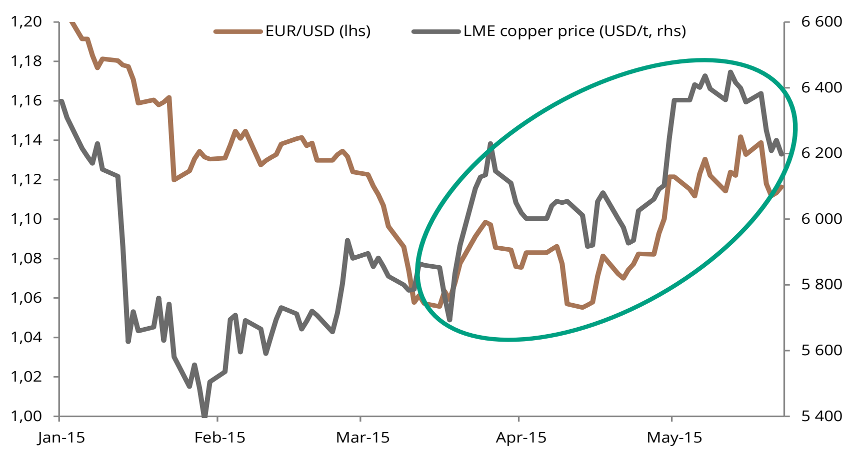
Market Overview

as of: 25 May 2015

- **Copper:** Copper prices behaved steadily in the last two weeks. However, we saw prices dropping below 6,200 USD/mt at the end of the period mostly due to US dollar strengthening. More news on output cuts keep coming onto the market as miners struggled with their production in 1q15 and Cochilco revised Chile's projects pipeline *(page 2)*.
- **Molybdenum:** Taking into consideration all metals complex in the recent weeks, moly's demand has suffered most from falling oil and gas capex and now trades around 7,68 USD/lb which is about 50% of levels seen last year *(page 4)*.
- **Precious metals:** Market was moving sideways over past two weeks without any decisive breaks in any direction. Volatility on the market remained subdued as investors are focused on equity markets *(page 5)*.
- **China:** 2015 is the second year after China's third plenum to implement comprehensive structural and economic reforms. It is also the last year of its 12th five-year plan *(page 6)*.

Cooper value – much of recent price volatility can be explained by USD moves *(proxied by EUR/USD)*



Source: Bloomberg, KGHM

Key market prices

		Close price	2w chng.
	LME (USD/t)		
▼	Copper	6 197.50	-3.1%
▼	Nickel	12 710.00	-9.9%
	LBMA (USD/troz)		
▲	Silver	17.25	5.8%
▲	Gold (PM)	1 204.10	1.5%
	FX		
▼	EUR/USD	1.1164	-0.5%
▲	EUR/PLN	4.0980	1.1%
▲	USD/PLN	3.6690	1.6%
▲	USD/CAD	1.2288	1.7%
▼	USD/CLP	605.41	-0.9%
	Stocks		
▼	KGHM	126.40	-2.7%

Source: Bloomberg, KGHM; *(more on page 9)*

Important macroeconomic data

Release	For		
GDP (sa, yoy)	1Q	1.0%	▲
GDP (yoy)	1Q	3.5%	▲
GDP (yoy)	1Q	2.4%	▲
HSBC's manuf. PMI	May	49.1	▲
Industrial prod. (yoy)	Mar	-1.7%	▼

Source: Bloomberg, KGHM; *(more on page 7)*

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Base and precious metals

Copper

Copper prices behaved steadily in the last two weeks. However, we saw prices dropping below 6,200 USD/mt at the end of the period mostly due to US dollar strengthening. More news on output cuts keep coming onto the market as miners struggled with their production in 1q15 and Cochilco revised Chile's projects pipeline.

Producers struggle to maintain stable production

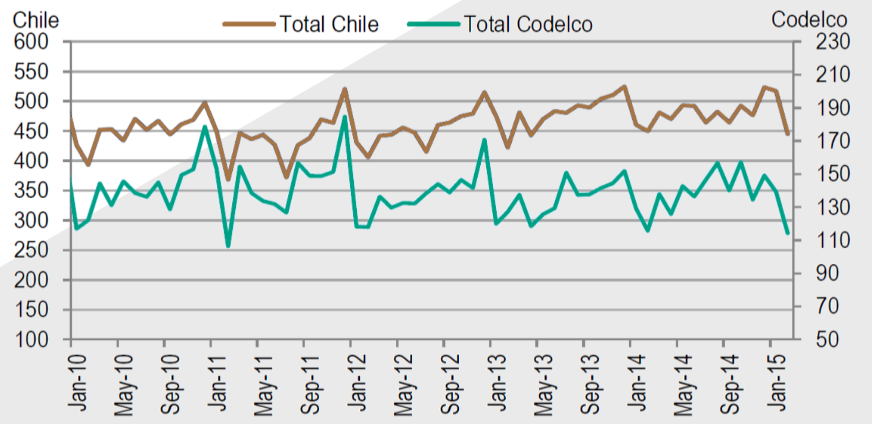
Miners failed to meet production expectations…

1q15 miners' results revealed what has been in the cards for some time – producers struggled to keep their production at desired levels. Top miners failed to match analysts' forecasts for 1q production: First Quantum's production dropped 8.4% qoq, Antofagasta's decreased 21.9% qoq. This group has been recently joined by Glencore, which saw output lower by 9% yoy. In addition, BHP Billiton cut its full-year production guidance by 5.5%.

…that has already been lowered this year

What is important, the disappointment in 1q15 figures relates to production estimations that has already been downgraded since the start of the year. BHP has so far cut expected output by 200 kt, Rio Tinto and Freeport have both previously cut expected output by 100 kt, while Glencore cut guidance at Minera Alumbrera by 50 kt. Therefore, further supply reductions are to be expected as we progress through the year, given persistent ore grade and site maintenance uncertainties in Chile. The absence of consistent mine production is especially pronounced in the region considering the pending decision of the El Mauro Tailings dam court ruling, effectively putting 400 kt of production from Antofagasta's Los Pelambres mine at risk.

Major mine production in Chile will decline further
(thousand tonnes, monthly data)



Source: Cochilco, Citi Research, KGHM

Copper production in Chile fell 1.7% yoy, while export volume plunged 34.3% yoy

The struggle is particularly visible in Cochilco's March data, as copper mine production from Chile fell 1.7% yoy to 472,9 kt from 481 kt a year earlier. Country's copper export volumes shrank 34.3% yoy, as the country shipped abroad 402,7 kt of copper content, against 612,5 kt in March 2014.

BHP's Spence dropped from Cochilco's 10y timeline

Spence not expected to start production by 2020

The Chilean government has removed BHP Billiton's Spence copper expansion project from its 10-year development timeline, saying it expects the world's largest miner to miss its targeted deadline of first production by 2020. BHP has already conducted a pre-feasibility study to deliver copper from the hypogene ore body that lies beneath its existing Spence mine by 2020 as part of a plan to extend the life of the mine by up to 50 years. However, Chile's state-run copper commission Cochilco discounted it as a project likely to take shape in the next decade, as Escondida remains company's priority.

Cochilco reduced its 10y development plan by USD 30 bn

In 2012, Cochilco predicted the development of USD 105 bn of resources projects in Chile in the following decade. After three years, however, the commission revisited its plan and downgraded the pipeline of projects to USD 75 bn by 2025, with USD 25 bn reduction due to projects being delayed. Other removed projects originally placed on Cochilo's list included developments planned by Anglo American and the state-owned Codelco.

Other important information on copper market:

- Higher demand has narrowed China's refined copper surplus to an estimated 130 kt in March, down from 160 kt in February, according to Beijing Antaike. China's net refined copper imports amounted to 250 kt in March, up 4% from February. The second quarter is China's typical copper consumption season, when downstream copper processors resume operations and smelters have reported some orders, but according to Antaike the demand recovery is not strong.
- The global refined copper market showed an apparent production surplus of 120 kt in February or 80 kt after adjusting for seasonality, according to preliminary data of the International Copper Study Group. The refined copper balance for the first two months of 2015, including revisions to previous data, indicates a production surplus of 153 kt, (or a seasonally adjusted surplus of 115 kt) compared with a production deficit of 148 kt (seasonally adjusted deficit of 193 kt) for the same period of 2014.
- Botswana will defer for one year the payment of a 3% royalty tax to support copper producers during a period of weak global demand and to avoid job losses, announced local Minerals Minister.

Molybdenum

Taking into consideration all metals complex in the recent weeks, moly's demand has suffered most from falling oil and gas capex and now trades around 7,68 USD/lb which is about 50% of levels seen last year.

Big supply cuts under way as demand weakens

The main reasons for high 2014 prices

Last year molybdenum prices rallied to almost 15 USD/lb, but then collapsed to the area of 8 USD/lb. Very high price levels were a result of booming demand (from stainless steel in Europe and the US), delays in processing copper by-product concentrate from Chile (due to a bottleneck in leaching capacity) and the withholding of material from the market by sellers as prices rose sharply.

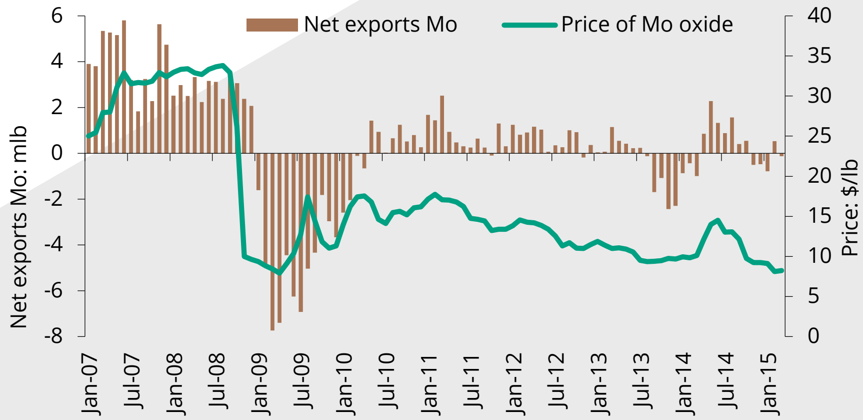
China flooded the market with metal and became net exporter of molybdenum

According to Macquarie bank, the delays in Western supply were soon made up by a surge in Chinese exports. In 2014 as a whole, China was a net exporter of 4.6m lbs compared to being a net importer of 5m lbs in 2013. This is despite the fact that overall Chinese molybdenum mine output is estimated to have fallen by around 5% yoy in 2014.

Chilean massive production is the main price weakness culprit

A massive surge in Chilean molybdenum production was probably the main reason for price weakness in 2014 – Macquarie research estimates that Chilean production rose by 26% yoy to 107.4m lbs. Another shock to the market was a surge in Rio Tinto's production at Kennecott to 25.6m lbs in 2014 from only 12.6m lbs in 2013. As a result, world molybdenum supply is estimated to have risen by 6% yoy in 2014, while demand grew by only 4%, pushing the market into a large apparent surplus (apparent because the precise timing of conversion from mined concentrate into finished product is impossible to determine accurately). As a result of weak prices, there has been a spate of mine closures, including Thompson Creek (about 20m lbs/year) and Mineral Park (about 9m lbs/year).

China's net trade swings with moves in the moly price



Source: Macquarie, Platts, KGHM

Precious metals

Market was moving sideways over past two weeks without any decisive breaks in any direction. Volatility on the market remained subdued as investors are focused on equity markets.

Despite the price stability gold market still attractive

New gold fund in China

China has set up its largest gold-investment fund ever, expected to manage a total 100 billion yuan ($16 billion), aiming to invest in mining projects in the region and enhance Chinese influence in global gold markets, local media report. The “Silk Road Gold Fund” — led by the Shanghai Gold Exchange and others — is reportedly focused on investing in gold projects as part of China’s “New Silk Road” push to deepen economic ties with other countries in the region, particularly those along the ancient Silk Road trade route linking Eastern and Western Asia.

LBMA Gold Price settled by 7 banks now

ICE Benchmark Administration (IBA), which now runs the new London gold benchmarking process on behalf of the LBMA, confirms there are now seven Direct Participants in the LBMA Gold Price with JP Morgan now joining Barclays, Goldman Sachs, HSBC, Scotiabank, SocGen, and UBS in the setting of the twice daily gold benchmark.

Russia still buying gold

Russia is increasing its gold holdings because gold is a reserve asset that is free from legal and political risks, a senior central banker said. The comments by Dmitry Tulin, who manages monetary policy at the central bank, reflect Russian fears that the country's overseas assets could be frozen as part of a possible toughening of Western sanctions over the Ukraine crisis. According to central bank data, Russia's gold reserves rose to 40.1 million troy ounces as of May 1, compared with 39.8 million ounces a month earlier.

Global economies | Foreign exchange markets

China: building up the new financial market

2015 is the second year after China's third plenum to implement comprehensive structural and economic reforms. It is also the last year of its 12th five-year plan.

Dynamic progress in liberalizing financial markets

Last year China made substantial progress in liberalizing financial markets. Not only the Middle Kingdom doubled the USDCNY spot FX trading band, but also widened the deposit rate ceiling and simplified policy rate term structure. Among the most important, there have been also the launch of the Hong Kong – Shanghai Stock Connect Program and the pass of the New Budget Law.

Financial deepening will focus on five key areas of reforms

According to Deutsche Bank research, in 2015 financial deepening reform will again take the centre stage in China's structural reforms. It focuses on five key areas of reforms:

1. interest rate liberalization
2. exchange rate liberalization
3. capital account liberalization
4. domestic capital market deepening
5. renminbi internationalization

Moreover, reforming China's financial regulatory framework through establishing macro prudential policies, deregulation, and implementing the Rule of Law is vital in developing efficient and sound financial markets while safeguarding financial stability.

Financial reforms at accelerated pace since mid-March

Since mid-March, right after the National People's Congress, new financial reforms are being introduced or implemented at an accelerated pace. Deutsche Bank views these new reforms as concrete steps forward for China to develop its financial market structure and transform its regulatory infrastructure. According to the bank research the rolling out of new reforms over the next 18 months will bring many positive surprises to the market.

Macroeconomic calendar

Important macroeconomic data releases

Weight	Date	Event	For	Reading [1]		Previous	Consensus [2]
		China					
✪✪✪✪	13-May	Industrial production (yoy)	Apr	5.9%	▲	5.6%	6.0%
✪✪	13-May	Fixed assets investments (ytd, yoy)	Apr	12.0%	▼	13.5%	13.5%
✪	13-May	Retail sales (yoy)	Apr	10.0%	▼	10.2%	10.4%
✪	13-May	New yuan loans (CNY bn)	Apr	708	▼	1 180	903
✪✪✪	21-May	HSBC's manufacturing PMI - preliminary data	May	49.1	▲	48.9	49.3
		Poland					
✪✪✪✪	14-May	Consumer inflation CPI (yoy)	Apr	-1.1%	▲	-1.5%	-1.2%
✪	14-May	M3 money supply (yoy)‡	Apr	7.2%	▼	8.9%	8.4%
✪✪✪✪✪	15-May	GDP (yoy) - preliminary data‡	1Q	3.5%	▲	3.3%	3.3%
✪✪✪✪✪	15-May	GDP (qoq) - preliminary data‡	1Q	1.0%	▲	0.8%	0.9%
✪✪✪✪	15-May	Core CPI (excluding food and energy, yoy)	Apr	0.4%	▲	0.2%	0.3%
✪✪	15-May	Trade balance (EUR mn)‡	Mar	674	▼	788	742
✪✪	15-May	Exports (EUR mn)‡	Mar	15 322	▲	13 732	15 013
✪✪	15-May	Current account balance (EUR mn)‡	Mar	1 938	▲	225	998
✪	15-May	Budget balance (ytd)	Apr	36.2%	-	36.2%	--
✪✪	19-May	Average gross salary (yoy)	Apr	3.7%	▼	4.9%	3.9%
✪	19-May	Employment (yoy)	Apr	1.1%	-	1.1%	1.1%
✪✪✪✪	20-May	Sold industrial production (yoy)	Apr	2.3%	▼	8.8%	5.5%
✪✪✪	20-May	Retail sales (yoy)	Apr	-1.5%	▼	3.0%	1.0%
✪✪	20-May	Producer inflation PPI (yoy)‡	Apr	-2.6%	▼	-2.5%	-2.2%
		US					
✪✪	13-May	Retail sales (excluding autos, mom)‡	Apr	0.1%	▼	0.7%	0.5%
✪✪✪✪	15-May	Industrial production (mom)‡	Apr	-0.3%	-	-0.3%	0.0%
✪	15-May	Capacity utilization‡	Apr	78.2%	▼	78.6%	78.3%
✪✪	15-May	University of Michigan confidence index - preliminary data	May	88.6	▼	95.9	95.9
✪✪✪	21-May	Manufacturing PMI - preliminary data	May	53.8	▼	54.1	54.5
✪✪	21-May	Philadelphia Fed business outlook	May	6.7	▼	7.5	8.0
✪✪✪✪	22-May	Consumer inflation CPI (mom)	Apr	0.1%	▼	0.2%	0.1%
✪✪✪✪	22-May	Consumer inflation CPI (yoy)	Apr	-0.2%	▼	-0.1%	-0.2%
		Eurozone					
✪✪✪✪✪	13-May	GDP (sa, yoy) - estimation	1Q	1.0%	▲	0.9%	1.0%
✪✪✪✪✪	13-May	GDP (sa, qoq) - estimation	1Q	0.4%	▲	0.3%	0.4%
✪✪✪✪	13-May	Industrial production (sa, mom)‡	Mar	-0.3%	▼	1.0%	0.0%
✪✪✪✪	13-May	Industrial production (wda, yoy)‡	Mar	1.8%	▼	1.9%	1.9%
✪✪✪✪	19-May	Consumer inflation CPI (yoy) - final data	Apr	0.0%	-	0.0%	0.0%
✪✪✪✪	19-May	Core CPI (yoy) - final data	Apr	0.6%	-	0.6%	0.6%
✪	19-May	Trade balance (EUR mn)‡	Mar	23.4	▲	21.4	22.0
✪	19-May	ZEW survey expectations	May	61.2	▼	64.8	--
✪✪✪	21-May	Composite PMI - preliminary data	May	53.4	▼	53.9	53.9
✪✪✪	21-May	Manufacturing PMI - preliminary data	May	52.3	▲	52.0	51.8
✪✪✪	21-May	Services PMI - preliminary data	May	53.3	▼	54.1	53.9
✪	21-May	Consumer confidence - estimation	May	- 5.5	▼	- 4.6	- 4.8

Weight	Date	Event	For	Reading ¹		Previous	Consensus ²	
		Germany						
✪✪✪✪✪	13-May	GDP (yoy) - preliminary data	1Q	1.1%	▼	1.6%	1.3%	◡
✪✪✪✪✪	13-May	GDP (sa, qoq) - preliminary data	1Q	0.3%	▼	0.7%	0.5%	◡
✪✪✪✪	13-May	Harmonized consumer inflation HICP (yoy) - final data	Apr	0.3%	-	0.3%	0.3%	○
✪✪✪✪	13-May	Consumer inflation CPI (yoy) - final data	Apr	0.5%	▲	0.4%	0.4%	◠
✪✪✪	21-May	Composite PMI - preliminary data	May	52.8	▼	54.1	53.8	◡
✪✪✪	21-May	Manufacturing PMI - preliminary data	May	51.4	▼	52.1	52.0	◡
✪✪	22-May	Exports (qoq)‡	1Q	0.8%	▼	1.0%	0.5%	◠
✪✪	22-May	IFO business climate	May	109	▼	109	108	◠
		France						
✪✪✪✪✪	13-May	GDP (yoy) - preliminary data‡	1Q	0.7%	▲	0.0%	0.7%	○
✪✪✪✪✪	13-May	GDP (qoq) - preliminary data‡	1Q	0.6%	▲	0.0%	0.4%	◠
✪✪✪✪	13-May	Harmonized consumer inflation HICP (yoy)	Apr	0.1%	▲	0.0%	0.1%	○
✪✪✪✪	13-May	Consumer inflation CPI (yoy)	Apr	0.1%	▲	-0.1%	0.1%	○
✪✪✪	21-May	Composite PMI - preliminary data	May	51.0	▲	50.6	51.0	○
✪✪✪	21-May	Manufacturing PMI - preliminary data	May	49.3	▲	48.0	48.5	◠
		Italy						
✪✪✪✪✪	13-May	GDP (wda, yoy) - preliminary data	1Q	0.0%	▲	-0.5%	-0.2%	◠
✪✪✪✪✪	13-May	GDP (wda, qoq) - preliminary data	1Q	0.3%	▲	0.0%	0.2%	◠
✪✪✪✪	13-May	Harmonized consumer inflation HICP (yoy) - final data‡	Apr	-0.1%	-	-0.1%	0.0%	◡
		UK						
✪✪✪✪✪	11-May	BoE base rate decision	May	0.50%	-	0.50%	0.50%	○
✪✪✪✪	11-May	BoE asset purchase target (GBP bn)	May	375	-	375	375	○
✪✪✪✪	12-May	Industrial production (yoy)	Mar	0.7%	▲	0.1%	0.1%	◠
✪✪	13-May	Unemployment rate (ILO, 3-months)	Mar	5.5%	▼	5.6%	5.5%	○
✪✪✪✪	19-May	Consumer inflation CPI (yoy)	Apr	-0.1%	▼	0.0%	0.0%	◡
		Japan						
✪✪✪✪	18-May	Industrial production (yoy) - final data	Mar	-1.7%	▼	-1.2%	--	
✪✪✪✪✪	20-May	GDP (annualized, qoq) - preliminary data‡	1Q	2.4%	▲	1.1%	1.6%	◠
✪✪✪✪✪	20-May	GDP (qoq, sa) - preliminary data‡	1Q	0.6%	▲	0.3%	0.4%	◠
✪✪✪	21-May	Manufacturing PMI - preliminary data	May	50.9	▲	49.9	50.3	◠
		Chile						
✪✪✪✪✪	14-May	BCCh overnight rate target	May	3.00%	-	3.00%	3.00%	○
✪✪✪✪✪	18-May	GDP (yoy)	1Q	2.4%	▲	1.8%	2.2%	◠
		Canada						
✪✪✪✪	22-May	Consumer inflation CPI (yoy)	Apr	0.8%	▼	1.2%	1.0%	◡

[1] Reading difference to previous release: ▲ = higher than previous; ▼ = lower than previous; -= equal to previous.
[2] Reading difference to consensus: ◠ = higher than consensus; ◡ = lower than consensus; ○= equal to consensus.
mom = month-on-month; yoy = year-on-year; qoq = quarter on quarter; ytd year-to-date; sa = seasonally adjusted; wda = working days adjusted; ‡ = previous data after revision.
Source: Bloomberg, KGHM

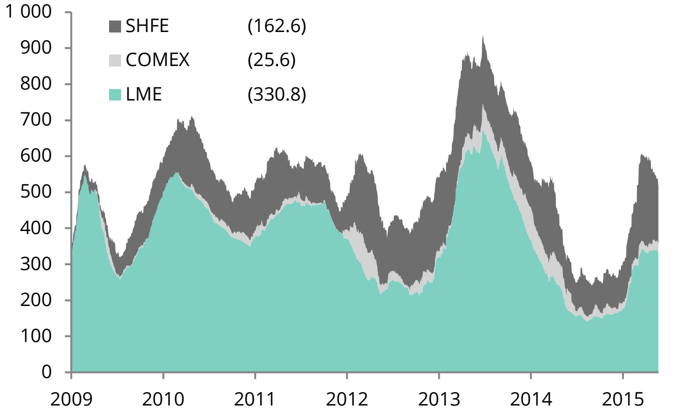
Key market data

Key base & precious metal prices, exchange rates and other important market factors

(as of: 22-May-15)		Price change ⁴				From year beginning ²		
	Price	2W	QTD	YTD	1Y	Average	Min	Max
LME (USD/t)								
Copper	6 197.50	▼ -3.1%	▲ 2.4%	▼ -2.5%	▼ -10.8%	5 942.84	5 390.50	6 448.00
Molybdenum	17 300.00	▲ 1.2%	▼ -6.5%	▼ -17.6%	▼ -45.1%	18 225.00	16 350.00	21 500.00
Nickel	12 710.00	▼ -9.9%	▲ 2.0%	▼ -14.9%	▼ -35.4%	13 926.73	12 260.00	15 455.00
Aluminum	1 726.00	▼ -7.4%	▼ -3.5%	▼ -5.8%	▼ -1.1%	1 808.09	1 726.00	1 919.00
Tin	15 820.00	▼ -0.8%	▼ -5.4%	▼ -18.9%	▼ -32.4%	17 522.45	14 765.00	19 750.00
Zinc	2 168.50	▼ -9.0%	▲ 4.5%	▲ 0.1%	▲ 4.2%	2 141.73	1 985.00	2 405.00
Lead	1 942.50	▼ -6.2%	▲ 7.4%	▲ 4.8%	▼ -8.0%	1 878.20	1 696.00	2 140.00
LBMA (USD/troz)								
Silver	17.25	▲ 5.8%	▲ 3.9%	▲ 8.0%	▼ -11.8%	16.65	15.47	18.23
Gold ¹	1 204.10	▲ 1.5%	▲ 1.4%	▲ 0.4%	▼ -7.3%	1 211.78	1 147.25	1 295.75
LPPM (USD/troz)								
Platinum ¹	1 143.00	▲ 0.3%	▲ 1.2%	▼ -5.5%	▼ -23.4%	1 176.57	1 088.00	1 285.00
Palladium ¹	769.00	▼ -3.6%	▲ 5.5%	▼ -3.6%	▼ -8.1%	782.06	729.00	831.00
FX ³								
EUR/USD	1.1164	▼ -0.5%	▲ 3.8%	▼ -8.0%	▼ -18.3%	1.1157	1.0552	1.2043
EUR/PLN	4.0980	▲ 1.1%	▲ 0.2%	▼ -3.9%	▼ -1.9%	4.1373	3.9822	4.3335
USD/PLN	3.6690	▲ 1.6%	▼ -3.8%	▲ 4.6%	▲ 20.2%	3.7124	3.5550	3.9260
USD/CAD	1.2288	▲ 1.7%	▼ -3.1%	▲ 5.9%	▲ 12.8%	1.2347	1.1728	1.2803
USD/CNY	6.1974	▼ -0.2%	▼ 0.0%	▼ -0.1%	▼ -0.6%	6.2247	6.1883	6.2747
USD/CLP	605.41	▼ -0.9%	▼ -3.4%	▼ -0.3%	▲ 9.8%	619.41	597.10	642.18
Money market								
3m LIBOR USD	0.285	▲ 0.02	▲ 0.05	▲ 0.11	▲ 0.25	0.266	0.251	0.285
3m EURIBOR	-0.012	▲ 0.33	▼ -1.63	▼ -1.15	▼ -1.04	0.029	-0.012	0.076
3m WIBOR	1.680	▲ 0.01	▲ 0.02	▼ -0.18	▼ -0.38	1.788	1.650	2.060
5y USD interest rate swap	1.699	▲ 0.04	▲ 0.11	▼ -0.04	▲ 0.04	1.595	1.313	1.849
5y EUR interest rate swap	0.403	▲ 0.10	▲ 0.65	▲ 0.12	▼ -0.50	0.297	0.176	0.450
5y PLN interest rate swap	2.234	▲ 0.02	▲ 0.21	▲ 0.15	▼ -0.30	1.898	1.563	2.405
Fuel								
WTI Cushing	59.02	▼ -0.6%	▲ 24.0%	▲ 10.8%	▼ -43.3%	51.57	43.46	60.93
Brent	64.78	▲ 0.7%	▲ 21.4%	▲ 16.2%	▼ -42.0%	56.87	45.25	66.37
Diesel NY (ULSD)	195.50	▲ 0.0%	▲ 13.7%	▲ 7.2%	▼ -33.7%	185.94	161.84	233.64
Others								
VIX	12.13	▼ -0.06	▼ -0.21	▼ -0.37	▲ 0.01	15.37	12.11	22.39
BBG Commodity Index	102.50	▼ -1.5%	▲ 4.5%	▼ -1.7%	▼ -24.4%	101.74	96.96	105.49
S&P500	2 126.06	▲ 0.5%	▲ 2.8%	▲ 3.3%	▲ 12.3%	2 078.17	1 992.67	2 130.82
DAX	11 815.01	▲ 0.9%	▼ -1.3%	▲ 20.5%	▲ 21.5%	11 272.82	9 469.66	12 374.73
Shanghai Composite	4 657.60	▲ 10.7%	▲ 24.3%	▲ 44.0%	▲ 130.4%	3 695.61	3 075.91	4 657.60
WIG 20	2 516.76	▼ -1.2%	▲ 5.0%	▲ 8.7%	▲ 2.1%	2 396.51	2 242.42	2 549.40
KGHM	126.40	▼ -2.7%	▲ 5.3%	▲ 16.1%	▲ 8.3%	117.09	100.95	131.00

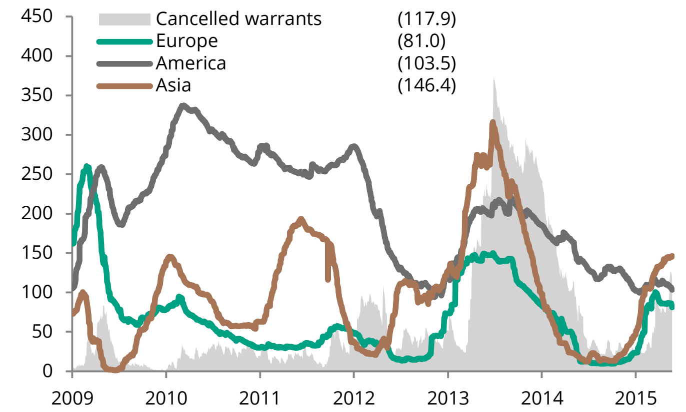
° change over: 2W = two weeks; QTD = quarter-to-day; YTD = year-to-date; 1Y = one year. [1] based on daily closing prices. [2] latest quoted price. [3] central banks' fixing rates (Bank of China HK for USD/CNY). [4].
Source: Bloomberg, KGHM

Copper: official exchange stocks (thousand tonnes)



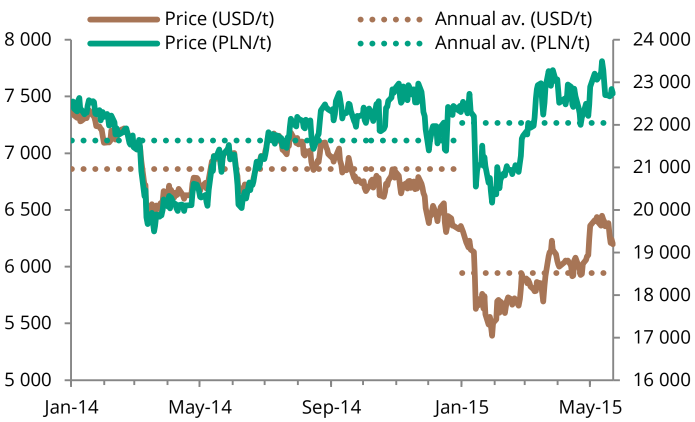
Note: Latest values in brackets. Source: Bloomberg, KGHM

Copper: official LME stocks (thousand tonnes)



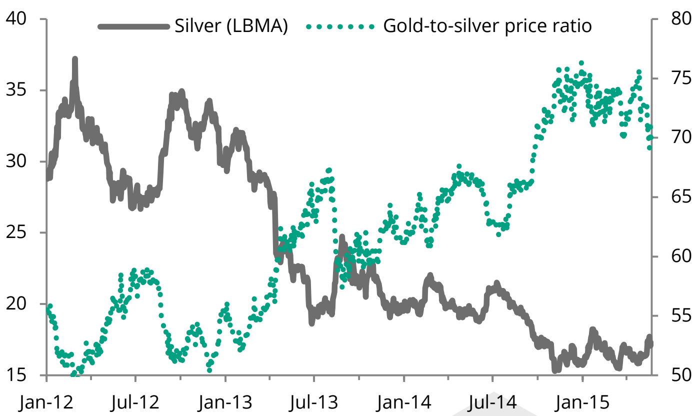
Note: Latest values in brackets. Source: Bloomberg, KGHM

Copper: price in USD (lhs) and PLN (rhs) per tonne



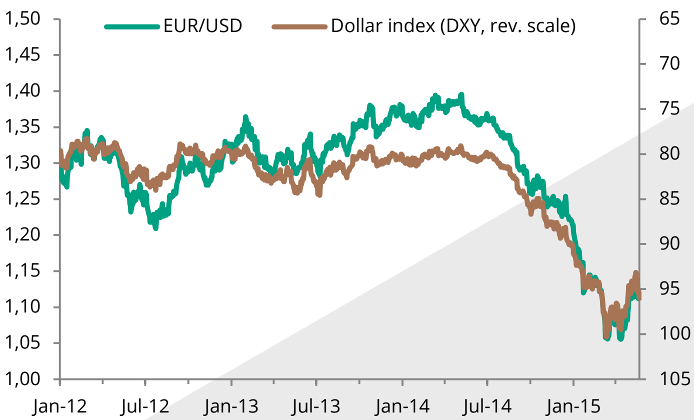
Source: Bloomberg, KGHM

Silver: price (lhs) and gold ratio (rhs)



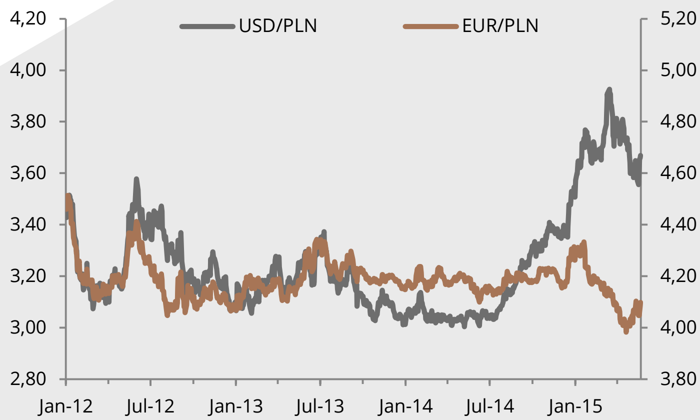
Source: Bloomberg, KGHM

USD: dollar index (lhs) and ECB-based EUR/USD (rhs)



Source: Bloomberg, KGHM

PLN: NBP-fixing based rate vs. USD (lhs) and EUR (rhs)



Source: Bloomberg, KGHM

Legal note

This document has been prepared based on the below listed reports, among others, published in the following period: **11 May 2015 – 24 May 2015.**

▪ “Commodities Comment” Macquarie Research Metals and Mining, ▪ “Commodities Daily” Standard Bank, ▪ “Commodities Weekly” Barclays Capital Research, ▪ “Metals Market Update” Morgan Stanley, ▪ “Daily Copper Wrap” Mitsui, ▪ “Base and Precious Metals Daily” JPMorgan, ▪ „Codziennik” BZ WBK, ▪ „Tygodnik Ekonomiczny” BZ WBK, ▪ „Raport dzienny” mBank, ▪ „Biuletyn Dzienny” Bank PEKAO S.A., ▪ „Dragonomics: China Research” Gavekal

Moreover, additional information published here was acquired in direct conversations with market dealers, from financial institution reports and from the following websites: ▪ lme.co.uk, ▪ lbma.org.uk, ▪ economy.com/dismal, ▪ thebulliondesk.com, ▪ lbma.org.uk/stats, ▪ crumonitors.com, ▪ metalbulletin.com, ▪ nbpportal.pl, ▪ nbp.pl, as well as data providing systems: Thomson Reuters and Bloomberg.

Official metals prices are available on following websites:

- base metals: www.lme.com/dataprices_products.asp (charge-free logging)
- silver and gold: www.lbma.org.uk/pricing-and-statistics
- platinum and palladium: www.lppm.com/statistics.aspx

In case of questions or comments please contact us:

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