

CR No 21 - Conclusion of a material agreement for the supply of zinc and lead ore by the subsidiary ZGH "Bolesław" S.A. (confidential information disclosed on 2nd November 2020, at 9:38 a.m.)

The Management Board of Stalprodukt S.A. (the "Issuer") publishes the information received today from the subsidiary company, ZGH "Bolesław", on the conclusion of a material agreement for the supply of zinc and lead ore. Below is the content of the notification received by the Issuer

The Management Board of ZGH "Bolesław" S.A. (hereinafter: the "Company") hereby announces that it has concluded a ten-year contract with Ocean Partners UK Limited for the supply of zinc and lead ore. The contract provides for the delivery of up to 240,000 tons of ore per year. The ore will come from a new mining project that is currently entering the implementation phase. The Company will have the exclusive right to purchase the ore extracted under this project. The ore deliveries are scheduled to start at the turn of 2022/2023, by then the parties are to carry out the necessary adaptation works and regulate all formal and legal issues related to the commencement of mining and then ore processing by the Company. These activities will not generate any liabilities on the part of the Company. The purchase and then processing of the ore in question by the Company will also allow the use of the existing flotation installation included in the liquidated "Olkusz-Pomorzany" Mine.

Based on today's prices, it can be assumed that the annual value of the purchased ore will amount to approximately USD 60 million.

The purchase of the ore in the specified quantity will allow the annual production of approximately 60,000 tons of sulphide concentrates for the production of zinc on the existing installation. In the opinion of the Management Board of the Company, the conclusion of the agreement in the event of its effective implementation will ensure the supply of zinc concentrate in an amount representing over 60% of the sulphide charge, i.e. satisfying approx. 25% of the total needs of the Company (which include an increase in production capacity up to 100 thousand tonnes /year as a result of the launch of a new zinc electrolysis plant), which should largely make the Company independent from fluctuations in the market of zinc concentrates.

ZGH has the right to resign from the contract unilaterally, unless it succeeds in extending or obtaining appropriate permits for the processing of ore, and this involves the payment of contractual penalties in the amount not exceeding EUR 5 million.

In the opinion of the Management Board of ZGH "Bolesław" S.A. this agreement is of great strategic importance for the Company, especially in the context of limited possibilities of launching new, own mining projects. It should be mentioned here about the project "Laski 1", about which the Issuer informed in connection with the approval of geological information for this deposit (Current Report No. 13/2019 of 10/09/2019). Due to the commencement of the liquidation of the "Olkusz-Pomorzany" Mine on January 1, 2021 (information published in the Current Report No. 6/2020 of April 29, 2020), the Company departed from the concept of implementing the "Laski 1" mining project using the existing underground infrastructure of

this mine. Pursuant to the Geological and Mining Law, the Company has priority to obtain the mining usufruct right until 2022. The Management Board maintains its position that the final decision regarding the commencement of the investment in the Laski 1 deposit will be made after a detailed analysis of the profitability of this project.

Legal basis: Art. 17 par. 1 of the Market Abuse Regulation of the European Parliament and the (EU) Council No 596/2014 as of 16 April 2014 r. (Market Abuse Regulation MAR) repealing the Directive 2003/6/EC of the European Parliament and the Council as well as Directives of the EU Commission 2003/124/EC, 2003/125/EC and 2004/72/EC.