CONFIRMATIONS RECEIVED TO CONVERT R266.5M OF DEBT INTO EQUITY IN TERMS OF THE EARLY CONVERSION, CONTINUATION OF CAUTIONARY ANNOUNCEMENT AND CHANGE TO THE BOARD

1. INTRODUCTION
Shareholders are referred to the announcement released on the Securities Exchange News Service ("SENS") of the JSE Limited ("JSE") on 10 December 2010 ("10 December 2010 announcement") wherein shareholders were advised, inter alia, that on 9 December 2010 an addendum to the debt rescheduling agreement ("Early Conversion Agreement") was concluded between the existing lenders of the Company ("Existing Lenders"), the Company, certain of its subsidiaries and Blue’s controlling shareholder, Mayibuye Group (Proprietary) Limited ("Mayibuye").

The Early Conversion Agreement provides that, subject to obtaining inter alia any required regulatory approvals and the approval of shareholders of Blue, the Existing Lenders were granted the option to convert the whole or a portion, up to a total aggregate amount of R325 million, of the amounts owing to them into Blue ordinary shares ("Ordinary Shares"), at a conversion price of R0.13 per Ordinary Share ("Early Conversion"). The Existing Lenders were required to stipulate the amount of debt (if any) which each Existing Lender wished to convert into Ordinary Shares by delivering a written notice to the Company ("Conversion Notice") by 15 December 2010.

At the time of the 10 December 2010 announcement, shareholders were advised that the International Finance Corporation had confirmed that it will be converting the entire principal amount owing to it of circa R60.5 million under the Early Conversion. Furthermore, Renaissance Africa Master Fund Limited ("RenAsset"), being one of the Company's existing lenders, and with whom a separate convertible loan agreement had been entered into between the Company and RenAsset ("RenAsset Agreement"), had also confirmed that it will be converting the entire principal amount owing to it of circa. R44.4 million under the Early Conversion.
2. UPDATE ON EARLY CONVERSION
Shareholders are hereby advised that subsequent to the 10 December 2010 announcement, ABSA Bank Limited has advised the Company that it will also be converting the entire principal amount owed to it by Blue, of circa. R37.4 million, under the Early Conversion. This is in addition to the confirmation received from the Nederlandse Financierings Maatschappji voor Ontwikkelingslanden N.V. (Dutch Development Bank), advising Blue that it will be converting a portion of the principal amount owing to it of circa. R80 million under the Early Conversion.

In summary, Blue has received Conversion Notices in respect of an aggregate amount equal to R266.5 million from:
- Existing Lenders who are owed in aggregate R178.2 million;
- RenAsset who is owed R44.4 million; and
- Pinebridge who is owed R43.9 million in terms of the Pinebridge Amendment Agreement concluded on 27 October 2010 (“Pinebridge Amendment Agreement”).

3. SUSPENSIVE CONDITIONS
Shareholders are reminded that the right of the Existing Lenders, RenAsset and Pinebridge to participate in the Early Conversion in terms of the Early Conversion Agreement, the RenAsset Agreement and the Pinebridge Amendment Agreement, is subject to the obtaining of inter alia any required regulatory approvals and the approval of shareholders of Blue on or before 28 February 2011.

4. CONTINUATION OF CAUTIONARY ANNOUNCEMENT RELATING TO THE EARLY CONVERSION
As the financial effects relating to the Early Conversion, that is proposed will be implemented in terms of the Early Conversion Agreement, the RenAsset Agreement and the Pinebridge Amendment Agreement, are in the process of being finalised, shareholders are advised to continue to exercise caution when dealing in their Blue securities until a further announcement regarding the financial effects is made.

5. CHANGE TO THE BOARD
In terms of paragraph 3.59(a) of the listings requirements of the JSE, the board of directors of Blue (“board”) is pleased to announce the reappointment of MG Meehan as an independent non-executive director of the board. Mr Meehan will also assume the role of chairman of the audit committee of the Company.

Mr Meehan is a chartered accountant with extensive commercial experience having sat on the boards, in an executive capacity, of various main board listed companies in the past. Mr Meehan currently serves as an independent non-executive director on the
board of another ALT listed company as well as on the boards of other non-listed companies. Mr Meehan previously served on the board of Blue as an independent non-executive director from 26 February 2009 until 13 December 2010.

Pretoria
21 January 2011

Designated adviser to Blue
Grindrod Bank Limited

Financial adviser to Blue in relation to the Early Conversion
PricewaterhouseCoopers Corporate Finance (Proprietary) Limited