

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for June 2019

The following report contains preliminary monthly data – the final quarterly production and sales results will be published in the consolidated report for the first half of 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-June 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 extracted by the Sierra Gorda mine. The production and sales of all of the basic metals was either higher or at a similar level to the targets set forth in the budget for this period.

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

Production and sales of the KGHM Group	June 2019	June 2018	I - VI 2019	I - VI 2018
Production				
Payable copper (kt)	58.7	50.6	351.9	294.6
- including KGHM Polska Miedź S.A.*	47.4	39.4	286.7	227.5
Payable silver (t)	125.6	52.8	711.7	484.7
TPM (koz t)	19.4	12.5	104.0	82.3
Molybdenum (mn lbs)	1.2	1.3	6.2	7.9
Sales				
Copper (kt)	64.0	60.4	346.6	290.5
Silver (t)	140.5	111.9	713.3	495.8
TPM (koz t)	22.2	11.1	101.0	79.7
Molybdenum (mn lbs)	0.9	1.3	6.4	8.5

*Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper in June 2019 amounted to 58.7 thousand tonnes.** The increase as compared to June 2018 by 16% was primarily due to production in Poland, including mainly the production of cathodes from own concentrate.
- **Production of silver amounted to 125.6 tonnes** and was more than double the amount recorded in June 2018, resulting from an increase in the amount of own concentrate processed by KGHM Polska Miedź S.A.
- **Production of TPM amounted to 19.4 thousand troy ounces.** The monthly increase on a year-to-year basis by 55% came from both the Polish and international assets. The main reason for the improvement was the higher processing of purchased concentrates by KGHM Polska Miedź S.A.

- **Production of molybdenum amounted to 1.2 million pounds.** The decrease in production by 8% was the result of lower molybdenum content in ore extracted by the Sierra Gorda mine.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 64.0 thousand tonnes** and were higher by 3.6 thousand tonnes (+6%) compared to sales of copper in June 2018. The main reason was higher sales of this metal by Sierra Gorda and by KGHM Polska Miedź S.A., which also offset the lower sales of copper by KGHM INTERNATIONAL LTD.
- **Sales of silver amounted to 140.5 tonnes** and were higher by 28.6 tonnes (+26%) compared to sales in June 2018. The reason was higher sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 22.2 thousand troy ounces** and were higher by 11.1 thousand troy ounces (+99%) compared to June 2018. The main reason was higher sales of gold in June 2019 by KGHM Polska Miedź S.A., mainly due to the higher production of this metal.
- **Sales of molybdenum amounted to 0.9 million pounds** and were lower by 0.4 million pounds (-33%) compared to June 2018. The main reason was lower molybdenum sales by the Sierra Gorda mine.

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

Production and sales of KGHM Polska Miedź S.A.	June 2019	June 2018	I - VI 2019	I - VI 2018
Mine production:				
Copper in concentrate (kt)	32.3	34.0	200.2	205.0
Silver in concentrate (t)	105.1	106.9	633.1	639.5
Metallurgical production:				
Electrolytic copper (kt)	47.4	39.4	286.7	227.5
- including from own concentrate	32.9	28.4	207.5	170.8
Metallic silver (t)	124.4	51.7	704.6	478.4
TPM (koz t)	10.1	4.9	50.6	38.4
Sales				
Copper (kt)	51.2	49.0	279.7	229.6
Silver (t)	139.0	110.3	705.8	485.8
TPM (koz t)	11.9	2.7	50.7	39.2

Production of KGHM Polska Miedź S.A.:

- Substantially higher (by more than 20%) production of payable copper in Poland in June 2019 – higher production of cathodes from own concentrate.
- The lower amounts of copper and silver in concentrate compared to June 2018 were the result of lower throughput by the mines due to the modernisation of equipment.
- Copper content in ore in the month of June 2019 remained at the same level as in the comparable prior-year period.
- Production of electrolytic copper and metallic silver was higher as compared to the prior year's result.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 51.2 thousand tonnes** and were comparable to sales recorded in June 2018 (+4%, reflecting sales during this period of refined copper and copper in concentrate).

- **Sales of silver amounted to 139.0 tonnes** and were higher by 28.7 tonnes compared to sales recorded in June 2018 (+26%) – sales in June 2018 included 9.57 tonnes of payable silver contained in copper concentrate. The difference was due to higher production of this metal and to the sequence of orders/agreed schedule of deliveries to customers in 2019.
- **Sales of TPM amounted to 11.9 thousand troy ounces** and were higher by 9.2 thousand troy ounces (+342%) compared to sales in June 2018. In order to limit logistical costs, gold exports are shipped in larger, grouped parties (usually not less than 200 kg). In June 2019, due to the higher production of gold compared to the comparable prior-year period, an appropriate amount of this metal was accumulated, which enabled the organisation of a shipment for export.

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

Production and sales of KGHM INTERNATIONAL LTD.	<i>June 2019</i>	<i>June 2018</i>	<i>I - VI 2019</i>	<i>I - VI 2018</i>
Production				
Payable copper (kt)	6.4	6.9	36.0	42.6
TPM (koz t)	6.9	6.2	38.9	34.6
Molybdenum (mn lbs)	0.05	0.05	0.49	0.19
Sales				
Copper (kt)	7.4	8.8	36.5	38.4
TPM (koz t)	7.6	7.4	35.1	31.6
Silver (t)	0.1	0.9	0.1	4.2
Molybdenum (mn lbs)	0.04	0.02	0.6	0.2

Production of KGHM INTERNATIONAL LTD.:

- The lower production of payable copper in June 2019 as compared to June 2018 was mainly due to lower copper production by the Sudbury Basin (by 0.6 thousand tonnes) and by the Franke mine (by 0.2 thousand tonnes). The remaining mines recorded higher production in June 2019 on a year-to-year basis.
- The lower production of copper by the Sudbury Basin in June 2019 as compared to June 2018 was due to the lower volume of ore extracted and lower copper content in the McCreeedy West mine. Similarly in the case of TPM production, precious metals content was lower than the amount recorded in the prior year by the Morrison mine.
- The lower production of copper by the Franke mine in June 2019 on a year-to-year basis was mainly due to lower recovery and to lower availability and utilization of the primary crusher circuit, and certain other parts of the dry area.
- The Robinson mine in June 2019 recorded higher production of copper (by 0.2 thousand tonnes) and gold (by 1.72 thousand troy ounces) on a year-to-year basis due to the extraction of a higher volume of ore with higher content of these metals.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 7.4 thousand tonnes** and were lower by 1.4 thousand tonnes (-16%) compared to sales in June 2018. The main reason were lower sales of payable copper in concentrate produced by the Robinson mine by approx. 0.8 thousand tonnes, resulting from a lower volume of copper concentrate sales (by approx. 5.7 thousand tonnes dry weight) due to the schedule of copper concentrate shipments agreed with the customer. Sales of copper from the ore produced by the Sudbury Basin also decreased by approx. 0.6 thousand tonnes (due among others to slightly lower production).
- **Sales of TPM amounted to 7.6 thousand troy ounces** and were comparable to the level of sales in June 2018 (+2%).

- **Sales of silver were marginal (after rounding, they amounted to 0.1 tonnes)** and were lower by 0.8 tonnes (-85%) compared to sales recorded in June 2018. The main reason for this decrease was the adjustment in June 2019 of the provisional amount of silver in concentrate from the Robinson mine with respect to previous shipments.
- **Sales of molybdenum amounted to 0.04 million pounds** and were higher by 0.02 million pounds (+124%) compared to sales in June 2018. The increase was due to the sale in June 2019 of inventories of lower quality molybdenum concentrate.

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

Production and sales of Sierra Gorda (on a 55% basis)	<i>June 2019</i>	<i>June 2018</i>	<i>I - VI 2019</i>	<i>I - VI 2018</i>
Production				
Payable copper (kt)	4.9	4.3	29.2	24.5
Molybdenum (mn lbs)	1.1	1.2	5.7	7.7
Payable silver (t)	1.2	1.1	7.1	6.3
TPM (koz t)	2.4	1.5	14.5	9.3
Sales				
Copper (kt)	5.4	2.5	30.4	22.6
Molybdenum (mn lbs)	0.9	1.3	5.9	8.3
Silver (t)	1.3	0.7	7.4	5.9
TPM (koz t)	2.7	1.0	15.2	8.8

Production of Sierra Gorda (55%):

- **Higher payable copper production in the period January to June 2019** was due to higher ore throughput as well as to higher copper content in extracted ore compared to the same period of 2018.
- **The higher production of copper in June 2019** was mainly due to higher ore throughput, higher copper content in ore and better recoveries as compared to the results of June 2018.
- **The decrease in molybdenum production both in the month of June as well as in the period January to June 2019** was due to lower molybdenum content in ore as compared to the comparable period of 2018. The impact of this factor on production was partially offset by higher ore throughput.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 5.4 thousand tonnes** and were higher by 2.9 thousand tonnes compared to sales recorded in June 2018 (+120%). The main reason was the higher volume of copper concentrate sold in June 2019 by approx. 24 thousand tonnes dry weight, resulting from the agreed schedule of deliveries to customers.
- **Sales of molybdenum amounted to 0.9 million pounds** and were lower by 0.4 million pounds (-35%) compared to sales in June 2018. 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 1.3 tonnes** and were higher by 0.6 tonnes (+92%).
- **Sales of TPM amounted to 2.7 thousand troy ounces** and were higher by 1.7 thousand troy ounces (+177%).
The main reason for the increase in sales of silver and TPM was, similarly as in the case of copper, a higher volume of sold copper concentrate.