

## Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for July 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-July 2019, production of copper, silver and precious metals (TPM) by the KGHM Group was higher than the amounts assumed in the Budget and recorded in the comparable period of 2018. The decrease in molybdenum production as compared to the corresponding period of 2018 was due to the lower content of this metal in ore processed by the Sierra Gorda mine.

Sales of all of the basic metals (excluding molybdenum) was higher than the volumes realised in the first seven months of 2018.

### Results of the KGHM Group in July 2019 - y/y:

Production and sales of the KGHM Group	July 2019	July 2018	I - VII 2019	I - VII 2018
<b>Production</b>				
Payable copper (kt)	59.7	55.9	411.7	350.6
- including KGHM Polska Miedź S.A.*	47.9	45.2	334.6	272.7
Payable silver (t)	74.7	109.3	786.4	594.1
TPM (koz t)	16.6	14.2	120.7	96.6
Molybdenum (mn lbs)	0.55	1.46	6.74	9.35
<b>Sales</b>				
Copper (kt)	47.6	54.4	394.17	344.9
Silver (t)	84.1	115.4	797.33	611.2
TPM (koz t)	8.0	10.8	108.98	90.4
Molybdenum (mn lbs)	0.9	1.4	7.29	9.9

\* Production of electrolytic copper

### Production of the KGHM Group:

- **Production of payable copper amounted to 59.7 thousand tonnes.** The increase as compared to July 2018 by 7% came from production in Poland as well as from the international assets. In KGHM Polska Miedź S.A. significant elements were the increase in processed ore volume and in copper content in ore.
- **Production of silver amounted to 74.7 tonnes** and was lower than the amount recorded in July 2018 due to maintenance on a furnace at the Precious Metals Plant at the Głogów I Copper Smelter and Refinery.

- **Production of TPM amounted to 16.6 thousand troy ounces.** The monthly increase on a year-to-year basis by 17% was due to the international assets (KGHM INTERNATIONAL LTD. +1.2 thousand troy ounces and Sierra Gorda +1.2 thousand troy ounces).
- **Production of molybdenum amounted to 0.55 million pounds.** The decrease in production was the result of lower molybdenum content in ore processed by the Sierra Gorda mine.

#### Sales of the KGHM Group:

- **Sales of payable copper amounted to 47.6 thousand tonnes** and were lower by 6.8 thousand tonnes (-12%) compared to sales of copper in July 2018. The main reason was lower sales of this metal by KGHM Polska Miedź S.A.
- **Sales of silver amounted to 84.1 tonnes** and were lower by 31.3 tonnes (-27%) compared to sales in July 2018. The reason was lower sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 8.0 thousand troy ounces** and were lower by 2.8 thousand troy ounces (-26%) compared to July 2018. This was due to lower sales of gold in July 2019 by KGHM Polska Miedź S.A.
- **Sales of molybdenum amounted to 0.9 million pounds** and were lower by 0.5 million pounds (-38%) compared to July 2018. The main reason was lower molybdenum sales by the Sierra Gorda mine.

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

Production and sales of KGHM Polska Miedź S.A.	July 2019	July 2018	I - VII 2019	I - VII 2018
<b>Mine production:</b>				
Copper in concentrate (kt)	35.3	33.8	235.4	238.8
Silver in concentrate (t)	108.3	106.8	741.4	746.3
<b>Metallurgical production:</b>				
Electrolytic copper (kt)	47.9	45.2	334.6	272.7
- including from own concentrate	35.4	35.5	242.9	206.8
Metallic silver (t)	73.5	108.1	778.1	586.6
TPM (koz t)	6.4	6.4	57.0	44.8
<b>Sales</b>				
Copper (kt)	38.5	43.8	318.2	273.4
Silver (t)	82.3	113.9	788.1	599.7
TPM (koz t)	1.4	4.0	52.1	43.2

#### Production of KGHM Polska Miedź S.A.:

- **Higher copper and silver in concentrate compared to July 2018** due to higher processing of ore from the mines.
- **Copper content in ore in July 2019 was higher** compared to the corresponding prior-year month.
- **Production of electrolytic copper was higher** as compared to the prior year's result.
- **Production of metallic silver was lower** due to planned maintenance carried out on the Kaldo furnace in the Precious Metals Plant at the Głogów I Copper Smelter and Refinery.

#### Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 38.5 thousand tonnes** and were lower by 5.3 thousand tonnes (-12%) compared to sales in July 2018. Apart from the fact that in July 2018 there occurred the sale of copper in concentrate from the Polish production assets (approx. 2.3 thousand tonnes in 2018 versus a lack of copper concentrate sales in 2019), the lower result in the current year was in large measure

due to the planned maintenance at the Cedynia Wire Rod Plant at the turn of October and November 2019 and the consequent need to build up inventory to ensure sales of copper products during the maintenance shutdown of the wire rod plant.

- **Sales of silver amounted to 82.3 tonnes** and were lower by 31.6 tonnes compared to sales in July 2018 (-28%) – the main reason for the lower sales was the maintenance shutdown at the Precious Metals Plant in Głogów and the related significant decrease in silver production in July 2019. It should also be noted that sales in July of 2018 also included 10.8 tonnes of payable silver in copper concentrate.
- **Sales of TPM amounted to 1.4 thousand troy ounces** and were lower by 2.6 thousand troy ounces (-65%) compared to sales in July 2018. The decrease was due to the lack of a shipment for export of larger quantities of gold in July 2019 (gold is shipped in parties of not less than 200 kg), which in turn took place in July 2018.

#### **Results of KGHM INTERNATIONAL LTD. in July 2019 - y/y:**

<b>Production and sales of KGHM INTERNATIONAL LTD.</b>	<i>July 2019</i>	<i>July 2018</i>	<i>I - VII 2019</i>	<i>I - VII 2018</i>
<b>Production</b>				
Payable copper (kt)	7.2	6.6	43.2	49.3
TPM (koz t)	7.5	6.3	46.5	40.9
Molybdenum (mn lbs)	0.05	0.06	0.54	0.25
<b>Sales</b>				
Copper (kt)	4.0	4.8	40.5	43.1
TPM (koz t)	3.7	4.8	38.8	36.4
Silver (t)	0.4	-0.1	0.5	4.1
Molybdenum (mn lbs)	0.09	0.04	0.7	0.2

#### **Production of KGHM INTERNATIONAL LTD.:**

- **The increase in payable copper production in July 2019 compared to July 2018** was due to higher copper production by the Robinson mine by 1.0 thousand tonnes and by the Carlota mine by 0.2 thousand tonnes, despite the year-on-year decrease in production in the Sudbury Basin (by 0.4 thousand tonnes) and by the Franke mine (by 0.2 thousand tonnes).
- **The lower production of copper and precious metals in the Sudbury Basin in July 2019 compared to July 2018** was mainly due to the lower content of these metals in ore due to the change in the location from which the ore is extracted.
- **The lower production of copper by the Franke mine in July 2019 as compared to the previous year** was due to lower copper content in ore and lower recovery.
- **In July 2019 the Robinson mine recorded higher production of copper (by 1.0 thousand tonnes) and gold (by 2.22 thousand troy ounces) on a year-to-year basis** due to the extraction of a higher volume of ore with higher content of these metals.

#### **Sales of KGHM INTERNATIONAL LTD.:**

- **Sales of copper amounted to 4.0 thousand tonnes** and were lower by 0.8 thousand tonnes (-16%) compared to sales in July 2018. The main reason were lower sales of payable copper in concentrate produced by the Robinson mine by approx. 0.6 thousand tonnes, resulting from a lower volume of copper concentrate sales in July 2019 compared to the corresponding prior-year period. The decrease in sales by Robinson results mainly from a difference in the timing of shipments. Sales of copper from Sudbury Basin were also lower by approx. 0.4 thousand tonnes, due to lower production of copper in ore in July 2019 compared to the corresponding prior-year period. On the other hand sales by the Carlota and Franke mines were better in July 2019.

- **Sales of TPM amounted to 3.7 thousand troy ounces** and were lower by 1.1 thousand troy ounces (-23%) compared to July 2018. This result was mainly due to lower TPM sales from the Sudbury Basin.
- **Sales of silver amounted to 0.4 tonnes.** This was 0.5 tonnes higher than the amount realised in July 2018, due to sales being negative in the prior year (resulting from adjustment of the provisional amount of silver in concentrate produced by the Robinson mine with respect to previous shipments).
- **Sales of molybdenum amounted to 0.09 million pounds** and were higher by 0.05 million pounds (+126%) compared to sales in July 2018.

#### **Results of Sierra Gorda S.C.M. in July 2019 - y/y:**

<b>Production and sales of Sierra Gorda (on a 55% basis)</b>	<b>July 2019</b>	<b>July 2018</b>	<b>I - VII 2019</b>	<b>I - VII 2018</b>
<b>Production</b>				
Payable copper (kt)	4.6	4.1	33.9	28.6
Molybdenum (mn lbs)	0.5	1.4	6.2	9.1
Payable silver (t)	1.2	1.2	8.3	7.5
TPM (koz t)	2.7	1.5	17.2	10.9
<b>Sales</b>				
Copper (kt)	5.1	5.8	35.5	28.4
Molybdenum (mn lbs)	0.8	1.4	6.6	9.7
Silver (t)	1.3	1.5	8.7	7.4
TPM (koz t)	3.0	2.0	18.1	10.8

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

- **Higher payable copper production in the period January to July 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 higher production of copper in July 2019** was due to higher copper content in ore as compared to the results of July 2018.
- **The decrease in molybdenum production both in the month of July as well as in the period January to July 2019** was due to lower molybdenum content in ore as compared to the corresponding period of 2018.

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

- **Sales of copper amounted to 5.1 thousand tonnes** and were lower by 0.7 thousand tonnes compared to sales in July 2018 (-12%). This was due to a slightly lower volume of copper concentrate sold in July 2019 by approx. 6.5 thousand tonnes dry weight, resulting from the agreed schedule of deliveries to customers.
- **Sales of molybdenum amounted to 0.8 million pounds** and were lower by 0.6 million pounds (-43%) compared to sales in July 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 1.3 tonnes** and were lower by 0.2 tonnes (-13%). The main reason for the decrease in silver sales was, similarly as in the case of copper, a lower volume of sold copper concentrate.
- **Sales of TPM amounted to 3.0 thousand troy ounces** and were higher by 1.0 thousand troy ounces (+46%). The increase was due to the higher content of payable TPM in copper concentrate sold in July 2019.