

Responses to questions raised at the Results Conference for 1Q 2020

1. Do you intend to reduce 2020 guidance for the production of molybdenum by Sierra Gorda, copper by KGHM International and silver in Poland, as you didn't reach your targets for these items in the first quarter of 2020?

No, we consider the budget target for molybdenum from Sierra Gorda as valid. In terms of KGHM International, we are continuously monitoring the situation and at the moment no decision has been taken in this regard. With respect to silver, we are on target for metallic silver from the smelters, while silver output from our mines is below. We are monitoring that situation as well and, for now, there aren't any signals that the budget target for silver should change.

2. Despite Covid-19 and pricing pressure, Capex in Poland looks to be on schedule and you are holding to the budgeted amount of PLN 2.25 bn. If prices fall further, are you considering any decreases or delays in Capex? If so, then what price level would you consider as a signal to reduce Capex? Sierra Gorda: copper sales are lower than production, but molybdenum sales are higher. Could you say something about changes in inventories and the outlook for sales in the remainder of 2020.

In terms of domestic Capex, as of today we see no need to reduce it. We are advancing the budget on schedule, we are flexible during these highly volatile times, we are continuously monitoring the situation and we will react as required, we are prepared for it.

Sierra Gorda – as respects copper we have seen temporary, momentary interruptions in the operations of the port of Antofagasta, which interferes with the plan for shipping copper concentrate. These are temporary changes which we have made note of in the report, but they are not significant on a yearly scale and will not have a major impact in that regard. In the case of molybdenum the same thing, temporary differences resulting from inventories.

3. Silver in KGHM – Deep Głogów Głębki supplied 16% of silver production from the Parent company in 1Q 2020, a fall of 3%, while total production rose by 3%.

Where did the higher silver production in the Parent company come from and when will the deposits be exhausted?

As to when the deposits will be exhausted we can't say. Speaking of production we have to separate the metallurgical results from the mined ones. In general, Deep Głogów contains more silver, that is why there is more silver if we work a larger area of Deep Głogów, while our metallurgical results differ slightly from the mined ones, at the moment we are sticking to what we have in the budget.

4. In gold production we see a significant increase by a third compared to the corresponding prior year period. What was the reason? Could this trend continue?

Both gold and silver production depends on how much we have in our deposits, in our concentrate. At the moment there is more in the area we are mining, in Deep Głogów we have higher production, so if there is gold there then we will have it, though you have to remember that our basic product is copper while silver and gold are associated metals.

5. What are your expectations regarding the copper price in subsequent periods? How is demand amongst KGHM's customers? What is April showing? What is demand like in China?

Investor Relations Department

In terms of price expectations to the end of the year, I can't answer that question. Speaking of demand, the issue is a complex one and we have different levels of demand for each of our products. On the one hand, we can say that cathode copper and wire rod are showing stable demand and – apart from individual problems with deliveries to Italy – we have practically no problems with demand. If problems appear at individual points, we can very quickly find buyers, even on other continents. Consequently, there is no risk for KGHM from this perspective. On the other hand we see a significant impact from the economic slowdown on lead sales, here we are talking mainly about the automotive sector. Meanwhile in terms of copper concentrate we are seeing a large increase in demand. In summary, demand for our products is highly diversified. At the present moment we see no risk to sales for all of our production, in accordance with plan.

6. Does the current optimising of OPEX and CAPEX that you spoke of involve only the assets of KGHM INTERNATIONAL, or Sierra Gorda as well?

Of course it involves all of our international assets.

7. President Bugajczuk spoke about intensifying work on the GG-1 shaft. Does this mean completing the investment sooner than planned, and to what extent has the Company been able to deal with the excess flow of water at the site?

We still have a lot of time yet, nearly two years to complete the sinking of the shaft. Nature has shown us more than once that it is unpredictable and we have to show it respect. Today the sinking of the shaft is going faster than expected, which doesn't mean that this will apply right through to the end. Today we wanted to share this positive information, as looking back at 2018, we can remember that we did in fact experience a large inflow of water and therefore had to suspend the sinking for some time. Today the information in this regard is somewhat more favourable, the inflow of water to the GG-1 shaft has for all intents been brought under control. Today we don't see any risk related with this situation.

8. What has been the impact of COVID-19 on KGHM's costs? What were the main items impacted?

As a result of COVID, KGHM carried out the procurement of equipment at the request of the Chancellery of the Prime Minister of Poland, which involved the acquisition of respirators, masks, protective aprons and medical goggles. The costs we incurred are refunded. Therefore, we can say that these purchases had no effect on our costs. Of course because of COVID we had to implement actions which enhanced workplace safety. The costs incurred to increase occupational safety, to alter our working routines, are immaterial in terms of our total costs, which is why we haven't disclosed them.