Current Report: 27/2017

Date: 2017-05-17

Name of the Issuer: FERRUM S.A.

Title: Conclusion of multilateral Investment Agreement

Legal basis: Art. 17 item 1 MAR – inside information

Content of the Report:

The Management Board of FERRUM S.A. (Company) informs that on 17.05.2017 the Company became aware that on the same day the condition was met determining the effectiveness of the conditional investment agreement entered into on 12.05.2017 (Investment Agreement) by and between:

1. Polish Companies Investment Fund Close-end Investment Fund of Non-public Assets (Fund),
2. Rockford Limited Liability Company (SPV),
3. Zakład Konstrukcji Spawanych FERRUM S.A. (ZKS),
4. FERRUM S.A. (Company), (Fund, SPV, ZKS and Company jointly referred to as Parties).

Information on the completion of negotiations and conclusion of the conditional investment agreement on 12.05.2017 was delayed by the Company under Art. 17 item 4 MAR due to the fact that its publication, in the Company opinion, might have caused ineffectiveness of the investment because of, inter alia, the possibility of third parties' involvement in the process.

The Investment Agreement determines terms of cooperation between the Parties for the execution of the investment project (Investment), the subject of which is the purchase and start-up of the spirally welded pipe line (Line).

The Fund represented by the Investment Fund Company BGK S.A, on behalf and for the interest of which Polski Fundusz Rozwoju S.A. (PFR) acts as a proxy, an entity managing part of the Fund investment portfolio, stands in this transaction as 100% owner and sponsor of SPV operations.

SPV is the entity responsible for the Line purchase and Investment financing. SPV commissioned ZKS any and all operations aiming at the Line start-up.

ZKS executes for the benefit of SPV the Investment consisting in disassembly, transport, performance of all required construction works needed for the Line assembly, its start-up and certification. The Investment shall be implemented on the area leased by SPV from the Company.

The period for the Investment execution is planned for 9 months as from the disassembly completion date i.e. until 31.03.2018.

Until 31.03.2018, ZKS or the Company (Authorized Entities) are also entitled to repurchase the Line from SPV or the SPV shares from the Fund (Call Right). Definition of the redemption method (purchase of SPV shares or the Line) falls within the Fund competence. Should none of the Authorized Entities claim the privilege of the Call Right, the Fund might demand from the Authorized Entities to redeem the

SPV shares or the Line itself within the period from 01.04.2018 to 30.09.2018 (Put Right). Nonetheless, if the Fund decides not to exercise the Put Right, SPV might require signature of the Line leasing agreement (Leasing Agreement) by one of the Authorized Entities.

With reference to the signature of the Investment Agreement, ZKS filed a declaration of voluntary submission to debt recovery on the basis of article 777, paragraph 1, point 5 of the Civil Procedures Code up to the amount of PLN 29 000 000 (twenty-nine million zloty) for the purpose of the contractual penalty payable to the Fund, if within 7 days from the day the Fund indicates, ZKS shall not conclude the Leasing Agreement. Analogical declaration of voluntary submission to debt recovery up to the above specified amount was filed by the Company itself. Moreover, in connection with the signature of the Investment Agreement and on the condition of its effectiveness, side agreements were concluded required for its validity and implementation such as the assignment agreement, lease agreement, performance agreement, etc.

Moreover, the Company informs that condition for the effectiveness of the Investment Agreement mentioned at the beginning consisted in the approval from the competent trustee operating in Germany for the sale of the Line to SPV, and which approval was crucial for the agreement for the Line purchase entered between Gebr. Bender GmbH + Co. KG and SPV to come into force, which in turn was a necessary condition for the Investment Agreement to become binding, otherwise it would become irrelevant.

The Company plans that the Investment would allow for the increase of the Company share in the expected gas sector projects concerning development and modernization of gas distribution systems and in the growing demand for pipes for the heating sector. The scheduled Investment would allow for the acquisition of additional manufacturing capacities of app. 120 000 tons, product diversification, adjusting the offer to the market requirements and shall make the Company a leading manufacturer of spirally welded pipes meeting the highest technological norms.

The risks connected to the Investment Agreement refer to the inability of the Authorized Entities to purchase the Line or SPV shares or to conclude the Leasing Agreement. In the Company opinion supported by independent analysis, the risk of failure to repurchase the SPV shares or the Line should be considered at most moderate, whereas the risk of failure to conclude the Leasing Agreement as minimal. Increase of the manufacturing capacities in connection with the improved margins shall facilitate the Company financial position that should impact also the Company ability to execute the Investment Agreement and the obligations for creditors.

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Date	Position	First name and surname
2017-05-17	President of the Management Board	Krzysztof Kasprzycki
2017-05-17	Vice-President of the Management Board	Grzegorz Kowalik