



KGHM

POLSKA MIEDŹ S.A.



**15 years of
KGHM Polska Miedź S.A.
as a publically-traded company**

Warsaw, 10 July 2012

Ladies and Gentlemen,



10 July 2012 marks the passage of 15 years since the debut of KGHM Polska Miedź S.A. on the Warsaw Stock Exchange. The listing of KGHM's shares in Warsaw remains a pivotal event not only in the history of the company, but also in that of the Polish capital market. Since its market debut, KGHM has remained one of the driving forces of the Warsaw Stock Exchange. Over the years KGHM has become a truly global corporation and has made a historic leap forward in its development and long term prospects for further growth in its value.

I would like to take this opportunity to thank all of our investors and shareholders for placing their faith in our company. I am convinced that in the coming years KGHM Polska Miedź S.A. will strengthen its position as one of the best companies as well as that of a major global producer of copper and silver.

Herbert Wirth

A handwritten signature in black ink, appearing to read 'H. Wirth'.

President of the Management Board

Agenda

- 15 years on the WSE – 15 years of growth by KGHM Polska Miedź S.A.
- KGHM Polska Miedź S.A. – a global player on the non-ferrous metals market



1997 – a year rich in momentous events....

- 1 January :
 - Skępe gained municipal rights
 - Pasym, Radlin, Siechnice and Świątniki Górne gained municipal rights
- 1 April – the automobile Polonez Atu began production
- 2 April:
 - at the Śląski Stadium: Poland ended a scoreless match with Italy in the elimination round of the World Cup
- 11 April – the law on lustration enacted
- 25 May – a constitutional referendum was held. 52.71% supported acceptance of the constitution.
- 29 May – premier of the film *Dzień wielkiej ryby* (*Day of the Big Fish*)
- 31 May – Pope John Paul II began his 6th pilgrimage, concluded on 10 June
- 7 July – start of the „thousand-year” flood in Poland.
- 10 July:
 - catastrophic flood waters reach Opole and Wrocław
 - American President Bill Clinton began a two-day visit to Poland

10 July – the shares of KGHM Polska Miedź S.A. debut on the WSE

- 12 August – the rock band U2 plays its first concert in Warsaw
- 29 August – the Polish Parliament ratifies the law on protecting personal data
- 4 September – premier broadcast of the game show *Jaka to melodia?* (*What's the melody?*)
- 21 September – elections to the Polish Parliament and Senate. Victory by the party Akcja Wyborcza Solidarność
- 22 September:
 - the tv station Telewizja Polska began broadcasting the serial *Klan*
- 30 September – the Polish automobile manufacturer FSO began production of the Daewoo Lanos
- 3 October – the tv station TVN began broadcasting
- 17 October: the Constitution of the Republic of Poland of 2 April 1997 came into force
- 31 October - Jerzy Buzek został premierem Polski
- 17 November:
 - celebration of the 1000-year history of the city of Gdańsk
 - first broadcast of the dubbed Sesame Street, filmed in 1996
- 9 December – the Polish Language Council established the correct rule of spelling for one kind of participle with the negator “nie”
- 5 December – the Memorial to the Heroes of Warsaw was set on a new base and at a new site – along the route Trasie W-Z
- 24 December – premier of the comedy serial *13 posterunek*.

6th pilgrimage of Pope John Paul II to Poland



Poland's thousand-year flood



Bill Clinton visits Poland



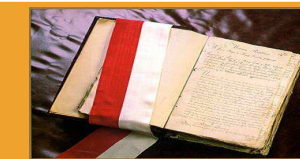
Debut of KGHM on the WSE



Elections to the Polish Parliament and Senate



The Polish Constitution comes into force



The mutual history of KGHM and the WSE began in 1997

1 May 1961 – founding of the „Kombinat Górniczo Hutniczy Miedzi w budowie”

12 September 1991 – Transformation from a state enterprise into a state-owned, joint stock company

Kombinat
GÓRNICZO-HUTNICZY MIEDZI
State Enterprise



KGHM
POLSKA MIEDŹ S.A.



IPO – 10 July 1997

KGHM
POLSKA MIEDŹ S.A.



WARSAW
STOCK
EXCHANGE

1997 – debut on the Warsaw Stock Exchange

Shares

Public offer

Domestic tranche

Foreign tranche

Offer price of shares

Employee shares

- 200 000 000 ordinary bearer shares, series A, numbered from A000000001 to A200000000 with a nominal value of PLN 10 per share.
- In June 1997 a public offer was made for the shares of KGHM Polska Miedź S.A., in which the Polish State Treasury sold 32.8% (65 732 200) of the shares of the Company.
- Under the domestic tranche 15 % (30 000 000) of the shares were sold:
 - 16 000 000 shares for retail investors,
 - 14 000 000 shares for institutional investors.
- Under the foreign tranche 17.8% (35 732 200) of the shares were sold in the form of 17 866 100 global depositary receipts (GDRs).
- The price for retail investors was PLN 19 per share, and PLN 21 per share for institutional investors.
- 30 000 000 shares (15% of the share capital) were granted free of charge to employees of the Company, with a two-year block on being sold. These employee shares were admitted to trading on 7 July 1999.

1997 – a successful market debut

The listing of the shares of KGHM was accompanied by tremendous interest from investors and the media

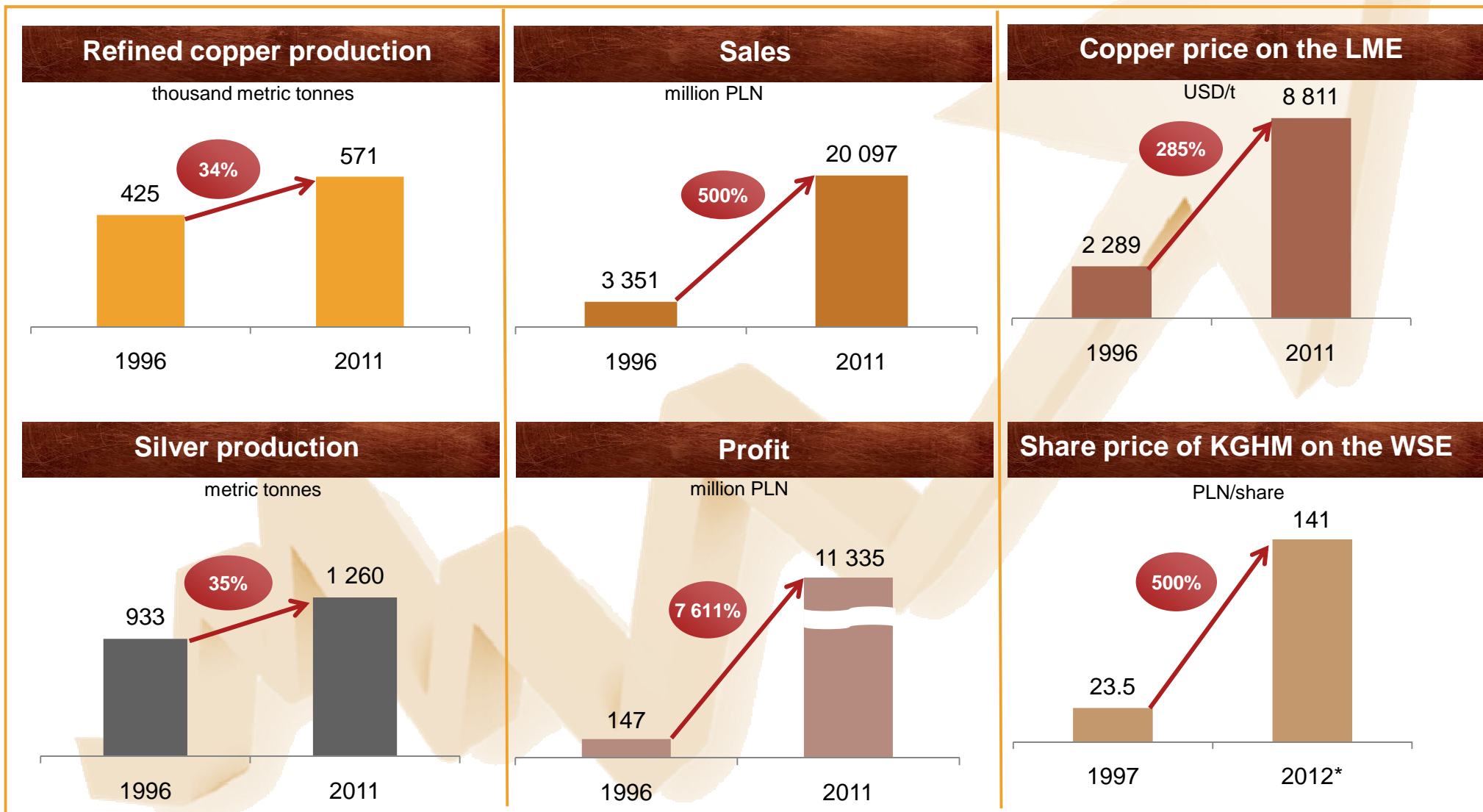


Debut price



- Debut price: PLN 23.50 per share
- Price for retail investors: PLN 19 per share: An increase of 24%
 - orders reduced by an average 62%
- Price for institutional investors: PLN 21 per share : An increase of 13%
 - orders reduced by an average 22%

15 years of KGHM Polska Miedź S.A. on a regulated market



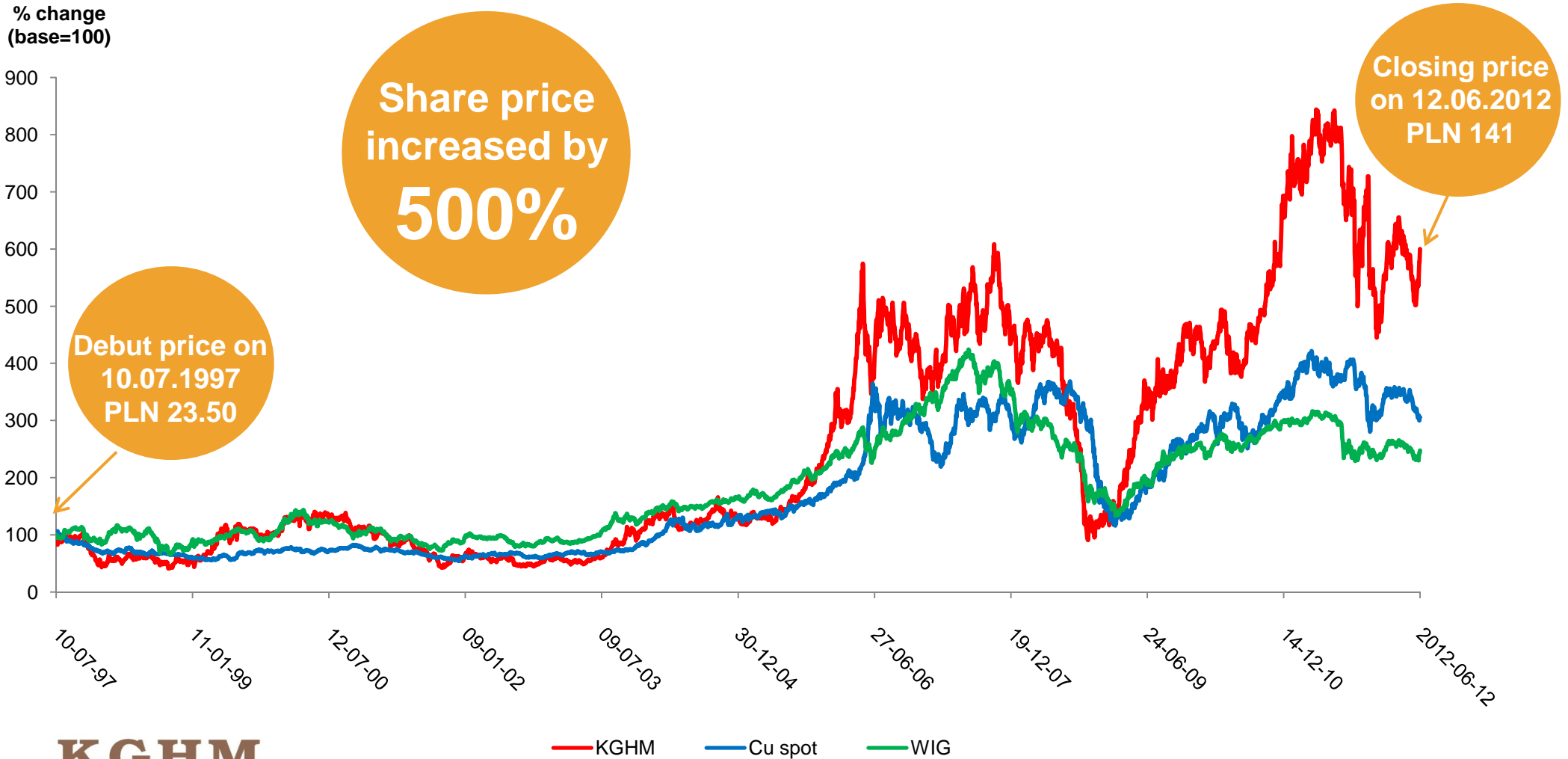
15 years of KGHM Polska Miedź S.A. on a regulated market



15 years of growth in the market capitalisation of KGHM Polska Miedź S.A.



KGHM Polska Miedź S.A. shares vs the WIG index and the copper price since 1997



15 years of KGHM Polska Miedź S.A. on a regulated market A lucrative investment in the shares of Polkomtel S.A.

1995/1996

→ initial investment in Polkomtel S.A.

1996 - 2011

→ realisation of the strategy to increase the value of Polkomtel S.A.

9 November 2011

→ sale of the shares completed, together with the remaining partners, to a strategic sector investor – a received price of EV=18.1 B PLN for 100% of the shares

Impact of the investment for KGHM Polska Miedź S.A.:

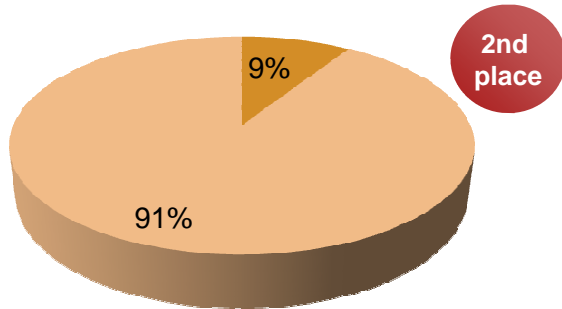
- Net realised profit on the investment: PLN 2 035 million
- Net cash flow from the transaction in 2011: PLN 3 195 million
- Rate of return (over 15 years) ~ 20%

**Largest transaction
in the history of
M&A on the Polish
telecoms market**

KGHM Polska Miedź S.A. on the Warsaw Stock Exchange in 2012

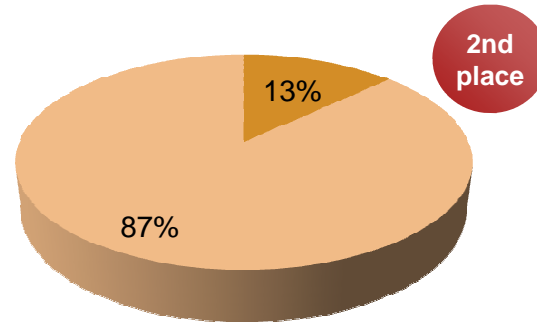
KGHM Polska Miedź S.A. is one of the main drivers of the Warsaw Stock Exchange, as a major element of its market exchanges.

KGHM in the WIG index*



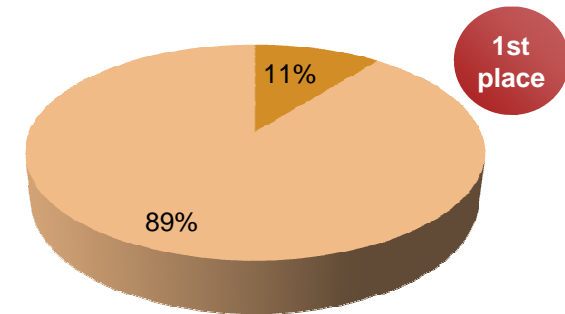
■ KGHM ■ Other companies

KGHM in the WIG 20 index*



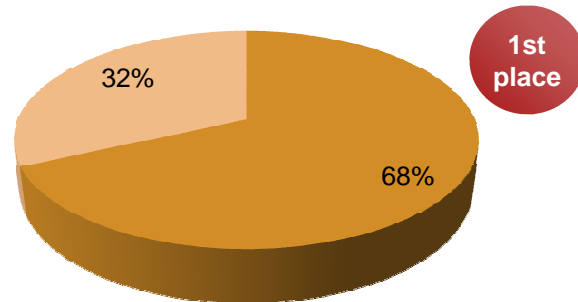
■ KGHM ■ Other companies

KGHM in the WIG div index *



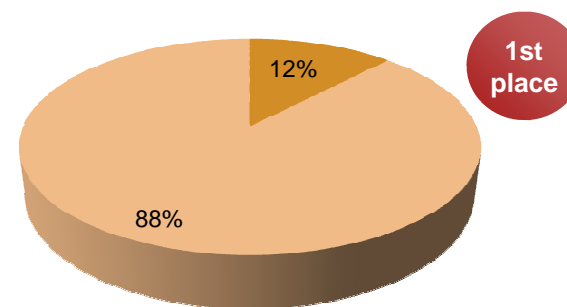
■ KGHM ■ Other companies

KGHM in the WIG surowce index *



■ KGHM ■ Other companies

KGHM in the RESPECT index *

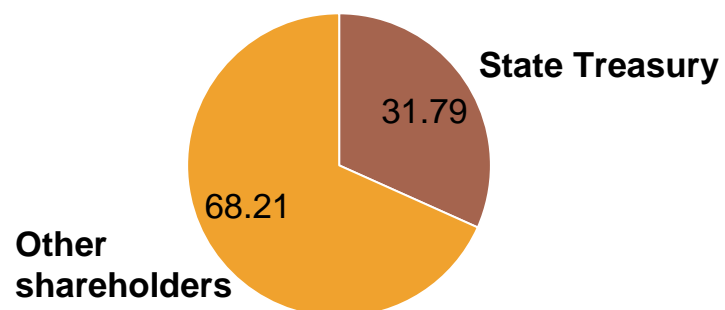


■ KGHM ■ Other companies

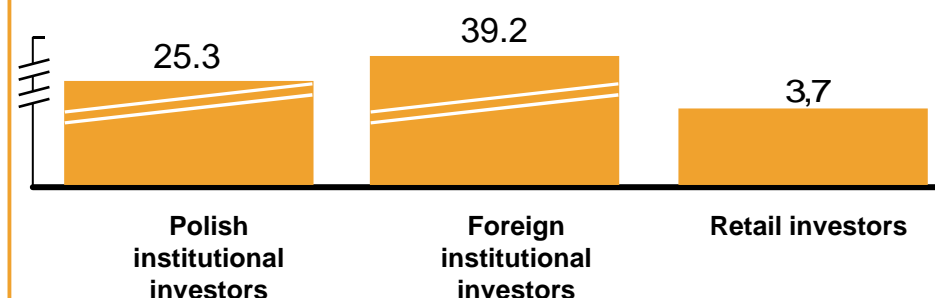
KGHM Polska Miedź S.A. on the Warsaw Stock Exchange in 2012

High capitalisation, high trading liquidity, high turnover

Shareholder structure*



Other shareholders*



Market data**

Capitalisation
30.03.2012

- USD 9.2 B
- PLN 28.6 B

Turnover
30.03.2012

- USD 61.1 M
- PLN 190.61 M

Issued shares:
200 million

Symbol: KGH

Analysts

20 analysts cover the shares of KGHM

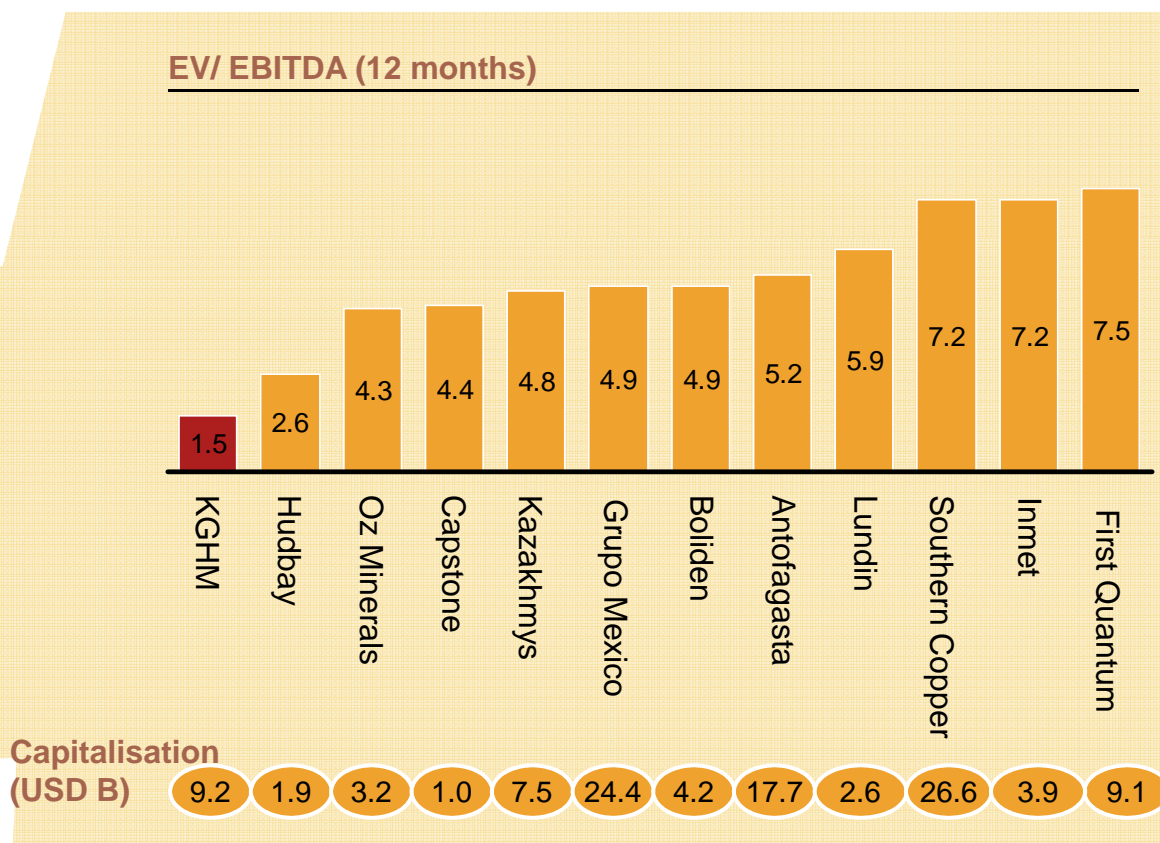
Highest evaluation in 2011	248 PLN/share (Merrill Lynch)
Average share price in 2011	188.04 PLN/share
Share price from 12.06.2012	141 PLN/share

KGHM Polska Miedź S.A. on the Warsaw Stock Exchange in 2012

Great room for growth in the valuation of KGHM Polska Miedź S.A.

	EV/ EBITDA	
	12 M*	P/E 12 M*
Largest Producers		
Anglo American PLC	4.6	7.2
BHP Billiton	6.8	10.9
Freeport McMoran	3.6	7.6
Industrias Penoles	7.5	19.1
Norilsk Nickel	5.8	7.9
Rio Tinto PLC	4.1	16.0
Teck	4.4	8.5
Vedanta Resources	6.1	13.5
Xstrata PLC	4.8	7.8
Zijin	13.7	9.1
Peer Group		
Antofagasta PLC	5.2	15.0
Boliden	4.9	8.1
Capstone	4.4	13.7
First Quantum Minerals Ltd	7.5	16.7
Grupo Mexico	4.9	9.5
Hudbay	2.6	19.9
Inmet Mining Corp	7.2	16.5
Kazakhmys	4.8	5.5
Lundin Mining Corp	5.9	10.9
Oz Minerals	4.3	12.1
Southern Copper Corp	7.2	10.9
KGHM	1.5	2.5
Median (highlighted peer group)	4.9	12.0
KGHM discount to peers	69%	79%

- The valuation of precious metals producers is relatively 2-3 times higher on average than the valuation of copper companies (market data).
- KGHM the No. 1 producer of silver in the world in 2011.



KGHM Polska Miedź S.A. on the Warsaw Stock Exchange in 2012

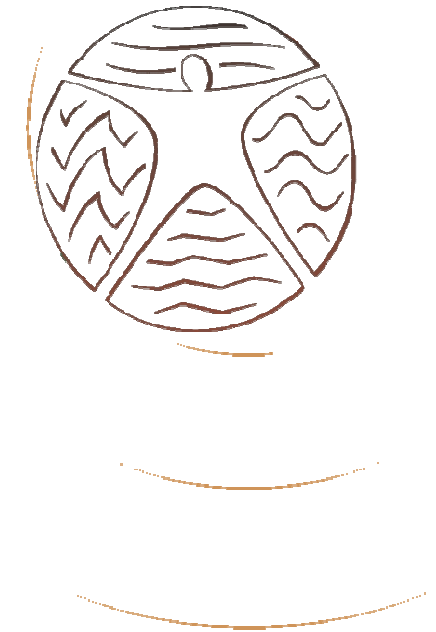
Awards and distinctions – the highest standards of communicating with the market

- **Best Annual Report** in the competition The Best Annual Report (2005, 2006, 2007, 2008, 2009 and 2010).
- **Bull and Bear Statuette** – awarded by the market daily Gazeta Giełdy „Parkiet” in the category best investment in a WIG20 company (2005, 2010 and 2011).
- **KGHM a Pearl of the Polish Economy** - awarded for consistent realisation of corporate policy and strategy and for the company's position as a leader amongst the most dynamic and effective companies in Poland (2006, 2007 and 2011).
- **A Responsible Company in the RESPECT Index** – for high standards of corporate management (2009, 2010 and 2011).
- **The Golden Website** – distinguished for its corporate website (2008)
- **Listed Company of the Year** - KGHM distinguished by investors (2011).
- **Leader of the ranking Golden Share TSR** – for highest shareholder value in 2011 (2011).
- **Index of Success** – a special distinction for most effective company in Central-Eastern Europe (2011).



Agenda

- 15 years on the WSE – 15 years of growth by KGHM Polska Miedź S.A.
- **KGHM Polska Miedź S.A. - a global player on the non-ferrous metals market**



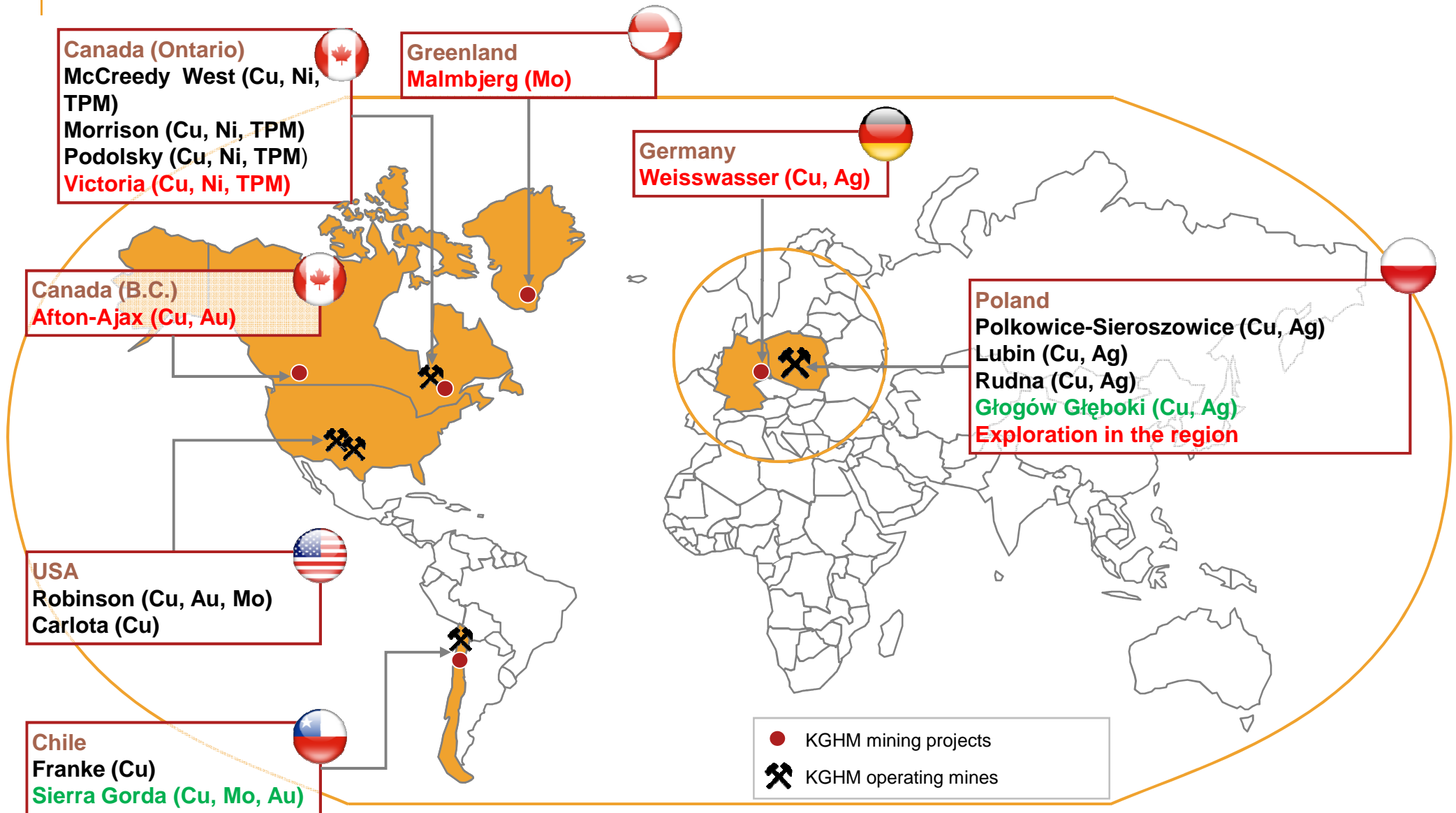
KGHM Polska Miedź S.A. - today

- **Over 50 years of experience in the copper and silver ore mining and processing sector.**
- **4th-largest copper resource base in the world, including:**
 - **in Poland: one of the world's largest deposits, with production possible for another 40 years;**
 - **in Chile: the world-class mining project Sierra Gorda.**
- **Continuous growth of the metals product portfolio: Cu, Ag, Au, Ni, Mo, Pb, PMT, Re.**
- **A clearly defined and successfully implemented strategy for development and growth in value.**
- **Active in M&A in the metals mining sector.**
- **Highest-earning Polish company, one of the Top 5 Polish companies in terms of revenues.**
- **A leader amongst Polish companies in corporate social responsibility (CSR).**



KGHM Polska Miedź S.A. - today

A portfolio of mining assets located in safe jurisdictions



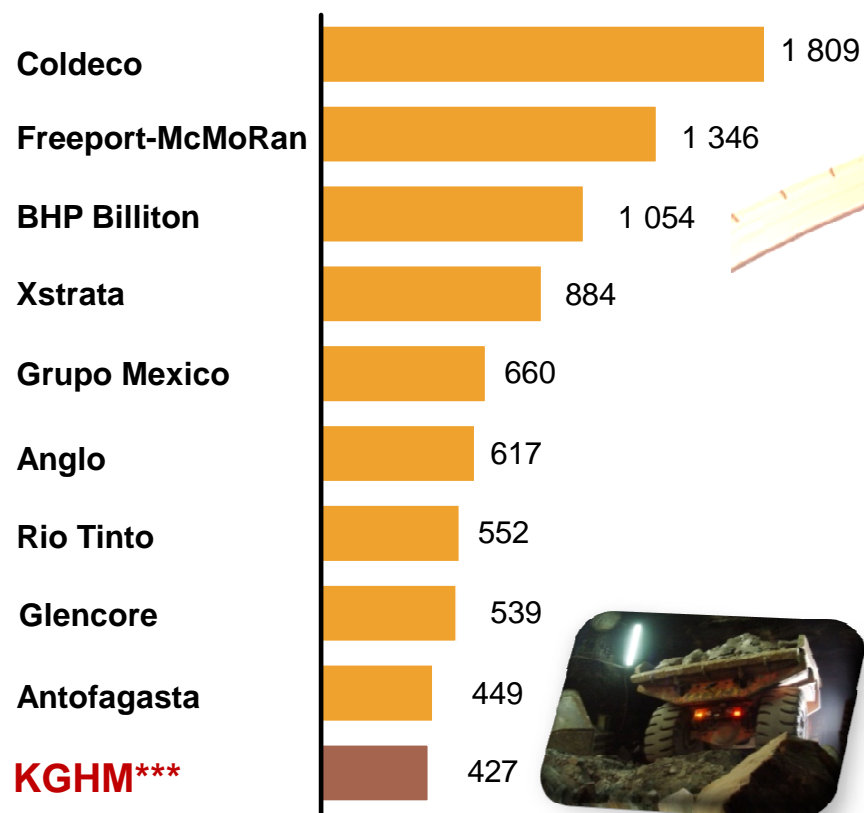
COLOUR SCHEME:

RED – EXPLORATION STAGE GREEN – DEVELOPMENT STAGE BLACK – PRODUCTION STAGE

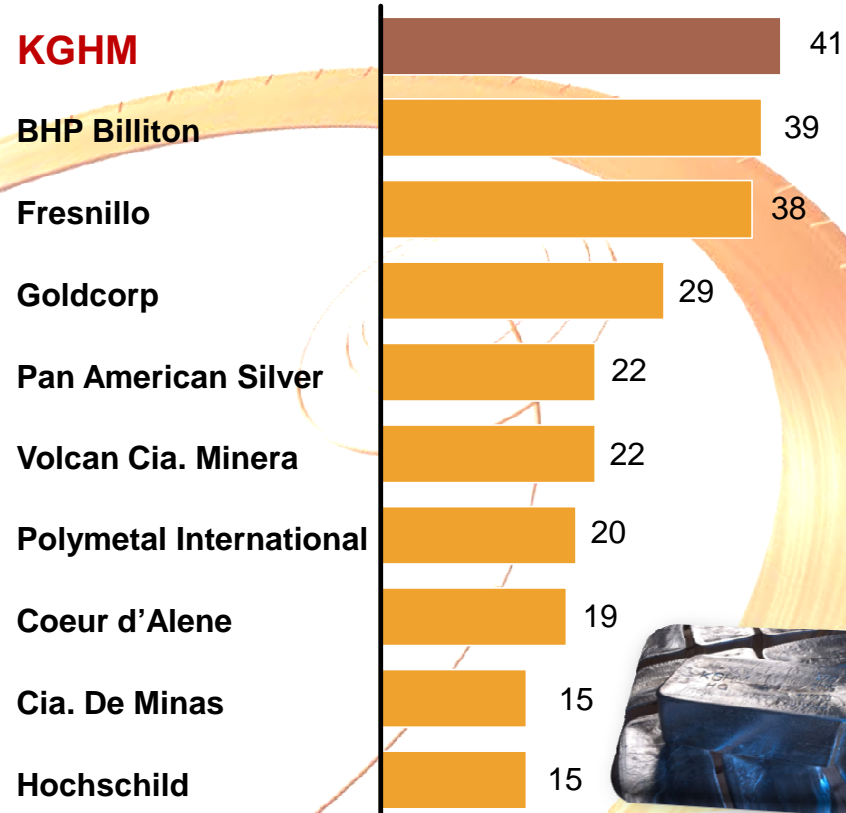
KGHM Polska Miedź S.A. - today

The Company's results place it amongst the world's top producers of copper and silver.

10th-largest mined copper producer in 2011*
(‘000 metric tonnes)



Largest silver producer in 2011**
(million troz)



Strategy of KGHM Polska Miedź S.A. (approved on 23 February 2009)

Become one of the world's
major copper producers with annual production
of around 700 thousand tonnes

1

Performance
improvement

2

Resource
base growth

3

Diversification
of revenue
sources

4

Regional
support

5

Develop capabilities and organisational efficiency

KGHM Polska Miedź S.A. – implementation of strategy (major actions)



**Control costs
Improve efficiencies**

- Modernise production from the Polish resource base
- Stabilise production (mining and smelting) for the next 25-30 years – including through the Głogów Głęboki project
- Implement innovative technologies



**Sell assets
not directly related
to the core business**

- Sale of telecom assets:
 - Polkomtel SA (2011)
 - Dialog SA (2011)



**M&A in the mining
sector**

- Acquisition of mining and exploration projects/assets:
 - Afton Ajax project (B.C. – Canada)
 - Quadra FNX (Canada, USA, Chile, Greenland)



Exploration in Poland

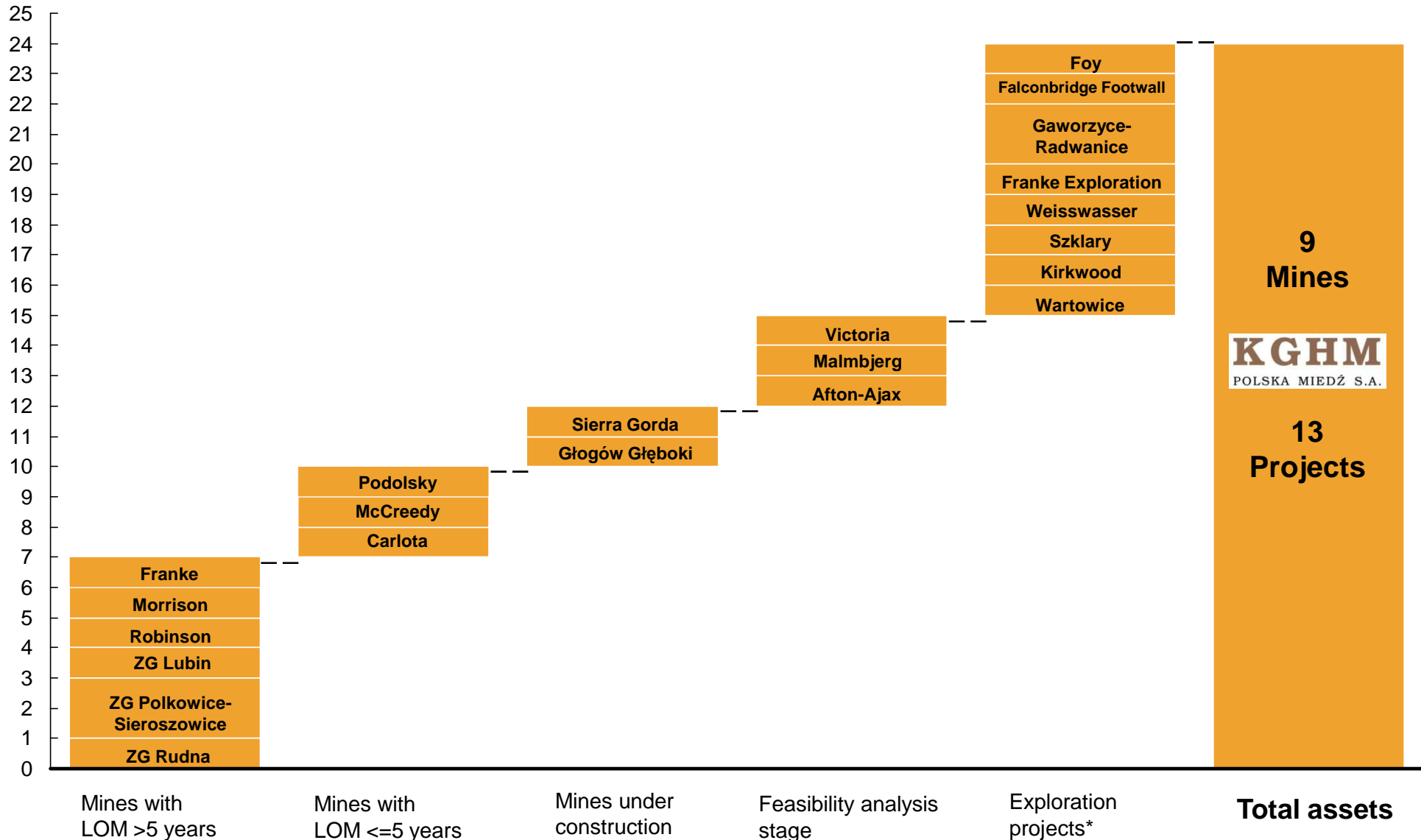
- Exploration projects (being realised):
 - Gaworzyce – Radwanice
 - Wartowice
 - Weisswasser
 - Szklary



**Diversification into the
power sector**

- Becoming a shareholder of the Tauron Group
- Projects involving power generation (directly and through the KGHM TFI investment fund)

KGHM Polska Miedź S.A. – a diversified portfolio of mining assets at various stages of development



KGHM – an increasingly diversified metals portfolio

Current production potential of the KGHM Group (based on 2011 data)

KGHM Group

Industrial metals

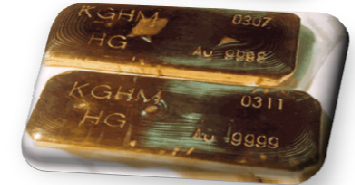
Copper	510 thousand tonnes
Nickel	5 thousand tonnes
Lead	25 thousand tonnes
Molybdenum	-

Precious metals

Silver	41 million troz
Gold	65 thousand troz
Platinum, palladium	64.5 thousand troz
Rhenium	5 tonnes

Other metals



Technical selenium	85 tonnes
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Once production begins at new projects - Sierra Gorda w Chile, Afton Ajax w B.C., Victoria - a substantial increase in production of Cu, Mo, Ni, TPM

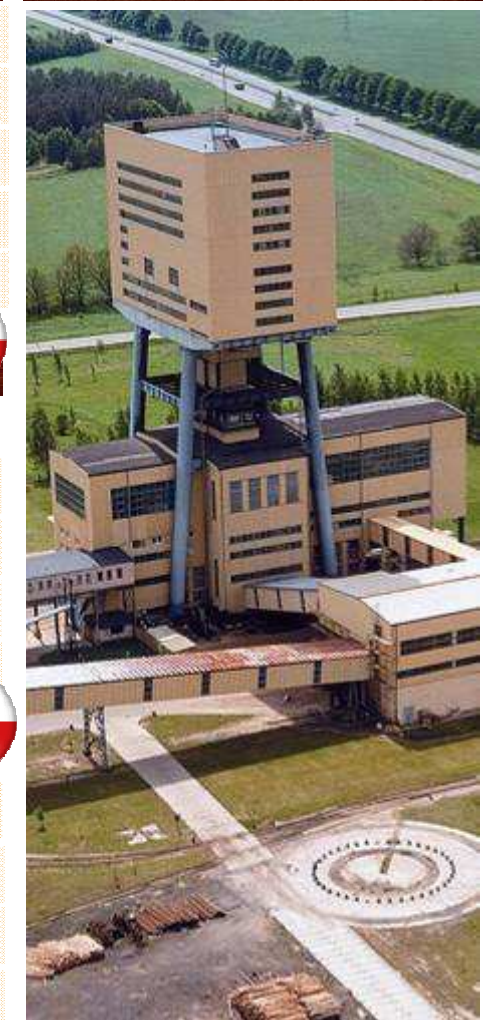
KGHM Polska Miedź S.A. – underground mines in Poland

in thousand tonnes payable copper, 2011

 Cu + Equivalent
 Cu



29 SHAFTS



LUBIN



93
58

Resources	278.0 Mt
Production*	7.3 Mt ore/ 15.9 Blbs
Extraction	26 700 t daily throuput
Depth	610-850 meters
Grade	1.0% Cu; 51.9 g/t Ag



POLKOWICE - SIERSZOWICE



151
122

Resources	307.8 Mt
Production *	10.7 Mt ore/ 23.6 Blbs
Extraction	39 500 t daily throuput
Depth	800-1,000 meters
Grade	1.82% Cu; 35.2 g/t Ag



RUDNA



304
230

Resources	307.0 Mt
Production*	11.7 Mt ore/ 25.8 Blbs
Extraction	43 300 t daily throuput
Depth	950-1,250 meters
Grade	1.83% Cu; 51.3 g/t Ag

KGHM
POLSKA MIEDŹ S.A.

*data for 2011
 Prices used to calculate Cu equivalent: 4.00 USD/lb Cu, 11.68 USD/lb Ni, 1,572USD/oz Au, 1732 USD/oz Pt, 704 USD/oz Pd, 28.6 USD/troz Ag

KGHM Polska Miedź S.A. – smelter assets in Poland

**Total refined
copper
production
571 thousand
tonnes
(2011)**

GŁOGÓW



Refined copper	468 thousand tonnes
Metallic silver	1 260 tonnes
Metallic gold	704 kg

LEGNICA



Refined copper	103 thousand tonnes
Round billets	20 thousand tonnes

CEDYNIA





Wire rod, OFE/Cu Ag rod	243 thousand tonnes
----------------------------	---------------------



KGHM International – producing mining assets

in thousand tonnes payable copper, 2011

 Cu + Equivalent
 Cu

Underground mines

Morrison 



17  28 Pt Pd Au Ni Cu

McCreedy West 




2  8 Pt Pd Au Ni Cu


Podolsky* 





11  16 Pt Pd Au Ni Cu

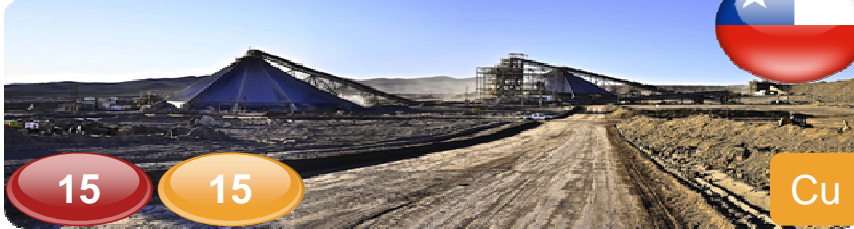
Open pit mines


Robinson 




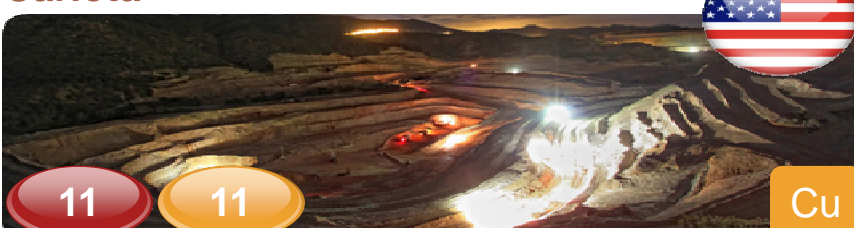
43  47 Mo Au Cu


Franke 



15  15 Cu

Carlota* 



11  11 Cu

*Quadra FNX 's Board decided to halt production in Podolsky, close Carlota

Source: KGHM Polska Miedz S.A., Quadra FNX (for Quadra FNX: data on metal sales)

Prices used in Cu equivalent calculation : 4.00 USD/lb Cu, 11.68 USD/lb Ni, 1 572USD/oz Au, 1732 USD/oz Pt, 704 USD/oz Pd

KGHM – studies advanced on construction of additional 2 mines



SIERRA GORDA - CHILE

Cu

Au

Mo



Resources	~1 274.8 Mt @ 0.39% Cu, 0.024% Mo
Ownership	55% KGHM International, 45% Sumitomo
Production	226.8 kt/ 500 Mlbs Cu, 11.3 kt / 25 Mlbs Mo
Mine type	Open pit
Status	On time and budget. Project fully financed. Production to start in 2014.



DEEP GŁOGÓW – POLAND (LGOM)

Cu

Ag



Resources	~292 Mt @ 2.4% Cu, 78.7 g/t Ag
Ownership	100% KGHM
Production	Production in the years 2013-2042 Average target (2023-2035) 9.7 Mt/year
Mine type	Underground (1100 – 1400 m)
Status	Preparatory work to sinking the GG-1 ventilation shaft; work on drifts to connect from existing mine infrastructure of the Rudna mine.

KGHM's portfolio also includes 3 resource projects (pre-construction stage)



AFTON-AJAX - CANADA

Cu Au



Resources	~ 512 Mt @ 0.31% Cu, 0.19 g/t Au
Ownership	80% KGHM, 20% Abacus Mining
Production	50 kt Cu/ 100 k troz Au
Mine type	Open pit
Status	Bankable Feasibility Study completed. Preparations to start construction. Planned start date for production of Cu-Au concentrate: by 2015.



VICTORIA - CANADA

Ni Cu Au Pt



Resources	~14,5 Mt @ 2.5% Cu, 2.5% Ni, 7.6g/t TPM**
Ownership	100% KGHM International*
Production	n/a
Mine type	Underground
Status	Further exploratory work. Negotiations with Vale. Pre-construction analyses



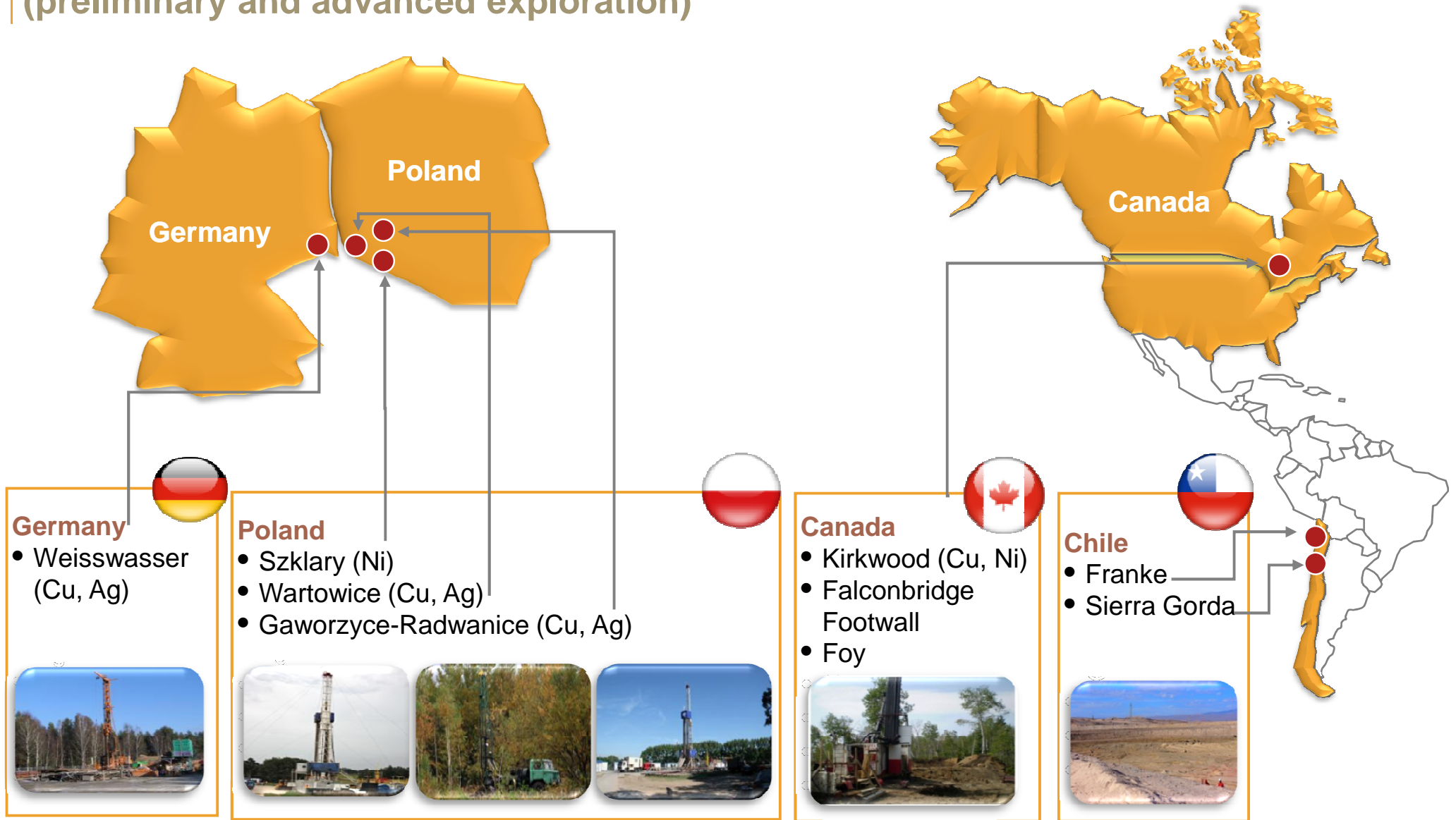
MALMBJERG - GREENLAND

Mo



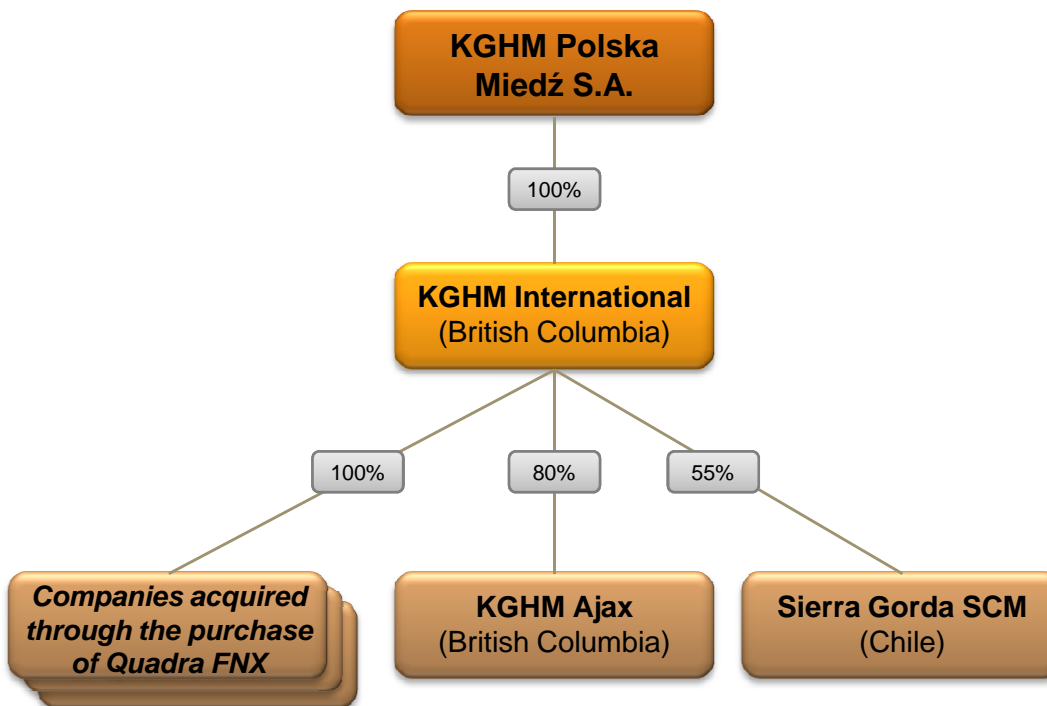
Resources	216.9 Mt @ 0.198% Mo
Ownership	98.2% KGHM International
Production	n/a
Mine type	Open pit
Status	Feasibility Study being prepared. Mining from 2020.

KGHM – further development and growth depends on exploration projects (preliminary and advanced exploration)*



KGHM – integration of assets and Group activities – major tasks to perform

Target model for the functioning of KGHM's foreign resource assets



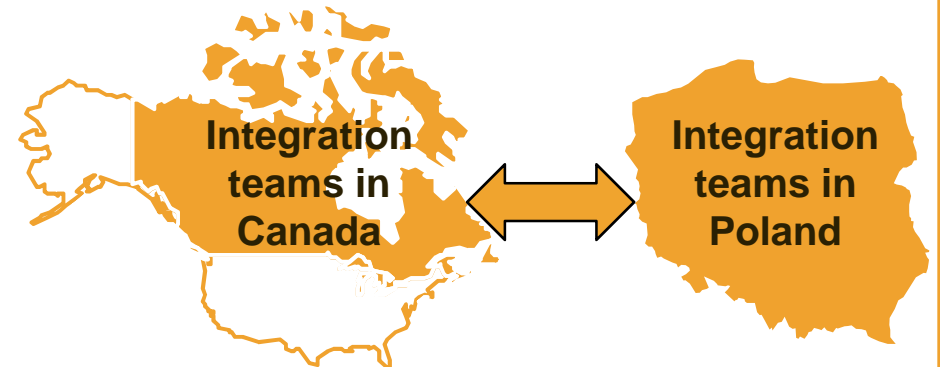
Integration process for KGHM International

18 KGHM teams, including:

- Finance
- Governance
- Production
- Communications
- Procurement
- IT



Tight cooperation

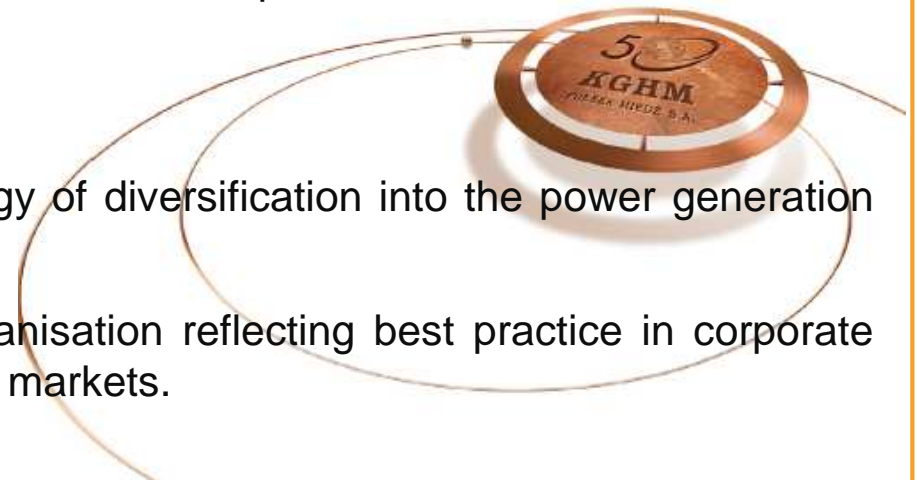


Building the future

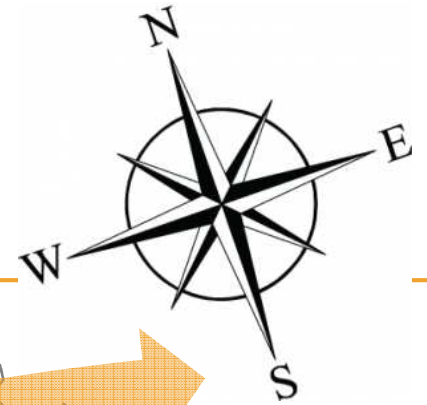
Strategic goal: KGHM Polska Miedź S.A. – a major copper producer with annual production of 700 thousand tonnes in 2018

Continuation of strategy for development and growth:

- Realisation of projects stabilising production, improving operational and cost efficiency of producing assets in Poland: Deep Głogów Project; modernisation of the Głogów I smelter, expansion of the Żelazny Most tailings facility, implementation of innovative mining technology.
- Integration of acquired assets and mining operations within the KGHM Group.
- Realisation of production development projects in accordance with planned timelines: Sierra Gorda, Afton-Ajax, Victoria.
- Continued exploration in all localities.
- Realisation of projects in accordance with the strategy of diversification into the power generation sector.
- Perfection of procedures for managing a global organisation reflecting best practice in corporate governance, CSR and communication with the capital markets.



Polish Copper has sailed into wide waters



KGHM Polska Miedź S.A.: a solid investment in the future...



