

Chris Eby (C.E.):

Good morning it's Chris Eby from Navigator Ltd. This is a conference call being hosted by KGHM for Sell-side analysts, investors, and media. This morning KGHM a leading global copper and silver producer has reached an agreement to acquire one hundred percent of the outstanding common shares of QUADRA FNX, a Canadian mid-tier copper producer. From KGHM we have with us Mr. Jarek Romanowski, Commercial Director and Head of MNA and Mr. Krzysztof Kubacki, from QUADRA FNX we have Paul Blythe, President and CEO. First we would like to take you through the investor presentation which is being broadcast here and can also be found at www.KGHM.pl, after the presentation we would be pleased to answer any of the questions you may have. I'll now turn it over to Mr. Romanowski.

Jarek Romanowski (J.R.):

Good morning everybody, this is Jarek Romanowski, I am Executive Director responsible for Sales, Hedging and M&A at KGHM. I am joined here today by Mr. Paul Blythe, President and CEO of QUADRA FNX. I am pleased to announce that this morning KGHM entered into arrangement agreement to acquire QUADRA FNX in all cash friendly transaction. Before I discuss the transaction in detail I would like to say a few words about KGHM. KGHM is a Polish backed leading global producer of copper and silver we are the third largest producer of silver and one of the top ten producers of copper in the world. We have over the last few years begun to execute on our ambitions to become major international players. Perhaps I may share with you a few schematics about KGHM. We expect to produce just under 1 billion pounds of Copper and 37 million -- ounces of Silver in the year 2011, generating revenue of \$6.3 billion US Dollars and net income of \$3.4 billion. We are listed on the Warsaw Stock Exchange and our current market cap stands at approximately \$8 billion. The acquisition of QUADRA FNX is after a long and careful review of potential acquisition opportunities to deliver on KGHM's strategy goals. We believe that the acquisition of QUADRA FNX by KGHM will create a major highly competitive international mid-tier producer with a diversified portfolio of producing mines and world class growth projects, significant financial resources, and complimentary operating expertise and capabilities. Under the terms of the arrangement agreement QUADRA FNX common shareholders will receive \$15 Canadian dollars per share in cash representing total cash considerations of approximately \$2.9 billion Canadian Dollars. The purchase price represents a 41% premium over the 20 day VWAP.

Moving to the next slide, the plan of arrangement has been unanimously approved by the board of QUADRA FNX completion of the transaction is subject to QUADRA FNX security holder approval and Canadian regulatory approval. Let me now say that as a part of this transaction, QUADRA FNX will settle the two terms and seven warrants for \$5.76 Canadian dollars per warrant and 2009 warrants for \$1.68 per warrant. The agreement contains customary protection provisions in favor of KGHM including non-solicitation covenants, a termination fee and a right to match any superior proposal. Following QUADRA FNX security holder approval, the transaction is expected to close by the first quarter of next year. I will now turn over to Paul to take you through an overview of QUDRA FNX.

Paul Blythe (P.B.):

Thank you Jarek, I think probably most of you are very familiar with QUADRA FNX, but for those who aren't I'll just walk through the assets that comprise our company. QUADRA FNX is a Canadian listed mid-tier copper producer with a significant project development portfolio. We have two main development projects, we have the Sierra Gorda development in Chile, and we have the Victoria project in the Sudbury Basin. In addition to that we have six operating mines two-three in Canada and two in the United States and one in Chile, two of those are being phased out but between them those mines reproduce somewhere between from 2011, we expect to produce somewhere between 215, and 260 million pounds of copper and about a hundred thousand ounces of precious metals as well as some nickel maybe ten million pounds; the potential for further increases in production in 2012. Revenues of were just under \$1 billion dollars of earning were about \$172 million dollars in 2010. We have a robust balance sheet we have somewhere of the order of a net basis somewhere of the order of \$6 million dollars on the balance sheet.

In terms of Production and resources federal resources is about 20, just over 20 billion pounds of Copper, on the pie chart you'll see that by far the greatest component of that comes from Sierra Godda as you look at that you should also recognize that our Sudbury assets Morrison and Victoria specifically are high-grade assets, and while they may not have a large quantity of pounds these are very valuable pounds in the sense that they can be produced at near zero production costs on a per pound of Copper basis because of the valuable byproduct-credits.

Moving onto Sierra Gorda as indicated this is in the second region Chile, this is a discovery that was made by QUADRA FNX back in 2006 and it has been progressively moved forward into development. Earlier this year we announced a deal with Sumitomo, where we formed a joint venture with QUADRA FNX retaining 55% of the project and Sumitomo taking 45% of the project, that that package included an element of project financing, but this is a substantial fairly typical Chilean project there is 1.3 million tons of ore with 40% of Copper with both significant Moly by-product credits, in the early going this will be the third biggest Molybdenum mine in the world. At this point we are well on with the development all of the major equipment has been ordered the mobile equipment; mining has been delivered and is being erected with a view to start a crew stripping next year. The expectation is that Sierra Gorda will be in production in 2014.

To give you some perception of where Sierra Godda fits in the hierarchy of copper projects that are out there awaiting development on a resource basis, it's the seventh biggest and it's certainly comfortably in the top 10.

The Victoria project, Victoria was a discovery that QUADRA FNX made it began in 2008 but we announced the scoping study and a 43-101 inferred resource earlier this year. It's certainly the best find in Sudbury in the last 40 years. The resource is over 12 million tons 2.3 % Copper and 2.2 % nickel along with 8.5 grams per ton of total precious metal, so a very valuable ore body. At this point we are doing the engineering around the development, around the sharps required to access the ore body as well as dealing with the major stake holders which are Vale who have a back-in right and First Nations

with whom we have a duty to consult. Our expectation is that we are looking toward to getting to a development decision next year.

The two key assets we've got are the Robinson mine, and Robinson is in Nevada, it's an open pit mine produced this year we garnered somewhere 95 and a 100 million pounds of copper and you can look on this as a hundred, plus or minus 100 million pound a year producer, had significant mention indicated reserve resources and it's a mine that we've been doing a lot of exploration work on. It is one of the key sources of cash flow for QUADRA before the merger and now with FNX and now for the combined entity. The second major source of operating income for us is the Morrison deposit, a part of the Levack process in Sudbury, this is an underground mine very high-grade. This year we are looking for somewhere between 35 and 40 million pounds of copper and 6 million pounds of nickel as well as thorough-precious metal. We see this as a long life asset as we develop the depth, we recently announced that we had agreement with XSTRATA to use their Craig shaft which allows us to more rapidly develop an access the ore in the Morrison deposit.

The other assets are relatively small in terms of contribution to operating income, but the Franke mine in Chile which is a heap leach operation the Podolsky mine in Sudbury which the reserve base we use up by the end of the 3rd quarter of 2012. The Carlota mine in Arizona which is a heap leach mine, and we've elected there to move the mine into closure, so while the operation will continue, the focus of that operation will be on closure. The McCready mine in Sudbury will have a lot of optionality to produce nickel, and we've changed our radial this year from producing copper, PGM-ores to producing nickel-ores. So those are the assets that form QUADRA FNX.

Krzysztof Kubacki (K.K.):

Thank you Paul, as you can see on the following two slides, we have highlighted the expected significant scale that this transaction will bring. As far as resources grow, the combination will increase KGHM's resources by 30% creating a top 5 copper miner by resources, so the resources will grow to well over 37 million pounds of contained Copper. As far as copper production, we will become the 8th largest copper miner with pro forma, production over 1 billion pounds based on 2010 results and we expect the production to grow by 2018, driven by work but grow products such as Sierra Gorda, and Victoria to reach 1.4 billion pounds of Copper per year. As far as our also very important rationale for this transaction, on slide 16, you can see that the combination of KGHM and QUADRA will also result in significant reduction of copper production cuts, so on a standalone basis of KGHM's cut by year 2019 would have been 20% higher than of the combined entities. I will hand it over to Jarek.

J.R.:

On the final slide I'd like to underline again the key investments highlight and stance that the transaction brings. First with QUADRA FNX, KGHM is acquiring a highly effective pipeline of world class growth projects such as Sierra Gorda, leading next generation development project in Chile, Victoria, this will start the project with exploration outside the proven mining camp. Overall the combined company will possess a diversified asset base of producing mines and growth projects across 3 continents in safe jurisdictions. Finally and we believe these transaction brings together highly complementary

operational know how and expertise between KGHM and QUADRA FNX. Most importantly with these transactions we are providing current stakeholders of QUADRA FNX an instant and significant upside on their investment with the premium in excess of 41% in current volatile environment. We are looking forward to the completion of this highly exciting transaction and towards working with QUADRA FNX management and proper expanding the operation in Canada and abroad. Thank you.

C.E.:

Thanks very much, we are going to open this up to questions now, to get into the que you need to press star 1. We will begin with Tom Myer from Scotia Capital.:

Tom Myer, Scotia Capital (T.M.):

Thank you, maybe Krzysz or Jarek, I'm curious, how extensive was the process in due diligence and looking at the QUADRA assets, were you able to visit each individual asset or was this more of a desk top study?

K.K.:

No it was a very extensive due diligence, it included 5 visits of operations of QUADRA FNX, including the development stage projects, so it was an extensive assignment.

T.M.:

Were there any discussions with the QUADRA'S partner, Sumitomo, with Sierra Gorda or Vale or Xstrata as it relates to the Sudbury assets?

P.B.:

I'll take that, no, obviously these kind of transactions had to be confidential, we advised Sumitomo last night that we expected to conclude a transaction. I haven't had a chance yet to talk to Vale, but obviously that is on the priority list to introduce them to those two key players in our business.

T.M.:

This is a question for Paul, given the optionality on the nickel restart, McCready West, and also on the uncertainty over the final terms of how Vale may or may not approach the Victoria project, how did you, the board, and the advisors, value that option potential with the nickel production?

P.B.:

We actually had, we did all the normal things that are called for in these transactions so we had a special committee that dealt independently with KGHM and also looked at value; we had two separate opinions developed on value, it never gets in these things to a single point value for any given asset. Obviously look at our own internal model in which each investment bank develops its own model, or develops or buys their own model. On top of that we look at what such people as yourselves, or they look at what such people of yourselves hold it, and pull it together from there. I think generally speaking, Victoria got

a higher discount rate than the other assets, but from the information we got it's not in the project, it's not divided up to come up with the basic model, production model for Victoria.

T.M.:

Ok, thanks, I'll pass it on.

C.E.:

The next question is from Brentt Levy from Jefferies & Co.

Brentt Levy from Jefferies & Co. (B.L.):

Actually can you talk a little bit about what your plans are for the bonds?

J.R.:

Yes, I will take this, J.R., when contemplating this transaction, we analyze thoroughly the situation of bond offers and we are ready to offer them in a proposal that will be satisfying for them, I cannot provide you with any details at the moment, but as I mentioned we are ready to settle the situation in a friendly way.

B.L.:

That's fantastic, thanks very much.

C.E.:

Next question is from Adam Schatzker from RBC Capital Markets.

Adam Schatzker from RBC Capital Markets (A.S.):

Hey everyone, just a few questions, first of all on the KGHM side do you see any synergies between the two companies, in particular with respect to smelting and refining; and were you able to quantify what those might be?

K.K.:

As far as synergies, I think both entities complement each other very well. We recognize the operational skills, especially in open pit mining and also underground mining in the Sudbury region of QUADRA FNX, and also their very impressive track record in M&A transactions. At the same time, KGHM brings 50 years of experience in underground mining, also in very difficult geological setting in Poland; and a very strong balance sheet and financial position that will create a combined entity with this other growth project.

A.S.:

Would you foresee concentrate being treated by your smelters?

J.R.:

Not really, actually we have a very specific type of ore bodies in Poland and actually this type of ore bodies which we have here are don't fit our requirements, so in terms of synergy effects on the smelting time, there is no such.

A.S.:

Ok, and one more question very quickly, picking up on a question Tom Myer asked early. With respect to some of the development projects and optionality, are you able to say perhaps what value you would have put on Victoria as a development project as part of your bid; and also the view of the ramp up at Morrison with the Craig shaft now, how did you assume the modeling of that going forward.

K.K.:

We cannot comment on that, I mean, it's confidential we have financial advisors who are working on the valuation of the whole entity, but we cannot comment on any specific asset.

J.R.:

The only thing we can say is post price per QUADRA share we present the premium over a 20 day-VWAP and also a spot price.

A.S.:

Ok, thank you, I'll let someone else get on, thank you for your time.

C.E.:

Next question is from Matt Murphy from UBS Securities.

Matt Murphy from UBS Securities (M.M.):

Hi, I was just wondering if you could comment on why the timing now, you know the press release had stated that you had taken a look at Sierra Gorda earlier and on, and just wondering brought the proposal now?

K.K.:

Well I think, you know, it is just a normal course of business, KGHM has, in year 2009 implemented new strategy, that said we would like to expand our Copper production and it's an ongoing assignment, we are looking at opportunities to actually deliver that strategy and it's just, you know, as a result of that we have come to an agreement with QUADRA FNX that we have announced today.

J.R.:

What's more we have our positive experience in British Columbia that affirms our belief in the Canadian market place.

M.M.:

And I'm just wondering, you mentioned QUADRA's track record in M&A, I'm just wondering if you see yourselves as a further consolidator of any sort of mid-cap Copper industry?

J.R.:

Now we obviously can't comment on any future steps, I mean KGHM has its strategy, we see a substantial growth platform in the combined entity, but for future steps, we will announce anything, when it needs to be announced.

M.M.:

OK, thanks.

C.E.:

Next Question is from Greg Barnes from TD Securities.

Greg Barnes, TD Securities (G.B.):

Paul can you walk us through the process that evolved here, it appears that KGHM was interested in Sierra Gorda itself and it evolved into this transaction, but was there a process run in parallel with the KGHM situation?

P.B.:

With the history first and taking to the question is great, as we've indicated originally KGHM was interested in partnering with us in Sierra Gorda, we eventually obviously elected to go with Sumitomo on that. They then came back to us later on and said that they had an interest in acquiring the company and were prepared to pay a substantial premium, a premium that caught the attention of the board to the point where, while we had no plans to put the company for sale, we recognized that that could be something we should consider very carefully from a share-holder value point of view. So we let them do due diligence and they came back with the offer you see in front of you today. So the answer is no, we didn't run a process we had no specific plans at this point in time to put the company up for sale, obviously as with some of the other questions there a lot of optionality out there, but at the end of the day we felt that this premium was significant enough, that we should evaluate it, and came to the conclusion we should recommend it to shareholders.

G.B.:

So you just were beginning the turnaround of the operations at Morrison with the craig shaft access agreement; the recent closure of some underperforming mines the increased flexibility at Robinson, seems like you were on the verge of improving the outlook, seems like a curious time to sell, Paul.

P.B.:

I think that an offer was on the table, when an offer is on the table, if we weren't driving a process KGHM had a confidentiality agreement that had full access to due diligence they are aware of all the gains we have made at both Robinson and at Morrison, and where we are on Victoria and where we are on Sierra Gorda. So from that point of view that was at the moment, we are at a low point in the market, and you'll find our stocks trading more on copper price than anything else, but the timing isn't something that we picked, as Krzysz just indicated, their normal course, the offer was there and we had to deal with it, and this is just how we are dealing with it.

G.B.:

Thank you Paul.

C.E.:

Next Question from Alec Kodatsky from CIBC.

Alec Kodatsky, CIBC (A.K.):

One I suspect this may be a question more for Paul, but just curious on the intricacies with both of the agreements with Sumitomo and Vale, whether there is any elements for change of control in any of those agreements.

P.B.:

There's no change of control provisions under the Vale agreement that the agreement was actually between Inco and FNX and just flowed through successive companies from there. The only change within the Sumitomo agreement is that if there is a change of control Sumitomo has the option to take over operates the ship of the project, and no we haven't discussed them with that yet. The intent as I understand it from KGHM is that they want to keep the entire project team in place which I think will give Sumitomo a lot of comfort.

A.K.:

Ok, thank you very much I think all my other questions are answered.

C.E.:

Next question is from Oscar Cabrera from Bank of America Merrill Lynch.

Oscar Cabrera, Bank of America Merrill Lynch (O.C.):

Good morning everyone, just a couple questions on Sierra Godda after the management from KGHM went through their due diligence. Are they confident that the project can get started in 2014?

K.K.:

Yes, we are confident of that, we have done extensive due diligence on that particular asset, and we believe in what QUADRA management is saying and we definitely hope it will start production in 2014.

O.C.:

And I'm sorry, I didn't catch, or I caught the tail end of your response to this question, but, were you looking to, for concentrate for your smelters or was that not the reason, or was it production expansion that you were looking for with this acquisition?

K.K.:

Well definitely it is production expansion, we don't look at M&A deals from a smelter point of view, we do purchase some secondary materials from our smelters, but we don't really assign any value to the project that could have concentrates that are suitable for our smelters.

O.C.:

And then just in terms of the process what are the next steps, I'm assuming that from the KGHM perspective, board has approval and you are just moving ahead and the only nascence to look for here is in respect to QUADRA FNX shareholders, is that right?

J.R.:

Ya, so this transaction is fully approved on KGHM's side we awaiting both shareholder approval from QUADRA FNX and regulatory approvals and that is the way to go.

O.C.:

Ok, thank you very much and congratulations.

C.E.:

Next question from John Tumazos from John Tumazos Very.

John Tumazos, John Tumazos Very Independent Research (J.T.):

John Tumazo's very independent research, congratulations on the transaction. Should we view this as an initial phase of the expansion of KGHM, where you have the joint venture for the Ajax project with Abacus Mining, now you own QUADRA FNX and of course the world is full of more opportunities, tell us about the future.

K.K.:

John the future will be driven by our strategy we said in year 2009 we want to grow our production by year 2018 to 7 hundred thousand tonnes annually. So this deal is a very significant part to deliver on that strategy, and you know as far as next step for the future, it's going to be a question of the macro

economic situation, and KGHM's ability to do other deals, it's definitely possible, but we want to focus on the closing of this transaction right now and that's a major assignment for KGHM right now.

J.T.:

If I could ask a second question, in terms of the implementation of the merger or acquisition, both companies have had a little bit of cost escalation, do you expect the QUADRA team to come to Poland and help you manage the operations in Poland, do you expect the KGHM team to lend resources to Sierra Gorda and the North American projects of QUADRA or your project in BC, how do you expect the synergy to go in the sharing of talent?

K.K.:

As far as KGHM goes, we are an open company and we think that we all learn from all, we are very happy to ensure the wisdom and the talent of QUADRA FNX with KGHM and vice versa.

J.T.:

Congratulations and thank you.

K.K.:

Thank you John.

C.E.:

Next question from Dave Katz from JP Morgan.

Dave Katz, JP Morgan (D.K.):

This action is expected to be structured? I was curious how much cash KGHM has following the Polcom Tell fail and how much you would have post this transaction?

C.E.:

Dave, we missed part of your question.

D.K.:

I was curious how much cash KGHM have following the Polkomtel sale, and how much the company would have following this transaction?

J.R.:

I will take this part, this is Jarek, we mentioned the transaction will be funded from our own sources and we actually, we don't have any financial indebtedness in KGHM, on KGHM side. After this transaction, if closed we don't have to look for any external financing and also we are ready to provide both holders of QUADRA with a proposal and it also doesn't require KGHM to look for any financing, so we have very

strong balance sheet and substantial positive cash flow at the moment so we can be in the position to finance the whole transaction from our own sources.

D.K.:

Ok, then, coming back to the debt, if you don't need any external financing and you'll have sufficient cash on hand following the transaction, one would think that if the bond holders don't choose to avail themselves of the 101 change of control there would be no necessity for you to take the, to do anything, except for leave the existing QUADRA bonds outstanding, is that a logical conclusion to draw?

J.R.:

Ya, we considered different scenarios, at the moment I cannot reveal all the details but we are ready for different solutions.

D.K.:

Ok, Thank you very much.

C.E.:

Next question from Kerry Smith, from Haywood Securities.

Kerry Smith, Haywood Securities (K.S.):

I was wondering if KGHM would consider any of the QUADRA assets as non-core post the closing and they perhaps would think to divest of those assets.

K.K.:

We definitely view QUADRA as a company that has a portfolio of assets, all of those assets are valuable and differ in size, they are different in metal contained, but we also very carefully reviewed QUADRA's strategy and we hope that the strategy can be delivered by their management.

K.S.:

Ok, thanks, and Paul would you, you said that you didn't actually have a formal process when you got the bid, are there any existing CA's that are outstanding?

P.B.:

I think that normal course for us would been through the partnering process for Sierra Gorda, there are a number of CA's related to that, normal cost we would expect a number of CA's outstanding around our business.

K.S.:

Ok, and last question if I could, does KGHM have a plan, I may have missed this but, do you have a plan to keep a listing on the North American exchange somewhere, whether it is Canada or the states?

J.R.:

At the moment we don't have any current plans, maybe at some stage in a few years' time we will consider such a move, at the moment we don't have such plans.

D.K.:

OK great thanks very much.

C.E.:

Next question is from John Hughes from Desjardins Securities.

John Hughes from Desjardins Securities (J.H.):

Thank you oper, all my questions have been answered.

C.E.:

Hmm. Next Question from Ed Faritov, Bank of America Merrill Lynch.

Ed Faritov, Bank of America Merrill Lynch (E.F.):

Hi good morning, just to follow up, the question of my colleague Oscar and just to confirm that the deal was approved by the KGHM shareholders, am I understanding you correct that the Polish government will not be trying to block it?

J.R.:

This is Jarek, that the transaction was approved by the supervisor board of KGHM and no other type of any government approvals are required to approve this transaction.

E.F.:

Ok, and just as a follow up on a somewhat related, your dividend policy is net income based, not cash flow based, so you will still be held to pay the 2011 dividends. I know that the CEO wants to change that policy, so far still net income based, so what is your view on 2011 dividend then?

J.R.:

I think that question to our shareholders, of course our management board will provide some recommendation for them but the final decision its, just a decision of the general shareholder meeting, as I mentioned our current financial position is very strong and this transaction will not decrease our ability to pay a dividend for this year.

E.F.:

Understood, thank you.

C.E.:

Next question is from George Topping from Stifel.

George Topping, Stifel (G.T.):

Thanks, just one question remaining, Paul can you elaborate on the no shop no talk agreement, or provision I should say, and whether it will hinder competing bids from coming in?

P.B.:

Obviously the board of directors of QUADRA FNX has a fiduciary duty to consider any bids that are put out for the company, I think if you look through the deal protection measures that have been agreed between KGHM and ourselves that their normal course and they have all the normal course provisions break free, and reach a match and so on.

G.T.:

Ok, what I was getting at was a data room or access to properties be allowed if a competitor wanted to conduct due diligence.

P.B.:

Again I think that the deal protection and allows for the concept of a superior bid and there all the protections and rules around that, but you typically get in these transactions.

G.T.:

Ok, could you be specific, that's really what I'm getting at.

P.B.:

Ok, well if there was an offer that was considered a superior, or had the potential to be a superior transaction based on the view of our board, then ya, that party, the agreement doesn't preclude that party given access to due diligence.

G.T.:

Ok, I see, that's great, thank you.

C.E.:

Next Question is from Jeffrey Schwarz from Metropolitan Capital.

Jeffrey Schwarz from Metropolitan Capital (J.S.):

Congratulations on the transaction gentlemen. Paul I want to make sure from the QUADRA side, as we are QUADRA shareholders, that you received sufficient comfort that the transaction does not require any approval from the Polish government, as I see a brief release from a spokesman for the Polish Treasury Ministry this morning saying that it was an interesting idea and that the Ministry will look closely at the transaction before giving its approval. I'm guessing that that's a loose cannon, what comfort do you have, that you can provide us that indeed this isn't just an option for KGHM and that they are bound by the contract without the requirement of any further action on their side?

P.B.:

We already did due diligence on our own account, including having our own independent Polish council, so we are comfortable I think, and Jarek and Krzysz have indicated that there is no further approval is required and we have done our own due diligence around that and that's why we are here.

J.R.:

We have to preside that we are a publically set company not a state owned we've got the free vote of almost 70%.

J.S.:

I guess as a follow up did you provide any sort of heads up to the Treasury Ministry in advance of the execution of the agreement.

J.R.:

I will put it this way because I cannot, you, I cannot just tell you what the process of communication looks like internally, but we have a supervisory board, and six out, or even seven at that moment, seven nominees out of ten are representatives of the Treasury Minister, that's why we assume that if the supervisory board approve this transaction we can say that it is final approve, and so we don't require any other approval.

J.S.:

Great, that's an excellent answer, thank you very much gentlemen, I wish you lots of luck.

C.E.:

Next question from Matt Vittorioso from Barclays Capital.

Matt Vittorioso, Barclays Capital (M.V.):

Yes, thanks for taking my question, just a quick follow up on the QUADRA FNX bonds, as we look at the indenture for those bonds it would appear that if they stay in place there would be restrictions on moving cash or cash flow from the QUADRA subsidiary up to the KGHM parent, could you just comment on how you view those restrictions and then also if the bonds were to stay in place, would the KGHM parent provide a guarantee for those bonds, thanks.

P.B.:

Ok, we are all just looking at one another for who is best, I think in terms of the, I can't speak for the parental guarantee with respect to the bonds, but I think within the perceived life of the bonds, likely the cash flow will be required to support the development activities of the corporation so the question to that extent would be moot.

J.R.:

In terms of this parent guarantee, I mentioned already, but we already analyzed the situation of the bond holders we had already retained investment bank to advise us on this situation and to work out for us and for bond holders optimal solution to settle this situation. So we really can't see a substantial issue connected with a bond holder situation.

M.V.:

Ok that's wonderful, so on the cash flow side, the cash is going to stay in at QUADRA to invest at the development projects there, anyways, ya.

J.R.:

I would put it this way, that the combined company will even have better financial situation than two separate companies, and the intention of acquiring QUADRA FNX by KGHM was not to just take all the money from QUADRA to KGHM, we are aware of the substantial costs to develop the Sierra Gorda project and we are ready to support QUADRA FNX in coming years to fully develop this project and also the Victoria project as well.

M.V.:

Thank you very much.

C.E.:

Next question is from Andrew Reitknecht from Scotia Capital.

Andrew Reitknecht, Scotia Capital (A.R.):

This is Catherine Stairs, (C.S.):

Congratulations on your transaction, just two quick questions, of the Sumitomo change of control rights on the Sierra Gorda is it a condition of the acquisition agreement that KGHM retains the operatorship, and that Sumitmo doesn't exercise that right?

P.B.:

No it's not.

C.S.:

Great, and then the other question I have is have you given thoughts to the voting requirements for the plan of the arrangement, do the warrants vote with the commons, or are they a separate class?

P.B.:

They are a single class. All the voting will be a single class, or at least that is our intent at this point.

C.S.:

Ok, that makes sense, thank you very much.

C.E.:

Next question from Marco Cipriano KS Capital.

C.E.:

Marco are you there, moving on, Todd Munn from WIC Partners.

C.E.:

Todd are you there? I guess not, Drew Figdor from Tiedmann.

Drew Figdor from Tiedmann (D.F.):

Thank you very much, just to be clear, is there any vote requirement on the Polish on KGHM's side and then one other follow up question.

J.R.:

As we have said previously this transaction has been approved by KGHM's boards and we are ready to go ahead given the approval on QUADRA FNX's side.

D.F.:

The other question is was on the Victoria project is the off take have an agreement to go anywhere to Vale, or anyone agreed to take the off take?

P.B.:

Sorry, can you repeat that again?

D.F.:

Is the off take from the Victoria project agreed to go to, to Vale or go to anyone in particular or is that off take free to go?

P.B.:

Ya, the Victoria property was part of the original package that Inco sold to FNX, so it has all the same obligations as all the other properties. All the production from Victoria has to be sold to Vale and they are obliged to buy it.

D.F.:

Ok, thank you.

C.E.:

Next Question is from Edward Welsch from Dow Jones News Wire.

Edward Welsch, Dow Jones News Wire (E.W.):

I was wondering if I could get the two KGHM execs to talk about what motivated the strategy in 2009 to expand into new areas. I understand that Poland has substantial Copper reserves but the cost of production is quite high, and secondly I was just wondering if I could get the two of you to also just spell your last names.

K.K.:

As far as what has driven our strategy, I think that number one we are a copper mining and smelting company and we have been doing that business for the last 60 years, and what better way to expand, or grow your company then in your core business that you know best. That's the first thing, and also you know, if you want to grow significantly you have to look for copper deposits that which will provide us with the opportunity to produce copper at lower cash cuts than domestically, we are sitting on a world class copper silver deposit but it is not easy to mine and definitely a higher production cost than copper deposits in Chile. So that's kind of the logic behind the strategy. And as for last names, spelled out.

My name is Krzysztof Kubacki.

J.R.

My name is Jarek Romanowski.

E.W.:

Thanks very much.

C.E.:

Next question is from Joe Thornton from Highfields Capital.

Joe Thornton from Highfields Capital (J.T.):

Hi, Good morning, my question was for Paul, I was hoping to better understand the logic of QUADRA's management team and the dynamics of the deal process. KGHM had shown a demonstrated interest in participating in the Sierra Gorda project and then made an unsolicited bid for QUADRA. So my

understanding is upon the receipt of this bid management did not begin a broader sales process to solicit other bids. Based on Southside's NAV's for QUADRA at \$15 dollars a share, QUADRA would be valued at 60-65% of NAV while recent transactions such as Anvil Mining and Grand Cash has taken place at 100-120% of NAV, so you know, given this back pattern, can you explain why selling this company at a large NAV discount to other transactions without a broader sales process is in the best interest of QUADRA shareholders? Thanks.

P.B.:

The issue, first off, you used the word, I think you'll find the NAV, the market perception of NAV is a very bit of our space has dropped considerably, I think the sort of 450 numbers that are out there are now much closer to 350, which has brought down the NAV's but putting that aside, the issue for us is do we, when you have a substantial bid with a substantial premium on the table that may go away, and obviously with a finite fuse to it, do you proceed with that bid, or do you move to a process. And we obviously brought in two sets of advisors, one to the company and the board and the second to the special committee of the board and got their opinions and views and we came to the conclusion that given the magnitude of the premium that we would, it would be in the better interest of our shareholders to accept the offer of KGHM and move forward from there, ensuring when we did that that, from a fiduciary point of view there was a fiduciary out for the board going forward, in the event of a superior proposal. Does that cover it?

J.T.:

Yes, thank you.

C.E.:

Next question from Bram Buring from Wood.

Bram Buring, Wood (B.B.):

My questions have been answered, I would just have one clarification on the Sumitomo and the change of control clause. Is there any time table for Sumitomo to make a decision on what they want to do in the view of the change of control of QUADRA.

P.B.:

Off the top of my head I can't remember, I'm sure there is a finite time within the agreement, at this point because the entire project team is going to stay in place, I'd be surprised if in fact Sumitomo wants to take over operatorship of the project.

B.B.:

Could you clarify that, why would they possibly not want to take control of such an attractive asset

P.B.:

Well, they can't take control of the asset, just the operatorship of the project, but that's not what they do, I mean their pattern in history has been to take minority positions in projects and support those projects, they generally prefer not to operate them unless they have to. There has been a couple of instances where they've had to take over projects where the project has gotten to sufficient trouble that they felt obliged to take it over but finalized their business plan is to do what they've done with us, which is to be the minority partner and to let a professional mining company do the development and run the mine.

B.B.:

Thank you for the clarification, if I could have one more question to your Polish colleagues, it's clear from your earlier statements, that you don't need government approval for this deal to go through, but will the deal come up for a vote of all shareholders, does it need approval from an AGM?

K.K.:

No it does not, it requires manager board approval, and supervisory board approval, all those approvals are in place and we are ready to go.

B.B.:

Cheers.

C.E.:

Final question from Brenda Bouw from the Globe and Mail.

Brenda Bouw from the Globe and Mail (B.B.):

Hi there, I just wanted to clarify no government approval needed, but my understanding is that you would need approval in Canada and if you could go over that, and I also wanted to clarify in the release KGHM talks about commitments to Canada, and if you could be more specific about the jobs, and the headquarters, and if it plans to stay in Vancouver or are you going to move that, if you could clarify?

K.K.:

As far as the approval for the transaction it's a plan of arrangement, we require the approval of QUADRA FNX's shareholders, court approval and all the regulatory approval including investment Canada. As far as you know, the future of the company it is clear to us that we want to retain the current management of QUADRA FNX and also the operational people, we have a lot of respect for the workers of the company and also as far as the headquarters of the company that will be decided in due course. Right now QUADRA FNX has two offices in Vancouver and Toronto and we don't see any need to change that.

B.B.:

Thank you

C.E.: Thanks very much everybody that concludes this call. Thank you again.