

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name	KGHM International Ltd.					
Reporting Year	From	2021-01-01	To:	2021-12-31	Date submitted	2022-03-15
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	2022-03-15	
Position Title	Head of Finance					

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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	County of White Pine	White Pine County Treasurer	3,725,740							3,725,740	
United States of America	State of Nevada	Nevada Department of Taxation	6,637,532							6,637,532	BUS. Tax amounted to \$892k, USE Tax amounted to \$537k
United States of America	City of Ely	Municipal Water Department			257,865					257,865	
United States of America	State of Nevada	State Collection and Disbursement unit			345,474					345,474	
United States of America	Government of the United States of America	Federal Bureau of Land Management			257,280					257,280	Payment from Robinson Nevada Mining Company amounted to \$174k, payment from Carlota Copper Company amounted to \$83k
United States of America	State of Nevada	Nevada Division of Water Resources			89,832					89,832	
United States of America	State of Nevada	Nevada Division of Environmental Protection			155,993					155,993	
United States of America	State of Nevada	Nevada State Treasurer			238,260					238,260	
United States of America	Government of the United States of America	Mine Safety and Health Administration			76,456					76,456	
United States of America	State of Nevada	Board of Regents Nevada System of Higher Education			150,560					150,560	
United States of America	County of Gila	Gila County Treasurer	155,981							155,981	
United States of America	Government of the United States of America	United States Department of Treasury - Internal Revenue Service	550,000							550,000	
Canada	Government of Ontario	Workplace Safety and Insurance Board			745,333					745,333	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.2533 CAD,
Canada	Atikameksheng Anishnawbek First Nations				195,425					195,425	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.2793 CAD,
Canada	Sagamok Anishnawbek First Nations				118,890					118,890	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.2617 CAD,
Canada	Wahnapitae First Nation				74,802					74,802	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.2532 CAD,
Canada	City of Sudbury	Greater Sudbury Utilities			85,741					85,741	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.2632 CAD,

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Canada	Government of Canada	Canadian Revenue Agency			6,323,662					6,323,662	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.2455 CAD
United Kingdom of Great Britain and Northern Ireland	Government of the United Kingdom of Great Britain and Northern Ireland	Her Majesty's Revenue&Customs Cumbernauld	2,442,135							2,442,135	Payment made in UK pounds and reported in USD. [USD to UK Pound] : \$1 USD = £0.7044 UK Pound
Chile	Government of Chile	General Treasury of the Republic	171,223							171,223	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$706.70 CLP, \$1 USD = \$726.35 CLP Payment from Sociedad Contractual Minera Franke \$109k. Payment from Minera Carrizalillo.

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 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 tax of \$613,368 to Tesorería General de la República (Federal Government of Chile) and \$112,407 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.

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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 ²³
United States of America	Robinson Nevada Mining Company	10,363,272		1,488,725					11,851,996	
United States of America	Carlota Copper Company	155,981		82,995					238,976	
United States of America	Robinson Holding USA Ltd.	550,000							550,000	
Canada	FXN Mining Company			1,220,191					1,220,191	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.2533 CAD, \$1 USD = \$1.2566 CAD, \$1 USD = \$1.2674 CAD, \$1 USD = \$1.2793 CAD, \$1 USD = \$1.2617 CAD, \$1 USD = \$1.2632 CAD, \$1 USD = \$1.2532 CAD
Canada	KGHM International Ltd			6,323,662					6,323,662	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.2455 CAD
United Kingdom of Great Britain and Northern Ireland	DMC Mining Services UK Ltd.	2,442,135							2,442,135	Payment made in UK pounds and reported in USD. [USD to UK Pound] : \$1 USD = £0.7044 UK Pound
Chile	Sociedad Contractual Minera Franke	109,039							109,039	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$706.70 CLP
Chile	Minera Carrizalillo Ltda	62,184							62,184	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$726.35 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 \$4,159,046.09 to Tesorería General de la República (Federal Government of Chile) and \$79,645.86 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.