

RESULTS MEETING WITH ANALYSTS: PRESENTATION OF THE KGHM POLSKA MIEDŹ S.A. GROUP'S RESULTS FOR THE 1ST QUARTER OF 2019

JANUSZ KRYSOŚIAK – DIRECTOR, INVESTOR RELATIONS (IRO): Good morning ladies and gentlemen. I would like to welcome you all at today's meeting during which the results of KGHM Polska Miedź S.A. for the 1st quarter of 2019 will be presented and discussed by Marcin Chłudziński, President of the Management Board, Professor Katarzyna Kreczmańska-Gigol, Vice President of the Management Board (Finance, CFO), Adam Bugajczuk, Vice President of the Management Board (Development), Paweł Gruza, Vice President of the Management Board (International Assets) and Radosław Stach, Vice President of the Management Board (Production). My name is Janusz Krystosiak and in KGHM I am responsible for investor relations. I will now give the floor to the President of the Management Board.

MARCIN CHŁUDZIŃSKI - PRESIDENT & CEO: Good morning, ladies and gentlemen. We have some good news for you. Originally, it was the rest of the Board that was meant to provide you with that. We were supposed to open the Business Poland House in Brussels today, which represents and fights for the rights of Polish companies in terms of regulations. Unfortunately, due to a trade unions strike at the Brussels airport, some organisational difficulties occurred and it was impossible for me to get there. So I would like to tell you that at KGHM there are no strikes. Quite the contrary, which is reflected in the results for Q1 2019. Ladies and gentlemen, from the macroeconomic point of view, it wasn't the easiest quarter, especially when compared to Q1 2018. The average price of copper in Q1 2019 was 6 215 dollars per tonne. In the corresponding period of 2018, it was 6 960 dollars per tonne. This means that we had far better commercial conditions back then. However, we managed to reach quite satisfactory parameters, despite the turbulent environment and worse trade conditions.

Firstly, payable copper production by the KGHM Group reached the level of 173 thousand tonnes. That is 21% more quarter to quarter (comparing the 1st quarter of 2018 and the corresponding period of 2019). This is the best production result since the beginning of 2018. The parent company, i.e. KGHM Polska Miedź S.A., achieved 28% growth, quarter to quarter. Production by Sierra Gorda project grew by 23% compared to Q1 2018. There was a decline in the production level of KGHM International, due to some geological conditions (significantly lower grade) at the Robinson mine. Eventually, we reached the level of 173 thousand tonnes, which is 21% more than in Q1 2018. What is more, this turned out to be our best quarterly production level in the last 3 years. Of course, the increased production and significantly lower average price than in 2018 had a clear impact on the financial result. EBIDTA in the Group was 24% higher and amounted to PLN 1 454 million. This was also due to higher revenues, both in terms of particular assets and the whole Group. Revenues increased by 29% and net profit by PLN 113 million, in comparison to the corresponding period of 2018. Please note that we achieved such results in a less stable macroeconomic environment, which has a vital impact on the price. And price in turn is the parameter over which we have no real control. It is directly related to increased production parameters and it is due to several reasons. Firstly, we apply a more analytical and selective approach to mining in Poland. It is not the case that in Q1 we extracted much more than before. In Q1 2019 extraction was at a comparable level, but we are paying more attention to the copper grade of the ore we extract. Secondly, maybe an even more important factor is the increased effectiveness and productivity of our metallurgical

assets, mainly in the Głogów smelter/refinery. Here we are talking about the two traditional furnaces in operation as well as the start-up and long-running, stable operation of the copper concentrate roasting installation. Let me remind you that the construction of this installation started in 2015. In 2019, it has been operating far more stably and has had a significant impact on production. This is reflected in the results, EBIDTA and copper production. Third is the important impact of Sierra Gorda on the Group's results.

All the aforementioned is basically the result of our strategic assumptions announced in December 2018. The strategy is being gradually and consistently implemented. What I have always said is that flexibility and effectiveness with regards to matters like environmental concerns for industry are equally important, but these two first elements are essential from the results point of view. The company has to operate both in macroeconomic and geopolitical conditions. In terms of prices, we are fully able to accept these conditions and cope with them. If the price level from Q1 2018 had been stable, in Q1 2019 we would have had about 400 million PLN more on the revenues side. We can easily cope with that. However, we also have to cope with lower prices, and here production flexibility becomes an important factor, meaning the ability to produce more when the price per tonne is lower. This is our efficiency, our flexibility. And that was a battle in Q1 2019. It's also our ambition for the subsequent quarters. This demonstrates the real involvement of all the company's teams and employees to maintain our results, even under worsening macro parameters. And that's about it, in terms of introductory remarks. The Members of the Board will provide you with some data in their particular areas of responsibility. I will now pass the floor to Mr Radosław Stach and Mr Paweł Gruza, to tell us about the international assets.

RADOSŁAW STACH – VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION):

Ladies and gentlemen, before I move onto our production results, let me focus your attention on the subject of safety, our priority, which was incorporated in our strategy for 2019-2023, namely the TRIR parameter. In KGHM International in Q1 2019 it amounted to 0.85. Being on a very good level, it is a clear indicator of where we are and of the amount of work being done there. The LTIFR indicator in Poland is slightly different than in previous years and quarters. This is mainly due to an incident at the Rudna mine. However, when we compare the situation in the following months, i.e. February and March, it looks more and more promising. We will definitely work on safety matters, so that this indicator will be even better. Moving on to production data, ore extraction was on a comparable level to Q1 2018. Due to the orebody tremor at the Rudna mine, the production of copper in concentrate was lower. Still, it had no impact on the production of electrolytic copper, which as you can see, is significantly higher. Since the beginning of 2018 up until the third quarter, we have been consistently working to achieve much better availability of our technological lines and equipment. In terms of metallic silver production, the results achieved are also satisfactory. Here the Rudna mine is operating at full capacity. We don't expect an variation over the next months and quarters.

Since last year our plan to reduce the level of inventories of copper in concentrate at the smelters has been advanced, and here we can see a further 20% decrease in Q1. This is due to the increased accuracy of our equipment. As the CEO has mentioned, the copper anode installations are working at full capacity. The level of inventories of copper anodes at the smelters is related to the planned maintenance shutdowns. For now, it is at the level of 14%

and it is fully in line with our budget assumptions.

PAWEŁ GRUZA - VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS):

The Results of Sierra Gorda are really positive. Due to some changes both in management and the supervision of the mine, we are seeing the effects of the increased production. All the latest changes are directly reflected in Sierra Gorda's financial position. Production increased by 23%. That is a really a very good result. It is well above both the level of production in Q1 2018 and this year's budget. We are working on the stability and continuation of these results for the rest of the year. We're really optimistic here. There was a drop in molybdenum production, due to extraction in areas with lower molybdenum content. However, we expected this drop since it is completely dependent on the geology. Currently, we are also working on the rationalization of CAPEX expenditures. We managed to achieve higher production without some of the important CAPEX expenditures. This in turn means that the cost element can also be optimised. Regarding KGHM International, i.e. our mines in both Americas, there was a drop in production. This was due to the geological situation at the Robinson mine. However, I would like to underline it again – the drop was fully predicted and is in line with our targets. Hopefully we have made the proper assumptions for the whole year and there will not be a visible drop in the production of KGHM International. Thank you.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: I would like to give the floor now to Ms. Katarzyna Krzeczmańska-Gigol, to provide some comments on the financial parameters.

KATARZYNA KRECZMAŃSKA-GIGOL – VICE PRESIDENT OF THE MANAGEMENT BOARD

(CFO): Ladies and gentlemen, our good production results had a real reflection in our financial results. In terms of the Group, in Q1 we achieved revenues higher by PLN 200 million than last year. Where does it result from? The revenues were higher mainly due to a higher sales volume by PLN 1.49 billion, which is definitely a positive. Please bear in mind that price levels are rather unfavourable for us. Fortunately, we were able to make up for this negative difference by the favourable USD exchange rate. Finally, as I said, our revenues increased by 1.222 billion. C1 unit cost in the whole Group in Q1 2019 was at the level of 1.74 and so was lower than in Q1 2018. We observed this drop both in the parent company, i.e. KGHM Polska Miedź S.A. and in Sierra Gorda. In KGHM International, C1 unit cost slightly increased. In Q1 2019, EBIDTA was 24% higher than in Q1 2018. As you can see on the slide, it was higher in KGHM Polska Miedź S.A., in Sierra Gorda and in KGHM International. Net profit was higher by 26%, mainly due to the change in revenues, which were higher than in Q1 2018. Fortunately, the currency exchange rates were favourable for us despite the fact that our costs were higher than in Q1 2018, while the shift in the inventories level was unfavourable for us, which is why this year we have been producing mainly from the inventories that were accumulated in 2018 due to maintenance shutdowns. The same was true of the impact of income tax, since it was higher than last year. Despite all the aforementioned factors, net profit was higher by 26%.

In terms of cash flow, cash at the end of the quarter was lower than at the end of the year and analogously at the start of this year. The same at the beginning of this year. What was the reason for this? Mainly changes in working capital, since we have a high level of inventories. However, our inventories are still being built for the time of planned maintenance shutdowns. Furthermore, we have a high level of investment. In this respect, please bear in mind that in Q1

2019 we incurred not only the costs of the investments completed in Q1 2019 but also the ones completed in 2018.

Regarding our net debt, there was an increase, but this was purely an accounting increase, since the major reason for it was the implementation of the IFRS 16 standard which affected our accounting with a change amounting to PLN 516 million. Additionally, we saw some changes in cash flow as the level of cash was lower by the end of Q1 2019. Please note that when it comes to the real net change in our loans and liabilities, debt only rose by PLN 1 million. There was also the impact of exchange rate differences and, as you know, this doesn't mean that we drew an additional PLN 173 million, but due to these differences the value of our debt was higher.

Ladies and gentlemen, there is another interesting indicator, namely the Group's debt ratio. For now, it is stable at the level of 1.8. This means that we are still below the limit of 2.0 that we ourselves have set. Thank you.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: I would now like to offer the floor to Mr Adam Bugajczuk to provide us with some data on our investment and development plans.

ADAM BUGAJCZUK - VICE PRESIDENT OF THE MANAGEMENT BOARD (DEVELOPMENT): Ladies and gentlemen, in terms of key investments at the domestic level nothing has changed since our last meeting. Here I mean basically the Revolving Casting-Refining Furnace project that is almost finished. We are also talking about the Deep Głogów deposit access program, the start-up of the copper concentrate roasting installation, expansion of the Southern Quarter of the Żelazny Most Tailings Storage facility and adaptation to the requirements of BAT Conclusions. So as you can see, the list of the projects stays basically unchanged, and on the next slide we would like to show you the importance of these projects for us. As President Chludziński and Vice President Stach have already mentioned, we are working on stabilising the functioning of the copper concentrate roasting installation and are gradually increasing its capacity. These indicators clearly show that thanks to this investment we are changing and increase our smelting capacity.

The next slide concerns the importance of the deposit access program. Here we show you what we have as well as perspective concessions and Deep Głogów. In the future, it all will enable us to smoothly manage any drops in production. That would not be the case without these mining projects. So in general, the majority of these tasks cannot be seen in our daily operations given the tedious nature of the work on the concessions and exploratory drilling which is aimed at ensuring stable production in the years to come. Thank you.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: I would now like Mr Paweł Gruza to complete his presentation since we still have two more slides on the international assets.

PAWEŁ GRUZA - VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS): As I have already said, at the moment we are focusing mainly on upgrading the production lines and equipment in Sierra Gorda. Of course, we are advancing the investments there. In general, these activities are clearly reflected in our production data, both in terms of budget

targets and the quarter to quarter comparison. We are currently assessing the effectiveness of the activities already undertaken. This assessment looks very promising, which enables us to re-think the more extensive investment expenditures which were planned. Today we are satisfied with our production levels, since they are close to the planned ones. This in turn allows us to think about the rationality of the CAPEX expenditures. And that, we hope, will result in some financial savings this year. Of course we are also looking at the rest of our assets, especially the Robinson mine. That mine has several development options. As you can see on the chart, at the moment we are considering the continuation of production there until 2025. These decisions are to be made soon. Thank you.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: To sum it all up, the first quarter of 2019 was difficult in light of the macroeconomic challenges. At the same time, we managed to achieve good production and financial results. During the rest of the year we would like to fully complete the plan. Our ambition is even higher since we would really like our production and financial results to even exceed the plan. Depending on the macroeconomic and price conditions, only time will tell. Our chief commercial parameter, i.e. the LME price, is highly affected by the rapidly changing situation regarding the American-Chinese relationship. We will be ready both for good prices and bad ones. Such an approach allows us to think more confidently about our future.

JANUSZ KRYSOŚIAK - INVESTOR RELATIONS DEPARTMENT DIRECTOR: Before we move on to the Q&A session, let me remind you that, as always, our meeting is being broadcasted online. It is possible to listen to our meeting both in Polish and in English. Any questions can also be asked online. Now, let's move to the Q&A session.

PAWEŁ PUCHALSKI, SANTANDER: It's a good thing that we are on this particular slide, because it's really interesting in that I remember a time when your mining production in the parent company was at the level of 420 thousand tonnes, and last year it was 401 thousand tonnes. And this chart is interestingly somewhere between 400 and 500 thousand tonnes. And now my question is: is it only for the sake of presentation? Where does the presented 450 thousand stem from? Apart from that, this slide shows a similar quantity, almost 500 thousand. I remember last year we were extremely happy with your extraction level which was 401 thousand tonnes. If you could please briefly comment on these numbers.

RADOSŁAW STACH - VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): You can see the number of 450 thousand on the slide. What you are talking about is our strategic assumption for the years 2019-2023. This line we treat as a starting point. The numbers you mentioned are the ones maybe after concentrate processing, at the level of our own concentrates. Here we show you the levels of extraction from the mines. This is where the level of 450 thousand stems from.

PAWEŁ PUCHALSKI, SANTANDER: So do I understand correctly that, when talking about saleable production, after ore enrichment, we should decrease the number from slide 26 by 50 thousand tonnes? Am I right?

RADOSŁAW STACH – VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): This slide shows the mine extraction levels. That is why you can see 450 thousand there.

PAWEŁ PUCHALSKI, SANTANDER: Ok. I have a second question, if I may, with regard to the costs of energy. In this respect, were we presented the costs of energy in 1Q including the higher costs? Or did it assume a flat electricity price?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: I think this is an issue which everybody finds interesting. In this respect I can only repeat what I have already mentioned. This year we are more secured in terms of long-term contracts volume. Let's put it this way. We can still operate on the energy prices concluded in long-term contracts, in other words we are not experiencing any radical price spikes from the market.

PAWEŁ PUCHALSKI, SANTANDER: Do I understand correctly that you have signed contracts with your energy provider which are close to the flat one in 2019?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: We can say so. It gives us a little bit more comfort, when talking about this year's energy price.

PAWEŁ PUCHALSKI, SANTANDER: And the price is meant to stay stable regardless of any legislative changes throughout 2019?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: I don't know which exact legislative changes you are thinking of. Under the current legal circumstances, when compared to 2018, we can talk about flat prices.

PAWEŁ PUCHALSKI, SANTANDER: Do you also have an agreement for 2020?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: In terms of 2020, I can say that some of our contracts are long-term.

PAWEŁ PUCHALSKI, SANTANDER: What does 'some' mean? 50%?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: That I am not at liberty to disclose.

PAWEŁ PUCHALSKI, SANTANDER: Okay, but what percent, is it a majority?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: This is confidential business information. As I said, we are able to deal with the price owing to the long-term contracts for this year. For most of the energy volume for 2020, there also is a long-term contract.

PAWEŁ PUCHALSKI, SANTANDER: 'Most' suggests it's more than 50%.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: You know I cannot disclose anything more than what I have said.

PAWEŁ PUCHALSKI, SANTANDER: Thank you very much.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: Thank you.

ROBERT MAJ, IPOPEMA SECURITIES: I have a question on silver production. In Q1 it reached the level of 321 tonnes. The plan for the whole year assumes over 1300 tonnes. Are you holding to your forecasts, or has something changed?

RADOSŁAW STACH – VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): No, absolutely not. We would like to accomplish our targets for metallic silver production. What we are presenting here is to our benefit, where we will be processing another part of the deposit, one with a higher silver content. Still, our main purpose is to meet our targets.

ROBERT MAJ, IPOPEMA SECURITIES: In terms of CAPEX, in Q1 you are showing almost PLN 900 million of CAPEX. Does the budgeted amount remain somewhere over PLN 3 billion?

ADAM BUGAJCZUK – VICE PRESIDENT OF THE MANAGEMENT BOARD (DEVELOPMENT): This year's CAPEX is planned at the level of 2.5 billion. As already mentioned previously, we would like to maintain our CAPEX on a stable level. This way we will be able to maintain our key investment projects in the years to come.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: We can say that our capital expenditures, which include the Revolving Casting-Refining Furnace project, is all on time and budget. The same goes for the Żelazny Most project and the deposit access program, there is no risk of not following through on the CAPEX plans.

ROBERT MAJ, IPOPEMA SECURITIES: I have a question on revaluation of loans, which in the first quarter amounted to PLN 94 million. Are you planning such revaluations in the upcoming quarters?

ŁUKASZ STELMACH, CHIEF ACCOUNTANT: This is purely due to IFRS 16 and the implementation of a model for valuing loans to fair value. This could also take place in the future.

ROBERT MAJ, IPOPEMA SECURITIES: I have a question on slide number 29 and Deep Głogów. When looking at the copper parameters, the content in the deposit turns out to be 1.5%. How would you describe your plans? What are the grades like in the old mines? Does they exceed the plans, or are they in accordance with them? Did you expect more?

RADOSŁAW STACH – VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): Everything that you said is explicitly presented here. We assume the copper content in the deposit at the level of 1.4 – 1.5. This is what we assume and what we expect. Regarding the old mines, they are at the level of 1.47 – 1.50. The levels are similar. We do not expect a significant drop. That kind of drop obviously took place in previous years (more than 20 years ago in KGHM), but this is how it looks today.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: Still, in Q1 2019 the deposit content was higher than originally assumed in the production plans. That proves that with a more technological and selective approach, we are able to provide even better analyses.

ROBERT MAJ, IPOPEMA SECURITIES: So you are planning higher extraction from Deep Głogów in the years 2023-2024?

RADOSŁAW STACH – VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): From Deep Głogów, which is being steadily ramped up. We are constantly reaching deeper to the level of 1200 meters from the current levels of 1000-1100 meters. This is where the mining divisions are. Consequently the line starts to grow and this is what we wanted to show you on the diagram.

ROBERT MAJ, IPOPEMA SECURITIES: And extraction is through Polkowice, right?

RADOSŁAW STACH – VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): Through the Rudna and Polkowice-Sieroszowice mines. Deep Głogów is in the area of these two mines.

ROBERT MAJ, IPOPEMA SECURITIES: One more question. Do you consider any problems in terms of the collision of Deep Głogów drillings and the PGNiG gas deposit in Wilków? And is the gas leaking there, will it have any impact on your plans?

RADOSŁAW STACH – VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): Let me answer this way. There are problems in every mine. Each exploratory drilling is associated with a range of problems. We try to solve them on a day to day basis. We implement and develop our projects so that we can avoid many of these problems in future. We assess these issues on an on-going basis. We undertake appropriate preventative measures to cool the air and ventilate it, so that no gas is down there. I hope we will be able to cope with it all.

ADAM BUGAJCZUK – VICE PRESIDENT OF THE MANAGEMENT BOARD (DEVELOPMENT): For now, all the geological parameters and requirements are met. We haven't identified any potential threat here.

ROBERT MAJ, IPOPEMA SECURITIES: Thank you.

GRZEGORZ WITKOWSKI, INSIGNIS: I have a question on labour costs. When you negotiated remuneration for 2019 with the trade unions, information was announced that you were supposed to return to the matter once the minerals extraction tax was lowered. Are you really going to return to that matter now since the new legislation passed Parliament, I don't know if the President has signed it?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: We have an on-going dialogue. Indeed, the act was passed by the Parliament and Senate and is awaiting the President's signature. The tax is 15% lower. Given the act's mechanism, we will feel the effects of the change in the second half of the year. In terms of the impact on wages, we have already completed negotiations required

under the Collective Labour Agreement. We completed negotiations in January, at the turn of January and February. The increase in remuneration was only due to a binding provision of the Collective Labour Agreement. The lowered tax only potentially means a higher profit, or rather a share in the profit. The higher the profit, the bigger the employee's share in it. This is a standard provision of the Collective Labour Agreement. It is the case every single year. The bonus is dependent on the profit. There are no extraordinary activities there.

GRZEGORZ WITKOWSKI, INSIGNIS: Are there any negotiations planned apart from that?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: The negotiation process is concluded. For now, we are in continuous contact with the trade unions, but not in the area of wages and remunerations.

GRZEGORZ WITKOWSKI, INSIGNIS: Thank you.

PAWEŁ PUCHALSKI, SANTANDER: The national energy policy up to 2040 is to be introduced soon. Are you, as the biggest energy consumer in Poland, planning to play an active role in the construction of the nuclear plant, or any offshore plants?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: We have already stated what is our main purpose in the topic of energy. We would like to maximise the share of renewable energy sources in context of our energy mix. Additionally, we would like to build our own sources, fully dependent on us. So in terms of the external projects, we are not taking part in any negotiations. We are not involved anywhere, apart from the historical involvement in EJ1 [the nuclear project company], at the level of 10%. In light of some historical circumstances, we are playing the role of passive investor there. From our perspective, it is a potentially liquid asset. In this respect, we leave the initiative with the controlling shareholders and are awaiting their vision. Our role is to look for energy sources for our mix in the shorter term than is the case for the nuclear investment project.

PAWEŁ PUCHALSKI, SANTANDER: Thank you very much.

JAKUB SZKOPEK, mBANK: Firstly, I would like to congratulate you on the results. I have two questions with regard to KGHM International and Sierra Gorda. Firstly, KGHM International. There was a press release that more than 80 miners were given notice at the Robinson mine. In light of the production downgrade, should we expect any write-offs? In Q2 or Q3? Should it come with the expenses of land rehabilitation?

PAWEŁ GRUZA - VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS): No. Even more people were made redundant there. We perceive the whole, so called '*care and maintenance*' mine shifting process as successful. Hence, there are no additional accounting plans there. Additionally, strategically we are waiting for higher nickel prices. Our old mines will experience a second youth then. According to analysts, that should be the case in several years time. Let me remind you that these mines, apart from copper, have a significant content of nickel.

JAKUB SZKOPEK, MBANK: One more question with regards to Sierra Gorda. Fortunately, the remuneration negotiation process has finally been concluded. However, there is a good practice in Chile to pay a yearly benefit every few years when signing such a contract. Can you disclose what was the amount of the benefit this year? Is it reflected in Q1 results? Would that be the case in Q2?

PAWEŁ GRUZA - VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS): This expenditure will have its reflection in Q2. In fact, some of the trade unions signed contracts earlier, which means that the sum of all the benefits is spread over several reporting periods. In terms of the major trade union, which regrettably threatened us with a strike and financial losses, a contract has been signed and it will start technically to operate in Q2.

JAKUB SZKOPEK, MBANK: Could you provide us with any financial data in this respect?

PAWEŁ GRUZA - VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS): This kind of information is not to be disclosed and made public.

JAKUB SZKOPEK, MBANK: Ok, thank you.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: All we can say is that this is nothing extraordinary. It will not ruin our budget.

ROBERT MAJ, IPOPEMA SECURITIES: I have question on the fixed costs of KGHM Polska Miedź S.A. General administrative expenses were exceptionally low in Q1. Is this a new trend? Are these costs expected to stay at the level of around 160? In 2018 they were well above 200, in Q4 230 or even 240.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: You are fully right that these costs are decreasing. We're talking about fixed costs, right?

ROBERT MAJ, IPOPEMA SECURITIES: Yes.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: To a certain point it is also a matter of production scale. When the production level is increased, the costs are also slightly differently allocated. Having the increase in production as our main focus point, I think we can approach this issue this way.

ROBERT MAJ, IPOPEMA SECURITIES: One more question, maybe with regards to the nuclear power plant construction company. Why was it impossible to sell the shares to PGE?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: There were some regulatory filings on that. We maintained a continuous dialogue. It was PGE who concluded the negotiations. It's not us who This is not a question which should be addressed to us.

PAWEŁ PUCHALSKI, SANTANDER: If I could have a follow-up question. We already know the production level was good. But I haven't yet heard of a situation where increased production led to lower fixed costs. That could be the case in relation to production, but in terms of value, the fixed costs should stay fixed.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: You're right, my mistake. Of course, it is about the relation to the fixed costs. Initially, I had in mind the C1 costs, and not the lowered fixed costs. [to staff] Could I ask for some comments regarding the lack of growth in fixed costs?

PAWEŁ PUCHALSKI, SANTANDER: Do I understand correctly that the low costs are a new tradition at KGHM? Is this a new stable level? What does it result from?

MAŁGORZATA PALUCH, DIRECTOR OF BUDGET DEPARTMENT: Based on your question, I assume you mean the general administrative costs. They were higher by 3.2, mainly from an increase in remuneration. However, all the other positions are at last year's level because of our focus on strong cost discipline with regards to advisory or representative issues. The actuarial reserve also plays its role in the general administrative costs. Please bear that in mind. In Q1 it turned to be not that high. Essentially, it stayed at last year's level and basically had no influence on the costs dynamics. Provided that there are no changes in the actuarial reserve, in the next quarters we plan to maintain similar levels.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: In terms of cost policy, I can say that right now we are at a quite advanced phase of changing the procurement policy. This consists of changes in digitalisation, with a new approach to logistics and inventories and the possibility of access to the procurement activities of all the elements of KGHM's structure. The first effects can already be observed, so I think that they will be clearly evident in the second half of the year.

JANUSZ KRYSOŚIAK - INVESTOR RELATIONS DEPARTMENT DIRECTOR: We have some questions from our online participants. The first two are with regard to Sierra Gorda. The first question comes from Andrew Jones, Wood & Company and is as follows: why, despite the lower volume of molybdenum, were the costs in Sierra Gorda also lower?

PAWEŁ GRUZA - VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS): The drop in molybdenum is related to the drop in grade. Of course, we are continuing to work on lowering costs at Sierra Gorda and we have an operational costs optimisation programme there. I have already mentioned the planned CAPEX optimisation and rationalization. This is how these elements, all summed up, work. Apart from that, we have the revenues from the increased copper production and it has its reflection in the good C1 cost level.

JANUSZ KRYSOŚIAK - INVESTOR RELATIONS DEPARTMENT DIRECTOR: And the next question on profitability. It's from Dan Shaw, Morgan Stanley. When can Sierra Gorda be expected to be operationally profitable, without the external partners' financing?

PAWEŁ GRUZA - VICE PRESIDENT OF THE MANAGEMENT BOARD (INTERNATIONAL ASSETS): For now, the external financing by partners is necessary since we need to fully repay the *Project*

Finance, i.e. the historical debt. Apart from that, we can say Sierra Gorda is economically self-sustainable. I hope it answers the question. The outstanding tranches should be repaid in 2019 and in 2020. And here our partners are of help. Still, everything is heavily dependent on the copper prices. Let me only remind you that it's around 6000 for now. We hope that with some luck and good projects, Sierra Gorda will become fully self-sustainable sooner than planned.

JANUSZ KRYSOŚIAK – INVESTOR RELATIONS DEPARTMENT DIRECTOR: Another question is on the announced bond issuance plans. Could you elaborate a bit more on that?

KATARZYNA KRECZMAŃSKA-GIGOL – VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO): As already announced, we are currently discussing the bond issuance matters. It is the next step towards our new financial strategy, announced already in December. We aim to provide the company with a more diversified and stable structure of borrowing. We would like to refinance a part of our outstanding debt. That is why we are involved in bond issuance as a safe financing source that until now has not been used.

JANUSZ KRYSOŚIAK – INVESTOR RELATIONS DEPARTMENT DIRECTOR: We have one more question here.

ROBERT MAJ, IPOPEMA SECURITIES: One more question on costs. The budget for 2019 assumes PLN 20 000 Polish per tonne from the Polish deposits. In 2018, it was less than PLN 17 600. In Q1 it was again less than PLN 17 thousand. Therefore, should we expect any increases in the costs, so that you can reach the PLN 20 000 per tonne? Will you have to update the budget?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: We update the budget only when the cost is higher.

ROBERT MAJ, IPOPEMA SECURITIES: Or lower.

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: If the cost is lower, we will be simply happy about it. It is not a reason to update the budget. As I said, we fight for as low costs as possible. We are trying out some managerial and optimisation tools in this respect. We'll see what Q2 looks like in that respect.

ROBERT MAJ, IPOPEMA SECURITIES: One last question. As far as I remember, last year the subsidiaries' dividend was at the level of PLN 239 million. Can we expect it to be at the same level in Q2?

MARCIN CHLUDZIŃSKI - PRESIDENT & CEO: We will need to have a comment on our budget assumptions, since it is a budgetary parameter.

ŁUKASZ STELMACH, CHIEF ACCOUNTANT: We do not expect these dividends on such a scale. There might be some, but definitely lower.

MARCIN CHLUDZIŃSKI – PRESIDENT & CEO: We need to understand this mechanism. It is a very good question in terms of the system logics. If these are the companies from the major production line, this is the money which we usually pay them in services. Hence we try to look for the optimal price, maybe in the form of a lower dividend.

JANUSZ KRYSTOSIAK – INVESTOR RELATIONS DEPARTMENT DIRECTOR: Ladies and gentlemen, if there are no further questions, I would like to thank you all for today's meeting. If there are any questions we did not manage to answer, they will be available to you on our Internet website. Right after the meeting, we are at your disposal through our Internet website and the department of investor relations. Thank you once again. We would also like to invite you to the next meeting on our Q2 results.