

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for October 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-October 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 concentrate foreseen in the budget of KGHM Polska Miedź S.A. for the reported period.

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

| Production and sales of the KGHM Group | October 2019 | October 2018 | I - X 2019 | I - X 2018 |
|--|--------------|--------------|------------|------------|
| Production | | | | |
| Payable copper (kt) | 56.3 | 56.7 | 585.8 | 522.1 |
| - including KGHM Polska Miedź S.A.* | 45.2 | 45.3 | 472.8 | 411.7 |
| Payable silver (t) | 124.7 | 120.8 | 1 153.5 | 967.4 |
| TPM (koz t) | 18.7 | 15.8 | 175.7 | 145.0 |
| Molybdenum (mn lbs) | 0.8 | 1.5 | 9.5 | 12.7 |
| Sales | | | | |
| Copper (kt) | 50.7 | 61.9 | 564.3 | 521.7 |
| Silver (t) | 124.8 | 151.2 | 1167.2 | 1035.4 |
| TPM (koz t) | 7.9 | 11.4 | 153.8 | 135.7 |
| Molybdenum (mn lbs) | 0.8 | 1.5 | 10.5 | 14.5 |

*Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 56.3 thousand tonnes**, a level which is not substantially different from production realised in the corresponding month of 2018.
- **Production of silver amounted to 124.7 tonnes** and was higher than the amount recorded in October 2018 by 3.2%.
- **Production of TPM amounted to 18.7 thousand troy ounces**. The increase in monthly production on a year-to-year basis by 18.4% came from KGHM INTERNATIONAL LTD., mainly due to higher gold production by the Robinson mine.
- **Production of molybdenum amounted to 0.8 million pounds**. The decrease compared to October 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 50.7 thousand tonnes** and were lower by 11.2 thousand tonnes (-18.1%) compared to sales of copper in October 2018. The main reason was lower sales of this metal by KGHM Polska Miedź S.A.
- **Sales of silver amounted to 124.8 tonnes** and were lower by 26.4 tonnes compared to sales in October 2018 (-17.5%). The reason was lower sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 7.9 thousand troy ounces** and were lower by 3.5 thousand troy ounces (-30.7%) compared to October 2018. This result was mainly due to lower sales of gold in October 2019 by KGHM Polska Miedź S.A.
- **Sales of molybdenum amounted to 0.8 million pounds** and were lower by 0.7 million pounds (-46.7%) compared to October 2018. The main reason was lower molybdenum sales by the Sierra Gorda mine.

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

| Production and sales of KGHM Polska Miedź S.A. | October 2019 | October 2018 | I - X 2019 | I - X 2018 |
|--|--------------|--------------|------------|------------|
| Mine production: | | | | |
| Copper in concentrate (kt) | 36.5 | 36.2 | 341.4 | 342.2 |
| Silver in concentrate (t) | 114.5 | 112.5 | 1 066.6 | 1 072.7 |
| Metallurgical production: | | | | |
| Electrolytic copper (kt) | 45.2 | 45.3 | 472.8 | 411.7 |
| - including from own concentrate | 32.9 | 35.6 | 346.1 | 317.2 |
| Metallic silver (t) | 123.5 | 119.3 | 1 141.4 | 955.5 |
| TPM (koz t) | 9.4 | 7.6 | 80.7 | 69.7 |
| Sales | | | | |
| Copper (kt) | 42.6 | 50.0 | 457.1 | 416.6 |
| Silver (t) | 123.3 | 149.8 | 1152.4 | 1018.7 |
| TPM (koz t) | 0.3 | 2.7 | 69.1 | 64.7 |

Production of KGHM Polska Miedź S.A.:

- **Higher amount of copper and silver in concentrate compared to October 2018** due to higher copper and silver content in ore.
- **Production of electrolytic copper in October 2019 at a similar level** to the prior year.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 42.6 thousand tonnes** and were lower by 7.4 thousand tonnes (-14.8%) compared to sales in October 2018. The difference is mainly due to the fact that approx. 3.1 thousand tonnes of copper in concentrate from the production assets in Poland were sold in October 2018 (in 2019 there were no sales of copper concentrate) and to the higher inventories of copper at the end of September 2018 (compared to the level at 30 September 2019) which enabled a higher amount of copper to be sold in October 2018.
- **Sales of silver amounted to 123.3 tonnes** and were lower by 26.5 tonnes compared to sales in October 2018 (-17.7%). Sales in October 2018 also included 9.1 tonnes of payable silver contained in copper concentrate. In addition, the difference was also due to the schedule of customer orders and to the agreed schedule of deliveries in October 2019.

- **Sales of TPM amounted to 0.3 thousand troy ounces** and were lower by 2.4 thousand troy ounces (-88.9%) compared to sales in October 2018. The difference was due to lower sales of gold in Poland in October 2019 and to the lack of a sufficient amount of gold to enable shipments for export. 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 October 2019 - y/y:

| Production and sales of KGHM INTERNATIONAL LTD. | October 2019 | October 2018 | 1 - X 2019 | 1 - X 2018 |
|--|---------------------|---------------------|-------------------|-------------------|
| Production | | | | |
| Payable copper (kt) | 6.3 | 5.9 | 63.8 | 66.7 |
| TPM (koz t) | 6.8 | 5.6 | 69.7 | 56.9 |
| Molybdenum (mn lbs) | 0.05 | 0.04 | 0.64 | 0.45 |
| Sales | | | | |
| Copper (kt) | 5.1 | 7.5 | 58.1 | 64.2 |
| TPM (koz t) | 5.7 | 6.6 | 59.2 | 54.3 |
| Silver (t) | 0.8 | 0.1 | 2.8 | 5.5 |
| Molybdenum (mn lbs) | 0.06 | 0.13 | 0.7 | 0.4 |

Production of KGHM INTERNATIONAL LTD.:

- **The increase in payable copper production in October 2019** compared to October 2018 was due to higher copper production by the Robinson mine by 1.3 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 0.6 thousand tonnes) and in the Franke mine (by 0.5 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 October 2019** year-on-year was mainly due to the processing of a lower copper-grade ore and to lower recoveries.
- **The higher production of precious metals in October 2019 year-on-year** was due to higher gold production by the Robinson mine (by 1.9 thousand troy ounces, a higher metal grade in ore), despite lower TPM production in the Sudbury Basin (by 0.7 thousand troy ounces – lower production of gold and palladium due to the lower content of these metals in ore).
- **Molybdenum production - by the Robinson mine - in October 2019 was higher than in October 2018** due to higher recovery of this metal.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 5.1 thousand tonnes** and were lower by 2.4 thousand tonnes (-32%) compared to sales in October 2018. The main reason were lower sales of payable copper in cathodes produced by the Franke mine by approx. 1.2 thousand tonnes and in concentrate produced by the Robinson mine by approx. 0.8 thousand tonnes. In the case of cathodes from the Franke mine, lower production was the reason for the decrease, while the amount of payable copper contained in concentrate sold by Robinson was mainly affected by the schedule of planned shipments. Sales of copper from the Carlota mine were higher by approx. 0.2 thousand tonnes.
- **Sales of TPM amounted to 5.7 thousand troy ounces** and were lower by 0.9 thousand troy ounces (-13.6%) compared to the corresponding period of 2018. This result was mainly affected by the lower sales of TPM from the Sudbury Basin due to a lower content of payable TPM in ore.
- **Sales of silver amounted to 0.8 tonnes.** This is 0.7 tonnes higher than sales recorded in October 2018. The main reason for the increase was the adjustment in October 2018 of the provisional amount of silver in Robinson concentrate compared to previous shipments.

- **Sales of molybdenum amounted to 0.06 million pounds** and were lower by 0.07 million pounds (-53.8%) than sales in the corresponding period of 2018. This was the result of realising the agreed schedule of customer orders and the schedule of deliveries.

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

| Production and sales of Sierra Gorda (on a 55% basis) | October 2019 | October 2018 | I - X 2019 | I - X 2018 |
|--|---------------------|---------------------|-------------------|-------------------|
| Production | | | | |
| Payable copper (kt) | 4.8 | 5.5 | 49.2 | 43.7 |
| Molybdenum (mn lbs) | 0.7 | 1.5 | 8.9 | 12.2 |
| Payable silver (t) | 1.2 | 1.5 | 12.1 | 11.9 |
| TPM (koz t) | 2.5 | 2.6 | 25.3 | 18.4 |
| Sales | | | | |
| Copper (kt) | 3.0 | 4.4 | 49.2 | 40.9 |
| Molybdenum (mn lbs) | 0.7 | 1.3 | 9.7 | 14.1 |
| Silver (t) | 0.7 | 1.3 | 12.1 | 11.1 |
| TPM (koz t) | 1.9 | 2.1 | 25.6 | 16.7 |

Production of Sierra Gorda (55%):

- **The lower production of copper in October 2019** was due to lower metal content in extracted ore compared to October 2018.
- **The higher production of payable copper in the period January to October 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 October 2019** compared to October 2018 was due to the weaker recovery parameters of this metal and to lower metal content in extracted ore.
- **The decrease in molybdenum production in the period January to October 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.
- **The small decrease in TPM production in October 2019** was due to lower metal content in extracted ore compared to October 2018.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 3.0 thousand tonnes** and were lower by 1.4 thousand tonnes compared to sales in October 2018 (-31.8%). This was due to a lower (by approx. 14.9 thousand tonnes dry weight) volume of copper concentrate sold in October 2019 resulting from lower production as well as from the schedule of shipments agreed with customers.
- **Sales of molybdenum amounted to 0.7 million pounds** and were lower by 0.6 million pounds (-46.2%) compared to sales in October 2018. 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 0.7 tonnes** and were lower by 0.6 tonnes (-46.2%).
- **Sales of TPM amounted to 1.9 thousand troy ounces** and were lower by 0.2 thousand troy ounces (-9.5%).

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