

INFORMACJA PRASOWA

KGHM POLSKA MIEDŹ S.A.

Lubin, 6 December 2011

KGHM begins process of acquiring Canadian mining company

KGHM Polska Miedź S.A. intends to acquire the mining company Quadra FNX, listed on the Toronto, Canada stock exchange. As a result of entering into today's agreement, the process of friendly acquisition of this company has begun. KGHM will come into possession of world-class ore bodies and operating copper mines situated in Canada, the USA and Chile. The value of this transaction amounts to USD 2,83 billion, and will be financed by the cash resources of KGHM.

The acquisition of Quadra FNX will increase production next year by the KGHM Group by approx. 25%, i.e. 100 thousand tonnes of mined copper, and ultimately by nearly 50%. Total mineral resources will increase by more than 8 million tonnes of copper, i.e. by 28%, putting KGHM into fourth place globally. KGHM is also considering the production of other metals, such as nickel and molybdenum.

There will also be a significant increase in the production of gold and other precious metals. Thanks to the acquisition of attractive mining projects, over several years the KGHM Group will substantially reduce its costs of production. This acquisition will strengthen the position of KGHM on the copper market, and will enable the growth of the company, as foreseen by the Company's strategy, in the mining sector.

"This investment is a consequence of the approved strategy of KGHM to increase its value and to achieve defined development priorities. This is a very well thought-out transaction, the preparation of which lasted many months. We are convinced that the purchase of Quadra FNX will bring benefits both to the Company as well as to its shareholders, in both the short and long term," says Herbert Wirth, President of KGHM Polska Miedź S.A. *"We are investing in this project to make KGHM more competitive as well as more resistant to downturns in the copper price cycle."*

The friendly acquisition of this Canadian company commenced with the signing today of an agreement between KGHM and the Board of Directors of Quadra FNX. This is a process provided for under Canadian law, enabling the acquisition of all outstanding company shares following shareholder approval expressed by a two-thirds majority as well as court approval.

Conclusion of this transaction is expected by the end of the first quarter of 2012, following required administrative approval.

KGHM has the right to alter the pricing terms should there arise a competing offer. Should Quadra FNX withdraw from the transaction, KGHM will be paid compensation in the amount of CAD 75 million.

Quadra FNX owns documented copper resources of over 8 million tonnes and substantial resources of other metals such as gold and molybdenum. It owns six operating mines in regions of low political and technical risk: Arizona, Nevada, Canadian Ontario and in Chile.

Quadra FNX holds over USD 1 billion in cash, and in 2010 generated a profit of USD 172 million, which enables it to independently finance its existing operations as well as its planned mine development projects. This transaction will not affect the amount of extraction or labour force in Poland, nor the level of investment expenditure planned by KGHM in the amount of around PLN 20 billion to 2018.

The Canadian company employs a management staff experienced in both open-pit and underground mining, which will enrich and improve the know-how of KGHM. One of the key assets of Quadra FNX is the world-class Chilean project Sierra Gorda. The partner in this project is the renowned Japanese company Sumitomo, which owns a 45% stake in the project. The Chilean ore contains 1.3 billion tonnes of ore rich in copper, gold and molybdenum. We anticipate that copper production from the Sierra Gorda deposit will commence in 2014 and will exceed 200 thousand tonnes annually. Other companies with mining operations in this region include renowned producers such as BHP Billiton and Codelco.

"This transaction is a perfect match in the consistently realised strategy of increasing the value of the Company. It guarantees future profits for KGHM and enables continuation of the long-term profitability of the Group. The investment in Quadra FNX is a milestone for KGHM, opening new horizons for Company growth," summarises President Herbert Wirth.

During the process of preparing this transaction, KGHM engaged renowned consulting firms: BNP Paribas and Rothschild (financial advisors), Davies Ward Phillips & Vineberg LLP and Gide Loyrette Nouel (legal counsel), Ernst & Young (tax advisors) and AMC Consultants and KGHM Cuprum (technical advisors).

Further information on this subject may be found at the company website, www.kghm.pl

We also wish to invite you to a press conference on this subject with participation by the Management Board of KGHM. The conference will be held today, in Warsaw, at the Sheraton Hotel, in the London Room. The conference will begin at 18.30.

The conference will be transmitted over the internet at the address <http://gpwmedia.pl/kghm/>.

A press conference with participation by the Management Board of KGHM is also planned in Lubin. We invite representatives of the local and regional press tomorrow, i.e. on Wednesday, 7 December, at 13.30 to the Sala Kolegialna at the Head Office.

Public Relations Department
KGHM Polska Miedź S.A.

Attached please find a map showing the acquired mining projects and the existing investments of KGHM.