

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for September 2019.

The following report contains preliminary monthly data – the final quarterly production and sales results will be published in the consolidated report for the third quarter of 2019. Data of the KGHM Polska Miedź S.A. Group contain the results of Sierra Gorda reflecting the 55% share held by KGHM Polska Miedź S.A.

In the period January-September 2019, production of copper, silver and precious metals (TPM) by the KGHM Group was higher than the amounts recorded in the comparable period of 2018. The decrease in molybdenum production was due to the lower content of this metal in ore processed by Sierra Gorda. The production plan for the aforementioned metals was exceeded by several percent, while the volume of copper and silver sales was lower than planned, mainly due to the lack of sales of concentrate foreseen in the budget of KGHM Polska Miedź S.A.

Results of the KGHM Group in September 2019 - y/y:

Production and sales of the KGHM Group	September 2019	September 2018	I - IX 2019	I - IX 2018
Production				
Payable copper (kt)	58.6	57.4	529.5	465.3
- including KGHM Polska Miedź S.A.*	45.9	46.9	427.6	366.4
Payable silver (t)	120.4	124.0	1 028.8	846.6
TPM (koz t)	18.6	15.8	157.1	129.1
Molybdenum (mn lbs)	0.7	0.8	8.8	11.1
Sales				
Copper (kt)	67.5	60.5	513.6	459.8
Silver (t)	142.0	135.9	1042.4	884.2
TPM (koz t)	26.3	18.0	145.9	124.3
Molybdenum (mn lbs)	1.3	1.6	9.7	13.1

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 58.6 thousand tonnes.** The increase as compared to September 2018 by 2% was due to production by the international assets, alongside lower production by KGHM Polska Miedź S.A. due to planned maintenance on the furnace at the Legnica Copper Smelter and Refinery.
- **Production of silver amounted to 120.4 tonnes** and was lower than the amount recorded in September 2018 by 3%, due among others to the lower content of silver in ore mined by KGHM Polska Miedź S.A.
- **Production of TPM amounted to 18.6 thousand troy ounces.** The increase in monthly production on a year-to-year basis by 18% came from KGHM INTERNATIONAL LTD., mainly due to higher gold content and recovery by the Robinson mine.

- **Production of molybdenum amounted to 0.7 million pounds.** The decrease compared to September 2018 was the result of lower molybdenum recovery by the Sierra Gorda mine.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 67.5 thousand tonnes** and were higher by 7.0 thousand tonnes (+12%) compared to sales of copper in September 2018. The main reason was higher sales of this metal by KGHM Polska Miedź S.A., although the other production assets in September 2019 also recorded better sales results.
- **Sales of silver amounted to 142.0 tonnes** and were slightly higher compared to sales in September 2018 (+4%).
- **Sales of TPM amounted to 26.3 thousand troy ounces** and were higher by 8.3 thousand troy ounces (+46%) compared to September 2018. This result was mainly due to higher sales of gold in September 2019 by KGHM Polska Miedź S.A. and KGHM INTERNATIONAL LTD.
- **Sales of molybdenum amounted to 1.3 million pounds** and were lower by 0.3 million pounds (-18%) compared to September 2018. The main reason was lower molybdenum sales by the Sierra Gorda mine.

Results of KGHM Polska Miedź S.A. in September 2019 - y/y:

Production and sales of KGHM Polska Miedź S.A.	September 2019	September 2018	I - IX 2019	I - IX 2018
Mine production:				
Copper in concentrate (kt)	34.3	33.3	304.9	306.0
Silver in concentrate (t)	104.0	105.2	952.1	960.3
Metallurgical production:				
Electrolytic copper (kt)	45.9	46.9	427.6	366.4
- including from own concentrate	31.0	37.9	313.1	281.7
Metallic silver (t)	119.0	122.6	1 017.9	836.2
TPM (koz t)	8.3	8.3	71.4	62.1
Sales				
Copper (kt)	54.9	50.9	414.5	366.6
Silver (t)	139.2	134.1	1029.0	868.9
TPM (koz t)	16.4	11.9	68.7	62.0

Production of KGHM Polska Miedź S.A.:

- **Higher production of copper in concentrate compared to September 2018** due to higher processing of ore and higher copper content in ore, while the decrease in silver in concentrate was due to lower silver content in ore.
- **Lower production of electrolytic copper in September** due to the planned maintenance shutdown at the Legnica Copper Smelter and Refinery. The shutdown will last approx. 3 months.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 54.9 thousand tonnes** and were higher by 4.0 thousand tonnes (+8%) compared to sales in September 2018 (in September 2018 there were also sales of copper in concentrate from the Polish production assets - approx. 2.2 thousand tonnes). The slightly better sales results were due to the schedule of deliveries agreed with customers.
- **Sales of silver amounted to 139.2 tonnes** and were higher by 5.1 tonnes compared to sales in September 2018 (+4%). The volume of silver sales resulted from the agreed schedule of deliveries to customers in September 2019 and was at a similar level to the corresponding period of 2018.
- **Sales of TPM amounted to 16.4 thousand troy ounces** and were higher by 4.5 thousand troy ounces (+37%) compared to sales in September 2018. The higher sales were due to the higher volume

of an exported shipment than in the corresponding period of 2018. This was connected with the shipment of gold production accrued over the last two months.

Results of KGHM INTERNATIONAL LTD. in September 2019 - y/y:

Production and sales of KGHM INTERNATIONAL LTD.	September 2019	September 2018	I - IX 2019	I - IX 2018
Production				
Payable copper (kt)	7.5	5.6	57.5	60.8
TPM (koz t)	7.7	4.5	62.9	51.2
Molybdenum (mn lbs)	0.02	0.05	0.59	0.41
Sales				
Copper (kt)	5.9	4.8	52.9	56.7
TPM (koz t)	6.5	3.7	53.5	47.7
Silver (t)	1.1	0.3	2.0	5.4
Molybdenum (mn lbs)	0.02	0.00	0.7	0.3

Production of KGHM INTERNATIONAL LTD.:

- **The increase in payable copper production in September 2019** compared to September 2018 was due to higher copper production by the Robinson mine by 2.7 thousand tonnes and by 0.2 thousand tonnes in the Carlota mine, despite a year-on-year decrease in production by the Franke mine (by 0.7 thousand tonnes) and in the Sudbury Basin (by 0.3 thousand tonnes). The higher copper production by the Robinson mine was due to higher metal grade in ore and to higher recovery.
- **The lower production of copper by the Franke mine and in the Sudbury Basin in September 2019 year-on-year** was mainly due to the processing of a lower copper-grade ore and to lower recoveries.
- **The higher production of precious metals in September** year-on-year was due to higher gold production by the Robinson mine (by 2.7 thousand troy ounces, a higher metal grade in ore and higher recovery), as well as higher production of TPM in the Sudbury Basin (by 0.5 thousand troy ounces).
- **Molybdenum production by the Robinson mine in September 2019 was lower than in September 2018** due to lower molybdenum content in concentrate and lower recoveries.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 5.9 thousand tonnes** and were higher by 1.1 thousand tonnes (+24%) compared to sales in September 2018. The main reason were higher sales of payable copper in concentrate produced by the Robinson mine by approx. 1.9 thousand tonnes, resulting from the sale in September 2019 of twice the volume of copper concentrate sold in the corresponding period of 2018 (in September 2019 two lots of Robinson concentrate were sold as compared to one lot in September 2018). Sales of copper from the Carlota mine were also higher by approx. 0.2 thousand tonnes, due to higher production of copper in ore. On the other hand, in September 2019 sales were slightly lower from the Franke mine and from the Sudbury Basin.
- **Sales of TPM amounted to 6.5 thousand troy ounces** and were higher by 2.8 thousand troy ounces (+76%) compared to September 2018.
- **Sales of silver amounted to 1.1 tonnes.** This is 0.8 tonnes higher than sales recorded in September 2018 (+223%).
The substantially higher TPM and silver sales in September 2019 are connected to the doubling of the volume of copper concentrate sold.
- **Sales of molybdenum amounted to 0.02 million pounds.** In the corresponding period of 2018 there were no sales of molybdenum by the Robinson mine.

Results of Sierra Gorda S.C.M. in September 2019 - y/y:

Production and sales of Sierra Gorda (on a 55% basis)	September 2019	September 2018	I - IX 2019	I - IX 2018
Production				
Payable copper (kt)	5.2	4.9	44.4	38.1
Molybdenum (mn lbs)	0.7	0.7	8.2	10.7
Payable silver (t)	1.4	1.4	10.9	10.4
TPM (koz t)	2.6	3.0	22.8	15.8
Sales				
Copper (kt)	6.6	4.7	46.2	36.5
Molybdenum (mn lbs)	1.2	1.6	9.0	12.8
Silver (t)	1.7	1.4	11.4	9.8
TPM (koz t)	3.4	2.4	23.7	14.6

Production of Sierra Gorda (55%):

- **The higher production of copper in September 2019** was due to higher ore throughput as well as to higher metal content in extracted ore compared to September 2018.
- **The higher production of payable copper in the period January to September 2019** was due to higher ore throughput as well as to higher copper content in extracted ore compared to the same period of 2018.
- **The decrease in molybdenum production in the period January to September 2019** was due to lower molybdenum content in ore as compared to the corresponding period of 2018. The impact of this factor on the production results was partially offset by the higher volume of processed ore.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 6.6 thousand tonnes** and were higher by 1.9 thousand tonnes compared to sales in September 2018 (+40%). The reason was the higher volume of sold copper concentrate in September 2019 by approx. 14.8 thousand tonnes dry weight due to higher production as well as to the schedule of shipments agreed with customers.
- **Sales of molybdenum amounted to 1.2 million pounds** and were lower by 0.4 million pounds (-20%) compared to sales in September 2018. Sales of molybdenum reflect the schedule of processing molybdenum concentrate and the return of molybdenum oxides designated for sale as well as the planned and achieved level of molybdenum production by the Sierra Gorda mine.
- **Sales of silver amounted to 1.7 tonnes** and were higher by 0.3 tonnes (+19%).
- **Sales of TPM amounted to 3.4 thousand troy ounces** and were higher by 1.0 thousand troy ounces (+42%).

The main reason for the increase in silver and TPM sales was, similarly as in the case of copper, the higher volume of sold copper concentrate.