

Current Report (CR) No 19 – Conclusion of an Annex Agreement to be Appended to Material Conditional Agreement by the Issuer's Subsidiary (25.09.2014)

The Management Board of Stalprodukt Spółka Akcyjna („the Issuer”) based in Bochnia, herewith, discloses that as of this day 25 September 2014 the Company received a notification about the conclusion of an annex agreement to a material conditional agreement („Agreement”) by the Issuer's subsidiary, which was described in the Current Reports No 5, No 6, No 8, No 9 and No 16.

1. Conclusion Date and Parties to the Annex Agreement

The above mentioned Annex Agreement was concluded as of 25 September 2014 between Zakłady Górniczo-Hutnicze "Bolesław" S.A., based in Bukowno, as the Seller and Balkan Mining Group PLC, a company formed and registered in Malta as C61059, based at: ul. Melita 60/2, Valletta, VLT 1122, Malta, as the Buyer („Annex Agreement”).

2. Object of the Annex Agreement

By the above mentioned Annex Agreement, the Parties amended the contractual deadline for the fulfillment of one of the conditions precedent of the Conditional Agreement For the Sale of Shares executed through the transfer of the Selling Price to the Escrow Account, in such a way that the existing time limit – 25 September 2014 – was extended until 29 December 2014.

Additionally, the Parties amended the contractual deadline for the fulfillment of another condition precedent of the Conditional Agreement for the Sale of Shares, through moving the acquisition of the Consent of Hipotekarna Banka, from 30 September 2014 to 31 December 2014.

Hence, the Conditional Agreement for the Sale of Shares shall cease to be effective in the event the above mentioned conditions precedent are not fulfilled within the amended deadlines, i.e. in the case the following events occur:

- 1) if the transfer of the Selling Price to the Escrow Account is not made within 29 December 2014;
- 2) if the Consent of Hipotekarna Banka is not granted within 31 December 2014.

Additionally, the Parties expressed their intention to negotiate and sign, within 29 December 2014, another Annex [*cf. Amendment*] to the Agreement, pursuant to which:

1) The deadline for the fulfillment of one suspensive condition of the Conditional Agreement for the Sale of Shares, whereby the Selling Price should be transferred to the Escrow account, shall, additionally, be extended by 12 months calculated from the signing date of the following Annex Agreement [*Amendment*].

2) The deadline for the fulfillment of one suspensive condition of the Conditional Agreement for the Sale of Shares, whereby the consent of the Hipotekarna Banka should be obtained, shall, additionally, be extended by 12 months calculated from the signing date of the following Annex Agreement [*Amendment*].

3) During the 12 months calculated from the signing of the following Annex Agreement [*Amendment*], the Buyer shall invest up to USD 10 million in order certain works should be

performed at the site belonging to Gradir Montenegro d.o.o., including, in particular, full mine benching and drillings along the distance of 10 000 metres.

4) The mechanism, according to which the Buyer shall make the above mentioned investment, shall be agreed upon in detail in the following Annex Agreement [*Amendment*].

Otherwise, the provisions of the Conditional Agreement for the Sale of Shares shall remain intact.

3. Designation of the Criterion Classifying the Agreement as a Material Agreement.

The criterion classifying the Agreement as a material agreement is exceeding the 10% threshold of the Issuer's equity value.

4. Other Information

The above mentioned Annex Agreement was signed in order to enable the Parties to negotiate the detailed rules for the Buyer's investment of USD 10 million in the area belonging to Gradir Montenegro d.o.o. in the transition period of 12 months calculated from the planned signing of the following Annex Agreement [*Amendment*].

The legal basis for the preparation of the report: par.5, subpar. 1, item 3 of the Regulation of the Minister of Finance as of 19 February 2009 on current and periodic information disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state. (Journal of Laws as of 2009, No 33, item 259, as amended).