

**Report from the work of the Auditing Committee
of the Supervisory Board of KGHM Polska Miedź S.A. for 2008**

(approved by the Supervisory Board of KGHM Polska Miedź S.A. on 8 May 2009)

During the period 01 January 2008 – 27 March 2008 the 6th term Auditing Committee of the Supervisory Board of KGHM PM S.A. functioned in the following composition:

<i>First name, surname</i>	<i>period of work on the Auditing Committee in 2008</i>
Marcin Ślęzak*	01.01.2008 – 13.02.2008
Leszek Hajdacki	01.01.2008 – 27.03.2008
Anna Mańk	01.01.2008 – 14.02.2008
Leszek Jakubów*	01.01.2008 – 14.02.2008

* independent members

In February 2008 the Extraordinary General Meeting of the Company carried out changes in the composition of the Supervisory Board of KGHM Polska Miedź S.A., and on 27 March 2008 the Supervisory Board appointed the Auditing Committee in the following composition:

<i>First name, surname</i>	<i>period of work on the Auditing Committee in 2008</i>
Marcin Dyl*	27.03.2008 – 26.06.2008
Marek Panfil*	27.03.2008 – 26.06.2008
Marzenna Weresa* - Chairwoman	27.03.2008 – 26.06.2008

* independent members

The Auditing Committee prepared the following proposals for the meeting of the Supervisory Board on 16 May 2008:

1. The report of the Supervisory Board of KGHM Polska Miedź S.A. on the results of its evaluation of the Report of the Management Board on the Company's Activities in financial year 2007, the separate financial statements of the Company for financial year 2007, and the proposal of the Management Board on the appropriation of Company profit for financial year 2007.
2. The report of the Supervisory Board of KGHM Polska Miedź S.A. on the results of its evaluation of the Report of the Management Board on the Activities of the Group in 2007, and the consolidated financial statements of the Group for financial year 2007.

On 26 June 2008 the Ordinary General Meeting re-appointed the existing composition of the Supervisory Board.

The composition of the Auditing Committee of the 7th term Supervisory Board of KGHM Polska Miedź S.A., during the period from 26 June 2008 to 31 December 2008, was as follows:

<i>First name, surname</i>	<i>period of work on the Auditing Committee in 2008</i>
Marcin Dyl*	26.06.2008 – 31.12.2008
Marek Panfil* - Chairman	26.06.2008 – 31.12.2008
Marzenna Weresa*	26.06.2008 – 31.12.2008

* independent members

On **30 September 2008** the Auditing Committee, at its meeting in Warsaw:

1. Approved the Regulations of the Auditing Committee and voted to approve its recommendation to the Supervisory Board of KGHM at its next meeting.
2. Reviewed the following documents:
 - a. The market risk management policy of KGHM (from October 2007)
 - b. The Regulations of the Market Risk Committee of KGHM (from June 2008)
 - c. The credit risk management policy of KGHM (from May 2008)
 - d. The Regulations of the Credit Risk Committee of KGHM (from May 2008)
 - e. The letter from the auditor Ernst & Young Audit Sp. z o.o. to the Management Board and Supervisory Board following its audit of the separate and consolidated financial statements of KGHM for 2007 (from 04 August 2008)
 - f. The accounting policy of KGHM and of the KGHM Group under IFRS in force from 01 January 2008 (as annex no. 1 to Management Board Resolution No. 134/VI/2008 dated 1 April 2008.
 - g. The book of internal auditing procedures (from 17 October 2006)
 - h. The Internal Auditing Code of Ethics of KGHM (from 28 September 2006)
 - i. The Report on realisation of the auditing plan for 2007 of KGHM – from June 2008.

The Auditing Committee passed a resolution in which it requested the Management Board of KGHM (in a letter dated 22 October 2008) to describe, by 31 October 2008, the degree of implementation of the post-audit recommendations arising from the internal audit (the Report on realisation of the auditing plan for 2007 of KGHM – from June 2008) and the external audit (The letter from the auditor Ernst & Young Audit Sp. z o.o. to the Management Board and Supervisory Board of KGHM following its audit of the separate and consolidated financial statements of KGHM for 2007 – letter dated 04.08.2008).

The Management Board handed to the Chairman of the Auditing Committee a written response dated 30 October 2008. ***The Auditing Committee positively evaluated the degree of implementation of the above-mentioned post-audit recommendations in KGHM Polska Miedź S.A.***

On **9 October 2008** the Supervisory Board, at a meeting, by resolution no. 28/VII/08, approved the Regulations of the Auditing Committee of the Supervisory Board of KGHM Polska Miedź S.A. In addition, at its October meeting the Supervisory Board passed a resolution and ordered the Auditing Committee to prepare an answer to a letter of the Ministry of the State Treasury, MSP/DNWIPII/III/PZK/4579/08 dated 19 August 2008, regarding the conduct of control activities in matters raised in correspondence with Mr. Walenty Kosmatka to the Ministry of the State Treasury. The Supervisory Board also authorised the members of the Auditing Committee to carry out control or auditing

activities within the Company, to order the Management Board to have the relevant internal Company bodies conduct such activities, or to make use of an external firm towards this end.

Following analysis of the correspondence sent by Mr. W. Kosmatka during the period 2003-2008, the Auditing Committee requested the Management Board of KGHM to carry out control activities in the Company aimed at examining the justification for the charges of corruption alleged by Mr. Walenty Kosmatka.

Due to the fact that KGHM has more than once engaged in control activities in this regard, to include informing the proper investigative authorities, the Management Board of the Company decided to submit a letter to the Central Anti-Corruption Biuro in Wrocław regarding its intent to consider the filing and pursuing of charges in this matter.

The Chairman of the Auditing Committee announced this to the members of the Supervisory Board at its meeting on 14 November 2008, and proposed that a letter be sent by the Supervisory Board of KGHM Polska Miedź S.A. to Mr. Zdzisław Gawlik, the Undersecretary of State in the Ministry of the State Treasury.

The Auditing Committee, at the request of the Chairman of the Supervisory Board, took up the matter of the settlement of additional benefits related to the performance of duties by the members of the Supervisory Board in the Company. The Chairman of the Auditing Committee responded to this matter at meetings of the Supervisory Board on 14 November and 22 December 2008.

In consideration of the examinations and consultations carried out, the Chairman of the Auditing Committee declared that the settlement of additional benefits related to the performance of duties by the members of the Supervisory Board in KGHM is done in the Company in a proper manner, in accordance with prevailing law. This is also the position of the Treasury Office in Wrocław in this matter. This means that income tax is deducted on all other expenses related to the performance of duties by the members of the Supervisory Board in KGHM. Premiums for health insurance are deducted on the travel expenses of members of the Supervisory Board.