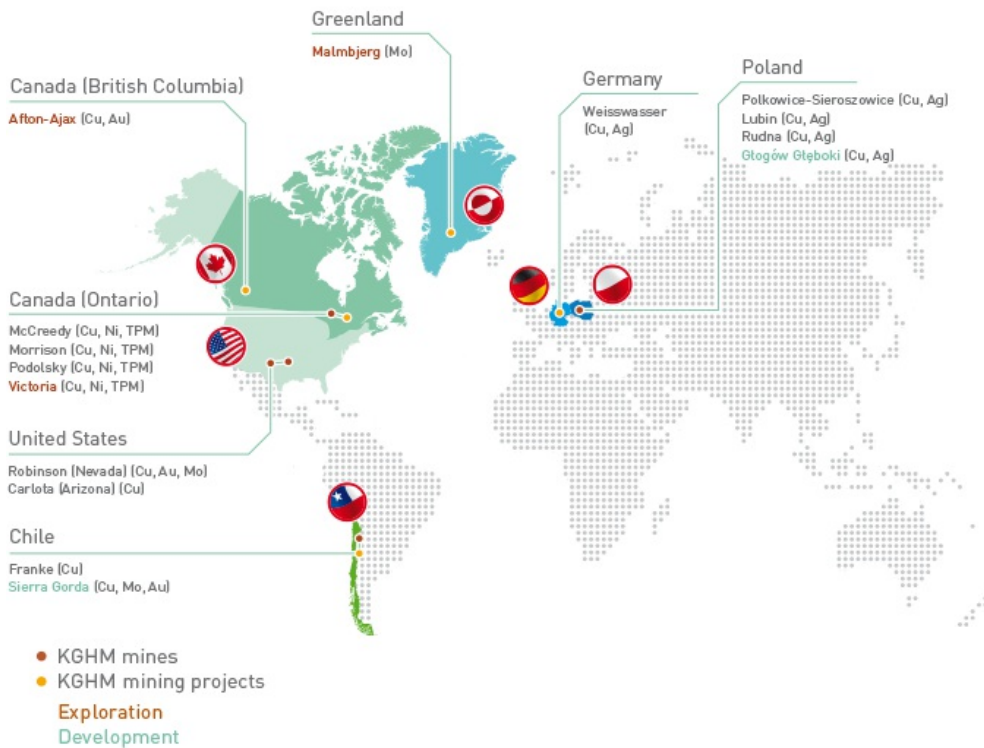


KGHM a global company

2012 was a breakthrough year for Polska Miedź. Acting in conformance with its development strategy, the Company carried out a friendly takeover of a Canadian company Quadra FNX Mining Ltd. Thanks to the transaction, KGHM has become a global player on the market of non-ferrous metals.



KGHM mining assets



Acquisition of Quadra FNX Mining Ltd.

One of the key events in the history of KGHM Polska Miedź S.A. and the development of its resource base was the friendly takeover of a Canadian company Quadra FNX Mining Ltd. (currently renamed to KGHM INTERNATIONAL LTD.) based in Vancouver. KGHM purchased 100% of shares of the company listed on the Toronto Stock Exchange for a sum of CAD 2.9 billion. The transaction finalised on 5 March 2012 contributed to the implementation of the Company's development strategy adopted in 2009, in particular by increasing its production capacity and reducing the average cost of copper production. The acquisition has been the biggest foreign investment in the history of Poland.

As a result of acquiring the dynamically developing enterprise, KGHM became owner of mines situated in three foreign countries (Chile, the United States and Canada) and of world class development projects (including Sierra Gorda and Victoria in the Sudbury region). Following the takeover, the copper resources of the KGHM Group increased by more than 28% to 37.4 million tonnes, making the Company number four in the world. Thanks to geographic diversification of the portfolio of projects executed by KGHM the risk associated with its business operations has been significantly reduced.

The most valuable asset of the acquired company is the currently constructed Sierra Gorda open-pit mine in the north of Chile, on the Atacama desert. The production will start there in 2014. KGHM INTERNATIONAL LTD. has a 55% stake in the project and its business partners are Sumitomo Metal Mining and Sumitomo Corporation. It is one of the largest copper mining projects currently implemented worldwide, with the annual output of 200 thousand tonnes a year and the life of the mine estimated at 20 years.

The most significant active mines of KGHM INTERNATIONAL LTD. are the Robinson and Morrison mines. The open-pit Robinson mine is situated in Nevada, a state famous for its mining industry, and is one of the oldest copper mines in the United States. The annual copper production exceeds 50 thousand tonnes and, additionally, considerable amounts of gold are extracted (over one tonne a year).

The second most important mine operated by KGHM INTERNATIONAL LTD. is the underground Morrison mine situated in Sudbury, in Ontario, Canada. It mines one of the biggest polymetallic ore deposits and, in addition to copper (annual output of approximately 18 thousand tonnes), extracts large quantities of nickel, gold, platinum and palladium.

An important exploration project of KGHM INTERNATIONAL LTD. called Victoria is also located in Sudbury. It is a very rich, spindle-shaped polymetallic deposit with a high content of copper (2.5%), nickel (2.5%) and precious metals. Currently, a feasibility study for an underground mine is being prepared.

KGHM INTERNATIONAL LTD. owns another mine in Chile, the Franke mine near the city of Tal Tal which produces slightly above 15 thousand tonnes of cathode copper a year.

The international mining assets will play a major role in the further development of the KGHM Group. With access to highly-skilled human resources and a rich portfolio of development projects situated in world-famous metallogenic provinces, in countries with a stable political and economic situation, the assets will become the engine of shareholder value growth in the coming years. Even now, the share of international production assets in the total value of KGHM is estimated by the analysts at close to 40%.

