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

*The following report contains preliminary monthly data – the final quarterly production and sales results will be published in the consolidated report for the first 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.*

Planned production of copper and silver by the Group was exceeded, with lower production of precious metals (TPM) and molybdenum compared to budget targets.

### Production results of the KGHM Group in January 2019 - yoy:

- **Payable copper production amounted to 58.7 thousand tonnes**, exceeding the level achieved in the comparable period of 2018 by 21%. The higher production came from KGHM Polska Miedź S.A. and Sierra Gorda. The lower production by KGHM International was mainly due to extracting ore with lower copper content in the Robinson and Sudbury Basin mines.
- **Silver production amounted to 76.0 tonnes**. Despite the increase in the amount of silver in concentrate, production of metallic silver was lower than in the prior year by 12% due to an increase in metal remaining in work in progress.
- **TPM production amounted to 12.2 thousand troy ounces**. The drop by 9% as compared to January 2018 was due to lower production by KGHM Polska Miedź S.A. and KGHM International.
- **Molybdenum production amounted to 1.0 million pounds** and was 9% lower than the level in the prior year due to lower content of molybdenum in ore extracted by the Sierra Gorda mine.

### Sales by the KGHM Group in January 2019 - yoy:

- **Sales of payable copper amounted to 42.2 thousand tonnes** and were higher by 5.7 thousand tonnes (+16%) as compared to sales of payable copper in January 2018. The main reason were higher sales of copper by KGHM Polska Miedź S.A. and by the Sierra Gorda and Franke mines.
- **Sales of silver amounted to 84.0 tonnes** and were higher by 19.7 tonnes (31%) as compared to January 2018. The main reason were higher sales of silver from the production assets in Poland.
- **TPM sales amounted to 8.9 thousand troy ounces** and were lower by 9.6 thousand troy ounces (-52%) as compared to January 2018. The main reason was the lower sale of gold in January 2019 by KGHM Polska Miedź S.A.

- **Molybdenum sales amounted to 1.0 million pounds** and were lower by 0.3 million pounds (-22%) as compared to January 2018. The reason for the decline was lower molybdenum sales from the Sierra Gorda mine.

#### **KGHM Polska Miedź S.A.:**

- **Sales of copper amounted to 31.3 thousand tonnes** and were higher by 3.3 thousand tonnes (+12%) as compared to January 2018. The difference was due to the greater availability of copper cathodes for sale, which in turn is the result of higher production of electrolytic copper by the metallurgical facilities of KGHM in January 2019 as compared to the comparable period of 2018 (+10.8 thousand tonnes). Due to the fact that the month of January usually experiences less market activity (winter in Europe and the pre-New Year period in China limiting copper consumption) the additional amount of copper produced will be put on the market in the February – March 2019 timeframe.
- **Sales of silver amounted to 82.7 tonnes** and were higher by 20 tonnes (+32%) as compared to sales in January 2018. The difference was due to the schedule of orders and the agreed schedule of shipments to customers in the current year. At the same time it should be noted that, in order to limit logistical costs, silver sales beyond the border of Poland are usually shipped in batches of approx. 20 tonnes each. This however means that any increase / decrease in the amount of shipments by a single shipment (on a month-by-month basis) has an enormous impact on the sales dynamic in the comparable timeframe.
- **TPM sales amounted to 1.2 thousand troy ounces** and were lower by 10.7 thousand troy ounces (-90%) as compared to sales in January 2018. Similarly as in the case of silver shipments, gold is also exported in larger single batches (usually not less than 200 kg). Due to the low starting inventory and to the lower production of gold as compared to the same period of 2018, in January 2019 there was an insufficient amount of gold accumulated to enable the organisation of a shipment for export. Such sales will occur in subsequent months depending on the availability of the metal.

#### **KGHM International:**

- **Sales of copper amounted to 6.9 thousand tonnes** and were higher by 0.6 thousand tonnes (+10%) as compared to sales in January 2018. The main reason was higher production (by 0.7 thousand tonnes) and therefore higher sales of cathodes from the Franke mine (by 1.2 thousand tonnes). At the same time the production and sale of copper in ore from the Sudbury Basin mines was lower by approx. 0.4 thousand tonnes as compared to January 2018.
- **TPM sales amounted to 5.7 thousand troy ounces** and were lower by 0.2 thousand troy ounces (-4%) as compared to sales in January 2018. The main reason was the slightly lower content of payable gold in concentrate produced by the Robinson mine, which was partially offset by higher TPM production in the Sudbury Basin.
- **Sales of silver amounted to 0.3 tonnes** and were lower by 0.7 tonnes (-69%) as compared to sales in January 2018. The main reason for the decrease was the lower content of payable silver in concentrate produced by the Robinson mine.
- **Sales of molybdenum amounted to 0.02 million pounds** and were lower by 0.02 million pounds (-47%) as compared to the same period of 2018. Sales in January 2019 were a reflection of the level of production during this period.

### **Sierra Gorda (55%):**

- **Sales of copper amounted to 4.0 thousand tonnes** and were higher by 1.8 thousand tonnes (+81%) as compared to January 2018. This was due to the higher volume of copper concentrate sold (by approx. 14.7 thousand tonnes dry weight) which in turn was the result of higher availability of concentrate for sale in January 2019 as compared to January 2018 (higher production, higher starting inventory). At the same time it should be noted that shipments of copper concentrate are usually made in batches of approx. 10 thousand tonnes, which given the monthly production of the Sierra Gorda mine at the level of 35–45 thousand tonnes of concentrate, has an enormous impact on the observed sales dynamic in cases of a change in the amount of shipments by 1 or 2 on a monthly scale.
- **Molybdenum sales amounted to 1.0 million pounds** and were lower by 0.3 million pounds (-21%) compared to sales in January 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 1.0 tonne** and were higher by 0.5 tonnes (+73%).
- **TPM sales amounted to 2.0 thousand troy ounces** and were higher by 1.3 thousand troy ounces (+201%).

The higher sales of silver and TPM, similarly as in the case of copper, were due to higher sales of copper concentrate in January 2019 as compared to January 2018.

<b>Production and sales of the KGHM Group</b>	<b>January 2019</b>	<b>January 2018</b>	<b>monthly change* yoy</b>
<b>Production</b>			
Payable copper (kt)	58.7	48.7	21%
Payable silver (t)	76.0	85.9	-12%
TPM (koz t)	12.2	13.4	-9%
Molybdenum (mn lbs)	1.0	1.1	-9%
<b>Sales</b>			
Copper (kt)	42.2	36.5	16%
Silver (t)	84.0	64.3	31%
TPM (koz t)	8.9	18.5	-52%
Molybdenum (mn lbs)	1.0	1.3	-22%

<b>Production and sales of KGHM Polska Miedź S.A.</b>	<b>January 2019</b>	<b>January 2018</b>	<b>monthly change* yoy</b>
<b>Mine production:</b>			
Copper in concentrate (kt)	33.9	33.8	-
Silver in concentrate (t)	110.0	105.4	4%
<b>Metallurgical production:</b>			
Electrolytic copper (kt)	48.4	37.6	29%
- including from own concentrate	36.8	30.3	22%
Metallic silver (t)	74.8	84.9	-12%
TPM (koz t)	4.3	5.9	-28%
<b>Sales</b>			
Copper (kt)	31.3	28.0	12%
Silver (t)	82.7	62.7	32%
TPM (koz t)	1.2	11.9	-90%

<b>Production and sales of KGHM International</b>	<b>January 2019</b>	<b>January 2018</b>	<b>monthly change* yoy</b>
<b>Production</b>			
Payable copper (kt)	5.3	7.5	-30%
TPM (koz t)	5.36	6.4	-17%
Molybdenum (mn lbs)	0.02	0.02	-
<b>Sales</b>			
Copper (kt)	6.9	6.3	10%
TPM (koz t)	5.7	5.9	-4%
Silver (t)	0.3	1.0	-69%
Molybdenum (mn lbs)	0.02	0.04	-47%

<b>Production and sales of Sierra Gorda (on a 55% basis)</b>	<b>January 2019</b>	<b>January 2018</b>	<b>monthly change* yoy</b>
<b>Production</b>			
Payable copper (kt)	5.0	3.6	39%
Molybdenum (mn lbs)	1.0	1.1	-14%
Payable silver (t)	1.2	1.0	21%
TPM (koz t)	2.5	1.1	119%
<b>Sales</b>			
Copper (kt)	4.0	2.2	81%
Molybdenum (mn lbs)	1.0	1.3	-21%
Silver (t)	1.0	0.5	73%
TPM (koz t)	2.0	0.7	201%

\* percentage change on the basis of unrounded data