

Telkom

(Registration number 1991/005476/06)

JSE share code TKG

ISIN ZAE000044897

("Telkom" or the "Company")

ANNOUNCEMENT REGARDING A POTENTIAL STRATEGIC VENTURE WITH KT CORPORATION ("KT") AND FURTHER CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcements dated 14 October 2011 and 21 November 2011 regarding a potential strategic venture ("Potential Strategic Venture") between Telkom and KT (collectively "the Companies"). Telkom is pleased to advise shareholders that the Companies have entered into a memorandum of understanding ("MOU") relating to the Potential Strategic Venture.

The MOU provides for an exclusive period of engagement and information exchange to enable the Companies to confirm the areas of mutual strategic and business cooperation and envisaged benefits of the Potential Strategic Venture ("Diagnostic Review"). The Diagnostic Review will commence immediately and Telkom will update shareholders in six weeks when the cautionary announcement is renewed.

In addition to the successful completion of the Diagnostic Review, the Potential Strategic Venture will only be proposed to all Telkom shareholders on fulfilment of certain pre-conditions, including:

- i. Conclusion of the requisite transaction agreements to the satisfaction of both Telkom and KT;
- ii. Endorsement by Telkom's major shareholders; and
- iii. Prior consultation with the financial surveillance department of the South African Reserve Bank ("SARB").

The Proposed Strategic Venture, if implemented, will not result in a change to Telkom's corporate strategy or in any consequential loss of employment for any of Telkom's existing employees.

Further cautionary announcement

Shareholders are advised that discussions regarding the Potential Strategic Venture are still in progress and there is still no certainty that a formal transaction will be proposed or concluded. Accordingly, shareholders are advised to continue exercising caution when trading in the Company's securities until a further announcement is made.

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