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## Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for October 2018

*The following report contains preliminary monthly data – the final quarterly and annual production and sales results will be published in the forthcoming consolidated periodic report. 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-October 2018 production of copper, silver and precious metals (TPM) by the KGHM Group was higher than target amounts. The sales plan target was met or exceeded except in the case of precious metals, where there was a decrease of several percent compared to the target.

### Production results of the KGHM Group in October 2018 yoy:

- **Payable copper production amounted to 56.7 thousand tonnes** and was at a level similar to that achieved in the corresponding period of 2017, with increases in KGHM Polska Miedź S.A. (+4%) and Sierra Gorda (+39%), while KGHM International recorded a decrease of 36%. There was improvement in domestic production from higher processing of own concentrate, while in Sierra Gorda the increase was mainly due to higher volume of ore throughput. The decrease in production by KGHM International was mainly due to the lower quality of ore extracted by the Robinson and Sudbury Basin mines, with higher production by the Franke and Carlota mines.
- **Silver production amounted to 120.8 tonnes**, or an increase compared to October 2017 by 16%. Improvement was recorded by both the Polish and international mines.
- **TPM production amounted to 15.8 thousand troy ounces**. The nearly 30% decrease compared to October 2017 was due to the lower production of gold by both KGHM Polska Miedź S.A. and KGHM International Ltd.
- **Molybdenum production amounted to 1.5 million pounds** and was slightly higher than the level achieved in October 2017, mainly due to the higher volume of ore processed by Sierra Gorda.

### Sales by the KGHM Group in October 2018 yoy:

- **Sales of payable copper amounted to 61.9 thousand tonnes** and were similar to the level of sales in October 2017.
- **Sales of silver amounted to 151.2 tonnes** and were higher by 10% compared to October 2017, mainly due to higher sales of silver by KGHM Polska Miedź S.A.

- **TPM sales amounted to 11.4 thousand troy ounces** and were lower by 44% compared to sales in October 2017. The main reason was the lower level of sales of TPM by KGHM Polska Miedź S.A.
- **Molybdenum sales amounted to 1.4 million pounds** and were lower by 36% compared to October 2017 due to lower sales by Sierra Gorda.

#### **KGHM Polska Miedź S.A.:**

- **Sales of copper amounted to 50.0 thousand tonnes** and were similar to sales in October 2017.
- **Sales of silver amounted to 149.8 tonnes** and were higher by 13.4 tonnes (10%) compared to sales in October 2017. The difference was due among others to higher production compared to the corresponding period of 2017, the pattern of customer orders in 2018 and to the sale of approx. 9.1 tonnes of silver in copper concentrate (in 2017 there were no sales of Cu concentrate).
- **TPM sales amounted to 2.7 thousand troy ounces** and were lower by 8.7 thousand troy ounces (76%) compared to sales in October 2017. The difference was due among others to the lack of accumulated large shipments of gold in October 2018 in contrast to the situation in the corresponding period of 2017.

#### **KGHM International:**

- **Sales of copper amounted to 7.5 thousand tonnes** and were lower by 1.1 thousand tonnes (13%) compared to sales in October 2017. The main reason for the decrease in sales was the lower production of payable copper in the Sudbury Basin and the lower sales of cathodes by the Franke mine due to logistical considerations.
- **TPM sales amounted to 6.6 thousand troy ounces** and were similar to sales in October 2017.
- **Sales of silver amounted to 0.10 tonnes** and were lower by 0.3 tonnes (74%) compared to sales in October 2017 mainly due to the lower amount of payable silver in concentrate produced by the Robinson mine.
- **Sales of molybdenum amounted to 0.13 million pounds** and were higher by 0.1 million pounds (243%) compared to sales in October 2017 mainly due to the schedule of deliveries as agreed with the customer and to higher production by the Robinson mine.

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

- **Sales of copper amounted to 4.4 thousand tonnes** and were higher by 0.8 thousand tonnes (22%) compared to sales in October 2017 due to the higher volume of sales of copper concentrate in October 2018 resulting from logistical considerations.
- **Molybdenum sales amounted to 1.3 million pounds** and were lower by 0.9 million pounds (41%) compared to sales in October 2017. Molybdenum sales reflect the schedule of processing molybdenum concentrate and the return of Mo oxides for subsequent sale.

- **Sales of silver amounted to 1.3 tonnes** and were higher by 0.4 tonnes (44%) compared to sales in October 2017. Similarly as in the case of sales of payable copper, this was due to a higher volume of sales of copper concentrate in October 2018.
- **TPM sales amounted to 2.1 thousand troy ounces** and were higher by 0.1 thousand troy ounces (5%) compared to sales in October 2017.

<b>Production and sales of the KGHM Group</b>	<b>October 2018</b>	<b>October 2017</b>	<b>monthly change* yoy</b>
Payable copper (kt)	56.7	57.0	-0.5%
Payable silver (t)	120.8	104.0	16%
TPM (koz t)	15.8	22.6	-30%
Molybdenum (mn lbs)	1.5	0.9	67%
Copper sales (kt)	61.9	61.5	1%
Silver sales (t)	151.2	137.7	10%
TPM sales (koz t)	11.4	20.2	-44%
Molybdenum sales (mn lbs)	1.4	2.2	-36%

<b>Production and sales of KGHM Polska Miedź S.A.</b>	<b>October 2018</b>	<b>October 2017</b>	<b>monthly change* yoy</b>
<b><i>Mine production:</i></b>			
Copper in concentrate (kt)	36.2	37.1	-3%
Silver in concentrate (t)	112.5	113.2	-1%
<b><i>Metallurgical production:</i></b>			
Electrolytic copper (kt)	45.3	43.7	4%
- including from own concentrate	35.6	27.7	28%
Metallic silver (t)	119.3	103.1	16%
TPM (koz t)	7.6	13.2	-43%
Copper sales (kt)	50.0	49.3	1%
Silver sales (t)	149.8	136.4	10%
TPM sales (koz t)	2.7	11.4	-76%

<b>Production and sales of KGHM International</b>	<b>October 2018</b>	<b>October 2017</b>	<b>monthly change* yoy</b>
Payable copper (kt)	5.9	9.3	-36%
TPM (koz t)	5.6	7.3	-23%
Molybdenum (mn lbs)	0.04	0.03	23%
Copper sales (kt)	7.5	8.6	-13%
TPM sales (koz t)	6.6	6.8	-3%
Silver sales (t)	0.10	0.40	-74%
Molybdenum sales (mn lbs)	0.13	0.04	243%

<b>Production and sales of Sierra Gorda (on a 55% basis)</b>	<b>October 2018</b>	<b>October 2017</b>	<b>monthly change* yoy</b>
Payable copper (kt)	5.5	4.0	39%
Molybdenum (mn lbs)	1.5	0.9	65%
Payable silver (t)	1.5	0.9	62%
TPM (koz t)	2.6	2.1	26%
Copper sales (kt)	4.4	3.6	22%
Molybdenum sales (mn lbs)	1.3	2.2	-41%
Silver sales (t)	1.3	0.9	44%
TPM sales (koz t)	2.1	2.0	5%

\* percentage change on the basis of unrounded data