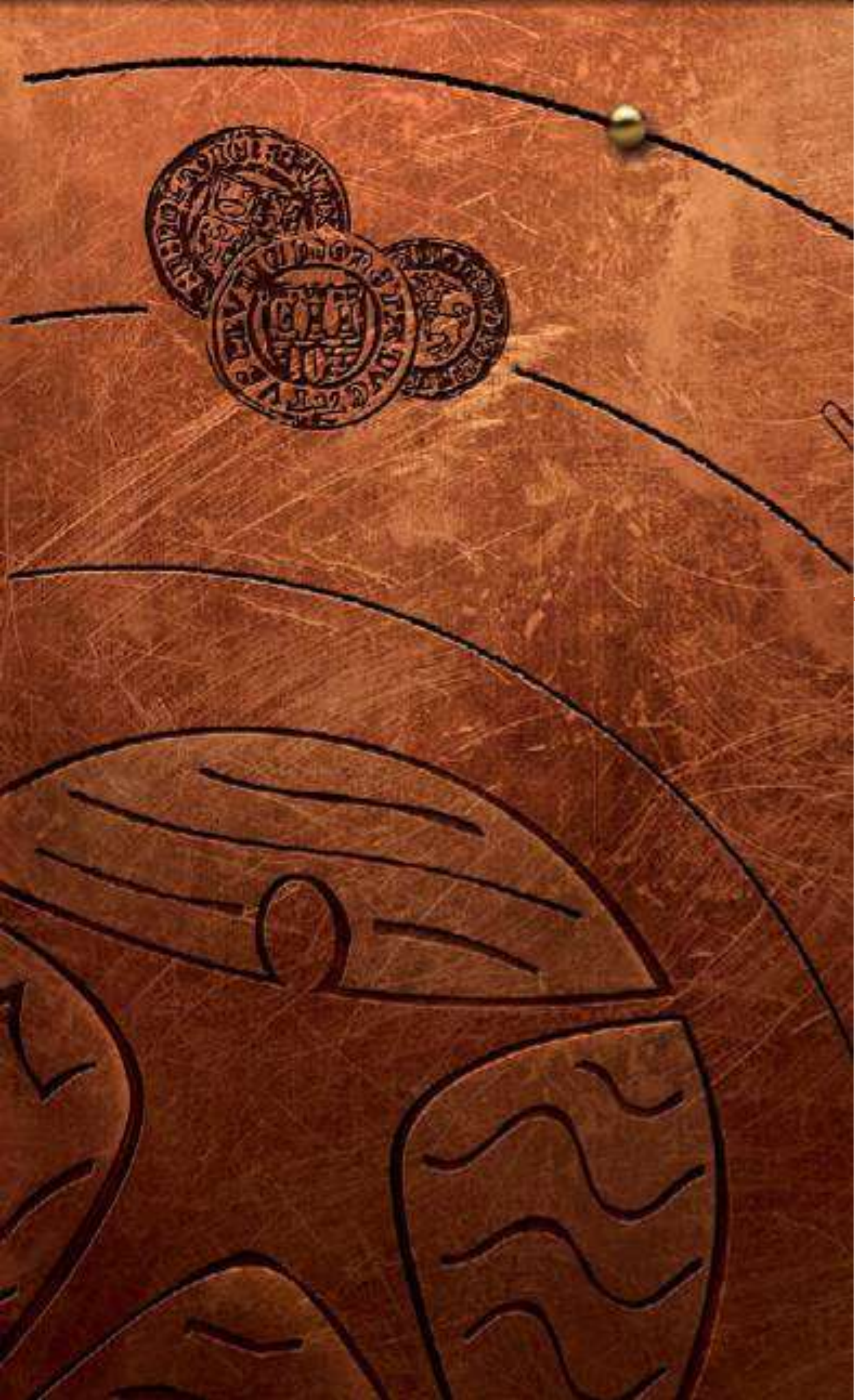


Results of KGHM Polska Miedź S.A. in 2013

February 2014

Major Group resource projects

Sierra Gorda – project on time, commissioning in mid-2014

Sierra Gorda Cu Mo Au

March 2014

Hydraulic tests, filling of reservoir and completion of sea water pipeline

Mid 2014

Construction of Sierra Gorda completed

Progress on construction (as at 31 December 2013)

- Project will be completed on time, planned completion of construction and commissioning in mid-2014
- 86% project progress
- Construction of sea water pipeline 94% complete, final hydraulic testing in progress
- Construction of tailings pond approx. 86% complete and processing plant approx. 80% complete
- Pre-stripping at 81% of the amount required before commissioning
- Around 91% of the CAPEX committed
- Around USD 3.4B of the committed amount has been incurred

Sierra Gorda – project on time, commissioning in mid-2014

- Sea water pipeline – coastal station

- Crushed ore storage facility

- Milled ore warehouse

- Concentrate thickening, Molybdenum plant

Deep Głogów – guarantee of stable production by KGHM

GGP **Cu** **Ag**

▪ **Resources**	**~290 Mt @ 2.4% Cu, 79g/t Ag**
▪ **Ownership**	**100% KGHM**
▪ **Mine type**	**Underground**
▪ **Status**	**Ore accessing work**

Status

- In December 2013 sinking commenced on the GG1 (inflow) ventilation shaft
- Preparatory and accessing work in progress
- First mining section to begin work on 1 April 2014
- Design work completed on a modern surface air conditioning station with target power of 25 MW at the R-11 shaft. Commencement of construction planned at the turn of 1Q/2Q 2014

Afton-Ajax – copper and gold from British Columbia

Afton-Ajax

Cu Au

▪	Resources	~512 M @ 0.31% Cu; 0.19 g/t Ag
▪	Ownership	80% KGHM PM S.A. 20% Abacus Mining
▪	Mine type	Open pit
▪	Status	Updating the environmental permit application

Status

- KGHM Polska Miedź S.A. appointed a new project manager, with experience from managing the similarly-sized Cu-Au Mount Milligan project in British Columbia
- A program of 9 geotechnical drillholes in the orebody pit was performed, whose results are being used to update the mine's block model
- Exploratory work continued, including geophysical research and a campaign of exploratory drilling in the adjacent Rainbow and Ajax North areas
- Further geological work, which will provide more precise knowledge of the initially-identified ore potential, will be performed in 2014
- Work also continues on changing the siting of some of the mine's facilities, which will also enable maximisation of the value of the Afton-Ajax project as well as lower environment impact

Victoria – in future, the second-most important value driver after Sierra Gorda

Victoria

Ni | Cu | Au | Pt

• Resources	~14.5 M @ 2.5% Cu, 2.5% Ni, 7.6g/t TPM
▪ Ownership	100% KGHM International
▪ Mine type	Underground
▪ Status	Preparation of surface infrastructure

Status

- Work is on schedule
- Tree removal completed and work in progress on levelling terrain for the surface infrastructure
- Environmental permit applications submitted. These are being reviewed and final corrections implemented
- Mine closure plan being developed, required to obtain building permit for the first shaft
- Work in progress on the Integrated Development Plan, describing in detail the mine execution plan
- Steering Committe appointed comprised of staff from KGHM S.A., KGHM International and the company PeBeKa, whose task will be to supervise realisation of the project

Development of the Group based on a transparent structure

To improve the process of managing Group companies and to optimise their value, groups of assets will be separated depending on the impact of the goods and services they supply to the core business of KGHM, their possibilities for development and their relationship with the strategy of KGHM Polska Miedź S.A.

Subsidiaries of the KGHM Group

Core

Production and resource base development

Strategic companies related to the second pillar of the KGHM strategy. These ensure future development perspectives for KGHM, geografic diversification of activities and improvement of the company's cost position in the sector.

KGHM Multi Utilities

Companies related to the third pillar of the KGHM strategy. Their purpose is to ensure uninterrupted supply of power at an optimum price.

KGHM Services

Companies directly related to the core production business.

KGHM Knowledge

Companies related to technology development and knowledge transfer.

Non Core

CSR

Companies related to the fourth pillar of the KGHM strategy. Their purpose is to create the image of KGHM in the region as a company with a high level of corporate social responsibility.

Allocated to TFI investment funds

- Companies in the health services sector; Companies related to investments in new technology in the commodities sector;
- Investments in real estate;
- Companies designated for restructurisation.

Designated for sale

Companies related to non-core activities, designated for restructurisation and divestment.

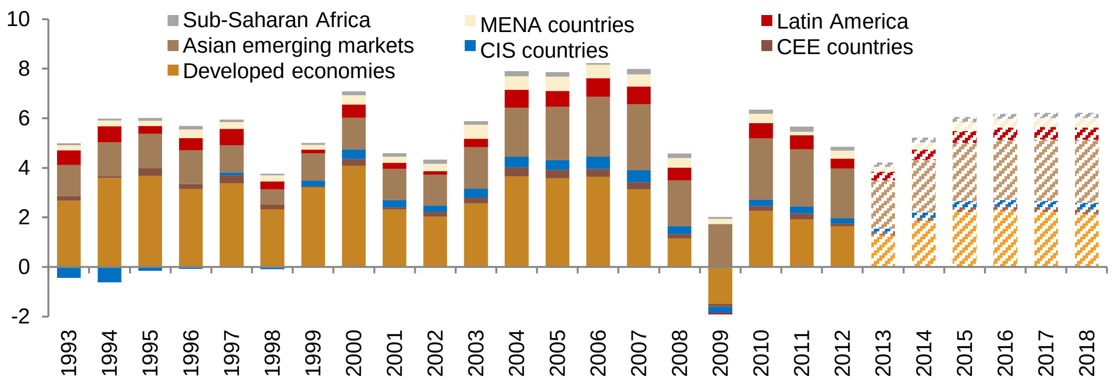
Macroeconomic perspectives

Global growth path remains uncertain and remains dependent on the developing countries

WORLD

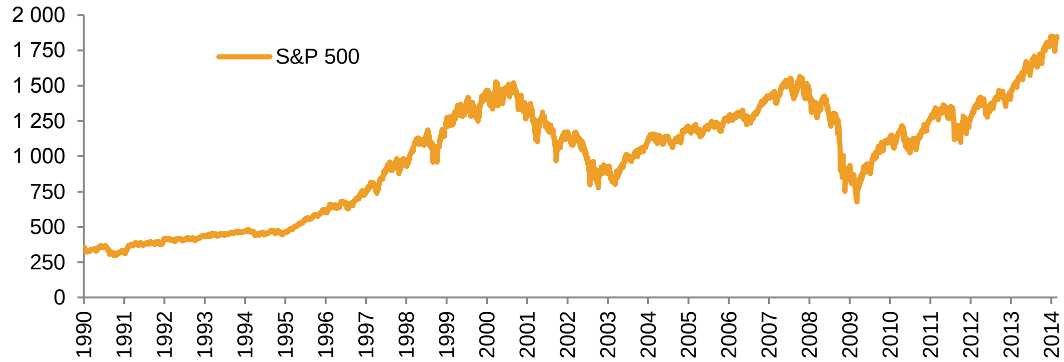
Emerging markets will continue to drive global growth

Contribution to global GDP* [%]



Record levels achieved by American stock exchanges demonstrate the level of investor optimism

S&P 500**



- Symptoms of recovery appearing in the world's largest economies are evident in rising PMI (above 50) and in industrial production.
- Over the long term global economic growth will be heavily dependent on the rate of increase of the emerging countries, in particular those in Asia.
- In China, the gradual liberalisation of the one-child policy, increased urbanisation and a return to quality economic growth announced by the Chinese government will have an impact on the type of demand generated by Chinese consumers. Urbanisation will be mainly driven by the development of infrastructure and the property market.
- The visible improvement in the American economomy resulted in a partial decrease in the buyback of bonds by the Federal Reserve. Shareholder optimism was reflected in further records of market indices (S&P500, DJIA, DAX) building a positive perspective in the coming quarters.

* CIS = Commonwealth of Independent States; MENA = Middle East, North Africa; CEE = Central Eastern Europe; Source: MFW, KGHM

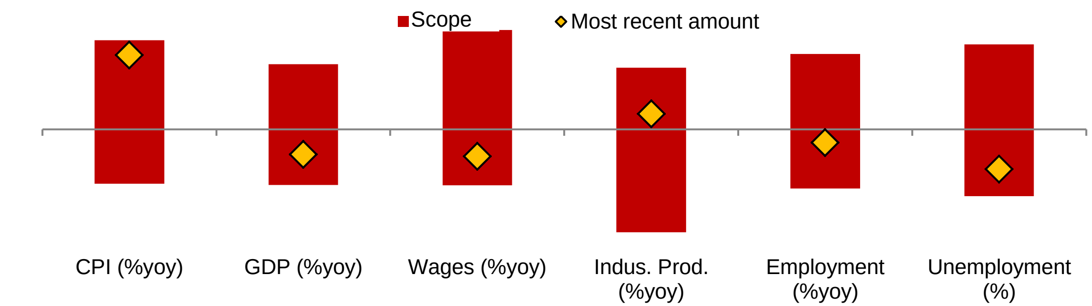
** Source: Bloomberg, KGHM

Bottom of the economic cycle reached in the first quarter of 2013, with systematic recovery expected in the coming months

POLAND

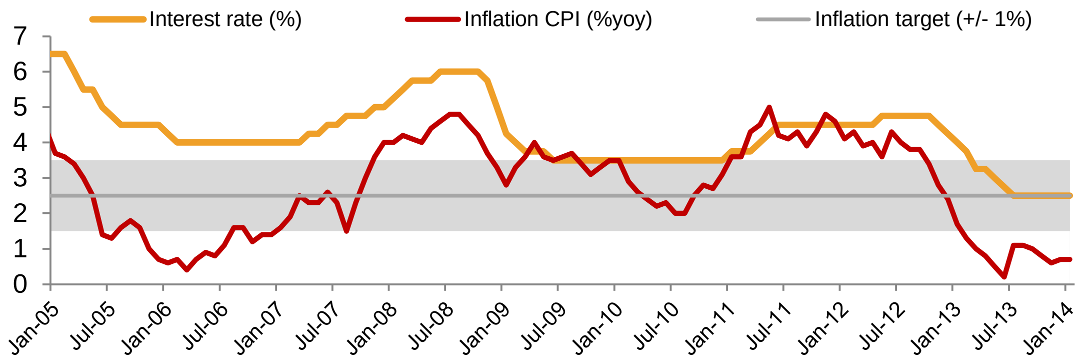
Macro indicators show an increasingly better picture of the Polish economy

Overview of macroeconomic indicators in Poland* [standardised amounts]



Inflation pressure is low, encouraging a neutral view by the Monetary Council

Interest rate [%] **and inflation in Poland** [% yoy]**



- The Polish economy reached the bottom of its cycle in the first quarter of 2013, returning to growth in subsequent quarters. After reducing interest rates by a total 225 base points to 2.50%, the Monetary Policy Council entered a waiting phase. According to statements by the Council's president, Marek Belka, and of other members, the MPC will review the situation, and at least to the end of the first half of 2014 will remain neutral.
- In 2013 consumer prices recorded an average annual rate of change of 0.9%. According to forecasts by the NBP, the inflation target should be reached in 2015, consequently inflationary pressure will remain at a low level until then.
- The transfer of bonds to the OFE pension funds increased the exposure of the Polish debt market to foreign entities, as a result of which there will most likely be an increase in volatility on the debt and currency markets should there occur deeper macroeconomic shocks.
- Over the long term it is expected that the Polish economy will undergo more robust growth than that of the Eurozone, which could support a scenario of appreciation in the zloty versus the EUR or the USD. Moreover, the substantial decrease in the current account deficit (-1.5% GDP) and its further stabilisation will reduce the risk of sudden, strong shocks on the currency market (as compared to other emerging markets).

* Chart shows the standard normal distribution for individual macroeconomic indicators.
The horizontal line (zero value) indicates the average for the given indicator in the period from January 2008 to January 2014.
The unemployment indicator was reversed due to its negative character (as a destimulant). Source: Bloomberg, KGHM

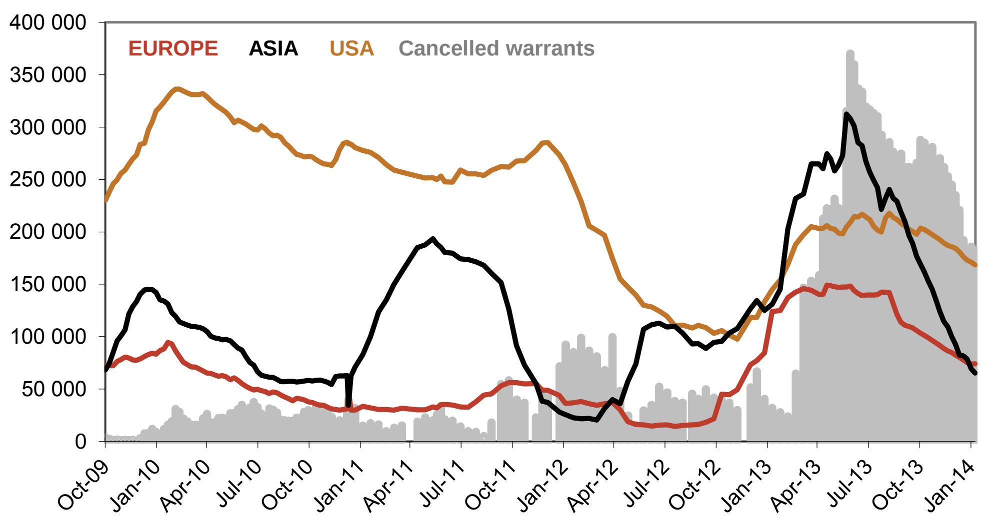
** Source: Ministerstwo Finansów, KGHM

Fewer new investments in mining projects suggests a deficit on the copper market over the long term.

COPPER

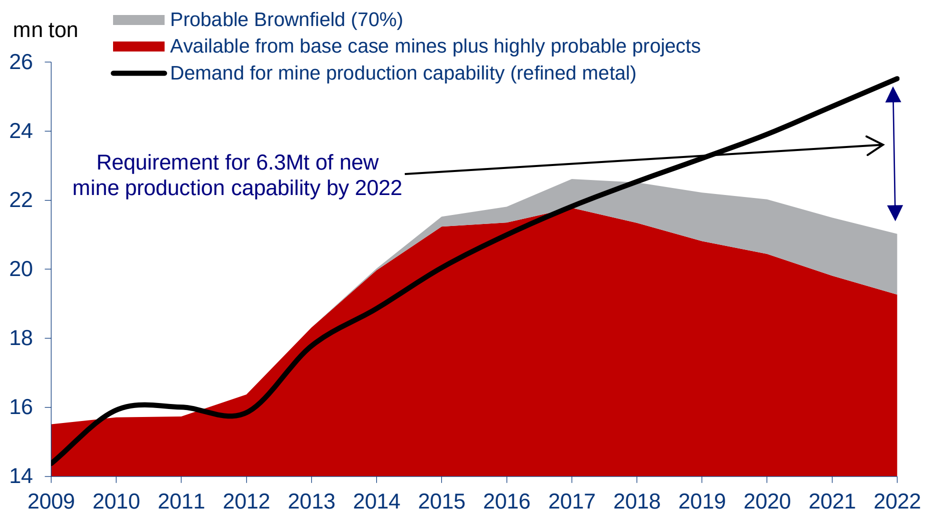
Official LME inventories have clearly fallen in recent months

Inventories and cancelled warrants in LME warehouses* [t]



Refined copper supply may not be able to offset potential demand

Copper supply and demand growth perspective ** [Mt]



- In the short term the expected increase in supply from new or existing project expansions (e.g. Grasberg, Escondida, Toromocho) may limit the copper price's upper movement, however the shortage of smelting capacity makes the surplus less visible on the refined and copper products markets.
- LME copper warehouse stocks have been falling systematically mainly due to the aforementioned smelting bottlenecks as well as to a change in London Metal Exchange warehousing policy.
- In coming years the consumption of copper in developed countries will remain at the level observed over the last few years. China will remail the main engine of growth as well as other emerging markets such as Brazil, Russia, Turkey, India, Mexico and Indonesia.
- Cuts in capex and low incentives for new investments will result in a lower number of new mining projects, which suggests a deficit on the copper market over the long term.

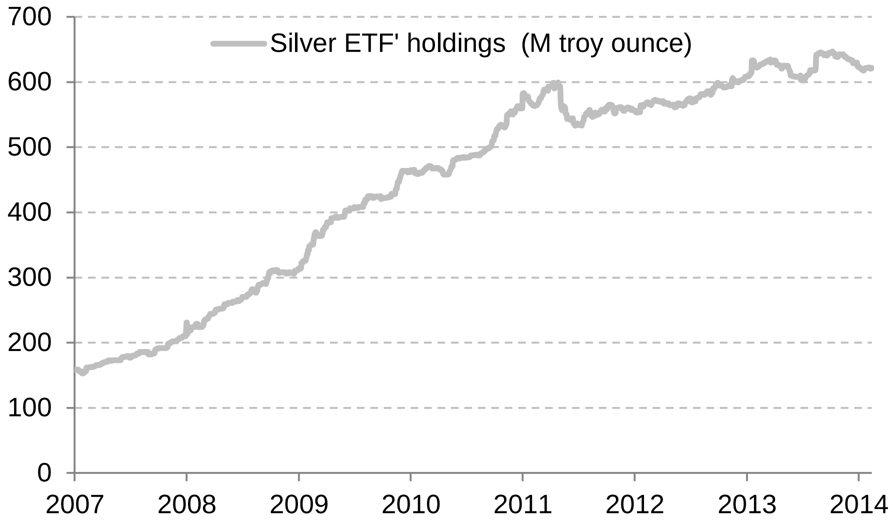
* Source: Bloomberg
** Source: Wood Mackenzie, KGHM

Market stability and investment demand growth in Asia will have a positive impact on the precious metals markets

SILVER

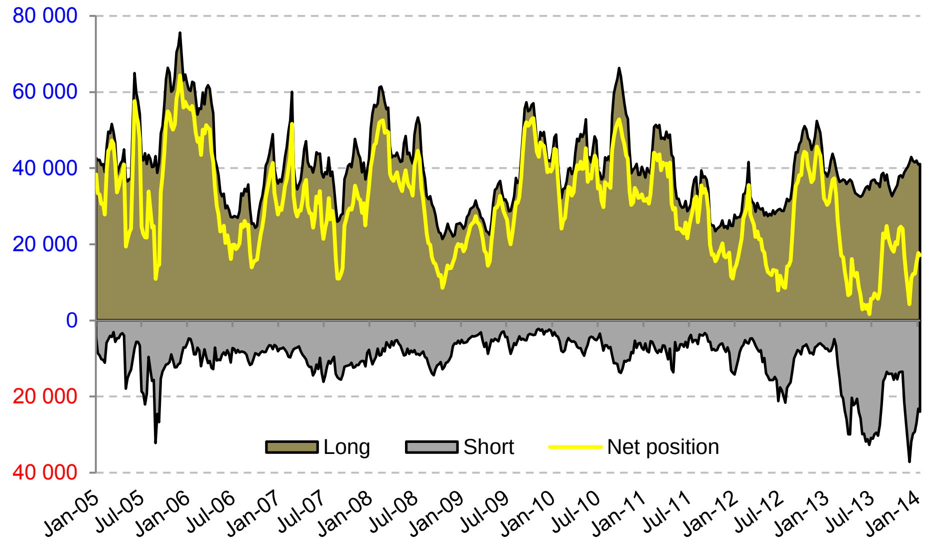
ETF holdings of silver are still rising

ETF silver holdings* [Mtroz]



Positive sentiment has been rebuilt in recent weeks

Non-commercial net position on COMEX* [1 contract = 5,000 troz]



- The Fed decelerated the pace of its government bond buying program known as quantitative easing (QE). The program is supposed to be trimmed down further in future in line with the US economic recovery.
- Other significant central banks (EBC, BoE, BoJ, SNB) are also in the process of implementing QE in various forms. The difference between them and the Fed is that they haven't laid down any plans for winding up their accommodative polices in the nearest future.
- The fact that ETFs have not been selling their assets amid falling prices indicates possible stabilisation of the precious metals market and possible anticipation of future interest rate hikes in the US.
- Growing demand on the physical side of the market along with investment demand coming from India and China should positively affect the precious metals market in the future.

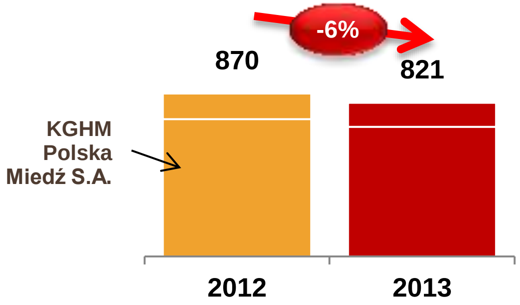
* Source: Bloomberg, KGHM

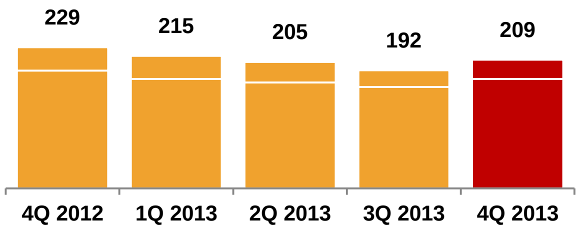
KGHM POLSKA MIEDŹ S.A.

Economic results of the KGHM Group

Production of copper equivalent

(kt Cu equivalent)

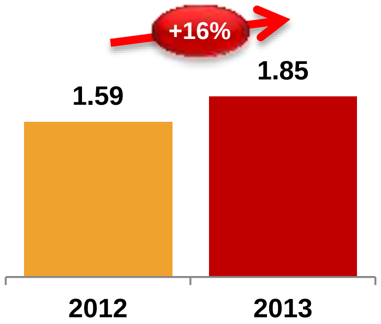


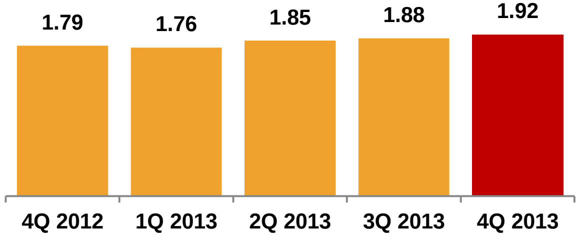


- The decrease in production of copper equivalent versus 2012 is mainly due to lower prices and lower volume of silver production by KGHM Polska Miedź S.A.
- Production of copper equivalent by KGHM Polska Miedź S.A. amounts to 84% of production by the Group

C1 cost of producing copper in concentrate

(USD/lb)

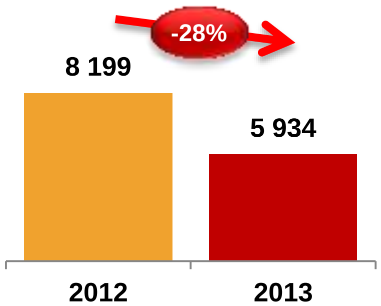


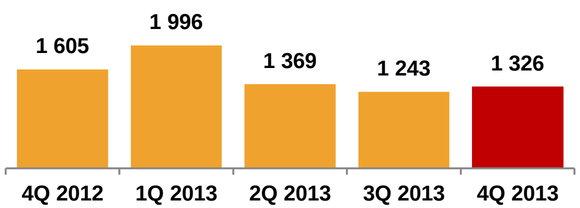


- The increase in the C1 cost of producing copper in concentrate is mainly due to the increase in the unit cost in KGHM Polska Miedź S.A. due to introduction of the minerals extraction tax alongside lower sales of by-products at the Group level

EBITDA

(M PLN)



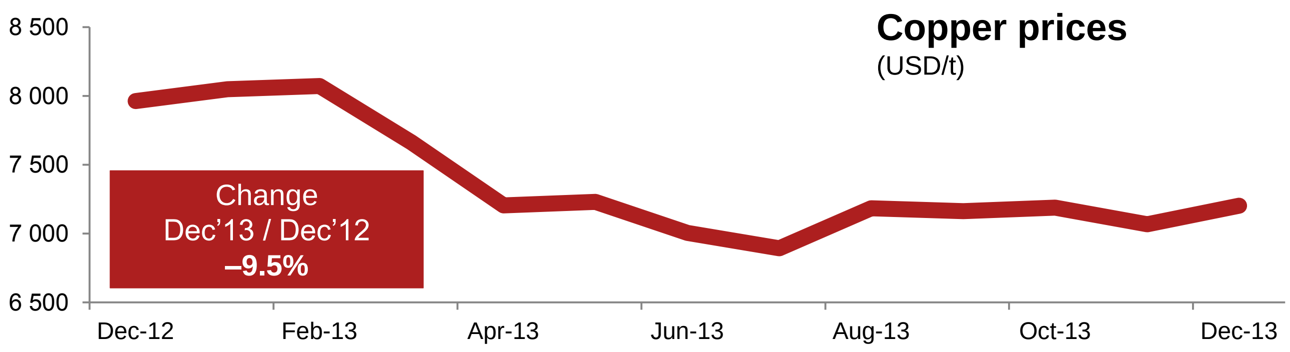


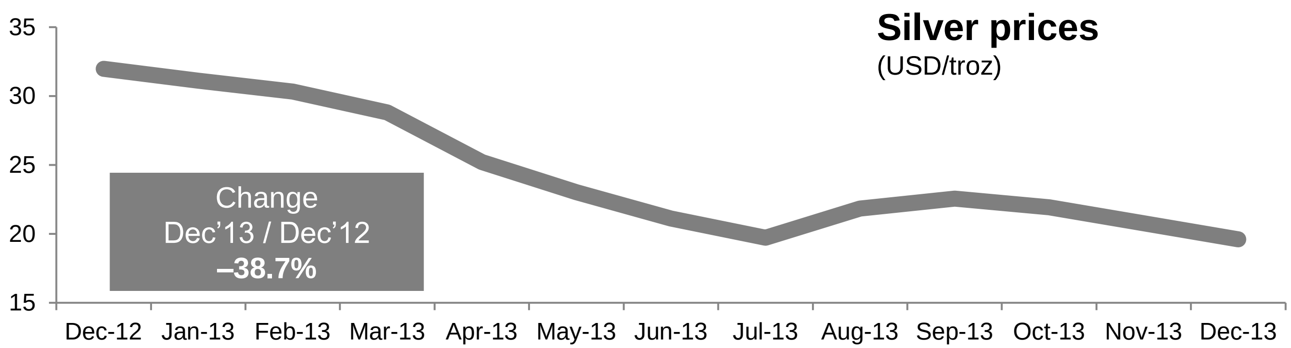
- The lower Group result is mainly due to less favourable metals prices
- Profit remains primarily driven by the results of KGHM Polska Miedź S.A. (84% of Group EBITDA in 2013)

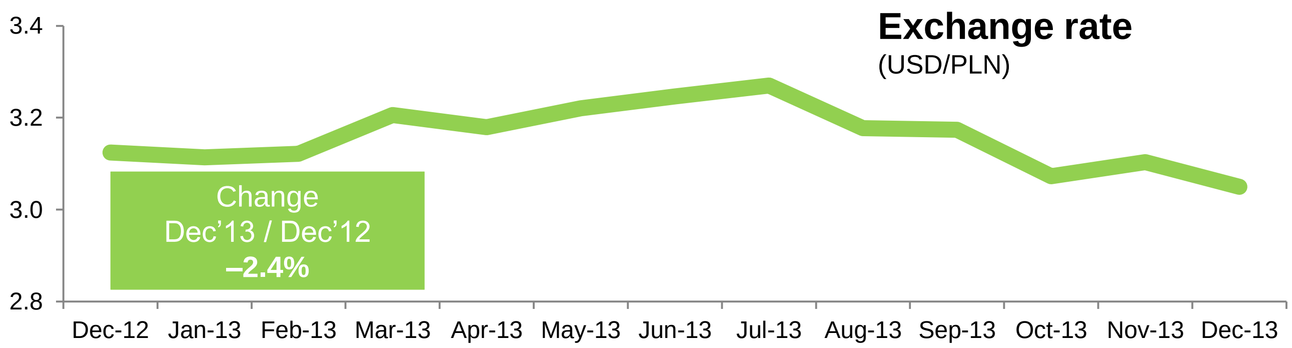
** Pursuant to half-year report*

Economic results
KGHM Polska Miedź S.A.

Significant deterioration in macroeconomic conditions







- The decrease in the copper price was due to the general global economic slowdown and to expectations of a supply surplus in the coming years
- Since the start of 2013 silver has depreciated in value, reaching its annual minimum at the end of June. The main reason for the negative view of silver by investors was the speculations around the potential reduction of the QE program by the Federal Reserve, which until now has supported the price of this metal.
- Lower interest rates in Poland and the robust increase in the profitability of American bonds led to a partial outflow of foreign capital from Poland and the weakening of the zloty in the first half of 2013.

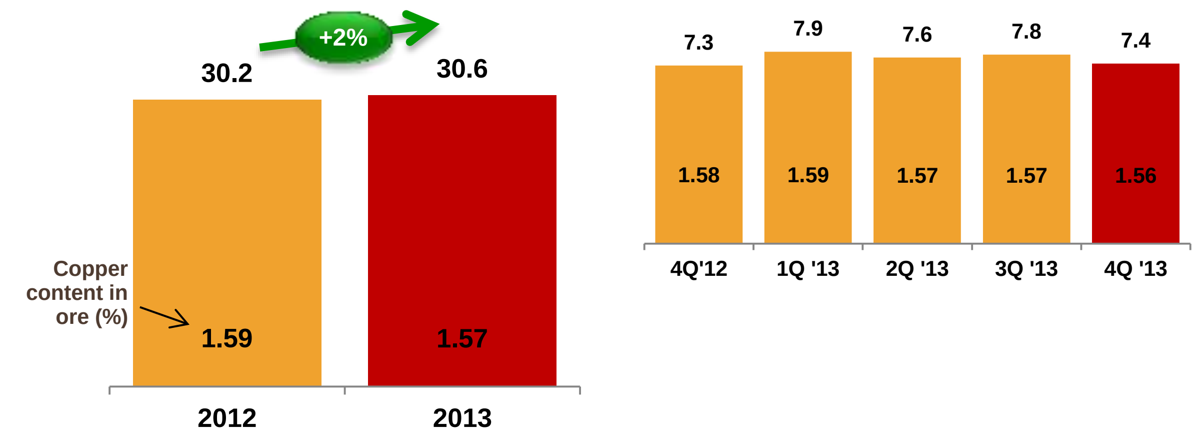
KGHM POLSKA MIEDŹ S.A.

Stable production despite lower copper content in ore and the maintenance shutdown at the Głogów smelter

- Despite the deterioration in ore quality, thanks to a 2% increase in extraction, the amount of copper in extracted ore slightly rose, and in turn production of copper in concentrate
- The decrease in copper content in ore was due to operations being conducted in areas of lower copper ore mineralisation

Ore extraction

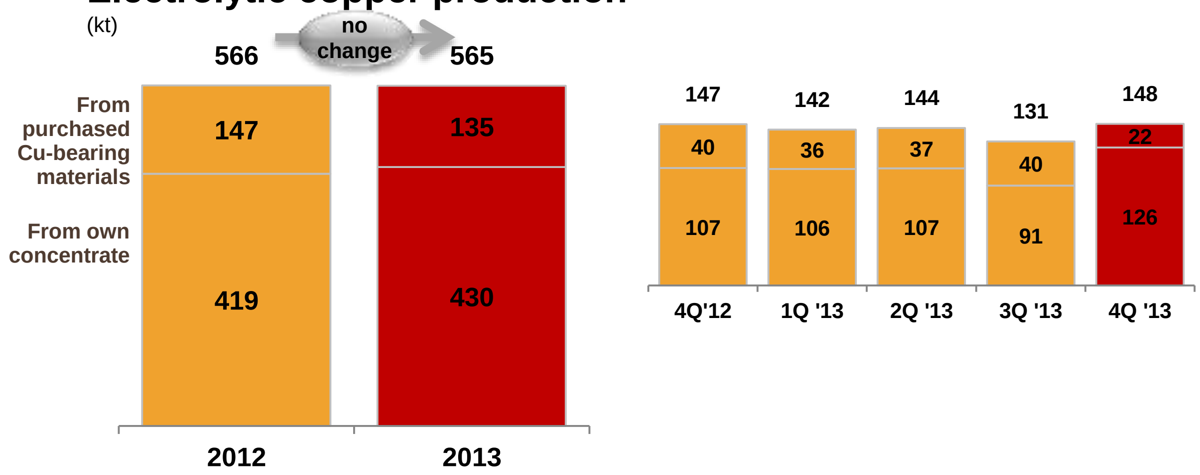
(Mt dry weight)



- The high level of smelter production, at a level similar to the prior year, was achieved due to higher achieved recovery of copper in concentrate and the favourable participation of production from own concentrate, despite the maintenance shutdown of the production line at the Głogów II smelter.
- Modernisation at the Głogów II smelter improved productivity parameters and will enableeffective uninterrupted production until the next planned maintenance in 2017.

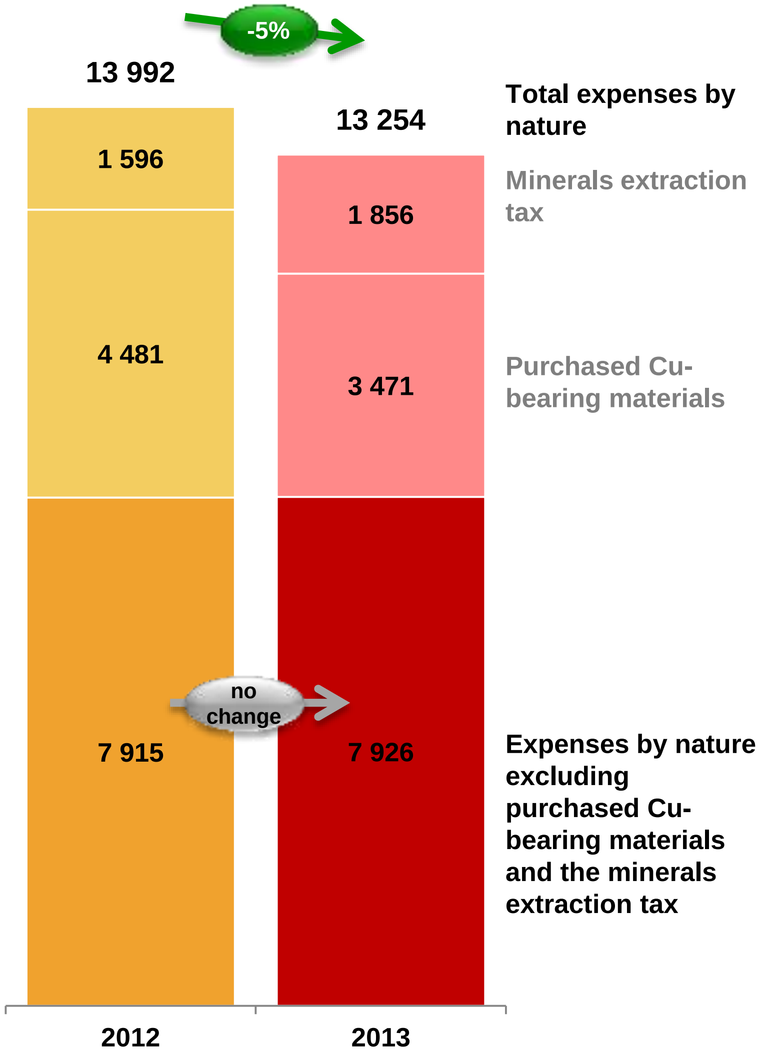
Electrolytic copper production

(kt)

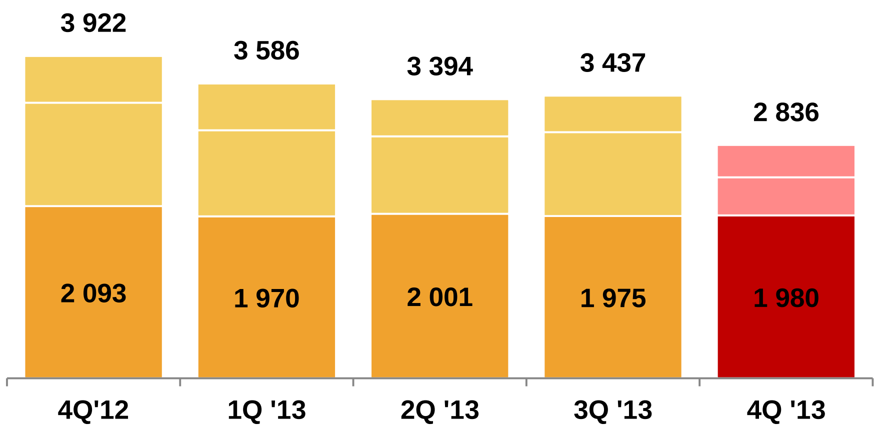


KGHM POLSKA MIEDŹ S.A.

Cost discipline maintained in every quarter of 2013



- Expenses by nature, excluding the minerals extraction tax and purchased Cu-bearing materials, remained at the 2012 level
- The lower value of purchased Cu-bearing materials related to their lower amount and purchase price
- The higher level of the minerals extraction tax was due to its being in force for the full year 2013 (in 2012 – from 18 April)



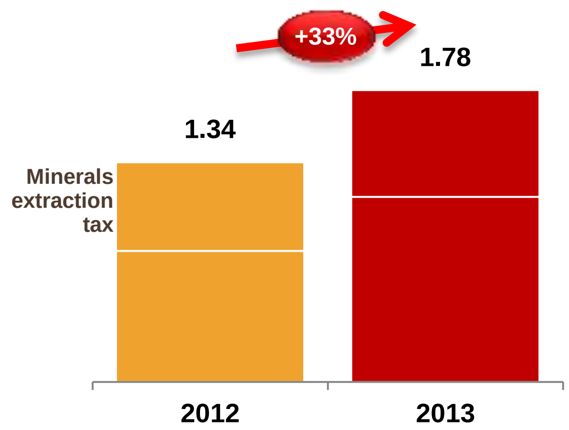
An increase in the unit copper production cost mainly due to the higher level of the minerals extraction tax alongside lower revenues from precious metals (silver and gold)

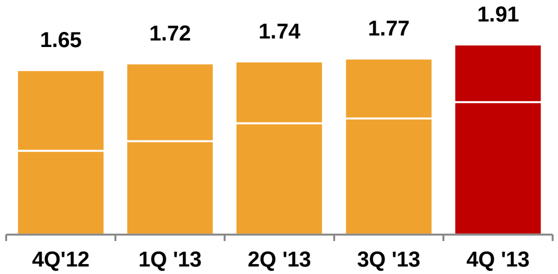
- The main causes of the increase in the C1 cost of producing copper in concentrate, and therefore of the total unit cost of producing electrolytic copper from own concentrate, were:
  - introduction of the minerals extraction tax
  - the lower valuation of silver and gold
  - The increase in external services costs mainly due to higher maintenance costs (maintenance at Głogów II) and mine preparatory costs – an increase in their tangible scope by 6%

  Alongside a higher volume of own production by 2.7% (11 kt).
- An additional level impacting the level of C1 is the strengthening of the PLN versus the USD.
- In 2013 the minerals extraction tax represented 37% of the C1 cost of producing copper in concentrate and 25% of the cost of producing electrolytic copper from own concentrate

C1 cash cost of producing copper in concentrate

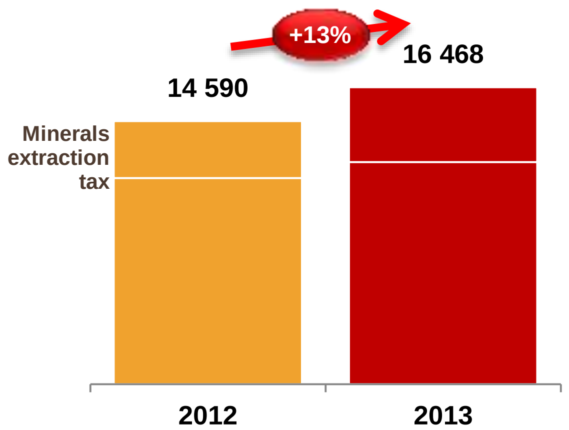
(USD/lb)

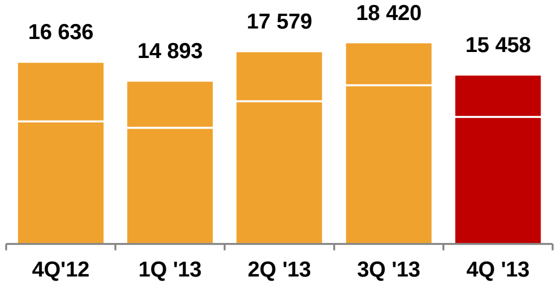




Cost of producing electrolytic copper from own concentrate

(PLN/t)





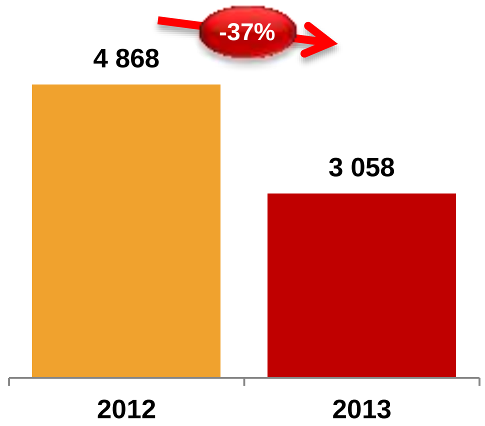
KGHM POLSKA MIEDŹ S.A.

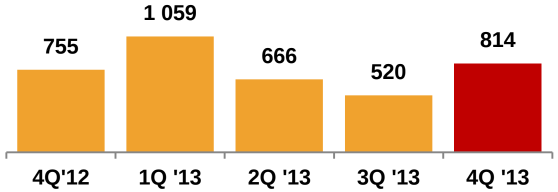
Deterioration in macroeconomic conditions caused a decrease in the financial results – profit by 37% and EBITDA by 31%

- Net profit for 2013 amounted to PLN 3 058 million and was 37% lower than in 2012
- After excluding the impact of the minerals extraction tax the decrease in profit would be 21%

Profit for the period

(M PLN)

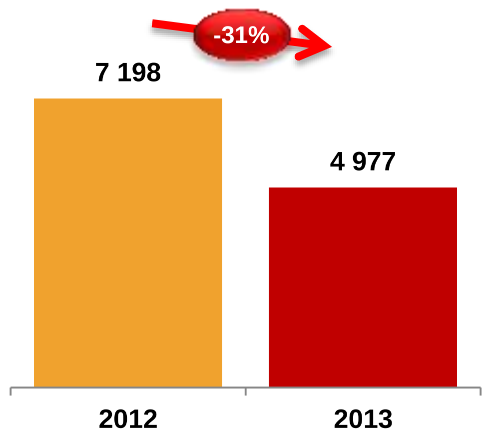


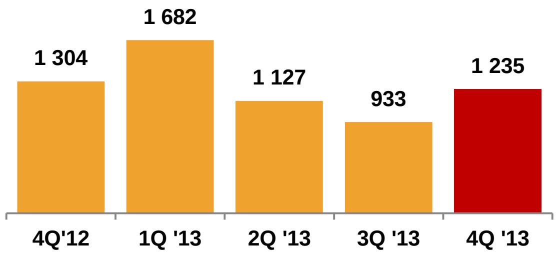


- EBITDA in the same period amounted to PLN 4 977 million, meaning a decrease by 31% versus 2012

EBITDA

(M PLN)

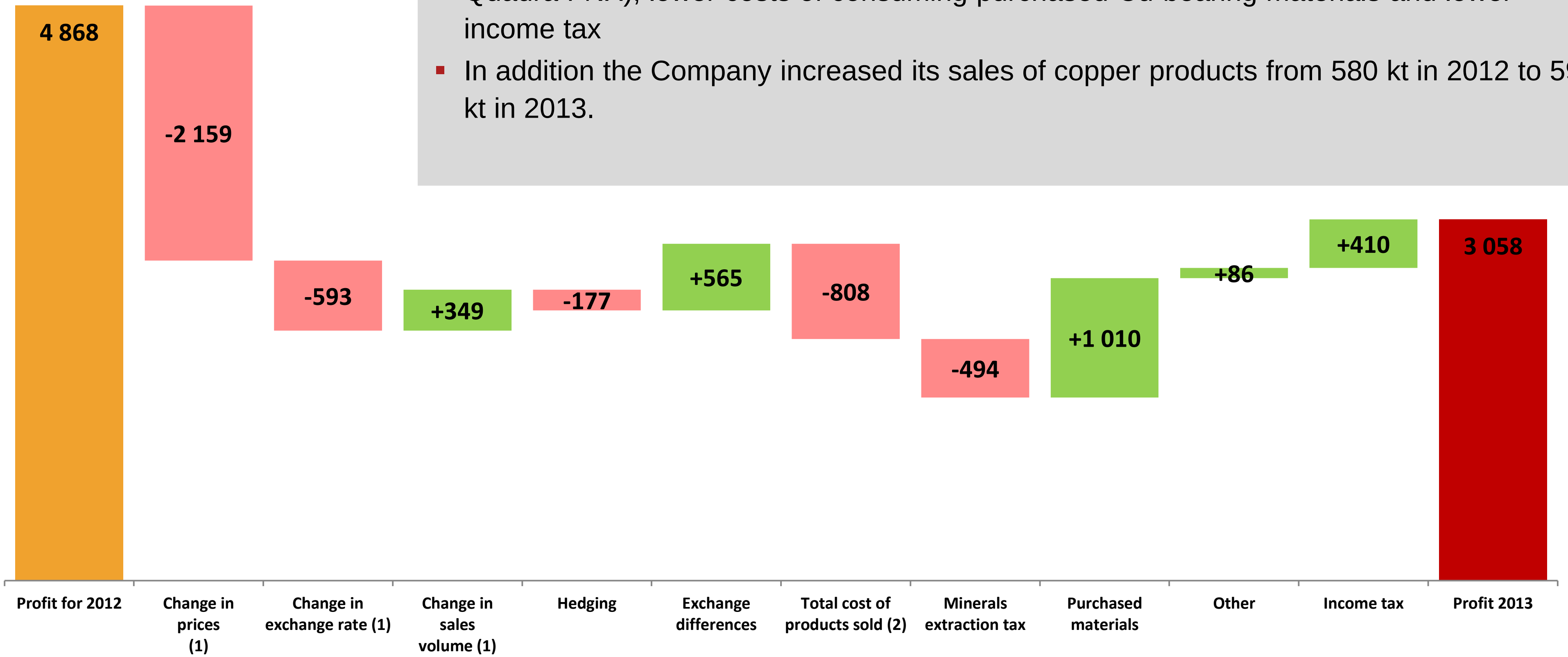




KGHM POLSKA MIEDŹ S.A.

Deterioration in profit for the period by 37% mainly due to external factors

- The deterioration in profit for the period versus the prior year is mainly due to lower metals prices, a lower exchange rate and to the inclusion in 2013 costs of the minerals extraction tax for the full year (in 2012 – from18 April)
- The decrease in profit for the period was partially offset by a change in the level of exchange differences (in 2012 exchange differences were recognised on the acquisition of Quadra FNX), lower costs of consuming purchased Cu-bearing materials and lower income tax
- In addition the Company increased its sales of copper products from 580 kt in 2012 to 595 kt in 2013.



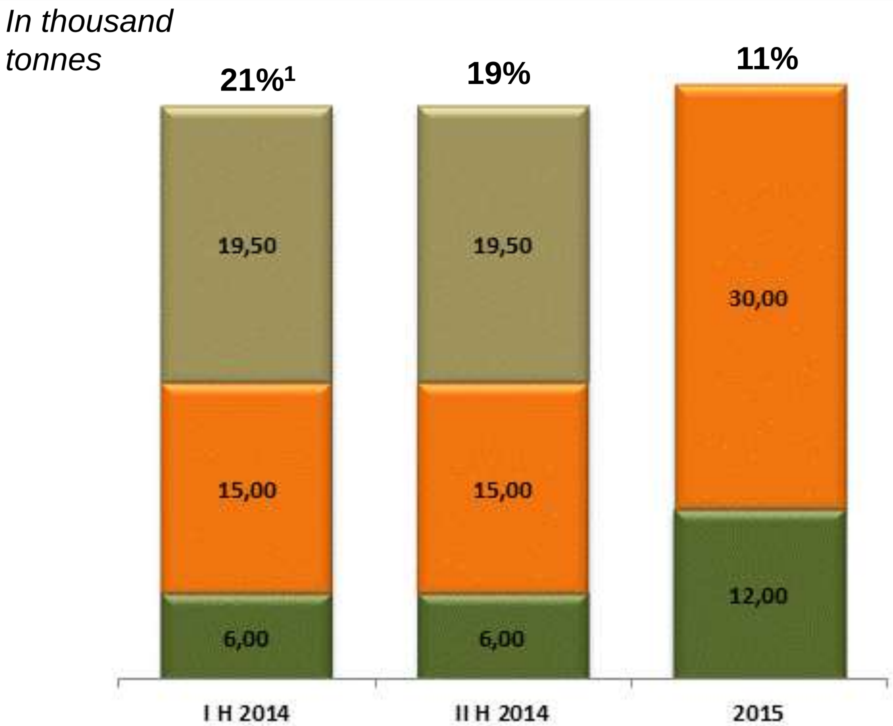
KGHM POLSKA MIEDŹ S.A.

1) Impact on sales
2) Excluding minerals extraction tax and consumption of purchased Cu-bearing materials

Market risk management – hedged position (as at 31 December 2013)

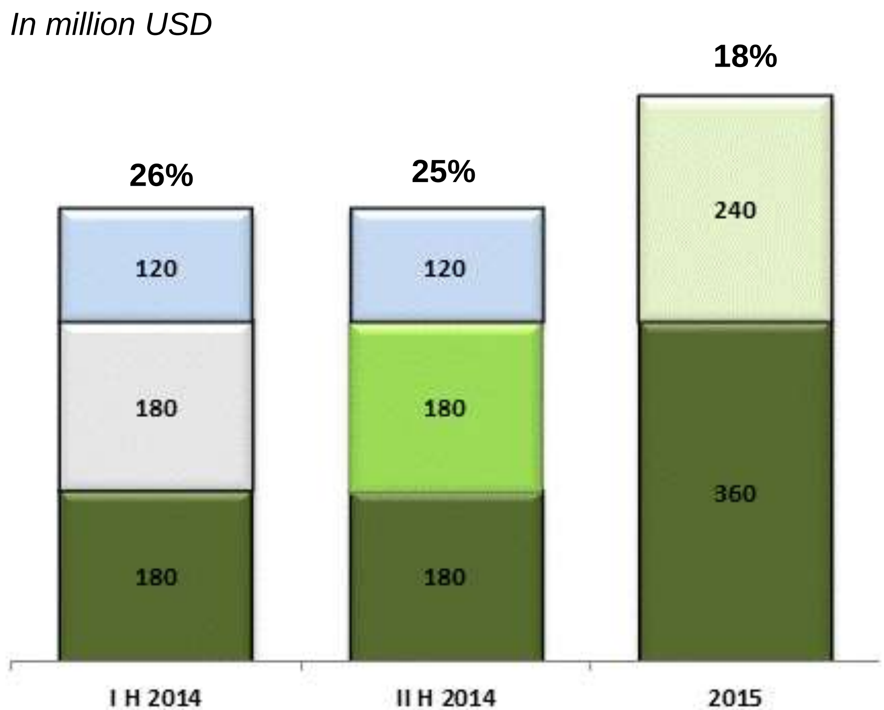
Position in derivatives on the commodities and currency markets

Cu



Seagull	4 500	–	7 700	–	10 200
Seagull	4 500	–	7 800	–	10 300
Seagull	5 000	–	7 700	–	9 300

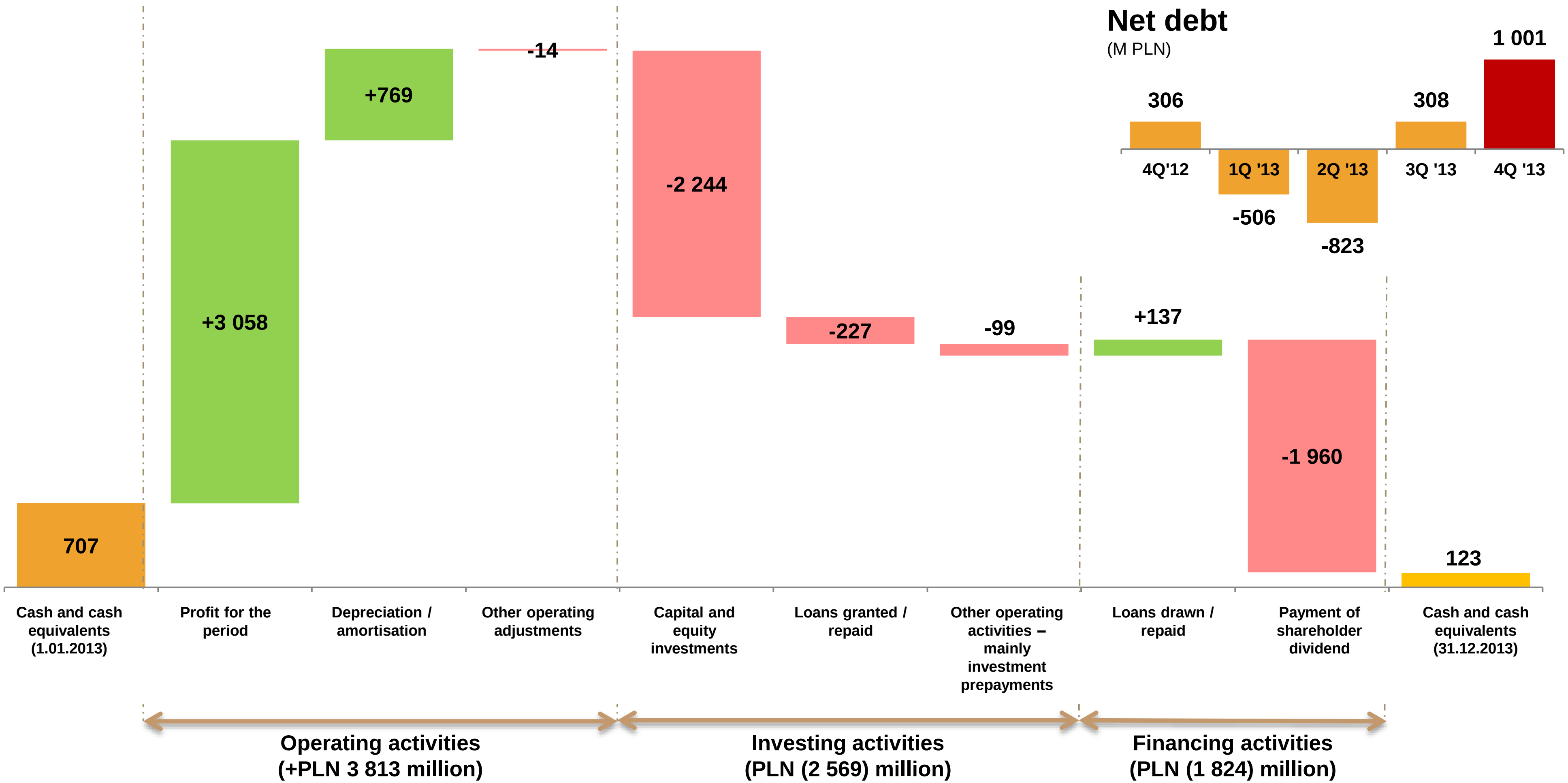
USDPLN



Seagull	2.70 –	3.50	–	4.50
Collar		3.30	–	4.00
Collar		3.20	–	4.00
Collar		3.40	–	4.50
Collar		3.50	–	4.50

1) Percent of hedged exposure in specific periods

Operating cash flow enabled financing of investment activities and payment of a dividend at a slightly higher borrowing level

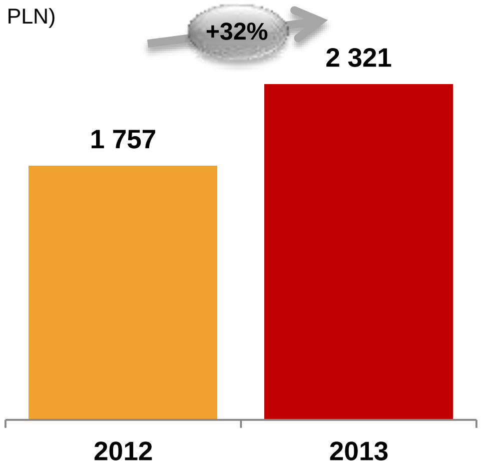


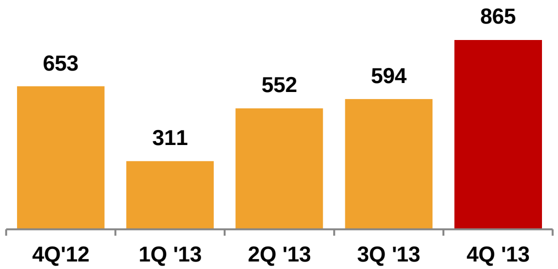
- In 2013 cash and cash equivalents decreased by PLN 584 million with an increase in debt due to borrowing by PLN 137 million

KGHM POLSKA MIEDŹ S.A.

Capital expenditures in 2013 increased by over 30%

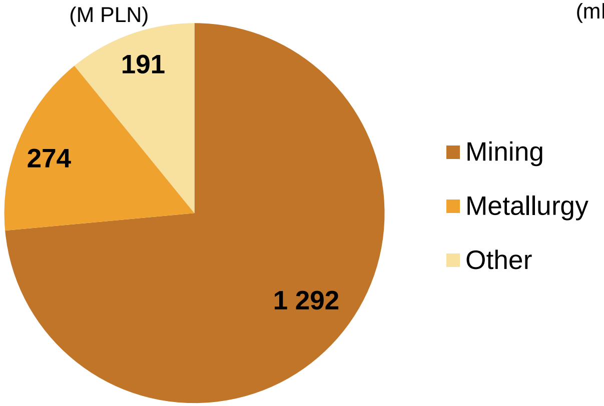
CAPEX[1]
(M PLN)



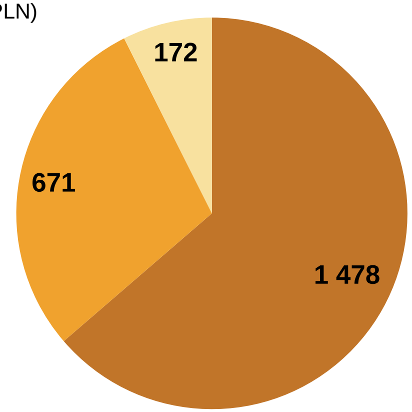


- Most expenditure in mining (63%)
- Nearly 60% of expenditures of a development nature
- Main investment projects realised in 2013:
  - Construction of SW-4 shaft
  - Deep Głogów Project
  - Modernisation of machinery park in the mines
  - Modernisation of Pyrometallurgy

CAPEX 2012[1]
(M PLN)

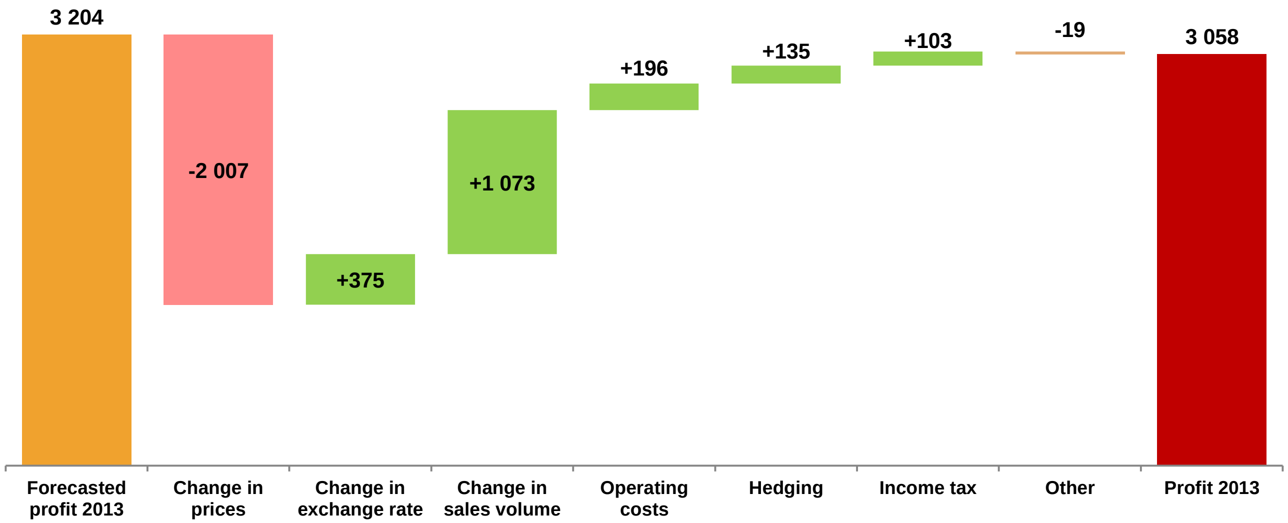


CAPEX 2013[1]
(mln PLN)



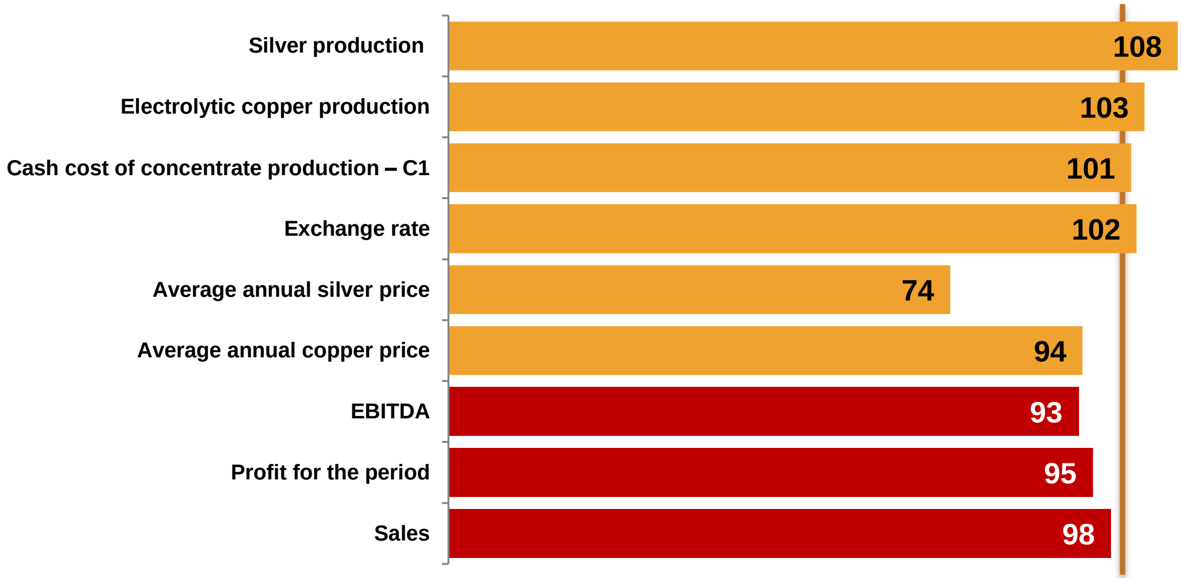
[1] *Excluding capitalised uncompleted development work*

Despite deterioration in macroeconomic conditions profit for the period not substantially different from the planned level



- The negative impact of poorer metals prices on the Company's financial results were offset by:
  - A more favourable exchange rate
  - A higher sales volume
  - Lower operating costs
  - The impact of hedging
  - Lower income tax

- Actual production achieved exceeded forecasted target
- Cash cost of producing copper in concentrate in 2013 in line with plan
- Metals prices, in particular silver, were substantially lower than assumed, with a slightly more favourable exchage rate
- The forecasted financial results were achieved at a slightly lower level than assumed



Economic results
KGHM INTERNATIONAL

Main assets of KGHM in North America
Production assets

Robinson | Cu | Au | Mo | Open-pit mine, USA

- 2013 was a record year for the Robinson mine in terms of copper recovery (81.0%) and total ore processed of 14.8 million tonnes
- The increase in recovery of copper and gold was possible thanks to the good quality of ore extracted in the first half of 2013 and to operational improvements
- In the first half of the year extracted ore came primarily from the Ruth pit, while in the second half it came from the Liberty pit. Work in the Kimbley pit to the end of 2013 involved waste stripping, with extraction planned in 2014

Robinson open-pit mine
Nevada, USA

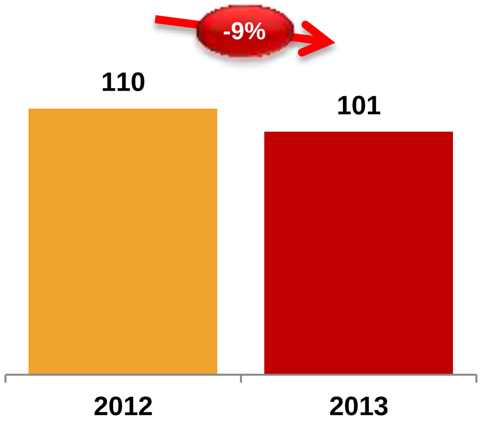
Morrison | Cu | Ni | TPMs | Underground mine, Canada

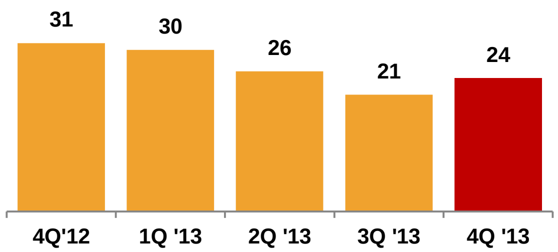
- In the fourth quarter of 2013 the Morrison mine produced a record amount of payable copper thanks to higher ore extraction
- The production and sale of payable copper increased in 2013 versus the prior year thanks mainly to record ore production and better parameters for payable copper, resulting from the new, more advantageous agreement with Vale


Morrison underground mine
Ontario, Canada

Production Highlights – Copper

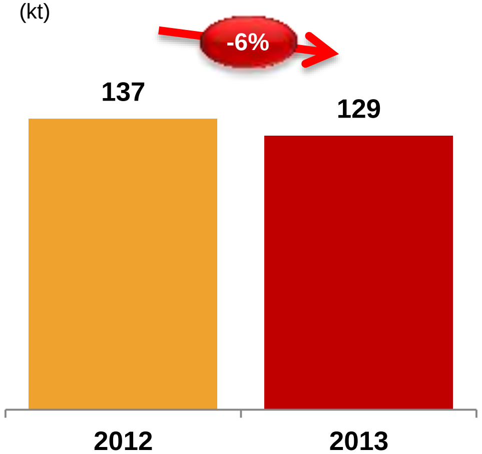
Copper production
(kt)

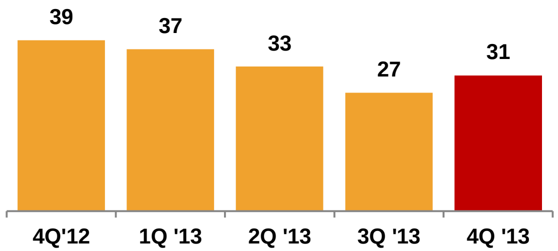




- Total copper production and copper equivalent production in 2013 decreased due to the conclusion of production at the Podolsky (-6 kt) mine at the end of Q1 2013 and a decrease of production at Robinson due to lower grade ore milled for the second half of 2013.

Copper equivalent production[1]
(kt)





- The decrease in copper equivalent production was slightly offset by the increase in gold production at the Robinson mine as a result of higher recovery rates from clean ore characteristics realized in the first of 2013 and business improvement practices.

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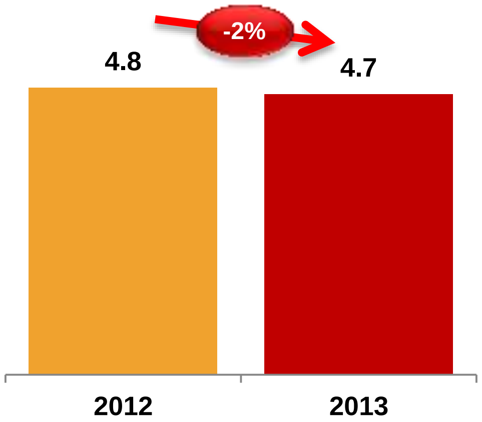
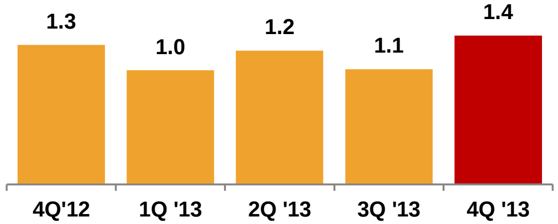
[1] *Copper equivalent amounts are based average realized settlement commodity LME prices and excludes the impact of the Franco Nevada Agreement.*

Production Highlights – Nickel & TPM

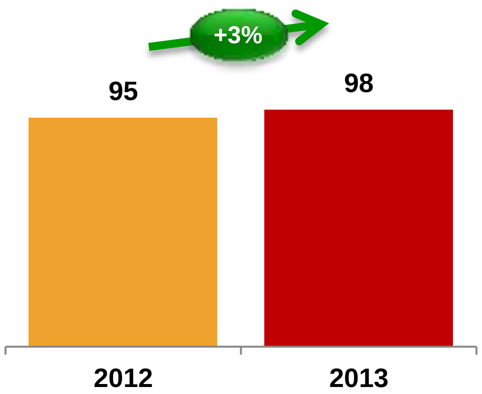
Nickel
(kt)

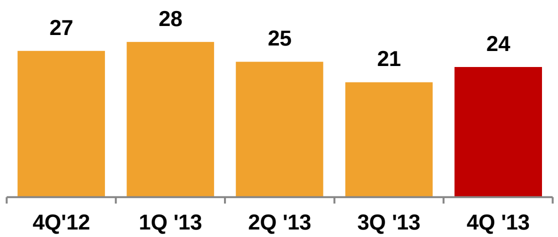




- Nickel production slightly decreased primarily due to grade changes

TPM (gold, platinum, palladium)
(k troz)

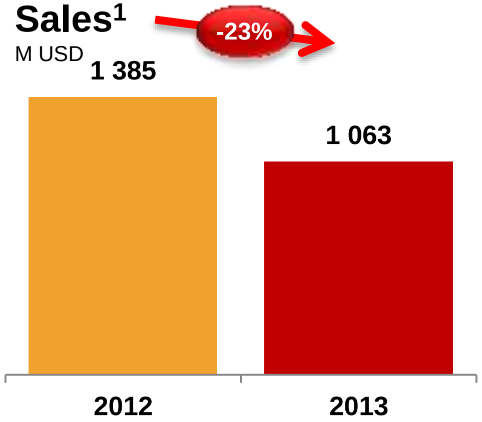


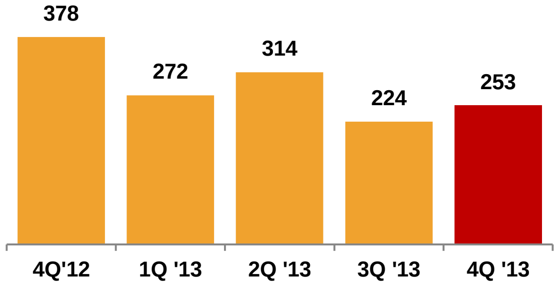


- The increase in TPM (total precious metal) production was mainly due to increased gold production by the Robinson mine as a result of higher recovery rates.

Lower financial results mainly due to external factors

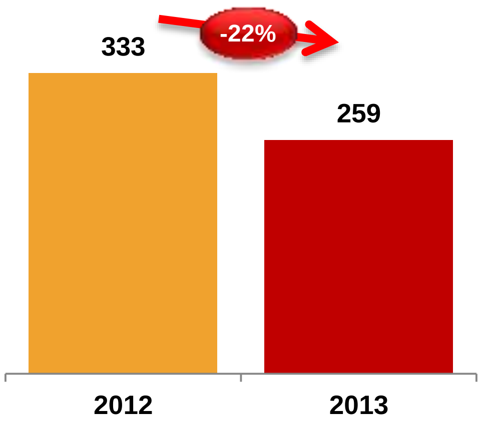
Sales[1]
M USD

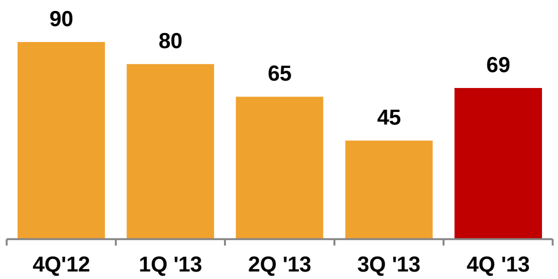




- The decrease in net sales revenue were due to:
  - Decline in effective metal price (-USD109 million)
  - Decrease in Copper and Nickel production (-USD 110 million)
  - Decrease in DMC project revenue primarily due to change in project phases (-USD 111 million).

EBITDA (adjusted)
M USD



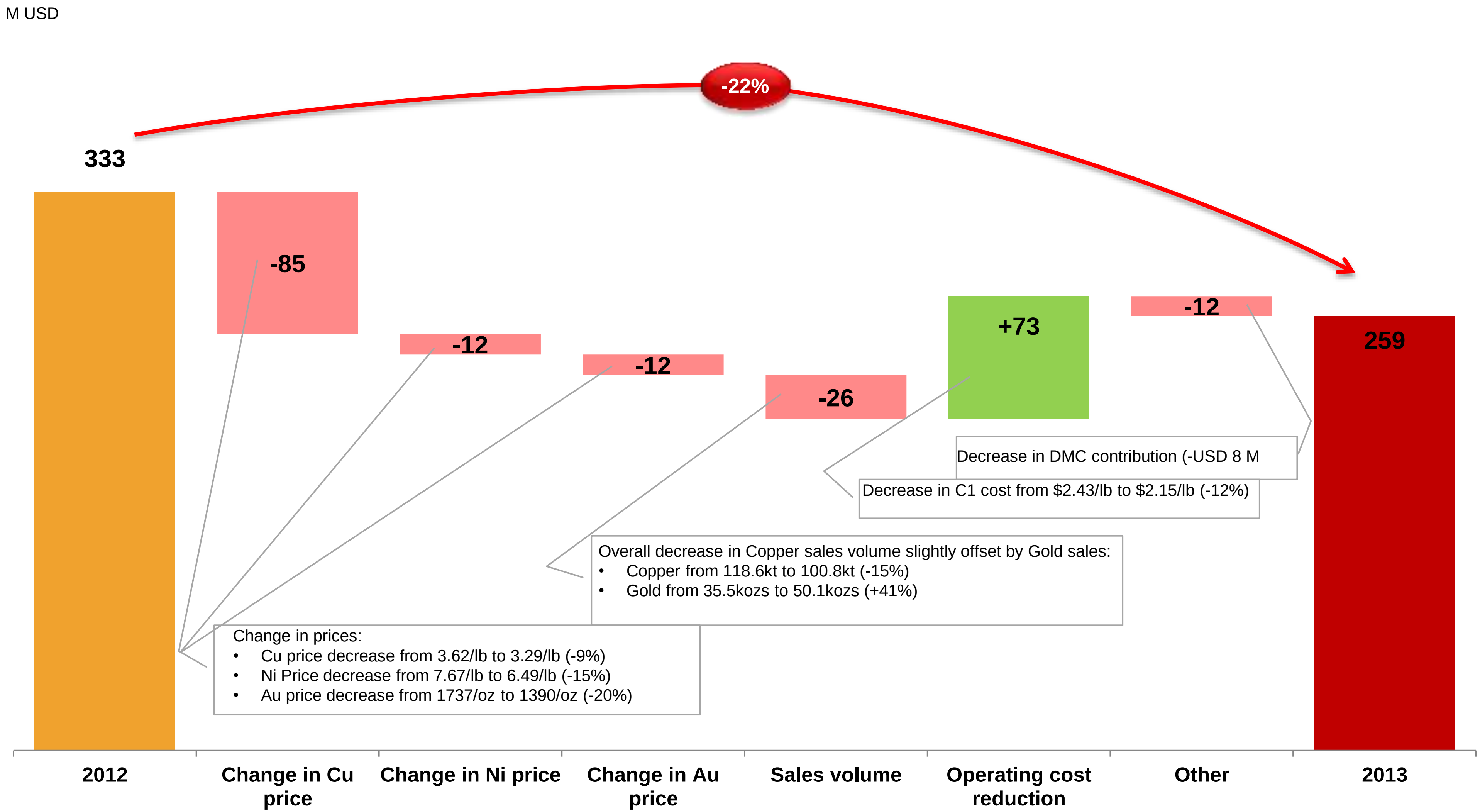


- The main causes of a decrease in EBITDA were:
  - Decline in effective metal price (-USD109 million)
  - Decrease in Copper and Nickel production contribution (-USD 46 million)
  - Decrease in DMC project margin contribution (-USD 8 million)

- The decrease in change in EBITDA were limited by:
  - Increase in gold production (USD 20 million)
  - Operating cost reduction (USD 73 million)

[1] *Sales revenues are presented net of treatment and refining charges*

The deterioration in macroeconomic conditions partially offset by lower costs



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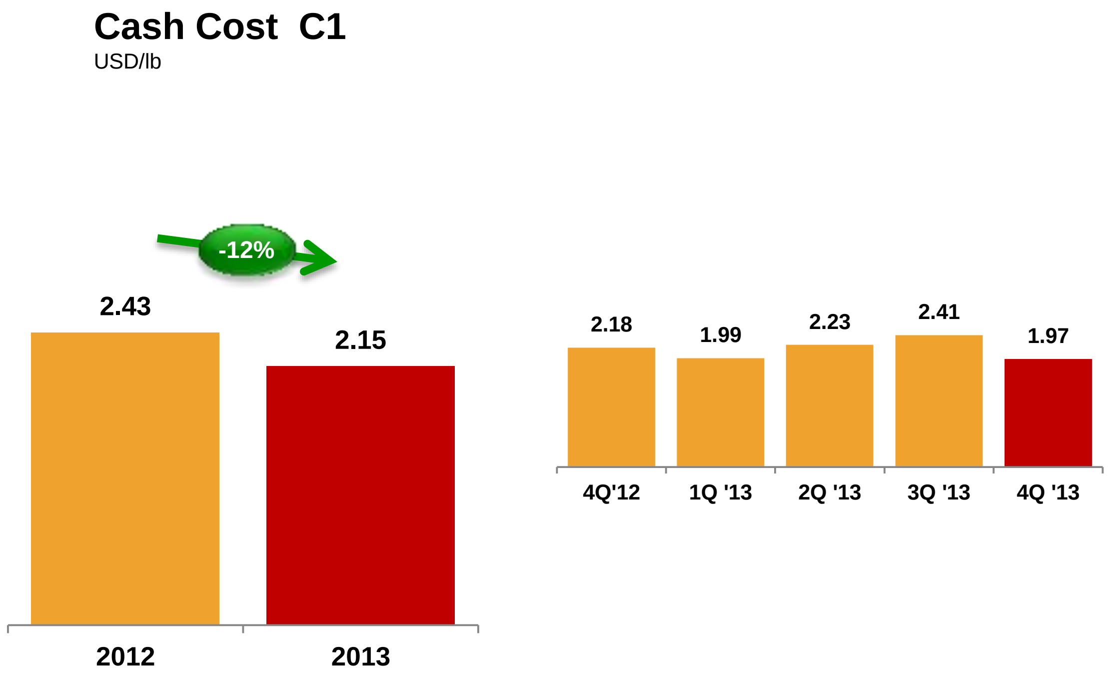
Decrease in C1 cost despite lower by-products prices



- Decrease in C1 cost due to:
- Lower mining costs per ton at Robinson due to large volumes mined including capitalized stripping
- Lower production costs related to improved mill performance at Robinson
- Higher recoveries and TPM content at the Robinson mine, and consequently higher revenues from by-product sales.

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