

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

The following report contains preliminary monthly data – the final quarterly and annual production and sales results will be published in the consolidated annual report for 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-November 2019, production of copper, silver and precious metals (TPM) by the KGHM Group was higher than the amounts recorded in the comparable period of 2018. The decrease in molybdenum production was due to the lower content of this metal in ore processed by Sierra Gorda.

The production plan for the aforementioned metals was exceeded by several percent, while the volume of copper and silver sales was lower than planned, mainly due to the lack of sales of own concentrate foreseen in the budget of KGHM Polska Miedź S.A. for the reported period.

Results of the KGHM Group in November 2019 - y/y:

Production and sales of the KGHM Group	November 2019	November 2018	I - XI 2019	I - XI 2018
Production				
Payable copper (kt)	56.4	54.2	642.3	576.1
- including KGHM Polska Miedź S.A.*	45.7	43.5	518.6	455.1
Payable silver (t)	131.9	113.7	1 285.4	1 081.3
TPM (koz t)	21.3	15.1	197.0	160.1
Molybdenum (mn lbs)	1.1	1.4	10.7	14.0
Sales				
Copper (kt)	65.6	55.6	629.9	577.3
Silver (t)	122.3	111.4	1289.6	1146.8
TPM (koz t)	31.3	19.7	185.2	155.4
Molybdenum (mn lbs)	1.3	1.3	11.8	15.8

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 56.4 thousand tonnes**, meaning an increase compared to the corresponding month of 2018 by 4% (the increase was in respect of KGHM Polska Miedź S.A. and KGHM INTERNATIONAL LTD.).
- **Production of silver amounted to 131.9 tonnes** and was higher than the amount recorded in November 2018 by 16%.
- **Production of TPM amounted to 21.3 thousand troy ounces**. The increase in monthly production (+41%) was in respect of all mines.

- **Production of molybdenum amounted to 1.1 million pounds.** The decrease compared to November 2018 was the result of lower molybdenum content in the ore processed by the Sierra Gorda mine.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 65.6 thousand tonnes** and were higher by 10 thousand tonnes (+18%) compared to sales of copper in November 2018. The main reason was higher sales of this metal by KGHM Polska Miedź S.A.
- **Sales of silver amounted to 122.3 tonnes** and were higher by 10.9 tonnes compared to sales in November 2018 (+10%). The reason was higher sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 31.3 thousand troy ounces** and were higher by 11.6 thousand troy ounces (+59%) compared to November 2018. This result was mainly due to higher sales of gold in November 2019 by KGHM Polska Miedź S.A.
- **Sales of molybdenum amounted to 1.3 million pounds** and were at the same level as sales in November 2018.

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

Production and sales of KGHM Polska Miedź S.A.	November 2019	November 2018	I - XI 2019	I - XI 2018
Mine production:				
Copper in concentrate (kt)	30.8	32.8	372.2	374.9
Silver in concentrate (t)	97.4	104.8	1 164.1	1 177.6
Metallurgical production:				
Electrolytic copper (kt)	45.7	43.5	518.6	455.1
- including from own concentrate	35.9	33.3	381.9	350.5
Metallic silver (t)	130.8	112.3	1 272.2	1 067.9
TPM (koz t)	10.9	7.7	91.6	77.4
Sales				
Copper (kt)	51.5	44.3	508.6	460.9
Silver (t)	120.5	109.5	1272.9	1128.2
TPM (koz t)	18.5	11.4	87.5	76.1

Production of KGHM Polska Miedź S.A.:

- **A difference in the amount of copper and silver in concentrate** compared to November 2018 due to relocation of a part of production of the Polkowice-Sieroszowice mine to new mining sections. Realisation of production meets the budgetary targets for 2019, with a different planning schedule of production for the fourth quarter of 2019 compared to the corresponding period of 2018.
- **Production of electrolytic copper and metallic silver at a higher level** than in the prior year.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 51.5 thousand tonnes** and were higher by 7.2 thousand tonnes (+16%) compared to sales in November 2018. The difference was due among others to higher production of electrolytic copper by approx. 2.5 thousand tonnes and to the schedule of deliveries agreed with customers in November 2019. It should be noted that in November 2018, 1.2 thousand tonnes of payable copper in copper concentrate were sold in order to offset lower production of electrolytic copper.

- **Sales of silver amounted to 120.5 tonnes** and were higher by 11 tonnes compared to sales in November 2018 (+10%) – sales in November 2018 also included 5.4 tonnes of payable silver in copper concentrate. The level of silver sales was due to the schedule of deliveries agreed with customers in November 2019. It should be noted that to reduce logistical costs, sales of silver exported from Poland are usually made in single parties of approx. 20 tonnes. This means however, that any increase or decrease in the number of shipments by a single shipment (on a month-to-month basis) has a great impact on the sales dynamic in the comparable time period.
- **Sales of TPM amounted to 18.5 thousand troy ounces** and were higher by 7.1 thousand troy ounces (+62%) compared to sales in November 2018. The difference was mainly due to higher gold production in November 2019. During this month there were also large shipments on the domestic and international markets. Similarly as in the case of silver shipments, exported shipments of this metal are made in larger, single parties (usually no less than 200 kg).

Results of KGHM INTERNATIONAL LTD. in November 2019 - y/y:

Production and sales of KGHM INTERNATIONAL LTD.	November 2019	November 2018	1 - XI 2019	1 - XI 2018
Production				
Payable copper (kt)	6.1	5.7	69.9	72.4
TPM (koz t)	7.6	4.9	77.3	61.8
Molybdenum (mn lbs)	0.07	0.09	0.71	0.54
Sales				
Copper (kt)	9.9	6.7	67.9	70.9
TPM (koz t)	10.6	5.8	69.8	60.1
Silver (t)	0.8	0.6	3.6	6.1
Molybdenum (mn lbs)	0.07	0.04	0.8	0.4

Production of KGHM INTERNATIONAL LTD.:

- **The increase in payable copper production in November 2019** compared to November 2018 was due to higher copper production by the Robinson mine by 0.9 thousand tonnes and by 0.1 thousand tonnes in the Carlota mine, despite a year-on-year decrease in production in the Sudbury Basin (by 0.2 thousand tonnes) and in the Franke mine (by 0.4 thousand tonnes). The higher copper production by the Robinson mine was due to higher metal grade in ore and to higher recovery.
- **The lower production of copper by the Franke mine and in the Sudbury Basin in November 2019** year-on-year was mainly due to the processing of a lower copper-grade ore.
- **The higher production of precious metals in November 2019** year-on-year was due to higher TPM production in the Sudbury Basin (by 2.3 thousand troy ounces – higher production of precious metals, i.e. gold, platinum, palladium, due to the higher content of these metals in ore) and to higher gold production by the Robinson mine (by 0.7 thousand troy ounces, higher gold content in ore and higher recovery).
- **Molybdenum production - by the Robinson mine - in November 2019 was lower** than in November 2018 due to lower molybdenum content in concentrate.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 9.9 thousand tonnes** and were higher by 3.2 thousand tonnes (+48%) compared to sales in November 2018. The main reason was higher sales of payable copper in Robinson concentrate (by 3.2 thousand tonnes) due to the higher sales volume (by approx. 14 thousand tonnes dry weight), as a result of the schedule of deliveries agreed with customers and higher copper content in concentrate. Sales of payable copper from the Sudbury Basin were slightly lower (by approx. 0.2 thousand tonnes) due to lower production.

- **Sales of TPM amounted to 10.6 thousand troy ounces** and were higher by 4.8 thousand troy ounces (+83%) compared to the corresponding period of 2018. This result was due to higher sales of TPM in Robinson concentrate (due to the higher volume of sales of copper concentrate) and in Sudbury Basin ore (due to a doubling of TPM content in copper ore).
- **Sales of silver amounted to 0.8 tonnes.** This is 0.2 tonnes (+33%) higher than sales recorded in November 2018. The main reason for the increase was the higher sales of silver contained in Robinson concentrate (due to the higher volume of sales of copper concentrate) and higher sales of silver from the Sudbury Basin due to the slightly higher content of this metal in ore versus the comparable prior year period.
- **Sales of molybdenum amounted to 0.07 million pounds** and were higher by 0.03 million pounds than sales in the corresponding period of 2018, the result of realising the agreed schedule of customer orders and the schedule of deliveries.

Results of Sierra Gorda S.C.M. in November 2019 - y/y:

Production and sales of Sierra Gorda (on a 55% basis)	November 2019	November 2018	I - XI 2019	I - XI 2018
Production				
Payable copper (kt)	4.6	5.0	53.8	48.6
Molybdenum (mn lbs)	1.0	1.3	10.0	13.5
Payable silver (t)	1.1	1.4	13.2	13.4
TPM (koz t)	2.8	2.5	28.1	20.9
Sales				
Copper (kt)	4.3	4.7	53.5	45.5
Molybdenum (mn lbs)	1.3	1.3	11.0	15.4
Silver (t)	1.0	1.3	13.1	12.4
TPM (koz t)	2.2	2.4	27.8	19.1

Production of Sierra Gorda (55%):

- **The lower production of copper in November 2019** was due to a lower volume of ore processed as compared to November 2018, partially offset by higher copper content in ore. The lower volume of ore throughput in November 2019 was due to maintenance shutdowns in the processing plant.
- **The higher production of payable copper in the period January to November 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 lower production of molybdenum in November 2019** compared to November 2018 was due to the lower volume of ore processed, partially offset by higher molybdenum content in ore.
- **The decrease in molybdenum production in the period January to November 2019** was due to lower molybdenum content in ore as compared to the corresponding period of 2018. The impact of this factor on the production results was partially offset by the higher volume of processed ore.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 4.3 thousand tonnes** and were lower by 0.4 thousand tonnes compared to sales in November 2018 (-9%). This was due to a lower (by approx. 7.5 thousand tonnes dry weight) volume of copper concentrate sold in November 2019, resulting from slightly lower production as well as from the schedule of shipments agreed with customers.
- **Sales of molybdenum amounted to 1.3 million pounds** and were at the same level as sales in November 2018.
- **Sales of silver amounted to 1.0 tonne** and were lower by 0.3 tonnes (-23%).
- **Sales of TPM amounted to 2.2 thousand troy ounces** and were lower by 0.2 thousand troy ounces (-8%).

The main reason for the decrease in silver and TPM sales, similarly as in the case of copper, was the lower volume of copper concentrate sold.