

Proposed resolutions for the Extraordinary General Shareholders Meeting

2007-09-17

The Management Board of KGHM Polska Miedź S.A. hereby provides the proposed resolutions to be passed at the Extraordinary General Shareholders' Meeting on 18 October 2007:

Proposal /1/ to point 2 of the agenda

Resolution Nr/2007

of the Extraordinary General Shareholders' Meeting of KGHM Polska Miedź S.A.

with its registered head office in Lubin dated 18 October 2007

regarding: election of the Chairman of the General Shareholders' Meeting.

On the basis of art. 409 § 1 of the Commercial Partnerships and Companies Code, § 28 section 1 of the Statutes of KGHM Polska Miedź S.A. and § 5 section 3 of the Regulations of the General Shareholders' Meeting of KGHM Polska Miedź S.A., the following is resolved:

I. is hereby elected as Chairman of the General Shareholders' Meeting.

II. This resolution comes into force on the date it is taken.

JUSTIFICATION

In compliance with art. 409 § 1 of the Commercial Partnerships and Companies Code, § 28 section 1 of the Statutes of the Company and § 5 section 3 of the Regulations of the General Shareholders' Meeting of KGHM Polska Miedź S.A. with its registered head office in Lubin, a Chairman shall be elected following the opening of the General Shareholders' Meeting, who shall then preside over the meeting.

Proposal /2/ to point 4 of the agenda

Resolution Nr/2007

of the Extraordinary General Shareholders' Meeting of KGHM Polska Miedź S.A.

with its registered head office in Lubin dated 18 October 2007

regarding: acceptance of the agenda of the General Shareholders' Meeting.

The General Shareholders' Meeting resolves the following:

I. The agenda is hereby accepted, as set down and announced by the Management Board of KGHM Polska Miedź S.A. in the announcement on the convening of an Extraordinary General Shareholders' Meeting, as placed in the official government publication Monitor Sądowy i Gospodarczy dated ...2007, Nr .../2007, item....

II. This resolution comes into force on the date it is taken.

JUSTIFICATION

In compliance with art. 402 in connection with art. 399 § 1 of the Commercial Partnerships and Companies Code, the agenda is set down by the Management Board. However, the agenda may be modified at the request of a shareholder. The submission of a resolution respecting the agenda of the Extraordinary General Shareholders' Meeting is therefore related to the rights of shareholders to submit requests as to the modification of the agenda of the General Shareholders' Meeting as set by the Management Board of the Company.

Proposal /3 / to point 5 of the agenda

Resolution Nr /2007

of the Extraordinary General Shareholders' Meeting of KGHM Polska Miedź S.A.

with its registered head office in Lubin dated 18 October 2007

regarding: recall from the Supervisory Board.

On the basis of art. 385 § 1 of the Commercial Partnerships and Companies Code and § 16 sec. 2 of the Statutes of KGHM Polska Miedź S.A., the following is resolved:

I. is hereby recalled from the Supervisory Board of KGHM Polska Miedź S.A. *

II. This resolution comes into force on the date it is taken.

* Based on § 13 sec.1 and sec. 6 of the Regulations of the General Shareholders' Meeting of KGHM Polska Miedź S.A., voting in the matter of a recall from a body of the Company shall be carried out individually for each person, in alphabetical order.

JUSTIFICATION

The State Treasury, a shareholder, represented by the Minister of the State Treasury, acting pursuant to art. 400 § 1 of the Commercial Partnerships and Companies Code and as a shareholder holding more than 1/10 of the share capital of the Company, proposed a motion to call an Extraordinary General Shareholders Meeting and to include in the agenda the point "Changes in the composition of the Supervisory Board".

Pursuant to the resolution of the General Shareholders' Meeting of KGHM Polska Miedź S.A. in force, the composition of the Supervisory Board has been set for 9 Members. At present the Supervisory Board consists of 8 persons. In accordance with art. 386 § 2 and art. 370 § 1 of the Commercial Partnerships and Companies Code, a member of the Supervisory Board may be recalled at any time.

Proposal /4/ to point 5 of the agenda

Resolution Nr/2007

of the Extraordinary General Shareholders' Meeting of KGHM Polska Miedź S.A.

with its registered head office in Lubin dated 18 October 2007

regarding: appointment to the Supervisory Board

On the basis of art. 385 § 1 of the Commercial Partnerships and Companies Code and § 16 sec. 2 of the Statutes of KGHM Polska Miedź S.A., the following is resolved:

I. is hereby appointed to the Supervisory Board of KGHM Polska Miedź S.A.*

II. This resolution comes into force on the date it is taken.

* Based on § 13 sec.1 of the Regulations of the General Shareholders Meeting of KGHM Polska Miedź S.A., voting in the matter of election (appointment) to a body of the Company shall be carried out individually for each person, in alphabetical order.

JUSTIFICATION

The State Treasury, a shareholder, represented by the Minister of the State Treasury, acting pursuant to art. 400 § 1 of the Commercial Partnerships and Companies Code and as a shareholder holding more than 1/10 of the share capital of the Company, proposed a motion to call an Extraordinary General Shareholders Meeting and to include in the agenda the point "Changes in the composition of the Supervisory Board", justifying its request by the need to fill out the Supervisory Board.

Pursuant to the resolution of the General Shareholders Meeting of KGHM Polska Miedź S.A., in force the composition of the Supervisory Board has been set for 9 Members. At present, due to the resignation of Adam Glapiński, the Supervisory Board consists of 8 persons.

Proposal /5/ to point 6 of the agenda

Resolution Nr/2007

of the Extraordinary General Shareholders' Meeting of KGHM Polska Miedź S.A.

with its registered head office in Lubin dated 18 October 2007

regarding: annulment of Resolution nr 31/2005 dated 15 June 2005 regarding settlement of the effects of a hyperinflationary revaluation of share capital to be presented in the Consolidated Financial Statements of the

KGHM Polska Miedź S.A. Group, prepared in accordance with International Financial Reporting Standards and International Accounting Standards (IFRS/IAS)

Acting under art. 398 of the Commercial Partnerships and Companies Code and under § 23 sec. 1 and 2 of the Statutes of KGHM Polska Miedź S.A., in consideration of the request of the Management Board, which was positively reviewed by the Supervisory Board of KGHM Polska Miedź S.A., the General Shareholders' Meeting resolves the following:

I. In relation to Resolution nr 26/2006 of the General Shareholders' Meeting of KGHM Polska Miedź S.A. dated 14 June 2006 regarding keeping of the accounts and drawing up of the financial statements of the Company in accordance with accounting principles set forth in International Accounting Standards and International Financial Reporting Standards (IAS), which came into force on 1 January 2007, the General Shareholders' Meeting hereby annuls Resolution nr 31/2005 of the General Shareholders' Meeting dated 15 June 2005 regarding settlement of the effects of a hyperinflationary revaluation of share capital to be presented in the Consolidated Financial Statements of the KGHM Polska Miedź S.A. Group, prepared in accordance with International Financial Reporting Standards and International Accounting Standards (IFRS/IAS).

II. This resolution comes into force on the date it is taken.

JUSTIFICATION

Beginning on 1 January 2005 KGHM Polska Miedź S.A. as an issuer of securities has been obligated to present its consolidated financial statements in accordance with International Financial Reporting Standards. The effect of implementation of IFRS on the presentation of the above financial statements was to also apply IAS 29 „Financial Reporting in Hyperinflationary Economies”, based on which there was a revaluation of share capital in the consolidated financial statements. The accounts of the Company and the separate financial statements were prepared during this period in accordance with Polish Accounting Standards.

As a result of the different accounting policies applied for each of these financial statements, there arose a discrepancy in the measurement of the share capital, which led to the following:

3) a discrepancy between the amount of share capital in the separate and consolidated financial statements, and consequently failure to follow the principle that the share capital presented in the consolidated financial statements is the share capital of the Parent Entity from the separate financial statements, and

4) a discrepancy between the share capital and the initial capital, as set forth in the Statutes of KGHM Polska Miedź S.A. as a Parent Entity and in the corporate register KRS.

In order to harmonise the principles of measurement of share capital in the separate statements of the Parent Entity and the consolidated statements, and of settlement of the effects of revaluation with retained earnings from prior years, which was reduced by these effects, the Management Board of the Company, supported by legal opinion and by the recommendation of the auditor at that time, submitted a proposal to the Ordinary General Shareholders Meeting on decreasing the share capital by the amount of the revaluation, i.e. by the amount of PLN 5 413 573 130.12. Consequently, the Ordinary General Shareholders Meeting of KGHM Polska Miedź S.A. on 15 June 2005 passed Resolution nr 31/2005 regarding settlement of the effects of a hyperinflationary revaluation of share capital to be presented in the Consolidated Financial Statements of the KGHM Polska Miedź S.A. Group, prepared in accordance with International Financial Reporting Standards and International Accounting Standards (IFRS/IAS).

This resolution – with respect to Resolution nr 26/2006 dated 14 June 2006 regarding keeping of the accounts and drawing up of the financial statements of the Company in accordance with accounting principles set forth in International Accounting Standards and International Financial Reporting Standards (IAS) – as of 1 January 2007 has become irrelevant, as both financial statements apply the same measurement principles, from which also arises harmony in the measurement of equity.

Proposal /6/ to point 6 of the agenda

Resolution Nr/2007

of the Extraordinary General Shareholders' Meeting of KGHM Polska Miedź S.A.

with its registered head office in Lubin dated 18 October 2007

regarding: decrease of the share capital of the Company presented in the separate financial statements of the Company and the transfer of funds accumulated in share capital to supplementary capital.

Acting under art. 398 of the Commercial Partnerships and Companies Code and under § 23 sec. 1 and 2 of the Statutes of KGHM Polska Miedź S.A., in consideration of the request of the Management Board, which was positively reviewed by the Supervisory Board of KGHM Polska Miedź S.A., the General Shareholders' Meeting resolves the following:

I. The General Shareholders Meeting of KGHM Polska Miedz S.A. hereby reduces the share capital of the Company – presented in the separate financial statements respectively on the date of application of

International Financial Reporting Standards and on the date of preparation of the first interim financial statements under IFRS, i.e. on 30 June 2007, in the amount of PLN 7 413 573 130.12, and after hyperinflationary revaluation in the amount of PLN 5 413 573 130.12. Following this reduction the share capital remains in the amount of PLN 2 000 000 000.

II. The General Shareholders Meeting resolves to transfer the amount of PLN 5 413 573 130.12, being the amount by which the share capital of the Company was reduced, in accordance with § 1 of this Resolution, to the supplementary capital of the Company.

III. This resolution comes into force on the date it is taken.

JUSTIFICATION

From 1 January 2007 KGHM Polska Miedź S.A. has implemented International Financial Reporting Standards (IAS/IFRS) in the accounts and financial statements of the Company. The basis for application of IAS/IFRS was a decision of the General Shareholders Meeting of the Company - Resolution nr 26/2006 dated 14 June 2006 regarding keeping of the accounts and drawing up of the financial statements of the Company in accordance with accounting principles set forth in International Accounting Standards and International Financial Reporting Standards (IAS).

In accordance with IAS 29 „Financial Reporting in Hyperinflationary Economies” on the date of application of IAS/IFRS, the Company revalued its share capital to hyperinflationary conditions and as a result of this operation its amount increased to PLN 7 413 573 130.12, i.e. by PLN 5 413 573 130.12, which simultaneously decreased retained earnings from prior years. The share capital after revaluation only represents the carrying amount presented in the financial statements of the Company.

As the amount of share capital set forth in the Statutes of the Company and registered in the corporate register KRS amounts to PLN 2 000 000 000, due to the above revaluation there arose a difference between the carrying amount of the share capital and that of the initial capital, arising from the Statutes of the Company and the corporate register KRS. This difference is due to the lack of correlation between the provisions of the Commercial Partnerships and Companies Code and the principles of IAS/IFRS.

The decision of the General Shareholders Meeting of KGHM Polska Miedź S.A. to decrease the initial capital by PLN 5 413 573 130.12, i.e. by the amount of the effect of hyperinflationary revaluation and to increase supplementary capital by this amount, is aimed at harmonising share capital in the financial statements of the Company with the amount of initial capital set forth in the Statutes of the Company and in the corporate register KRS.

Legal basis: §39, sec. 1 point 3 of the Decree of the Minister of Finance dated October 19, 2005, regarding current and periodic information disclosed by the issuers of securities (Journal of Laws from 2005 Nr 209, item 1744).

(Translation from the original Polish version. In the event of differences resulting from the translation, reference should be made to the official Polish version.)