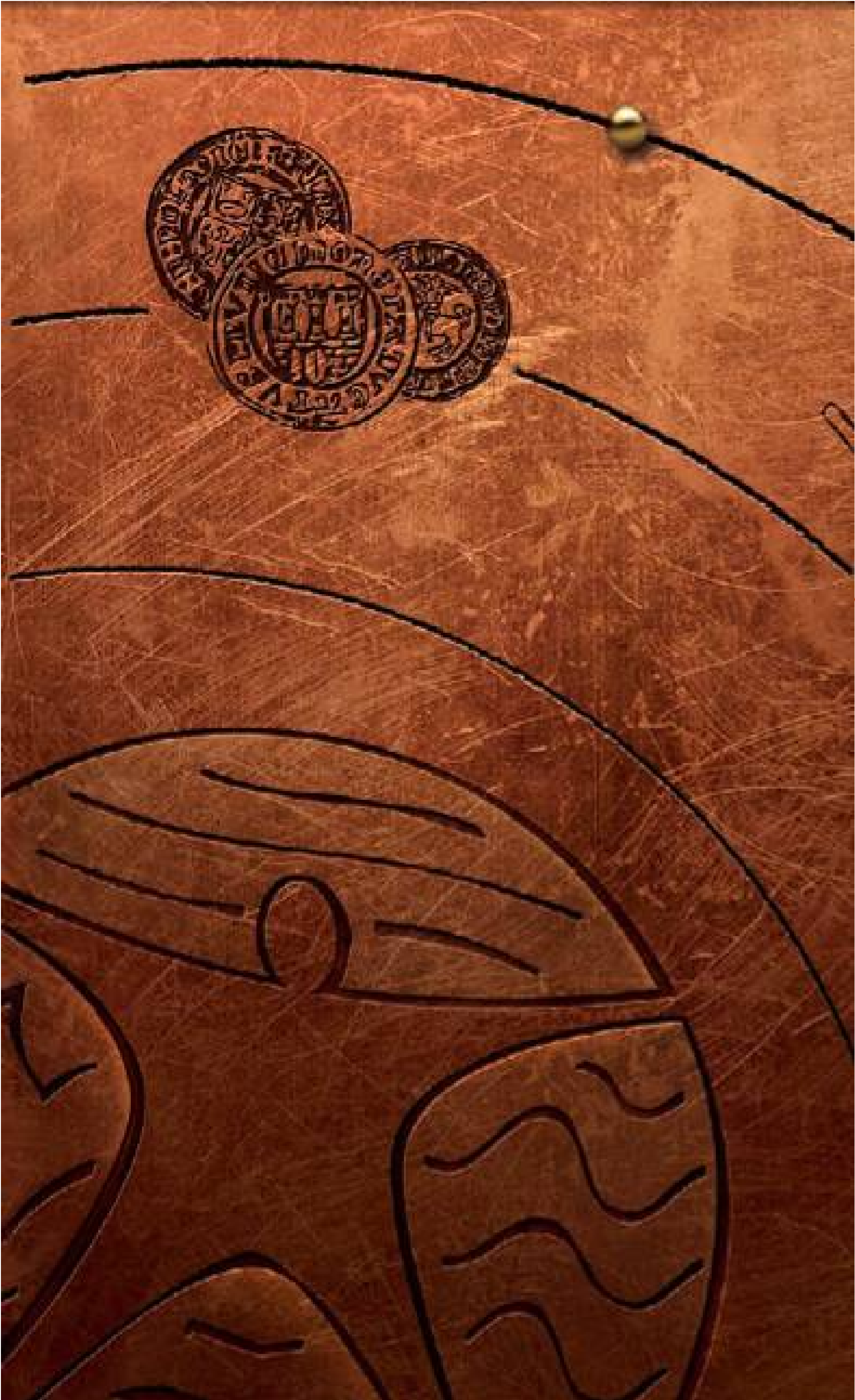

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Results of KGHM International in 2013

(audit underway)

February 2014

Major Group resource projects

Sierra Gorda – project on time, commissioning in mid-2014

Sierra Gorda Cu Mo Au

March 2014	**Hydraulic tests, filling of reservoir and completion of sea water pipeline**
Mid 2014	**Construction of Sierra Gorda completed**

Progress on construction (as at 31 December 2013)

- Project will be completed on time, planned completion of construction and commissioning in mid-2014
- 86% project progress
- Construction of sea water pipeline 94% complete, final hydraulic testing in progress
- Construction of tailings pond approx. 86% complete and processing plant approx. 80% complete
- Pre-stripping at 81% of the amount required before commissioning
- Around 91% of the CAPEX committed
- Around USD 3.4B of the committed amount has been incurred

Sierra Gorda – project on time, commissioning in mid-2014

- Sea water pipeline – coastal station

- Crushed ore storage facility

- Milled ore warehouse

- Concentrate thickening, Molybdenum plant

Afton-Ajax – copper and gold from British Columbia

Afton-Ajax   Cu   Au

Resources	~512 M @ 0.31% Cu; 0.19 g/t Ag
Ownership	80% KGHM PM S.A. 20% Abacus Mining
Mine type	Open pit
Status	Updating the environmental permit application

Status

- KGHM Polska Miedź S.A. appointed a new project manager, with experience from managing the similarly-sized Cu-Au Mount Milligan project in British Columbia
- A program of 9 geotechnical drillholes in the orebody pit was performed, whose results are being used to update the mine's block model
- Exploratory work continued, including geophysical research and a campaign of exploratory drilling in the adjacent Rainbow and Ajax North areas
- Further geological work, which will provide more precise knowledge of the initially-identified ore potential, will be performed in 2014
- Updating the environmental permit application, which will enable maximisation of the value of the Afton-Ajax project as well as lower environment impact

Victoria – in future, the second-most important value driver after Sierra Gorda

Victoria

Ni | Cu | Au | Pt

• **Resources**	**~14.5 M @ 2.5% Cu, 2.5% Ni, 7.6g/t TPM**
▪ **Ownership**	**100% KGHM International**
▪ **Mine type**	**Underground**
▪ **Status**	**Preparation of surface infrastructure**

Status

- Work is on schedule
- Tree removal completed and work in progress on levelling terrain for the surface infrastructure
- Environmental permit applications submitted. These are being reviewed and final corrections implemented
- Mine closure plan being developed, required to obtain building permit for the first shaft
- Work in progress on the Integrated Development Plan, describing in detail the mine execution plan
- Steering Committe appointed comprised of staff from KGHM S.A., KGHM International and the company PeBeKa, whose task will be to supervise realisation of the project

Economic results
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Main assets of KGHM in North America
Production assets

Robinson | **Cu** | **Au** | **Mo** | Open-pit mine, USA

- 2013 was a record year for the Robinson mine in terms of copper recovery (81.0%) and total ore processed of 14.8 million tonnes
- The increase in recovery of copper and gold was possible thanks to the good quality of ore extracted in the first half of 2013 and to operational improvements
- In the first half of the year extracted ore came primarily from the Ruth pit, while in the second half it came from the Liberty pit. Work in the Kimbley pit to the end of 2013 involved waste stripping, with extraction planned in 2014

Robinson open-pit mine
Nevada, USA

Morrison | **Cu** | **Ni** | **TPMs** | Underground mine, Canada

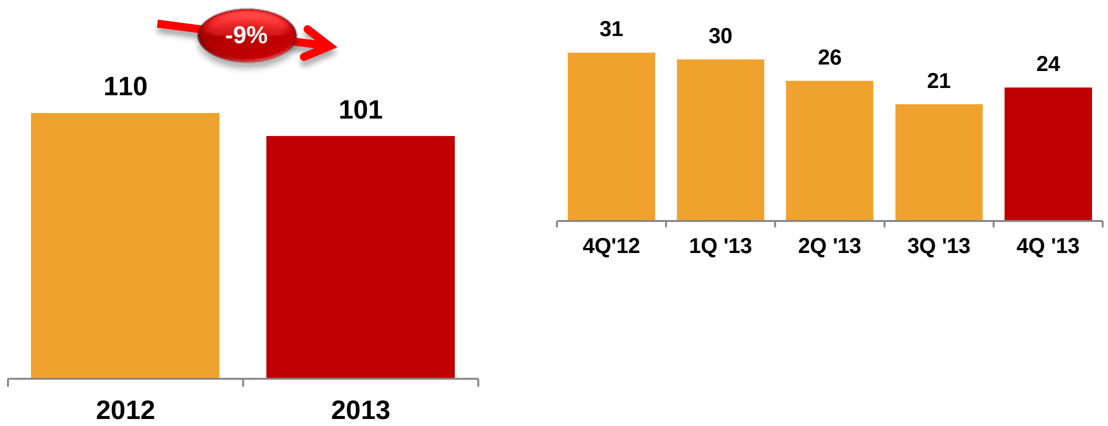
- In the fourth quarter of 2013 the Morrison mine produced a record amount of payable copper thanks to higher ore extraction
- The production and sale of payable copper increased in 2013 versus the prior year thanks mainly to record ore production and better parameters for payable copper, resulting from the new, more advantageous agreement with Vale

Morrison underground mine
Ontario, Canada

Production Highlights – Copper

Copper production

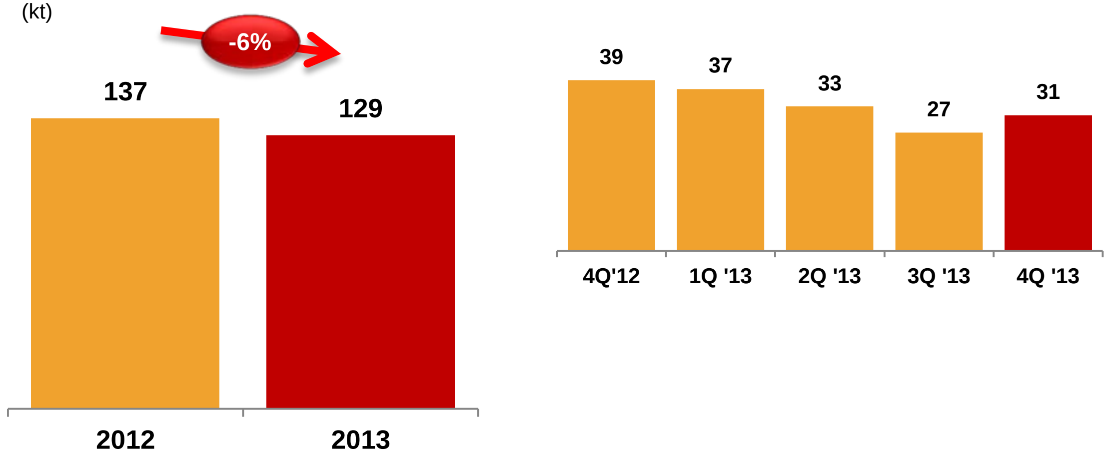
(kt)



- Total copper production and copper equivalent production in 2013 decreased due to the conclusion of production at the Podolsky (-6 kt) mine at the end of Q1 2013 and a decrease of production at Robinson due to lower grade ore milled for the second half of 2013.

Copper equivalent production[1]

(kt)



- The decrease in copper equivalent production was slightly offset by the increase in gold production at the Robinson mine as a result of higher recovery rates from clean ore characteristics realized in the first of 2013 and business improvement practices.

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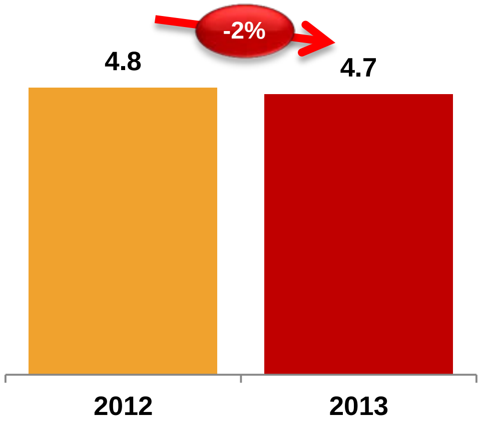
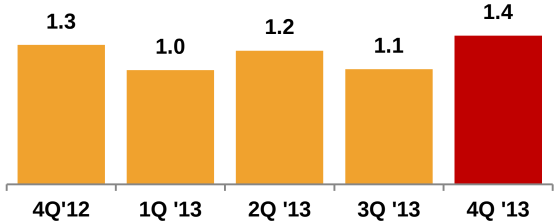
[1] *Copper equivalent amounts are based average realized settlement commodity LME prices and excludes the impact of the Franco Nevada Agreement.*

Production Highlights – Nickel & TPM

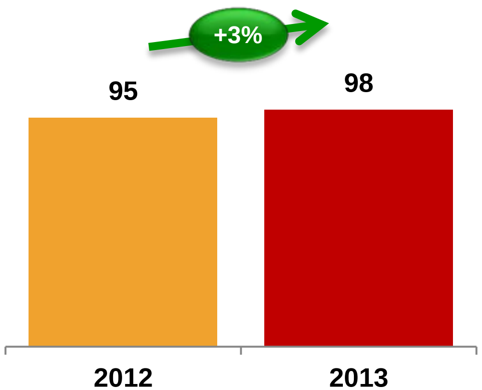
Nickel
(kt)

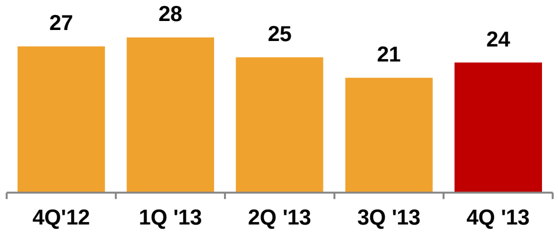




- Nickel production slightly decreased primarily due to grade changes

TPM (gold, platinum, palladium)
(k troz)





- The increase in TPM (total precious metal) production was mainly due to increased gold production by the Robinson mine as a result of higher recovery rates.

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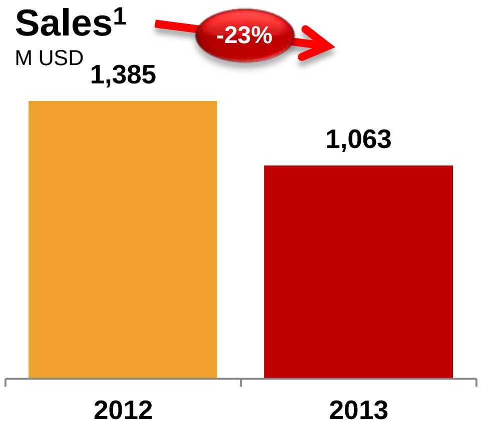
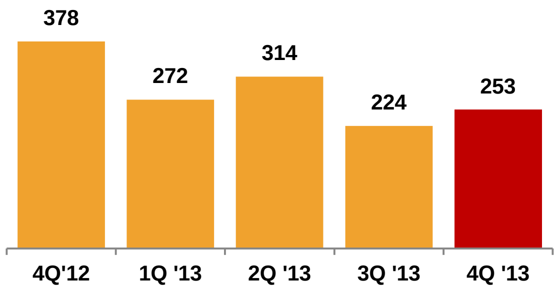
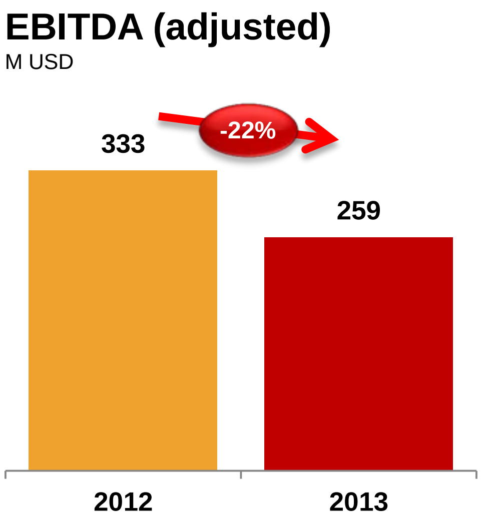
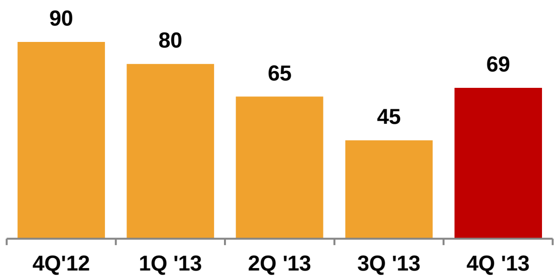
Lower financial results mainly due to external factors





- The decrease in net sales revenue were due to:
  - Decline in effective metal price (-USD109 million)
  - Decrease in Copper and Nickel production (-USD 110 million)
  - Decrease in DMC project revenue primarily due to change in project phases (-USD 111 million).





- The main causes of a decrease in EBITDA were:
  - Decline in effective metal price (-USD109 million)
  - Decrease in Copper and Nickel production contribution (-USD 46 million)
  - Decrease in DMC project margin contribution (-USD 8 million)
- The decrease in change in EBITDA were limited by:
  - Increase in gold production (USD 20 million)
  - Operating cost reduction (USD 73 million)

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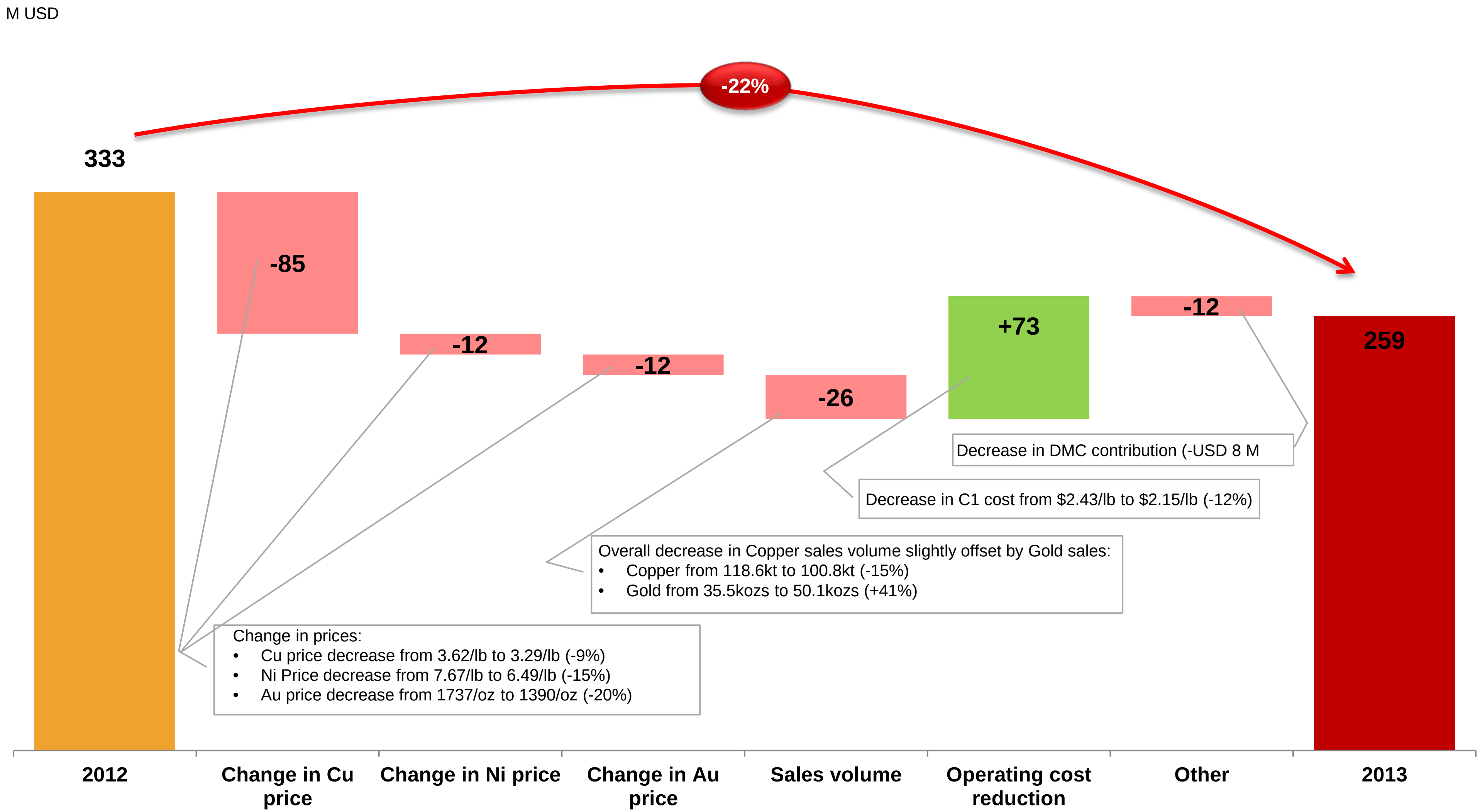
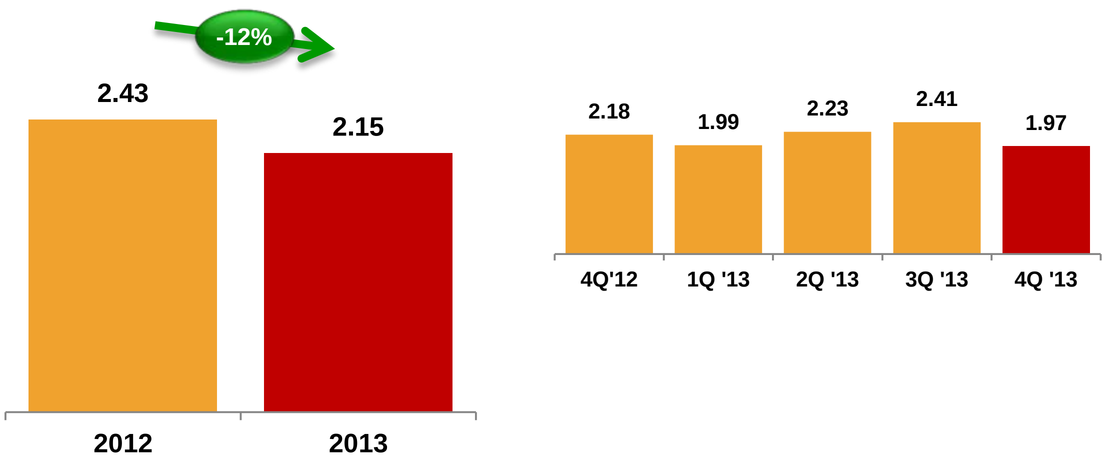
[1] *Sales revenues are presented net of treatment and refining charges*

The deterioration in macroeconomic conditions partially offset by lower costs



Decrease in C1 cost despite lower by-products prices

Cash Cost C1
USD/lb



- Decrease in C1 cost due to:
- Lower mining costs per ton at Robinson due to large volumes mined including capitalized stripping
- Lower production costs related to improved mill performance at Robinson
- Higher recoveries and TPM content at the Robinson mine, and consequently higher revenues from by-product sales.

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