

PURCHASE AND SALE

UBS Limited, 100 Liverpool Street, London EC2M 2RH, Barclays de Zoete Wedd Limited, 54 Lombard Street, London EC3P 3AH, Robert Fleming & Co. Limited, 25, Copthall Avenue, London EC2R 7DR, Merrill Lynch International, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY, Banque Paribas, 33 Wigmore Street, London W1H 0BN, Baring Brothers Limited (as agent for ING Bank N.V.), 60 London Wall, London EC4M 5TQ, Commerzbank Aktiengesellschaft, Neue Mainzer Str. 32-36, 60261 Frankfurt am Main, Creditanstalt Investment Bank AG, Julius-Tandler Platz 3, A-1090 Vienna, and Nomura International plc, Nomura House, 1 St Martins le Grand, London EC1A 4NP, (the "Managers") have, pursuant to an International Underwriting Agreement (the "International Underwriting Agreement"), dated 7th July, 1997, and made among the Selling Shareholder, the Company and the Managers and upon the terms and subject to the conditions therein contained, agreed severally and not jointly to purchase or procure purchasers for 35 million Offer Shares represented by GDRs at the Offer Price set forth on the first page of this Offering Circular (less a combined selling concession, underwriting commission and management fee of 2.30 per cent. of such Offer Price). In addition, the Company has agreed to reimburse the Managers for certain of their expenses in connection with the management of the sale of the GDRs. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the International Underwriting Agreement prior to the closing of the sale of the GDRs. The Company and the Selling Shareholder have agreed to indemnify the Managers and certain other persons against certain liabilities, including liabilities under the Securities Act.

Pursuant to the terms of the International Underwriting Agreement, the Selling Shareholder has granted to the Managers an option to purchase up to an additional 7 million Offer Shares represented by GDRs to cover over-allotments in the International Offering, if any. The over-allotment option is exercisable at any time from the date of the International Underwriting Agreement up to 30 days after the Closing Date.

Pursuant to the International Underwriting Agreement, the Company and the Selling Shareholder have agreed that they will not directly or indirectly issue, offer or sell any Shares or GDRs (or securities convertible into any of these Shares or GDRs), for a period of 12 months after the Global Offering without the prior written consent of the Joint Lead Managers. See "The Global Offering – Lock-Up Agreements".

Selling Restrictions

No action has been or will be taken in any jurisdiction other than in Poland that would permit a public offering of the GDRs or the Offer Shares, or the possession, circulation or distribution of this document or any other material relating to KGHM, the GDRs or the Offer Shares, in any jurisdiction. Accordingly, neither the GDRs nor any Offer Shares may be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the GDRs or the Offer Shares may be distributed or published in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

United States

Neither the Shares nor the GDRs have been or will be registered under the U.S. Securities Act of 1933 (as amended) (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States. The International Underwriting Agreement provides that UBS Limited, Barclays de Zoete Wedd Limited, Robert Fleming & Co. Limited and Merrill Lynch International may arrange, in each case, through their respective broker-dealer affiliates registered under the U.S. Securities Exchange Act of 1934, as amended, for the offer and sale of the GDRs in the United States to qualified institutional buyers in accordance with Rule 144A under the Securities Act ("Rule 144A").

Each Manager has agreed that, except as permitted by the International Underwriting Agreement, it will not offer or sell Shares or GDRs: (i) as part of the distribution thereof at any time; or (ii) otherwise until 40 days after the latest of the commencement of the Global Offering, the Closing Date for the Shares or GDRs and the closing date with respect to additional Shares or GDRs sold to cover over-allotments, within the United States and it will have sent to each dealer to which it sells Shares or GDRs during such period a confirmation or other notice setting forth the restrictions on offers and sales of Shares and GDRs.

In addition, until 40 days after the commencement of the Global Offering, an offer or sale of Shares or GDRs within the United States by any dealer, whether or not it is participating in the Global Offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

United Kingdom

Each of the Managers has confirmed that: (i) it has not offered or sold, and will not offer or sell, GDRs in the United Kingdom prior to admission of the GDRs to listing in accordance with Part IV of the Financial Services Act 1986 except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the Financial Services Act 1986; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the GDRs in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document, other than any document received by it in connection with the issue of the GDRs which consists of or any part of the listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Financial Services Act 1986, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

Poland

Each Manager represents and agrees that it has not offered or sold, and will not offer or sell, GDRs directly or indirectly in Poland, to Polish residents or to a third party for the account or benefit of any Polish residents in connection with the International Offering or at any time thereafter.

Canada

This offering is being made in Canada by way of private placement pursuant to this Offering Circular, which constitutes an offering of the securities described herein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. This Offering Circular is not, and under no circumstances is it to be construed as, an advertisement or a public offering of the securities described herein in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed on the merits of the securities described herein and any representation to the contrary is an offence. The offering of securities in Canada is being made solely pursuant to this document and no person has been authorised to give any information or to make any representations other than those contained herein.

Purchase and Resale

A purchaser in Canada who receives a confirmation regarding its purchase of GDRs:

- (1) represents to the Company and the Managers that it is eligible under applicable Canadian provincial securities laws to purchase GDRs without the benefit of a prospectus qualifying such securities under such securities laws and pursuant to a registration exemption under such securities laws and that its investment decision will be based solely on the final version of the Offering Circular and not on any other information concerning the Company or this offering;
- (2) if in Ontario, represents that such purchaser is a "designated institution" within the meaning of Section 204 of the Regulation to the *Securities Act* (Ontario); if in Quebec, represents that such purchaser is a "sophisticated purchaser" within the meaning of Section 44 of the *Securities Act* (Quebec); if in British Columbia, represents that such purchaser is an "exempt purchaser" within the meaning of Section 55(2)(3) of the *Securities Act* (British Columbia); if in Alberta, represents that such purchaser is within the category of purchasers described in Section 107(1)(a) of the *Securities Act* (Alberta); if in Saskatchewan, represents that such purchaser is within the category of purchasers described in Section 81(1)(a) of the *Securities Act* (Saskatchewan); if in Manitoba, represents that such purchaser is not an "individual" within the meaning of Section 1(1) of the *Securities Act* (Manitoba); if in Prince Edward Island, represents that such purchaser is not an "individual" within the meaning of the *Securities Act* (Prince Edward Island); if in New Brunswick, represents that such purchaser is not a natural person; if in Newfoundland, represents that such purchaser is within the category of purchasers described in Section 73(1)(a) of the *Securities Act* (Newfoundland); and, represents that such purchaser is not a resident of Nova Scotia;
- (3) acknowledges that the GDRs are being distributed in Canada on a private placement basis only and that any resale of such securities must be made in accordance with the requirements of applicable securities laws which will vary depending on the relevant jurisdiction; and

- (4) agrees that it is the purchaser's express wish that all documents evidencing or relating in any way to the sale of GDRs be drawn in the English language only (*chaque acheteur au Canada des actions des GDRs recevant un avis de confirmation à l'égard de son acquisition reconnaîtra que c'est sa volonté expresse que tous les documents faisant foi ou se rapportant de quelque manière à la vente des GDRs soient rédigés en langue anglaise seulement*).

Rights of Action – Ontario Purchasers

The securities being offered are those of a foreign issuer and Ontario purchasers will not receive the contractual right of action prescribed by Section 32 of the Regulation under the *Securities Act* (Ontario). As a result, Ontario purchasers must rely on other remedies that may be available, including common law rights of action for damages or rescission or rights of action under the civil liability provisions of the United States federal securities laws or rights of action for compensation under the *Financial Services Act, 1986* (U.K.). As a result of a recent decision of the Supreme Court of the United States, those remedies may not include rescission in certain circumstances and may require the purchaser to establish, among other things, reliance on any misrepresentations in respect of which redress is sought and scienter on the part of the person against whom redress is sought. Prospective purchasers are advised to consult their own legal advisers as to any rights of action that may be available.

Enforcement of Legal Rights

All of the Company's officers and directors named in this Offering Circular are located outside Canada. As a result, it may not be possible for Canadian purchasers to effect service of process within Canada on the Company or such persons. All or a substantial part of the assets of the Company and such persons are located outside Canada. As a result, it may not be possible to satisfy judgements against them in Canada or to enforce judgements obtained in Canadian courts against them outside of Canada.

Japan

Each Manager has agreed not to sell GDRs in Japan without the prior written consent of the Joint Lead Managers.