

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for December 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-December 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, while the volume of copper and silver sales was lower than planned, mainly due to the lack of sales of own concentrate foreseen in the budget of KGHM Polska Miedź S.A.

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

| Production and sales of the KGHM Group | December 2019 | December 2018 | I - XII 2019 | I - XII 2018 |
|--|---------------|---------------|--------------|--------------|
| Production | | | | |
| Payable copper (kt) | 59.3 | 57.7 | 701.6 | 633.9 |
| - including KGHM Polska Miedź S.A.* | 47.0 | 46.7 | 565.6 | 501.8 |
| Payable silver (t) | 129.3 | 122.1 | 1 414.8 | 1 203.3 |
| TPM (koz t) | 23.0 | 14.0 | 220.1 | 174.0 |
| Molybdenum (mn lbs) | 1.3 | 1.3 | 12.0 | 15.3 |
| Sales | | | | |
| Copper (kt) | 61.9 | 67.2 | 691.9 | 644.5 |
| Silver (t) | 122.7 | 101.7 | 1412.3 | 1248.5 |
| TPM (koz t) | 25.9 | 17.0 | 211.1 | 172.3 |
| Molybdenum (mn lbs) | 0.8 | 1.5 | 12.6 | 17.4 |

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 59.3 thousand tonnes**, meaning an increase compared to the corresponding month of 2018 by 3%. The increase was in respect of all of the assets, including mainly Sierra Gorda (higher ore throughput and copper content).
- **Production of silver amounted to 129.3 tonnes** and was higher than the amount recorded in December 2018 by 6%.
- **Production of TPM amounted to 23.0 thousand troy ounces**. The increase in monthly production (+64%) was in respect of all assets, including primarily KGHM Polska Miedź S.A.
- **Production of molybdenum amounted to 1.3 million pounds**. Maintaining production at the level of December 2018, alongside lower molybdenum content, is mainly the result of higher ore throughput by the Sierra Gorda mine.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 61.9 thousand tonnes** and were lower by 5.3 thousand tonnes (-8%) compared to sales of copper in December 2018. The main reason was lower sales of this metal by KGHM Polska Miedź S.A.
- **Sales of silver amounted to 122.7 tonnes** and were higher by 21 tonnes compared to sales in December 2018 (+21%). The reason was higher sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 25.9 thousand troy ounces** and were higher by 8.9 thousand troy ounces (+52%) compared to December 2018. This result was mainly due to higher sales of gold in December 2019 by KGHM Polska Miedź S.A.
- **Sales of molybdenum amounted to 0.8 million pounds** and were lower by 0.7 million pounds (-47%) compared to December 2018. The main reason was a decrease in molybdenum sales by the Sierra Gorda mine.

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

| Production and sales of KGHM Polska Miedź S.A. | December 2019 | December 2018 | I - XII 2019 | I - XII 2018 |
|--|---------------|---------------|--------------|--------------|
| Mine production: | | | | |
| Copper in concentrate (kt) | 26.8 | 26.3 | 398.9 | 401.3 |
| Silver in concentrate (t) | 85.0 | 86.7 | 1 249.0 | 1 264.3 |
| Metallurgical production: | | | | |
| Electrolytic copper (kt) | 47.0 | 46.7 | 565.6 | 501.8 |
| - including from own concentrate | 36.4 | 34.8 | 418.3 | 385.3 |
| Metallic silver (t) | 127.9 | 121.0 | 1 400.2 | 1 188.8 |
| TPM (koz t) | 12.1 | 5.8 | 103.7 | 83.2 |
| Sales | | | | |
| Copper (kt) | 48.2 | 53.5 | 556.8 | 514.4 |
| Silver (t) | 119.9 | 99.1 | 1392.8 | 1227.3 |
| TPM (koz t) | 13.9 | 7.7 | 101.4 | 83.8 |

Production of KGHM Polska Miedź S.A.:

- **Production of copper in concentrate amounted to 26.8 thousand tonnes** and was higher by 0.5 thousand tonnes (+1.9%) compared to December 2018, due to a higher amount of ore processed from the mines.
- **Production of silver in concentrate amounted to 85.0 tonnes** and was lower by 1.7 tonnes (-2.0%), due to a lower amount of silver in ore.
- Production of electrolytic copper and metallic silver was at a higher level than in 2018.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 48.2 thousand tonnes** and were lower by 5.3 thousand tonnes (-10%) compared to sales in December 2018. The difference was due among others to the schedule of deliveries agreed with customers of copper cathodes in December 2019.
- **Sales of silver amounted to 119.9 tonnes** and were higher by 20.8 tonnes compared to sales in December 2018 (+21%). The level of silver sales was due to the schedule of deliveries agreed with customers in December 2019. It should be noted that to reduce logistical costs, sales of silver exported from Poland are usually made in single parties of approx. 20 tonnes. This means however, that any increase or decrease in the number of shipments by a single shipment (on a month-to-month basis) has a great impact on the sales dynamic in the comparable time period.

- **Sales of TPM amounted to 13.9 thousand troy ounces** and were higher by 6.2 thousand troy ounces (+81%) compared to sales in December 2018. The difference was mainly due to higher gold production in December 2019. During this month there were also large shipments on the domestic and international markets. Similarly as in the case of silver shipments, exported shipments of gold are made in larger, single parties (usually no less than 200 kg).

Results of KGHM INTERNATIONAL LTD. in December 2019 - y/y:

| Production and sales of KGHM INTERNATIONAL LTD. | December 2019 | December 2018 | I - XII 2019 | I - XII 2018 |
|--|----------------------|----------------------|---------------------|---------------------|
| Production | | | | |
| Payable copper (kt) | 6.6 | 6.4 | 76.5 | 78.8 |
| TPM (koz t) | 7.8 | 5.9 | 85.2 | 67.6 |
| Molybdenum (mn lbs) | 0.06 | 0.06 | 0.77 | 0.60 |
| Sales | | | | |
| Copper (kt) | 5.9 | 7.1 | 73.9 | 78.0 |
| TPM (koz t) | 7.8 | 5.9 | 77.7 | 66.0 |
| Silver (t) | 0.9 | 0.8 | 4.5 | 6.9 |
| Molybdenum (mn lbs) | 0.05 | 0.02 | 0.9 | 0.5 |

Production of KGHM INTERNATIONAL LTD.:

- **Production of copper amounted to 6.6 thousand tonnes** and was higher by 0.2 thousand tonnes (+3%) compared to December 2018. The increase in payable copper production was due to higher production in the Robinson mine by 0.6 thousand tonnes, despite a year-on-year decrease in production in the Sudbury Basin (by 0.3 thousand tonnes) and in the Franke mine (by 0.1 thousand tonnes). The higher copper production by the Robinson mine was due to higher metal grade in ore and to higher recovery. The lower copper production by the Franke mine and in the Sudbury Basin in December 2019 year-on-year was mainly due to the processing of ore with lower copper content.
- **Production of TPM amounted to 7.8 thousand troy ounces** and was higher by 1.9 thousand troy ounces (+32%) compared to the same period of 2018. The higher production of precious metals was due to higher TPM production in the Sudbury Basin (by 1.6 thousand troy ounces – higher platinum and palladium content in ore) and to higher gold production by the Robinson mine (by 0.4 thousand troy ounces - higher gold content in ore).
- **Production of molybdenum amounted to 0.06 million pounds** and was similar to the level of production in the corresponding period of 2018.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 5.9 thousand tonnes** and were lower by 1.2 thousand tonnes (-17%) compared to sales in December 2018. The main reason was lower sales of payable copper in cathodes produced by the Franke mine by approx. 0.8 thousand tonnes, as a result of the schedule of deliveries agreed with customers. Due to lower production of payable copper (lower copper content in ore), sales of copper from the Sudbury Basin were also slightly lower (by approx. 0.4 thousand tonnes). Sales of copper from the Carlota and Robinson mines were similar compared to December 2018.
- **Sales of TPM amounted to 7.8 thousand troy ounces** and were higher by 1.9 thousand troy ounces (+32%) compared to the corresponding period of 2018. This result was mainly due to higher sales of TPM from the Sudbury Basin, resulting directly from higher ore production and higher TPM content in ore.
- **Sales of silver amounted to 0.9 tonnes** and were comparable to sales in December 2018.

- **Sales of molybdenum amounted to 0.05 million pounds** and were higher by 0.03 million pounds (+150%) than sales in the corresponding period of 2018, the result of realising the agreed schedule of customer orders and the schedule of deliveries.

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

| Production and sales of Sierra Gorda (on a 55% basis) | December 2019 | December 2018 | I - XII 2019 | I - XII 2018 |
|--|----------------------|----------------------|---------------------|---------------------|
| Production | | | | |
| Payable copper (kt) | 5.7 | 4.6 | 59.5 | 53.3 |
| Molybdenum (mn lbs) | 1.2 | 1.2 | 11.2 | 14.7 |
| Payable silver (t) | 1.4 | 1.1 | 14.6 | 14.5 |
| TPM (koz t) | 3.1 | 2.3 | 31.2 | 23.2 |
| Sales | | | | |
| Copper (kt) | 7.8 | 6.6 | 61.2 | 52.1 |
| Molybdenum (mn lbs) | 0.7 | 1.5 | 11.8 | 16.9 |
| Silver (t) | 1.9 | 1.8 | 15.0 | 14.2 |
| TPM (koz t) | 4.1 | 3.4 | 31.9 | 22.5 |

Production of Sierra Gorda (55%):

- **Production of copper amounted to 5.7 thousand tonnes** and was higher by 1.1 thousand tonnes (+24%) compared to December 2018.
- **The higher production of payable copper both in December 2019 as well as in the period January-December 2019** was due to a higher volume of ore processed and higher copper content in mined ore compared to the corresponding period of 2018.
- **Production of molybdenum in December 2019 remained at a similar level** to the amount produced in the prior year as a result of a higher volume of ore processed, alongside a decrease in molybdenum content in mined ore in 2019.
- **The decrease in molybdenum production in the period January-December 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 of the current period was partially offset by the higher volume of processed ore.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 7.8 thousand tonnes** and were higher by 1.2 thousand tonnes compared to sales in December 2018 (+18%). This was due to a higher (by approx. 12 thousand tonnes dry weight) volume of copper concentrate sold in December 2019, resulting from higher 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 0.8 million pounds (-53%). 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 1.9 tonnes** and were higher by 0.1 tonnes (+6%).
- **Sales of TPM amounted to 4.1 thousand troy ounces** and were lower by 0.7 thousand troy ounces (+21%).

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