

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

In the period January-March 2019, production of copper, silver and precious metals (TPM) by the KGHM Group was higher than the amounts recorded in the first quarter of 2018. The decrease in molybdenum production as compared to the first three months of 2018 was due to the planned sequencing of extraction by the Sierra Gorda mine (mining from areas with lower molybdenum content). Production of copper, silver and molybdenum in the first quarter of 2019 was higher than the targets set forth in the budget.

Results of the KGHM Group in March 2019 - yoy:

Production and sales of the KGHM Group	March 2019	March 2018	1Q 2019	1Q 2018
Production				
Payable copper (kt)	60.3	48.8	172.8	142.9
Payable silver (t)	128.7	85.3	324.6	242.5
TPM (koz t)	17.4	12.1	45.0	38.7
Molybdenum (mn lbs)	1.1	1.5	3.2	4.0
Sales				
Copper (kt)	63.9	52.4	167.4	132.4
Silver (t)	122.0	63.2	329.1	213.1
TPM (koz t)	17.3	12.4	44.8	39.1
Molybdenum (mn lbs)	1.1	1.4	3.6	4.1

Production of the KGHM Group:

- **Production of payable copper in March 2019 amounted to 60.3 thousand tonnes.** The increase as compared to March 2018 by 24% came from production in Poland and by Sierra Gorda. The slight decrease recorded in KGHM International was mainly due to lower production by the Robinson mine due to lower copper content.
- **Production of silver amounted to 128.7 tonnes,** or an increase by 51% as compared to March 2018. This higher production was due to both the Polish and international assets.
- **Production of TPM amounted to 17.4 thousand troy ounces.** The increase by 44% was due to both the Polish and international assets.
- **Production of molybdenum amounted to 1.1 million pounds.** The decrease in production was due to lower content of molybdenum in ore in the Sierra Gorda mine.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 63.9 thousand tonnes** and were higher by 11.5 thousand tonnes (+22%) as compared to sales of payable copper in March 2018. The main reason were higher sales of copper by KGHM Polska Miedź S.A. and KGHM International.
- **Sales of silver amounted to 122 tonnes** and were higher by 58.8 tonnes (+93%) as compared to March 2018. The main reason were higher sales of silver by the Polish production assets.
- **TPM sales amounted to 17.3 thousand troy ounces** and were higher by 4.9 thousand troy ounces (+40%) as compared to March 2018. The main reason was higher sales of gold in March 2019 by KGHM International.
- **Molybdenum sales amounted to 1.1 million pounds** and were lower by 0.3 million pounds (-17%) as compared to March 2018. The main reason were lower molybdenum sales by the Sierra Gorda mine.

Results of KGHM Polska Miedź S.A. in March 2019 - yoy:

Production and sales of KGHM Polska Miedź S.A.	March 2019	March 2018	1Q 2019	1Q 2018
Mine production:				
Copper in concentrate (kt)	34.2	36.1	99.2	102.7
Silver in concentrate (t)	106.3	113.3	311.5	321.8
Metallurgical production:				
Electrolytic copper (kt)	49.1	38.3	141.7	110.8
- including from own concentrate	35.0	28.5	104.2	86.0
Metallic silver (t)	127.5	84.2	321.0	239.3
TPM (koz t)	7.8	5.9	19.8	18.3
Sales				
Copper (kt)	53.5	43.2	135.1	102.5
Silver (t)	121.0	61.2	325.3	207.0
TPM (koz t)	8.1	6.9	20.3	20.3

Production of KGHM Polska Miedź S.A.:

- Higher production of copper in concentrate and of electrolytic copper compared to the Company's targets for March.
- The decrease in copper and silver in concentrate compared to March 2018 was due to a lower amount of ore processed from the mines. The decrease in mine production was caused by the rockburst which occurred on 29 January 2019 in the Rudna mine.
- Production of electrolytic copper and metallic silver was higher than in the prior year, with substantially higher production of cathodes from own concentrate.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 53.5 thousand tonnes** and were higher by 10.3 thousand tonnes (24%) as compared to sales in March 2018. The difference was due to higher production of electrolytic copper by more than 10 thousand tonnes in March 2019.
- **Sales of silver amounted to 121 tonnes** and were higher by 59.8 tonnes (98%) as compared to sales in March 2018. The difference was mainly due to higher production versus the comparable prior-year period (by more than 43 tonnes). It was also due to the agreed schedule of shipments to customers (given the usual single-batch shipment of 20 tonnes).

- **TPM sales amounted to 8.1 thousand troy ounces** and were higher by 1.2 thousand troy ounces (17%) as compared to sales in March 2018. The difference was mainly due to higher production versus the comparable prior-year period.

Results of KGHM International in March 2019 - yoy:

Production and sales of KGHM International	March 2019	March 2018	1Q 2019	1Q 2018
Production				
Payable copper (kt)	6.21	6.28	16.29	20.12
TPM (koz t)	7.44	4.31	17.86	15.83
Molybdenum (mn lbs)	0.10	0.03	0.20	0.06
Sales				
Copper (kt)	6.5	4.4	18.0	17.3
TPM (koz t)	7.4	3.3	17.2	13.9
Silver (t)	0.1	0.7	0.3	2.7
Molybdenum (mn lbs)	0.2	0.0	0.2	0.1

Production of KGHM International:

- The slightly lower production of payable copper in March 2019 as compared to March 2018 was mainly due to lower production by the Robinson mine by 0.48 thousand tonnes due to the extraction of ore with a lower copper content, despite higher recoveries and higher extraction.
- The decrease in payable copper production by 19% in 1Q 2019 as compared to the first quarter of 2018 was due to lower production by the Robinson mine by 5.2 thousand tonnes due to the extraction of ore with a lower copper content. This loss was not offset by higher production by the Franke mine and by the other mines (Carlota and Sudbury).
- Higher TPM production in March 2019 as compared to the prior year was also recorded by the Robinson mine (by 32% - due to higher gold content in ore), as well as by the Sudbury Basin mines (by 120% - due to higher ore extraction and higher content of platinum and palladium in ore).
- Higher TPM production in the first quarter of 2019 yoy was due to higher TPM production by 3.82 thousand troy ounces by the Sudbury Basin mines, despite lower gold production by the Robinson mine by 1.80 thousand troy ounces as compared to 1Q 2018.
- In March 2019 and in 1Q 2019, molybdenum production by the Robinson mine more than tripled as compared to the prior year due to higher molybdenum content in ore.

Sales of KGHM International:

- **Sales of copper amounted to 6.5 thousand tonnes** and were higher by 2.1 thousand tonnes (46%) as compared to sales in March 2018. The main reason was the higher volume of concentrate sales by the Robinson mine by approx. 10 thousand tonnes dry weight as a result of the agreed schedule of shipments (one shipment). In addition, sales of payable copper by the Sudbury Basin mines were higher by approx. 0.4 thousand tonnes as a result of higher production in March 2019.
- **TPM sales amounted to 7.4 thousand troy ounces** and were higher by 4.1 thousand troy ounces (127%) as compared to sales in March 2018. The reason for the increase was, similarly as in the case of copper, a higher volume of concentrate sales by the Robinson mine as compared to the comparable prior-year period as well as higher sales of payable TPM by the Sudbury Basin mines by approx. 2.4 thousand troy ounces (due to higher production).
- **Sales of silver amounted to 0.1 tonnes** and were lower by 0.6 tonnes (-85%) as compared to sales in March 2018. The main reason for this decrease was the adjustment in March 2019 of the provisional amount of silver in concentrate sold by the Robinson mine as compared to previous

shipments. This difference was slightly offset by higher sales of this mineral by the Sudbury Basin mines (by approx. 0.25 tonnes).

- **Molybdenum sales amounted to 0.2 million pounds** and were higher by 0.14 million pounds as compared to sales in March 2018. The increase was due to higher molybdenum production by the Robinson mine by approx. 0.07 million pounds as well as by the agreed schedule of shipments.

Results of Sierra Gorda S.C.M. in March 2019 - yoy:

Production and sales of Sierra Gorda (on a 55% basis)	March 2019	March 2018	1Q 2019	1Q 2018
Production				
Payable copper (kt)	5.0	4.2	14.7	12.0
Molybdenum (mn lbs)	1.0	1.5	3.0	4.0
Payable silver (t)	1.2	1.1	3.6	3.2
TPM (koz t)	2.2	1.9	7.4	4.6
Sales				
Copper (kt)	4.0	4.8	14.3	12.6
Molybdenum (mn lbs)	1.0	1.3	3.4	4.1
Silver (t)	0.9	1.3	3.5	3.4
TPM (koz t)	1.8	2.2	7.3	4.9

Production of Sierra Gorda (55%):

- Higher payable copper production in March 2019 and in the first quarter of 2019 was due to higher ore throughput as well as to higher copper content in extracted ore compared to the comparable period of 2018.
- The decrease in molybdenum production was mainly due to lower molybdenum content in ore. The impact of this factor on production was partially offset by higher ore throughput and improved molybdenum recovery parameters.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 4 thousand tonnes** and were lower by 0.8 thousand tonnes (-17%) as compared to March 2018. This was due to a lower volume of copper concentrate sold (by a single sea-borne shipment).
- **Molybdenum sales amounted to 1 million pounds** and were lower by 0.3 million pounds (-28%) compared to sales in March 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 0.9 tonnes** and were lower by 0.4 tonnes (-26%).
- **TPM sales amounted to 1.8 thousand troy ounces** and were lower by 0.4 thousand troy ounces (-18%).

The lower sales of silver and TPM, similarly as in the case of copper, were due to a lower volume of sales of copper concentrate in March 2019 as compared to March 2018.