

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for January 2020

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 2020. 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 January 2020, production by the Group was not substantially different from the targets set for this period, while sales were lower than planned, mainly in respect of precious metals and molybdenum.

With respect to the volumes recorded in the corresponding period of 2019, production and sales of the major metals was higher or similar to the level recorded in the prior year with the exception of molybdenum, the production of which was lower year-on-year due to advancement of the production plan of Sierra Gorda, which for 2020 calls for mining in zones with a lower content of this metal.

Results of the KGHM Group in January 2020 - y/y:

Production and sales of the KGHM Group	January 2020	January 2019	monthly annualised change
Production			
Payable copper (kt)	58.4	58.7	-1%
- including KGHM Polska Miedź S.A.*	48.2	48.4	0%
Payable silver (t)	83.0	76.0	+9%
TPM (koz t)	15.6	12.2	+28%
Molybdenum (mn lbs)	0.8	1.0	-20%
Sales			
Copper (kt)	46.8	42.2	+11%
Silver (t)	84.2	84.0	0%
TPM (koz t)	8.7	8.9	-2%
Molybdenum (mn lbs)	0.9	1.0	-10%

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 58.4 thousand tonnes**, or a similar amount to that recorded in the corresponding month of 2019, with an increase in the Sierra Gorda mine (+12%), and a decrease in KGHM International (-13%). In both cases the main reason was geological conditions – higher copper content in the ore processed by Sierra Gorda, and a decrease in content in some of the mines of KGHM International (Sudbury Basin and Franke).
- **Production of silver amounted to 83.0 tonnes** and was higher than the amount recorded in January 2019 by 9%.
- **Production of TPM amounted to 15.6 thousand troy ounces**. The increase in production (+28%) was in respect of KGHM Polska Miedź S.A. and Sierra Gorda, with a slight decrease in KGHM International.
- **Production of molybdenum amounted to 0.8 million pounds**, or 20% lower than the amount recorded in January 2019 due to lower molybdenum content in the ore mined by Sierra Gorda.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 46.8 thousand tonnes** and were higher by 4.6 thousand tonnes (+11%) compared to sales of copper in January 2019. The main reason was higher sales of this metal by KGHM Polska Miedź S.A.
- **Sales of silver amounted to 84.2 tonnes** and were at the level recorded in January 2019.
- **Sales of TPM amounted to 8.7 thousand troy ounces** and were comparable to sales recorded in January 2019 (-2%).
- **Sales of molybdenum amounted to 0.9 million pounds** and were lower by 0.1 million pounds (-10%) compared to January 2019. The main reason was a decrease in molybdenum sales by the Sierra Gorda mine.

Results of KGHM Polska Miedź S.A. in January 2020 - y/y:

Production and sales of KGHM Polska Miedź S.A.	January 2020	January 2019	monthly annualised change
Mine production:			
Copper in concentrate (kt)	31.9	33.9	-6%
Silver in concentrate (t)	101.5	110.0	-8%
Metallurgical production:			
Electrolytic copper (kt)	48.2	48.4	0%
- including from own concentrate	33.2	36.8	-10%
Metallic silver (t)	81.5	74.8	+9%
TPM (koz t)	7.6	4.3	+77%
Sales			
Copper (kt)	36.9	31.3	+18%
Silver (t)	82.4	82.7	0%
TPM (koz t)	0.6	1.2	-50%

Production of KGHM Polska Miedź S.A.:

- **Production of copper in concentrate amounted to 31.9 thousand tonnes** and were lower by 2 thousand tonnes (-6%) compared to January 2019.
- **Production of silver in concentrate amounted to 101.5 tonnes** and were lower by 8.5 tonnes (-8%) compared to January 2019. The lower amount of copper and silver in concentrate compared to January 2019 is due to a drop in extraction by the Polkowice-Sieroszowice mine. This was related to the need to transfer resources from the temporarily suspended fields of the G-61 section to other tasks. At present the mine has commenced work in two fields under specific conditions and is working on the possibility of mining fields in new locations.
- **Production of electrolytic copper was at a similar level** as in 2019. The decrease in production from own concentrate was due to lower processing of own concentrate as well as to the setting aside of anodes which will be used in the third quarter of 2020 during a 10-week maintenance shutdown at the Głogów I Copper Smelter and Refinery.
- **Production of metallic silver increased by 9%** compared to January 2019.
- **Production of TPM (metallic gold) increased by 77%** compared to January 2019 and was due to the higher amount of purchased metal-bearing material processed with higher content of this element.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 36.9 thousand tonnes** and were higher by 5.6 thousand tonnes (+18%) compared to sales in January 2019. The difference was due among others to the schedule of deliveries agreed with customers of copper cathodes and to the higher level of inventories at the end of December 2019 compared to December 2018, which allowed for slightly higher sales in January 2020.
- **Sales of silver amounted to 82.4 tonnes** and were at the same level as sales recorded in January 2019.
- **Sales of TPM amounted to 0.6 thousand troy ounces** and were lower by 0.6 thousand troy ounces (-50%) compared to sales in January 2019. The difference was mainly due to the size of orders and the schedule of deliveries to customers in individual months.

Results of KGHM INTERNATIONAL LTD. in January 2020 - y/y:

Production and sales of KGHM INTERNATIONAL LTD.	January 2020	January 2019	monthly annualised change
Production			
Payable copper (kt)	4.6	5.3	-13%
TPM (koz t)	5.3	5.4	-2%
Molybdenum (mn lbs)	0.06	0.02	+200%
Sales			
Copper (kt)	5.6	6.9	-19%
TPM (koz t)	5.9	5.7	+4%
Silver (t)	0.6	0.3	+100%
Molybdenum (mn lbs)	0.04	0.02	+100%

Production of KGHM INTERNATIONAL LTD.:

- **Production of copper amounted to 4.6 thousand tonnes** and was lower by 0.7 thousand tonnes (-13%) compared to January 2019. The decrease in payable copper production was due to lower production by the Franke mine (by 0.7 thousand tonnes) and in the Sudbury Basin (by 0.3 thousand tonnes), despite higher production of copper by the Robinson mine by 0.3 thousand tonnes. The lower production of copper by the Franke mine and in the Sudbury Basin in January 2020 year-on-year was mainly due to lower copper content in ore. The increase in copper production by the Robinson mine was due to higher copper content in ore and to higher recovery.
- **Production of TPM amounted to 5.3 thousand troy ounces** and was slightly lower compared to the corresponding period of 2019. The lower production of precious metals was due to lower TPM production in the Sudbury Basin (by 0.2 thousand troy ounces – lower precious metals content in ore), despite higher gold production by the Robinson mine (by 0.1 thousand troy ounces - higher gold content in ore).
- **Production of molybdenum amounted to 0.06 million pounds** and was 3-times higher than production in January 2019 due to high recovery.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 5.6 thousand tonnes** and were lower by 1.3 thousand tonnes (-19%) compared to sales in January 2019. The main reason was lower sales of payable copper in Robinson concentrate by approx. 0.5 thousand tonnes (due to a slightly lower volume of sales of concentrate) and of cathodes produced by the Franke mine (due to lower production). Due to the lower payable copper production (lower copper content in ore), sales of copper from the Sudbury Basin were also slightly lower (by approx. 0.3 thousand tonnes). Sales of copper from the Carlota mine were unchanged compared to sales in January 2019.
- **Sales of TPM amounted to 5.9 thousand troy ounces** and were comparable to the level achieved in January 2019 (+4%).
- **Sales of silver amounted to 0.6 tonnes** and were higher by 0.3 tonnes (+100%) compared to sales in January 2019. This was due to higher sales of silver contained in concentrate from the Robinson mine due to the higher silver content in material sold in January 2020.
- **Sales of molybdenum amounted to 0.04 million pounds** and were higher by 0.02 million pounds (+100%) than sales in the corresponding period of 2019. Sales in January 2020 reflected the volume of production in this period (higher by approx. 0.02 million pounds).

Results of Sierra Gorda S.C.M. in January 2020 - y/y:

Production and sales of Sierra Gorda (on a 55% basis)	January 2020	January 2019	monthly annualised change
Production			
Payable copper (kt)	5.6	5.0	12%
Molybdenum (mn lbs)	0.7	1.0	-30%
Payable silver (t)	1.5	1.2	25%
TPM (koz t)	2.7	2.5	8%
Sales			
Copper (kt)	4.3	4.0	+8%
Molybdenum (mn lbs)	0.9	1.0	-10%
Silver (t)	1.1	1.0	+10%
TPM (koz t)	2.2	2.0	+10%

Production of Sierra Gorda (55%):

- **Production of copper amounted to 5.6 thousand tonnes** and was higher by 0.6 thousand tonnes (12%) compared to January 2019. The higher payable copper production in January 2020 was due to higher copper content in mined ore compared to the corresponding period of 2019.
- **Production of molybdenum amounted to 0.7 million pounds** and was lower by 0.3 million pounds (-30%) compared to January 2019. The decrease in molybdenum production in January 2020 was due to lower molybdenum content in ore as compared to the corresponding period of 2019.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 4.3 thousand tonnes** and were higher by 0.3 thousand tonnes compared to sales in January 2019 (+8%). This was due to a higher (by approx. 2.5 thousand tonnes dry weight) volume of copper concentrate sold in January 2020, resulting from higher production as well as from the schedule of shipments agreed with customers.
- **Sales of molybdenum amounted to 0.9 million pounds** and were lower by 0.1 million pounds (-10%). The volume of 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 1.1 tonnes** and were higher by 0.1 tonnes (+10%).
- **Sales of TPM amounted to 2.2 thousand troy ounces** and were higher by 0.2 thousand troy ounces (+10%). The main reason for the increase in silver and TPM sales was, similarly as in the case of copper, the slightly higher volume of copper concentrate sold in January 2020.