

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name	KGHM International Ltd.					
Reporting Year	From	1/1/2019	To:	12/31/2019	Date submitted	3/25/2020
Reporting Entity ESTMA Identification Number	E431144	<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report				
Other Subsidiaries Included (optional field)	Robinson Nevada Mining Company, Carlota Copper Company, Sociedad Contractual Minera Franke, KGHM Chile Spa, DMC Mining Services UK Ltd.					
For Consolidated Reports - Subsidiary Reporting Entities Included in Report:	FNX Mining Company Inc. (ID: E401983)					
Not Substituted						
Attestation by Reporting Entity	<p><i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.</i></p>					
Full Name of Director or Officer of Reporting Entity	Andrzej Przeczek			Date	3/25/2020	
Position Title	Head of Finance					

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Reporting Entity Name		KGHM International Ltd.		Currency of the Report USD
Reporting Entity ESTMA Identification Number		E431144		
Subsidiary Reporting Entities (if necessary)		FNX Mining Company Inc. (ID: E401983)		

Payments by Payee

Country	Payee Name ¹	Departments, Agency, etc... within Payee that Received Payments ²	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes ³⁴
United States of America	State of Nevada	Department of Taxation	3,595,501							3,595,501	
United States of America	County of White Pine	White Pine County Treasurer	1,478,626		55,250					1,533,876	
United States of America	Government of the United States of America	Bureau of Land Management			333,800					333,800	
United States of America	State of Nevada	Division of Water Resources			347,034					347,034	
United States of America	State of Nevada	Division of Environmental Protection			114,109					114,109	
United States of America	State of Nevada	LP Gas Board			89,877					89,877	
United States of America	County of Gila	Gila County Treasurer	148,205							148,205	
Canada	Municipality of Greater Sudbury								628,847	628,847	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.33 CAD
Canada	Government of Canada	Canada Revenue Agency	704,021							704,021	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.32 CAD, \$1 USD = \$1.33 CAD
Canada	Atikameksheng Anishnawbek First Nations				188,878					188,878	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.33 CAD
Canada	Sagamok Anishnawbek First Nations				115,031					115,031	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.31 CAD
Canada	Sagamok Anishnawbek First Nations	Z'GAMOK ENTERPRISES INC.			86,235					86,235	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.32 CAD
Canada	Government of Ontario	Workplace Safety and Insurance Board			742,794					742,794	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.34 CAD, \$1 USD = \$1.33 CAD
United Kingdom of Great Britain and Northern Ireland	Government of the United Kingdom of Great Britain and Northern Ireland	HMRC	796,998							796,998	Payment made in UK pounds and reported in USD. [USD to UK Pound] : \$1 USD = £0.812942 UK Pound
Chile	Government of Chile	Tesorería General de la República	762,340							762,340	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$681.30 CLP, \$1 USD = \$669.73 CLP, \$1 USD = \$707.99 CLP, \$1 USD = \$684.87 CLP

Additional Notes: KGHM International ("KGHMI") has formed a joint venture ("Sierra Gorda JV") with Sumitomo Metal Mining Co. Ltd. and Sumitomo Corporation to develop and operate the Sierra Gorda copper-molybdenum mine in Chile. KGHMI through its subsidiaries in Chile owns 55%. KGHMI has determined that it does not control Sierra Gorda JV notwithstanding the fact that it owns more than 50% of the issued share capital of the Sierra Gorda JV. The owner's council is an independent body responsible for oversight and decision making for the Sierra Gorda JV. The factors that the Group considered in making the determination include the KGHMI's right to appoint an equal number of members to the owners' council. The owners' council consists of three representatives from each Joint venture partner. The three members are directly appointed by KGHM Polska Miedź S.A. (parent company of KGHMI). KGHMI cannot unilaterally control the decision-making and payments for the Sierra Gorda JV and joint venture partners need to agree on decisions at the owner's council. To ensure that the report is transparent in the payments made by the Sierra Gorda JV are included. The Sierra Gorda JV paid taxed of \$328,737 to Tesorería General de la República (Federal Government of Chile) and \$332,170 to Tesorería Municipal de Sierra Gorda (Municipal Authority). KGHMI has a USD functional currency for all its subsidiaries that were reportable under ESTMA. The payments reported above were recorded at the exchange rate existing at the time the payment was made.

¹ Enter the proper name of the Payee receiving the money (i.e. the municipality of x, the province of y, national government of z).

² Optional field.

³ When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

⁴ Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the Additional notes row or the Notes column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.

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Reporting Entity Name	KGHM International Ltd.			Currency of the Report	USD
Reporting Entity ESTMA Identification Number	E431144				
Subsidiary Reporting Entities (if necessary)	FNX Mining Company Inc. (ID: E401983)				

Payments by Project

Country	Project Name ¹	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes ^{2,3}
United States of America	Robinson Nevada Mining Company	\$5,074,127		\$858,395					5,932,521	
United States of America	Carlota Copper Company	\$148,205		\$81,675					229,880	
Canada	FXN Mining Company	\$270,967		\$1,012,261				\$628,847	1,912,074	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.33 CAD, \$1 USD = \$1.32 CAD, \$1 USD = \$1.33 CAD, \$1 USD = \$1.31 CAD, \$1 USD = \$1.32 CAD, \$1 USD = \$1.34 CAD
Canada	KGHM International Ltd	\$433,055		\$120,676					553,730	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.33 CAD, \$1 USD = \$1.33 CAD
United Kingdom of Great Britain and Northern Ireland	DMC Mining Services UK Ltd.	\$796,998							796,998	Payment made in UK pounds and reported in USD. [USD to UK Pound] : \$1 USD = £0.812942 UK Pound
Chile	Soc. Contractual Minera Franke	\$221,759							221,759	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$681.30 CLP
Chile	Minera Carrizalillo Ltda	\$135,246							135,246	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$669.73 CLP
Chile	Quadra FNX Holdings Chile Ltda.	\$351,732							351,732	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$707.99 CLP
Chile	Aguas de la Sierra Ltda	\$53,603							53,603	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$684.87 CLP

Additional Notes³: KGHM International ("KGHMI") has formed a joint venture ("Sierra Gorda JV") with Sumitomo Metal Mining Co. Ltd. and Sumitomo Corporation to develop and operate the Sierra Gorda copper-molybdenum mine in Chile. KGHMI through its subsidiaries in Chile owns 55%. KGHMI has determined that it does not control Sierra Gorda JV notwithstanding the fact that it owns more than 50% of the issued share capital of the Sierra Gorda JV. The owner's council is an independent body responsible for oversight and decision making for the Sierra Gorda JV. The factors that the Group considered in making the determination include the KGHMI's right to appoint an equal number of members to the owners' council. The owners' council consists of three representatives from each Joint venture partner. The three members are directly appointed by KGHM Polska Miedz S.A. (parent company of KGHMI). KGHMI cannot unilaterally control the decision-making and payments for the Sierra Gorda JV and joint venture partners need to agree on decisions at the owner's council. To ensure that the report is transparent in the payments made by the Sierra Gorda JV are included. The Sierra Gorda JV paid taxed of \$328,737 to Tesoreria General de la República (Federal Government of Chile) and \$332,170 to Tesoreria Municipal de Sierra Gorda (Municipal Authority). KGHMI has a USD functional currency for all its subsidiaries that were reportable under ESTMA. The payments reported above were recorded at the exchange rate existing at the time the payment was made.

¹ Enter the project that the payment is attributed to. Some payments may not be attributable to a specific project, and do not need to be disclosed in the "Payments by Project" table.

² When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

³ Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the "Additional Notes" row or the "Notes" column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.