditors

“Resolved that SizweNtsalubaGobodo Inc. is appointed as auditors to the Company (for the financial year ending 31 December 2013) until the conclusion of the next annual general meeting.”

The percentage of voting rights required for ordinary resolution number 7 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 7.

2.14 Ordinary resolution number 8
Allotment and issuance of the Subsequent Class A BIC Preference Shares

“Resolved that subject to the passing and filing with CIPC of special resolutions numbered 1, 2, 3 and 5, and the passing of special resolution 4, as required by, and subject to, the Company’s MoI and the provisions of the Companies Act 71 of 2008, each as presently constituted and as amended from time to time, and to the extent necessary, the Board is authorised as a specific authority, to allot and issue the Subsequent Class A BIC Preference Shares (as defined in special resolution number 2) to Newshelf on the terms applicable to the Subsequent Class A BIC Preference Shares set out in the Company’s MoI and the applicable preference share subscription agreement.”

The percentage of voting rights required for ordinary resolution number 8 to be adopted shall be more than 50% of the voting rights exercised on ordinary resolution number 8.

Voting procedures

In terms of clauses 15.6.2.2 and 16.6.2.2 of the Company’s MoI, in view of the nature of the special resolutions to be proposed at this meeting, all resolutions referred to in this notice are required to be voted on by way of a poll and will not be determined by a show of hands.

The Company has a large number of shareholders and it is not possible for all of them to attend the meeting referred to in this notice. In view of this, the above requirements of the Company’s MoI and because voting on resolutions at annual general meetings of the Company is regarded to be of high importance, putting all resolutions to a vote on a poll takes account of the wishes of those shareholders who are unable to attend the meeting in person, but who have completed a form of proxy. A vote on a poll also takes into account the number of shares held by each shareholder, which the Board believes is a more democratic procedure. Accordingly, all resolutions referred to in this notice will be proposed to be put to vote on a poll.

Voting at the AGM will be undertaken electronically. An electronic voting handset will be distributed before the start of the meeting to all shareholders who attend in person and are eligible to vote. The registrars will identify each shareholder’s individual shareholding so that the number of votes that each shareholder has at the meeting will be linked to the number of votes which each shareholder will be able to exercise via the electronic handset. Shareholders who have completed and returned forms of proxy will not need to vote using a handset at the meeting unless they wish to change their vote.
Notice of the annual general meeting continued
for the year ended 31 December 2012

Proxies
A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder, or two or more proxies. A proxy need not also be a shareholder of the Company but must be an individual.

A form of proxy, in which is set out the relevant instructions for its completion, is attached for use by shareholders who wish to appoint a proxy. The duly completed instrument appointing a proxy and the authority, if any, under which it is signed must be lodged by shareholders with the Company’s transfer secretaries at the address, fax number or e-mail address given below at any time prior to the meeting and shareholders are requested to lodge all such documents by not later than 08:00 (South African time) on 29 July 2013.

By order of the Board

TS Gcabashe
Chairman: Board of directors

13 June 2013

Business address and registered office
3rd Floor, 200 on Main
Corner Main and Bowwood Roads
Claremont
7708

Transfer secretaries and shareholder communication
Link Market Services South Africa Proprietary Limited
Registration number 2000/007239/07
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein
PO Box 4844, Johannesburg, 2000
Tel: +27 086 1686 925 (0861 MTNZAK)
Fax number: 086 674 2450 (for proxies only)
E-mail: zakhle@linkmarketservices.co.za
Explanatory notes to resolutions proposed at the annual
general meeting of the Company
for the year ended 31 December 2012

For any assistance or information, please phone Link Market Services on +27 0861686925 (0861MTNZAK).

Special resolutions numbered 1, 2, 3, 4 and 5
The background to these special resolutions is as follows:

(i) During November 2010, MTN Group Limited implemented its black economic empowerment transaction (the “MTN Zakhele Transaction”) which entailed, *inter alia*, the subscription by FirstRand Bank Limited (acting through its Rand Merchant Bank division), United Towers Proprietary Limited, a wholly owned subsidiary of Absa Bank Limited and Depfin Investments Proprietary Limited, a wholly owned subsidiary of Nedbank Limited for certain Class A cumulative redeemable preference shares and Class B cumulative redeemable preference shares in Newshelf, which in turn subscribed for the same number of Class A redeemable preference shares with a par value of R0,0001 (one hundredth of a cent) each (the “Initial Class A BIC Preference Shares”) and Class B redeemable preference shares with a par value of R0,0001 (one hundredth of a cent) (the “Class B BIC Preference Shares”) in the Company.

(ii) The Company used the subscription proceeds from the Initial Class A BIC Preference Shares and the Class B BIC Preference Shares from Newshelf, together with equity raised from the black public, a donation from MTN Group Limited and notional vendor financing (“NVF”) from MTN Group Limited, to subscribe for and acquire ordinary shares in MTN Group Limited with a par value of R0,0001 each (“MTN Shares”).

(iii) Since the implementation of the MTN Zakhele Transaction, MTN Group Limited has changed its dividend policy and, as a result, the MTN Zakhele Transaction has generated more cashflows than originally envisaged. Accordingly, the Class B BIC Preference Shares have been redeemed in full and a portion of the NVF has been settled. The Company seeks to obtain less expensive third party funding in order to acquire additional MTN Shares to enable it to settle a portion of the NVF by issuing further Class A cumulative redeemable preference shares (the “Proposed Refinancing”).

(iv) Special resolutions numbered 1, 2, 3, 4 and 5 are proposed in order to enable implementation of certain elements of the Proposed Refinancing.

In accordance with the requirements of clause 8.1 of the Company’s MoI, the amendments to the Company’s MoI set out in special resolutions numbered 1, 2, 3 and 5 have been consented to by MTN Group Limited and the Preference Share Agent (as this term is defined in the Company’s MoI).

Special resolution number 1

*Conversion of the Initial Class A BIC Preference Shares into no par value shares*

The Company has an existing authorised share capital of:

(a) 100 000 000 (one hundred million) par value ordinary shares with a par value of R0,01 (one cent) of which 80 888 207 (eighty million eight hundred and eighty eight thousand two hundred and seven) are in issue;

(b) 1 440 000 (one million four hundred and forty thousand) Initial Class A BIC Preference Shares all of which have been issued to Newshelf 1041 Proprietary Limited;

(c) 44 000 000 (forty four million) unclassified shares (the “Unclassified Shares”); and

(d) 720 000 (seven hundred and twenty thousand) Class B BIC Preference Shares.

The Company wishes to convert the Initial Class A BIC Preference Shares into class A senior cumulative redeemable preference shares having no par value (such no par value preference shares referred to as “Class A BIC Preference Shares”).

In terms of Regulation 31(6) of the Regulations promulgated under the Companies Act 71 of 2008, as amended (the “Regulations”), the Board may convert the Initial Class A BIC Preference Shares into 1 440 000 (one million four hundred and forty thousand) Class A BIC Preference Shares by proposing an amendment to the Company’s MoI (the “Proposed Resolution”) which amendment:

a. must not be designed to substantially or predominantly evade the requirements of any applicable tax legislation; and

b. will be adopted only if it is approved by:

i. a special resolution of Newshelf; and

ii. a special resolution adopted by a general meeting of the Company’s shareholders called for that purpose.

The Board has caused a report to be prepared in respect of the Proposed Resolution to convert each of the Initial Class A BIC Preference Shares into 1 440 000 (one million four hundred and forty thousand) Class A BIC Preference Shares (the “Report”). A copy of the Report is attached as Annexure A to this notice of annual general meeting.
Explanatory notes to resolutions proposed at the annual general meeting of the Company continued
for the year ended 31 December 2012

Newshelf, as the holder of the Initial Class A BIC Preference Shares to be converted, has considered and approved the Proposed Resolution, and has agreed to the conversion of such Initial Class A BIC Preference Shares. The Company has delivered the Proposed Resolution set out in Special Resolution number 1 together with the Report to Newshelf.

Pursuant to this notice of annual general meeting, the Company delivers the Proposed Resolution (which is this special resolution number 1) together with the Report, which is attached as Annexure A to this notice of annual general meeting, to the ordinary shareholders of the Company and has filed a copy of both the Proposed Resolution and the Report with CIPC and the South African Revenue Service.

Special resolution number 2
Alteration of authorised share capital of the Company
Subject to and following the passing and filing with CIPC of special resolution number 1 and therefore the conversion of the Initial Class A BIC Preference Shares into Class A BIC Preference Shares, the Company wishes to increase the number of authorised Class A BIC Preference Shares, in terms of and pursuant to section 36(2)(a) of the Companies Act 71 of 2008, as amended, by the creation of an additional 1 700 000 (one million and seven hundred thousand) Class A BIC Preference Shares (the ‘Subsequent Class A BIC Preference Shares’). This increase will enable the Company to implement the Proposed Refinancing.

Special resolution number 3
Cancellation of 44 000 000 unclassified shares in the authorised share capital of the Company
Subject to the passing and filing with CIPC of special resolutions numbered 1 and 2, the Company wishes to cancel all the unclassified shares in the Company’s existing authorised share capital. These shares were created pursuant to a special resolution passed at the annual general meeting of the Company held on 28 September 2012 and are no longer required for the purposes of implementing the Proposed Refinancing.

Special resolution number 4
Financial assistance (sections 44 and 45 of the Companies Act 71 of 2008, as amended) in relation to the proposed refinancing
Subject to the passing and filing with CIPC of special resolutions numbered 1, 2 and 3, special resolution number 4 is to provide the authority required under sections 44 and 45 of the Companies Act 71 of 2008, as amended, which took effect on 1 May 2011, for the Company to provide direct or indirect financial assistance (in the form of loans, guarantees, the provision of any security, or otherwise) to any person including to the holders of preference shares in the Company, to Newshelf 1041 Proprietary Limited and to MTN Group Limited for any purpose, including arising from or in relation to the additional preference share funding to be raised by the Company.

Both sections 44 and 45 of the Companies Act 71 of 2008, as amended, provide, among other things, that such direct or indirect financial assistance must be pursuant to a special resolution of shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient or generally for a category of potential recipients and the specific recipient falls within that category and the Board must be satisfied that (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test provided for in the Companies Act 71 of 2008, as amended; and (ii) the terms under which the financial assistance is proposed to be given is fair and reasonable to the Company.

In the context of the Proposed Refinancing, the Company is required to grant financial assistance as contemplated in section 44 and/or section 45 of the Companies Act 71 of 2008, as amended.

Special resolution number 5
Approval of further amendments to the Company’s memorandum of incorporation (Company’s Mol)
Subject to the passing of special resolutions numbered 1, 2, 3 and 4 and the filing of special resolutions numbered 1, 2 and 3 with CIPC (and therefore subject to the amendments to the Company’s Mol in special resolutions numbered 1, 2 and 3), special resolution number 5 would have the effect of further amending the Company’s Mol in order to give effect to the Proposed Refinancing, including the issuance of new preference shares by the Company, the net proceeds of which will be used to acquire additional MTN Shares in order to enable the Company to refinance a portion of the NVF. The proposed amendments will have the salient features set out below:

Salient features of further amendments to the memorandum of incorporation of the Company
Apart from a number of minor typographical amendments, the main themes, the affected clauses and a brief description of the content of the proposed amendments are set out in the table below. In addition, a copy of the Relationship Agreement (as defined in the Company’s Mol) is added as Schedule 4 to such Mol.
### Explanatory notes to resolutions proposed at the annual general meeting of the Company

**continued**

for the year ended 31 December 2012

#### THEME

<table>
<thead>
<tr>
<th>Creation of Subsequent Class A BIC Preference Shares</th>
<th><strong>AFFECTED CLAUSES</strong></th>
<th><strong>CONTENT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• 1.2.7;</td>
<td>The Subsequent Class A BIC Preference Shares have been created for the purpose of implementing the Proposed Refinancing.</td>
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<tr>
<td></td>
<td>• 1.4.5A;</td>
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<td>• 1.4.61;</td>
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<td>• 1.4.72;</td>
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<td>• 1.4.154A;</td>
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<td>• 1.4.199A;</td>
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<td>• 1.4.199D;</td>
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<td>• 1.4.200;</td>
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<td>• 10.1.4;</td>
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<td>• 15.1.8.3.2;</td>
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<td>• 15.2.2.6</td>
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</table>

The amendments to the affected clauses therefore cater for the incorporation of the Subsequent Class A BIC Preference Shares into the MoI and giving effect to the Proposed Refinancing.

The amendments primarily deal with incorporating the Subsequent Class A BIC Preference Shares within the same class of no par value shares, and with the same terms and conditions as the existing Class A BIC Preference Shares (referred to in this table of salient features of the amendments to the Company’s MoI as the “Initial Class A BIC Preference Shares”).

As the Subsequent Class A BIC Preference Shares have been created by the passing of special resolution number 2, there is no longer a need for the Company to have unclassified shares in its authorised share capital and the relevant provisions relating to such unclassified shares have been deleted.

#### Changes in the Class A BIC Dividend Periods, Class A BIC Dividend Rate and the Class A BIC Scheduled Preference Dividend Dates

| • 1.4.61; | The changes are a result of MTN Group Limited’s change in dividend policy, with the result that MTN Group Limited dividend payment dates are expected to occur twice in each year during the term of the Class A BIC Preference Shares. |
| • 1.4.62.2; | The affected clauses have been amended in order to clarify the times and the periods during which the Class A BIC Preference Dividends are calculated on the Initial Class A BIC Preference Shares and the Subsequent Class A BIC Preference Shares respectively. |
| • 1.4.63; | The Class A BIC Dividend Rate has been amended to be expressed as a simple rate of interest during the Floating Rate Period and the Class A BIC Dividend Rate Percentage has been amended to provide, following the subscription date of the Subsequent Class A BIC Preference Shares (the “Subsequent Class A Issue Date”), for the payment of Class A BIC Preference Dividends based on a lower Class A BIC Dividend Rate. |
| • 1.4.78; | As the Subsequent Class A BIC Preference Shares have been redeemed in full, the affected clauses have been amended by the deletion of references specific to the Class B BIC Preference Shares and certain bank accounts relating thereto. |
| • 1.4.148; | As the 44 million unclassified shares have been cancelled and no longer form part of the authorised share capital of the Company, the clauses referring thereto have been deleted. |
| • 1.4.149 | |

<table>
<thead>
<tr>
<th>Redemption of the Class B BIC Preference Shares</th>
<th><strong>AFFECTED CLAUSES</strong></th>
<th><strong>CONTENT</strong></th>
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<tbody>
<tr>
<td>• 1.4.11;</td>
<td>As the Class B BIC Preference Shares have been redeemed in full, the affected clauses have been amended by the deletion of references specific to the Class B BIC Preference Shares and certain bank accounts relating thereto.</td>
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<td>• 1.4.40;</td>
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<td>• 1.4.89;</td>
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<td>• 1.4.116;</td>
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<td>• 1.4.205.2</td>
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<thead>
<tr>
<th>Cancellation of unclassified shares</th>
<th><strong>AFFECTED CLAUSES</strong></th>
<th><strong>CONTENT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• 10.1.4;</td>
<td>As the 44 million unclassified shares have been cancelled and no longer form part of the authorised share capital of the Company, the clauses referring thereto have been deleted.</td>
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<td>• 10.2.1;</td>
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<td>• 10.3;</td>
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<td>• 10.4;</td>
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<tr>
<td>• 10.6</td>
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</table>
## Explanatory notes to resolutions proposed at the annual general meeting of the Company continued

for the year ended 31 December 2012

<table>
<thead>
<tr>
<th>THEME</th>
<th>AFFECTED CLAUSES</th>
<th>CONTENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closure of Cash Float Account</td>
<td>• 1.4.22; • 1.4.46; • 1.4.205.1; • 17.1</td>
<td>As the Cash Float Account (into which certain initial cash reserves were transferred upon implementation of the MTN Zakhele Transaction in November 2010) is no longer used and will be closed, references to this account have accordingly been deleted.</td>
</tr>
<tr>
<td>Amendments to take account of historical circumstances</td>
<td>• 1.4.10; • 1.4.37; • 1.4.60.1; • 1.4.65; • 1.4.79; • 1.4.99; • 1.4.100.1; • 1.4.104; • 1.4.119; • 1.4.154B; • 1.4.155; • 1.4.157; • 1.4.189; • 1.4.199D; • 1.4.199E; • 1.4.200; • 1.4.204; • 1.5; • 15.1.3; • 15.1.8.6.1.4; • 15.2.2.6; • 15.12; • 16.1.2; • 16.1.7.3; • 16.1.7.6.1.2; • 16.1.7.6.1.3; • 16.1.7.6.2.4; • 16.12</td>
<td>As (i) the Initial Class A BIC Preference Shares and the Class B BIC Preference Shares were issued on 24 November 2010 (the 'Initial Issue Date'); and (ii) the Subsequent Class A BIC Preference Shares are to be issued on the Subsequent Class A Issue Date, being a date following this annual general meeting, the affected clauses have been amended to differentiate between the historical position in respect of the Initial Class A BIC Preference Shares and the current position in respect of the Subsequent Class A BIC Preference Shares.</td>
</tr>
<tr>
<td>Amendments to Class A BIC Adjustment Events</td>
<td>• 1.1.168A; • 15.1.8.1; • 15.1.8.3; • 15.1.8.6; • 15.1.8.6.1.3; • 15.1.8.6.2.1; • 15.1.8.6.2.4; • 15.1.8.6.2.5; • 15.1.8.7.2; • 15.1.8.7.2A</td>
<td>The Class A BIC Adjustment Events have been amended to (i) only apply in respect of Class A BIC Adjustment Events that occur at any time after the signature date of the documents and agreements relating to the Proposed Refinancing (the ‘New Signature Date’) as opposed to the original Signature Date (being 12 July 2010); and (ii) exclude the effects of any changes to, or interpretation of, Basel II but include the effects of any changes to, or interpretation of, Basel III at any time after a New Signature Date. Due to the abolition of STC, a new formula has been inserted in order to calculate the adjusted Class A BIC Dividend Rate following the change in the Corporate Tax Rate from that as at the New Signature Date.</td>
</tr>
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## THECLAUGHTMENT

### CONTENT

The Priority of Payments have been amended (i) in order to simplify the application of various funds received by the Company at the relevant times; and (ii) to cater for an additional Priority of Payments that deals with the application of the funds received by the Company on account of the subscription by Newshelf for the Subsequent Class A BIC Preference Shares.

Definitions that were no longer required under the amended Priority of Payments have been deleted and, where necessary, new definitions have been inserted.

The amended Pre BIC Trigger Event Priority of Payments (clause 17.1) provides for the application of Received Amounts in the following order of priority:

1. first, to the payment of Taxes;
2. second, to the payment of Administration Costs;
3. third, to the payment of certain indemnity payments payable under clauses 11 and 12 of the BIC Preference Share Subscription Agreement;
4. fourth, to the payment of Class A BIC Preference Dividends;
5. fifth, to place an amount on deposit in the Class A BIC Security Account;
6. sixth, at the election of MTN Group Limited, towards (i) the subscription or acquisition of MTN Additional Shares; or (ii) the repayment of the BIC Subordinated Loans;
7. seventh, at the election of and in the sole discretion of the Board, towards the payment of a Distribution to the Ordinary Shareholders; and
8. eighth, to pay the balance into the Class A BIC Security Account.

The amended Special BIC Trigger Event Priority of Payments (clause 17.2) provides for the application of Disposal Payment Amounts in the following order of priority:

1. first, to the payment of Taxes;
2. second, to pay the A Indemnified Amount and/or the SARS Amount;
3. third, to the payment of Class A BIC Preference Dividends;
4. fourth, to place an amount on deposit in the Class A BIC Security Account;
5. fifth, at the election of MTN Group Limited towards (i) the subscription or acquisition of MTN Additional Shares, or (ii) the repayment of the BIC Subordinated Loans;
6. sixth, at the election of and in the sole discretion of the Board, towards the payment of a Distribution to the Ordinary Shareholders; and
7. seventh, to pay the balance into the Class A BIC Security Account.

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<tr>
<th>THEME</th>
<th>AFFECTED CLAUSES</th>
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<tr>
<td>Amendment of Priority of Payments</td>
<td>• 1.4.1A; • 1.4.11; • 1.4.22; • 1.4.40; • 1.4.46; • 1.4.53A; • 1.4.59; • 1.4.87A; • 1.4.89; • 1.4.97; • 1.4.98; • 1.4.168B; • 1.4.187A; • 1.4.199C; • 17</td>
<td>The Priority of Payments have been amended (i) in order to simplify the application of various funds received by the Company at the relevant times; and (ii) to cater for an additional Priority of Payments that deals with the application of the funds received by the Company on account of the subscription by Newshelf for the Subsequent Class A BIC Preference Shares. Definitions that were no longer required under the amended Priority of Payments have been deleted and, where necessary, new definitions have been inserted. The amended Pre BIC Trigger Event Priority of Payments (clause 17.1) provides for the application of Received Amounts in the following order of priority: 1. first, to the payment of Taxes; 2. second, to the payment of Administration Costs; 3. third, to the payment of certain indemnity payments payable under clauses 11 and 12 of the BIC Preference Share Subscription Agreement; 4. fourth, to the payment of Class A BIC Preference Dividends; 5. fifth, to place an amount on deposit in the Class A BIC Security Account; 6. sixth, at the election of MTN Group Limited, towards (i) the subscription or acquisition of MTN Additional Shares; or (ii) the repayment of the BIC Subordinated Loans; 7. seventh, at the election of and in the sole discretion of the Board, towards the payment of a Distribution to the Ordinary Shareholders; and 8. eighth, to pay the balance into the Class A BIC Security Account. The amended Special BIC Trigger Event Priority of Payments (clause 17.2) provides for the application of Disposal Payment Amounts in the following order of priority: 1. first, to the payment of Taxes; 2. second, to pay the A Indemnified Amount and/or the SARS Amount; 3. third, to the payment of Class A BIC Preference Dividends; 4. fourth, to place an amount on deposit in the Class A BIC Security Account; 5. fifth, at the election of MTN Group Limited towards (i) the subscription or acquisition of MTN Additional Shares, or (ii) the repayment of the BIC Subordinated Loans; 6. sixth, at the election of and in the sole discretion of the Board, towards the payment of a Distribution to the Ordinary Shareholders; and 7. seventh, to pay the balance into the Class A BIC Security Account.</td>
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<tr>
<td>THEME</td>
<td>AFFECTED CLAUSES</td>
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<tr>
<td>Amendment of Priority of Payments (continued)</td>
<td>• 1.4.1A; • 1.4.11; • 1.4.22; • 1.4.40; • 1.4.46; • 1.4.53A; • 1.4.59; • 1.4.87A; • 1.4.89; • 1.4.97; • 1.4.98; • 1.4.168B; • 1.4.187A; • 1.4.199C; • 17</td>
<td>The amended Post Trigger Event Priority of Payments (clause 17.3) provides for the application, following the occurrence of BIC Trigger Event, of the BIC Total Proceeds in the following order of priority: 1. first, towards the mandatory redemption of the Class A BIC Unredeemed Preference Shares; 2. second, to pay the A Indemnified Amount and/or the SARS Amount; 3. third, to the payment of certain indemnity payments payable under clause 12.5 of the BIC Preference Share Subscription Agreement; 4. fourth, towards the repayment of the BIC Subordinated Loans, if any; 5. fifth, to meet the Company’s obligations under the MTN Tranche 1 Subscription and Call Option Agreement and to pay all other amounts owing to MTN Group Limited under the MTN Zakhele Transaction documents. The Subsequent Class A BIC Subscription Proceeds Priority of Payments (clause 17.4) provides for the application of the proceeds of the Subsequent Class A BIC Preference Shares in the following order of priority: 1. first, to the payment of Taxes; 2. second to pay all fees incurred in connection with the transaction contemplated by the Proposed Refinancing; and 3. third, to acquire and/or subscribe for the New Target Shares and to deliver an equivalent number of Target Shares to MTN Group Limited in order to partially settle the NVF balance owing by the Company to MTN Group Limited.</td>
</tr>
<tr>
<td>Amendments to update other provisions of the preference share terms and to correct typographical errors</td>
<td>Including: • 1.4.2; • 1.4.156; • 7.1.1.2.1.5; • 15.1.7.3; • 15.2.2.3 and • 15.6.1.5</td>
<td>Certain provisions of the MoI have been amended for the purposes of updating certain of the definitions and preference share terms to align with current legislature and to correct certain typographical errors.</td>
</tr>
<tr>
<td>Relationship Agreement</td>
<td>• Schedule 4 and clause 1.2</td>
<td>A copy of the Relationship Agreement (provisions of which are incorporated by reference into the MoI) is attached to the MoI as Schedule 4.</td>
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Please note that the full version of the amendments to the Company’s MoI should be read in its entirety for a full appreciation of the contents thereof. A copy of the Company’s MoI, including all the amendments made pursuant to special resolutions 1, 2, 3 and 5 (including a version which, for ease of reference, identifies such amendments in tracked text format in the Company’s existing MoI), is available at http://www.mtnzakhele.co.za, or from the Transfer Secretary on 086 168 6925 (0861 MTNZAK) or mail to: zakhele@linkmarketservices.co.za.

Remuneration payable to directors – special resolution number 6

In terms of sections 66(8) and (9) of the Companies Act 71 of 2008, as amended, remuneration may only be paid to directors for their service as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of a company’s memorandum of incorporation.
Explanatory notes to resolutions proposed at the annual general meeting of the Company continued
for the year ended 31 December 2012

In terms of clause 29.1 of the Company’s MoI, the directors are entitled to such remuneration as the shareholders of the Company in general meeting may from time to time determine, but subject to the limits on administration costs applicable to the Company under clause 17, including clause 17.1.2 and the Transaction Documents (as defined in the Company’s MoI), including under clause 17 of the written agreement entitled “MTN Tranche 1 Subscription and Call Option Agreement” entered into between the Company and MTN Group Limited on or about 12 July 2010, as amended.

In addition, in terms of clauses 29.1 and 29.2 of the Company’s MoI, the directors shall be paid all reasonable expenses in travelling (including hotels) to and from meetings of the directors and shareholders, and the members of the Board committees shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the members of the Board committees.

Special resolution number 6 is proposed in order to comply with the requirements of the Companies Act 71 of 2008, as amended, and the Company’s MoI. The rates referred to in this special resolution number 6 result in a 7% increase to each category of fees which were approved at the September 2012 annual general meeting and have been selected to ensure that the remuneration of directors remains competitive in order to enable the Company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the Company.

Confirmation of election of directors and re-election of directors retiring by rotation at the annual general meeting – ordinary resolutions numbered 1 and 2

The reason for the proposed ordinary resolution number 1 is to re-elect, in accordance with clause 27 (including clause 27.8) of the Company’s MoI and by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act 71 of 2008, as amended, Sonja de Bruyn Sebotsa as director of the Company, Sonja de Bruyn Sebotsa having retired by rotation in terms of the Company’s MoI and being eligible for re-election. Biographical details of the retiring director offering herself for re-election are set out on page 2 of the annual report.

The reason for the proposed ordinary resolution number 2 is to confirm, in accordance with clause 27.15 of the Company’s MoI and by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act 71 of 2008, as amended, Grant Gelink as director of the Company, Grant having been elected by the Board on 17 October 2012 to fill a vacancy occurring on the Board following the resignation of Zodwa Manase as director, immediately after the annual general meeting held on 28 September 2012, and being eligible for such election. Biographical details of the director offering himself for election are set out on page 2 of the annual report.

Please note that in response to a query raised by shareholders during the September 2012 annual general meeting relating to the nomination of directors by the shareholders, the Company has published on its website a summary of the provisions in the Company’s MoI relating to this nomination process. This summary is set out in a document entitled “MTN Zakhele (RF) Limited (the Company) – summary of process for nomination of Directors by shareholders (Summary)” and is available at http://www.mtnzakhele.co.za, or from the Transfer Secretary on 086 168 6925 (0861 MTNZAK) or mail to: zakhele@linkmarketservices.co.za. Note that the applicable link on the Company’s website is entitled “Summary Process for the Nomination of Directors by Shareholders”.

Election of the audit committee – ordinary resolutions numbered 3 to 6

In terms of the Companies Act 71 of 2008, as amended, the audit committee is a committee elected by the shareholders at each annual general meeting.

In terms of the Regulations to the Companies Act 71 of 2008, as amended, at least one-third of the members of the Company’s audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

The Board has considered the qualifications and experience of the current members of the audit committee and is of the view that the current members of the audit committee (which include Thulani Gcabashe, who is also the chairman of the Board) should continue in such roles for the financial year ending 31 December 2013 and until the conclusion of the next annual general meeting, subject to the elections being made by the shareholders, as proposed in ordinary resolutions numbered 3 to 6.
Explanatory notes to resolutions proposed at the annual general meeting of the Company continued
for the year ended 31 December 2012

Approval of appointment of external auditors – ordinary resolution number 7
In compliance with section 90 of the Companies Act 71 of 2008, as amended, SizweNtsalubaGobodo Inc. is proposed to be appointed as auditors to the Company for the financial year ending 31 December 2013 and until the conclusion of the next annual general meeting.

Authority to allot and issues – ordinary resolution number 8
The proposed resolution gives the directors of the Company the specific authority, subject to the passing and filing with CIPC of special resolutions numbered 1, 2, 3 and 5 and to the passing of special resolution number 4, to issue and allot the Subsequent Class A BIC Preference Shares referred to in special resolution number 2, to Newshelf. This will enable implementation of the Proposed Refinancing.

Voting and proxies
Every holder of shares present in person or by proxy at the meeting, or, in the case of a body corporate represented at the meeting, shall be entitled to one vote on a show of hands and on a poll shall be entitled to one vote for every share held. Duly completed proxy forms or powers of attorney and the authority, if any, under which it is signed, must be lodged with the Company’s transfer secretaries, Link Market Services South Africa Proprietary Limited, Registration number 2000/007239/07, at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, or by fax at fax number: 086 674 2450 or by email at email address: zakhele@linkmarketservices.co.za by no later than 08:00 (South African time) on Monday, 29 July 2013. The name and address details of the South African transfer secretaries are given on the back of the proxy form.

1. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend, participate and vote in his/her/its stead. A proxy does not have to be a shareholder of the Company but must be an individual. The appointment of a proxy will not prevent the shareholder who appointed that proxy from attending the AGM and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.

2. The attention of shareholders is directed to the additional notes relating to the form of proxy attached, which notes are set out in the proxy form.

3. The attached form of proxy is provided to shareholders for their convenience. Shareholders are not obliged to use the attached form, and may appoint a proxy in writing under section 58 of the Companies Act 71 of 2008, as amended. A summary of the provisions of this section is included in the appendix to the notice of annual general meeting.
REPORT OF BOARD OF DIRECTORS OF MTN ZAKHELE (RF) LIMITED (Registration number: 2010/004693/06) (the “Company”) IN TERMS OF REGULATION 31(7) TO THE COMPANIES ACT NO 71 OF 2008 (the “Companies Act”)

WHEREAS:
1. The Company intends converting each of the 1,440,000 (one million four hundred and forty thousand) class A senior cumulative redeemable preference shares with a par value of R0,0001 (one hundredth of a cent) each (the “Initial Class A BIC Preference Shares”), to no par value class A senior cumulative redeemable preference shares.

2. In terms of Item 6 of Schedule 5 and Regulation 31(6) to the Companies Act, the Board of directors of the Company (the “Board”) proposes, to the shareholders of the Company, for their consideration and approval (the “Proposed Resolution”) that the Initial Class A BIC Preference Shares be converted into Class A senior cumulative redeemable preference shares of no par value (such no par value preference shares referred to as the “Class A BIC Preference Shares”).

3. The Board has prepared this report pursuant to Regulation 31(7) of the Companies Act in respect of the Proposed Resolution and confirms that:
   (i) there is no information which may affect the value of the Initial Class A BIC Preference Shares to be converted pursuant to the Proposed Resolution;
   (ii) Newshelf 1041 Proprietary Limited (“Newshelf”), as holder of the 1,440,000 (one million four hundred and forty thousand) authorised and issued Initial Class A BIC Preference Shares (“Initial Class A BIC Preference Shareholder”) is affected by the proposed conversion, but is not adversely affected and will retain its preference shareholding in the Company;
   (iii) there will be no material effects with regard to the Initial Class A BIC Preference Shareholder’s voting or distribution rights; and
   (iv) as Newshelf will remain the holder of the Initial Class A BIC Preference Shares to be converted pursuant to the Proposed Resolution, no material adverse effect is suffered by Newshelf as the Initial Class A BIC Preference Shareholder and, as a result, no compensation is required pursuant to the conversion.

Thulani Gcabashe
Director
Chairman: Board of directors

13 June 2013
Important notes about the annual general meeting (AGM)

Date 29 July 2013, at 11:00 (South African time)

Venue The Sandton Convention Centre, Maude Street, Sandown, Gauteng

Time The AGM will start promptly at 11:00 (South African time)

Please note that the shareholder information session referred to in the chairman’s report on page 5 of the annual report is scheduled to take place on the date of, at the venue of and immediately after the AGM referred to in this notice.

Shareholders wishing to attend are advised to be in the auditorium by no later than 10:15.

The meeting will commence with a short information session, informing shareholders of the electronic voting process to be utilised at the meeting. Staff will direct shareholders to the AGM. Refreshments will be served after the meeting.

Admission Shareholders attending the AGM are asked to register at the registration desk in the auditorium’s reception area at the venue. Shareholders and proxies may be required to provide proof of identity.

Security Secured parking is provided at the venue at owners’ own risk. Mobile phones should be switched off for the duration of the proceedings.

Translation services Kindly note that the meeting will be translated into Zulu and Sotho – translation receivers and headsets will be available to registered shareholders (or their proxies) only.

Please note

1. Enquiries Any shareholders having difficulties or queries in regard to the AGM or the above are invited to contact Link Market Services on +27 086 168 6925 (0861 MTNZAK). Calls will be monitored for quality control purposes.

2. Results of annual general meeting The results of the AGM will be communicated in relation to each resolution by the chairman of the AGM after voting is complete in relation to each such resolution.

3. Refreshments Light refreshments will be served after the meeting.
Map
Summary of applicable rights established in section 58 of the Companies Act 71 of 2008, as amended

For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Companies Act 71 of 2008, as amended.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise –
   3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   3.2. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy –
   4.1. the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   4.2. should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date –
   5.1. stated in the revocation instrument, if any; or
   5.2. upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act 71 of 2008, as amended.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act 71 of 2008, as amended or the relevant company’s memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to –
   6.1. the shareholder, or
   6.2. the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –
   8.1. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   8.2. the company must not require that the proxy appointment be made irrevocable; and
   8.3. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act 71 of 2008, as amended.
Form of proxy

To be completed by shareholders

MTN ZAKHELE (RF) LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2010/004693/06)
(‘MTN Zakhele’ or ‘the Company’)

For use at the annual general meeting to be held at 11:00 (South African time) on 29 July 2013, at The Sandton Convention Centre, Maude Street, Sandown, Gauteng. For assistance in completing the proxy form, please contact Link Market Services on 086 1686 925 (0861 MTNZAK). A shareholder entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote and speak in his/her/its stead at the annual general meeting. A proxy need not be a shareholder of the Company but must be an individual.

I/We

ID number/registration number

being a shareholder/shareholders of the above named Company do hereby appoint

of

or failing him/her

of

or failing him/her

the chairman of the Company or failing him the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general (or general or adjourned as the case may be) meeting of the Company to be held on 29 July 2013 at 11:00 and at any adjournment or postponement thereof.

I/We instruct the proxy to vote as follows:

<table>
<thead>
<tr>
<th>Special resolutions</th>
<th>For</th>
<th>Against</th>
<th>Abstain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special resolution number 1: Conversion of existing Initial Class A BIC Preference Shares into no par value shares</td>
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<tr>
<td>Special resolution number 2: Alteration of authorised share capital of the Company</td>
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<tr>
<td>Special resolution number 3: Cancellation of 44 000 000 unclassified shares in the authorised share capital of the Company</td>
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<td>Special resolution number 4: Financial assistance (sections 44 and 45 of the Companies Act 71 of 2008, as amended)</td>
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<td>Special resolution number 5: Approval of further amendments to the Company’s memorandum of incorporation (Company’s MoI)</td>
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<tr>
<td>Special resolution number 6: Proposed remuneration payable to non-executive directors</td>
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<table>
<thead>
<tr>
<th>Ordinary resolutions</th>
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<tbody>
<tr>
<td>Ordinary resolution number 1: Re-election of Sonja de Bruyn Sebotsa as a director</td>
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<tr>
<td>Ordinary resolution number 2: Election of Grant Gelink as a director</td>
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<tr>
<td>Ordinary resolution number 3: Election of Grant Gelink as a member and chairman of the audit committee</td>
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<tr>
<td>Ordinary resolution number 4: Re-election of Martin Shaw as a member of the audit committee</td>
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<tr>
<td>Ordinary resolution number 5: Re-election of Sonja de Bruyn Sebotsa as a member of the audit committee</td>
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<tr>
<td>Ordinary resolution number 6: Re-election of Thulani Gcabaashe as a member of the audit committee</td>
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<td>Ordinary resolution number 7: Appointment of independent auditors</td>
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<tr>
<td>Ordinary resolution number 8: Allotment and issue of Subsequent Class A BIC Preference Shares</td>
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</table>

**Mark with an X whichever is applicable. Unless otherwise directed, the proxy will vote or abstain as he/she thinks fit in respect of the shareholder’s total holding. The proxy may also vote or abstain in respect of any other business proposed at the meeting as he/she thinks fit.

Any shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and to vote in his/her stead. The proxy so appointed need not also be a shareholder but must be an individual.

Please read the notes on the reverse side hereof.

Signed at on 2013

Full name(s) (in block letters)

Signature(s)

Address

Assisted by (guardian) date

If signing in a representative capacity, see note below.
Notes to proxy

1. Only shareholders who are registered in the register of the Company on the relevant record date for the meeting may complete a proxy form or alternatively attend the meeting.

2. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her/its choice in the space/s provided, with or without deleting “the chairman of the general meeting”, but any such deletion or insertion must be initialled by the shareholder. Any insertion or deletion not complying with the foregoing will be declared not to have been validly effected. The person whose name stands first on the proxy form and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the general meeting.

3. A shareholder’s instructions to the proxy must be indicated by the insertion of an “X” or the relevant number of votes exercisable by that shareholder in the appropriate box provided. An “X” in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she/it deems fit in respect of the entire shareholder’s votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her/its proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of votes exercisable by the shareholder or by his/her proxy.

4. The proxy shall (unless this sentence is struck out and countersigned) have the authority to vote, as he/she deems fit, on any other resolution which may validly be proposed at the meeting, including in respect of any proposed amendment to the above resolutions. If the aforesaid sentence is struck out, the proxy shall be deemed to be instructed to vote against any such proposed additional resolution and/or proposed amendment to an existing resolution as proposed in the notice to which this form is attached.

5. To be effective, completed proxy forms and the authority, if any, under which it is signed must be lodged at the Company’s South African transfer secretaries at the address, fax number or email address stipulated below prior to the time appointed for the holding of the meeting and shareholders are requested to lodge all such documents by no later than 08:00 on 29 July 2013.

6. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat instead of any proxy appointed in terms hereof.

7. The chairman of the general meeting may reject or accept any proxy form which is completed and/or received other than in compliance with these notes.

8. Any alteration to this proxy form, other than a deletion of alternatives, must be initialled by the signatory.

9. Documentary evidence establishing the authority of a person signing this proxy form in a representative or other legal capacity must be attached to this proxy form, unless previously recorded by the Company or waived by the chairperson of the annual general meeting.

10. Where there are joint holders of shares:

10.1 any one holder may sign the proxy form; and

10.2 the vote of the senior shareholder (for which purpose seniority will be determined by the order in which the names of the shareholders appear in the Company’s register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.

11. A minor must be assisted by his/her parent or legal guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

12. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.

Office of the transfer secretaries
Link Market Services South Africa Proprietary Limited
Registration number 2000/007239/07
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein
PO Box 4844, Johannesburg, 2000
Tel: +27 086 1686 925 (0861 MTNZAK)
Fax number: 086 674 2450 (for proxies only)
E-mail: zakhele@linkmarketservices.co.za