

Extractive Sector Transparency Measures Act - Annual Report

Reporting Entity Name	KGHM International Ltd.					
Reporting Year	From	2017-01-01	To:	2017-12-31	Date submitted	2018-05-29
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					
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 Przewczek			Date	2018-05-25	
Position Title	Head of Finance					

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Reporting Entity Name	KGHM International Ltd.		
Reporting Entity ESTMA Identification Number	E431144		
Subsidiary Reporting Entities (if necessary)			

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
Canada	Federal Government of Canada- Canada Revenue Agency		2,114,207							2,114,207	
Canada	Federal Government of Canada- Canada Revenue Agency ⁽¹⁾		7,815,485							7,815,485	
Canada	City of Greater Sudbury ⁽²⁾								1,166,951	1,166,951	
Canada	Atikameksheng Anishnawbek First Nation ⁽³⁾				194,055					194,055	
Canada	Sagamok Anishnawbek First Nation ⁽⁴⁾				120,195					120,195	
Chile	Federal Government of Chile - Tesorería General de la República		1,192,442				324,778			1,517,220	
Chile	Federal Government of Chile - Tesorería General de la República						92,174			92,174	
United States of America	Federal Government of USA - Bureau of Land Management				193,892					193,892	
United States of America	State of Nevada - Division of Water Resources				426,740					426,740	
United States of America	White Pine Country Treasurer		1,029,147		200,000					1,229,147	
United States of America	State of Nevada - Division of Environmental Protection				126,128					126,128	
United States of America	State of Nevada - Department of Taxation		3,393,408							3,393,408	
United States of America	Federal Government of USA - Mine Safety and Health Administration				83,769					83,769	
United States of America	State of Arizona - Department of Revenue		89,033							89,033	
United States of America	Gila Country Treasurer		165,016							165,016	
United States of America	Federal U.S. Department of the Interior - Bureau of Land Management				76,570					76,570	

Additional Notes: 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, the payments made by the Sierra Gorda JV are also included. The Sierra Gorda JV paid taxes of \$ 537,111 to Tesorería General de la República (Federal Government of Chile) and \$ 279,539 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.

Payments in Chile are made in Chile Pesos (CLP) and are reported in USD.

Payments in Canada are made both in USD and CAD, reported in USD.

⁽¹⁾ Payment to CRA from FNX. Conversion Rate: Canadian Dollar (CAD) to USD : 1 CAD = 0.797 USD

⁽²⁾ Payment to City of Greater Sudbury from FNX Conversion Rate: Canadian Dollar (CAD) to USD : 1 CAD = 0.768 USD

⁽³⁾ Payment to Atikameksheng Anishnawbek (Aboriginal group) from FNX Conversion Rate: Canadian Dollar (CAD) to USD : 1 CAD = 0.776 USD

⁽⁴⁾ Payment to Sagamok Anishnawbek (Aboriginal group) from FNX Conversion Rate: Canadian Dollar (CAD) to USD : 1 CAD = 0.801 USD

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Payments by Project

Country	Project Name ¹	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes ²³
Canada	KGHM International Ltd.	2,114,207							2,114,207	
Canada	FNX Mining Company ⁽¹⁾	7,815,485							7,815,485	
Canada	FNX Mining Company ⁽²⁾							1,166,951	1,166,951	
Canada	FNX Mining Company ⁽³⁾			194,055					194,055	
Canada	FNX Mining Company ⁽⁴⁾			120,195					120,195	
Chile	KGHM Chile Spa	1,192,442				324,778			1,517,220	
Chile	Sociedad Contractual Minera Franke					92,174			92,174	
United States of America	Robinson Nevada Mining Company			193,892					193,892	
United States of America	Robinson Nevada Mining Company			426,740					426,740	
United States of America	Robinson Nevada Mining Company	1,029,147		200,000					1,229,147	
United States of America	Robinson Nevada Mining Company			126,128					126,128	
United States of America	Robinson Nevada Mining Company	3,393,408							3,393,408	
United States of America	Robinson Nevada Mining Company			83,769					83,769	
United States of America	Carlota Copper Company	89,033							89,033	
United States of America	Carlota Copper Company	165,016							165,016	
United States of America	Carlota Copper Company			76,570					76,570	

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