



**Current report no.:** 50/2016

**Date:** 2016-05-09

**Name of the Issuer:** FERRUM S.A.

**Title:** Conclusion with Izostal S.A. a contract for delivery of steel pipes

**Legal basis:** Art. 56 item 1 point 2 Act on Public Offering – current and periodic information

**Content of the report:**

The Management Board of FERRUM S.A. (hereinafter referred to as: Issuer, Company) informs that on 9<sup>th</sup> May 2016 it entered with Izostal S.A. (hereinafter referred to as Izostal) into a contract for the delivery of spirally welded steel pipes to be executed by the Issuer to the benefit of Izostal, of the approximate total value of 7,5 m EUR net, which equals to app. 33,3 m PLN net (Salary) if converted according to an average exchange rate of the National Bank of Poland as at the contract conclusion day.

Pursuant to the Contract provisions, the Issuer delivers the entire lot of pipes not later than until 10<sup>th</sup> January 2017. Concurrently, the Parties agreed that the Company shall issue a guarantee for the 36-month period for the delivered pipes.

The Contract provides for the contractual penalties for the failure to perform or improper performance of the Contract in case of delays in its execution by the Company, as well as in the event of delays in repairing the pipes in the amount of 0,2% of Salary for each day of delay. Moreover, if the Contract is terminated by any of the parties due to the reasons attributable to the Issuer, the Company would be obliged to pay the contractual penalty amounting 10% of the Salary. At the same time, the total value of contractual penalties cannot exceed 10% of the Salary. Yet Izostal is entitled to keep a relevant part of the Company salary towards the security of the due contractual penalties, whereas it may return the preserved part of the salary once the Issuer presents an insurance guarantee or a bank payment of contractual penalties of the wording previously approved by Izostal, as well as it has the right to deduct the charged contractual penalties from the Company salary. In the event the contractual penalty does not cover the loss or if the reason for the loss is not considered in the provision on the contractual penalties, the Parties may claim compensation on a general basis.

The Issuer applied 10% of consolidated sales revenues of FERRUM Capital Group for the last four financial quarters as a criterion for acknowledging the Contract as significant.

Legal basis: § 5 item 1 point 3 of the regulation of the Minister of Finance dated 19<sup>th</sup> February 2009 on current and period information [...].

**SIGNATURES OF PERSONS REPRESENTING THE COMPANY**

<b>Date</b>	<b>Position</b>	<b>First name and surname</b>
2016-05-09	Holder of a Commercial Power of Attorney	Barbara Sterkowicz
2016-05-09	Holder of a Commercial Power of Attorney	Jakub Podsiadło