

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name	KGHM International Ltd.					
Reporting Year	From	1/1/2018	To:	12/31/2018	Date submitted	4/30/2019
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 Przeczek			Date	4/30/2019	
Position Title	Head of Finance					

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year	From: 1/1/2018	To: 12/31/2018	
Reporting Entity Name	KGHM International Ltd.		Currency of the Report USD
Reporting Entity ESTMA Identification Number	E431144		
Subsidiary Reporting Entities (if necessary)	FNX Mining Company Inc. (ID: E401983)		

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 ^{3,4}
United States of America	State of Nevada - Department Of Taxation		4,001,245							4,001,245	
United States of America	White Pine County Treasurer		2,377,853		50,000					2,427,853	
United States of America	Federal govt. of USA - Bureau of Land Management				193,087					193,087	
United States of America	State of Nevada - Division of Water Resources				175,123					175,123	
United States of America	State of Nevada - Div. of Environmental Protection				151,021					151,021	
United States of America	Federal govt. of USA - IRS		11,250,000							11,250,000	
United States of America	Utah State Tax Commission		140,980							140,980	
United States of America	Gila County Treasurer		158,176							158,176	
United States of America	Federal govt. of USA - Bureau of Land Management				77,169					77,169	
Canada	City of Greater Sudbury								1,299,363	1,299,363	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.29 CAD
Canada	Federal govt. of Canada - Canada Revenue Agency		7,720,067							7,720,067	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.29 CAD
Canada	First Nation - Atikameksheng Anishnawbek				186,125					186,125	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.34 CAD
Canada	First Nation - Sagamok Anishnawbek				165,559					165,559	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.30 CAD
Canada	Province of Ontario - Workplace Safety and Insurance Board				1,048,821					1,048,821	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.30 CAD
Canada	Province of Ontario - Workplace Safety and Insurance Board				117,970					117,970	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.29 CAD
Chile	Federal Government of Chile - Tesorería General de la República		112,185		62,671					174,856	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$637.43 CLP
Chile	Federal Government of Chile - Tesorería General de la República		32,380		39,804					72,184	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$608.37 CLP
Chile	Federal Government of Chile - Tesorería General de la República		1,174,440							1,174,440	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$625.58 CLP
Chile	Federal Government of Chile - Tesorería General de la República		52,655							52,655	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$608.14 CLP

Additional Notes: KGHM International ("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 Miedz 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 in the payments made by the Sierra Gorda JV are included. The Sierra Gorda JV paid taxed of \$316,962 to Tesorería General de la República (Federal Government of Chile) and \$427,732 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.

¹ Enter the proper name of the Payee receiving the money (i.e. the municipality of x, the province of y, national government of z).

² Optional field.

³ When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

⁴ Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the Additional notes row or the Notes column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year	From: 1/1/2018	To: 12/31/2018			
Reporting Entity Name	KGHM International Ltd.			Currency of the Report	USD
Reporting Entity ESTMA Identification Number	E431144				
Subsidiary Reporting Entities (if necessary)	FNX Mining Company Inc. (ID: E401983)				

Payments by Project

Country	Project Name ¹	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes ^{2,3}
United States of America	Robinson Nevada Mining Company	\$4,001,245							4,001,245	
United States of America	Robinson Nevada Mining Company	\$2,377,853		\$50,000					2,427,853	
United States of America	Robinson Nevada Mining Company			\$193,087					193,087	
United States of America	Robinson Nevada Mining Company			\$175,123					175,123	
United States of America	Robinson Nevada Mining Company			\$151,021					151,021	
United States of America	Robinson Holdings USA	\$11,250,000							11,250,000	
United States of America	Robinson Holdings USA	\$140,980							140,980	
United States of America	Carlota Copper Company	\$158,176							158,176	
United States of America	Carlota Copper Company			\$77,169					77,169	
Canada	FXN Mining Company							\$1,299,363	1,299,363	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.29 CAD
Canada	FXN Mining Company	\$7,720,067							7,720,067	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.29 CAD
Canada	FXN Mining Company			\$186,125					186,125	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.34 CAD
Canada	FXN Mining Company			\$165,559					165,559	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.30 CAD
Canada	FXN Mining Company			\$1,048,821					1,048,821	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.30 CAD
Canada	KGHM International Ltd			\$117,970					117,970	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.29 CAD
Chile	Soc. Contractual Minera Franke	\$112,185		\$62,671					174,856	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$637.43 CLP
Chile	KGHM Chile Spa	\$32,380		\$39,804					72,184	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$608.37 CLP
Chile	QuadraFNX Holdings Chile	\$1,174,440							1,174,440	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$625.58 CLP
Chile	Aguas de la Sierra Ltda	\$52,655							52,655	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$608.14 CLP

Additional Notes³: KGHM International ("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 Miedz 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 in the payments made by the Sierra Gorda JV are included. The Sierra Gorda JV paid taxed of \$316,962 to Tesoreria General de la Republica (Federal Government of Chile) and \$427,732 to Tesoreria 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.

¹ Enter the project that the payment is attributed to. Some payments may not be attributable to a specific project, and do not need to be disclosed in the "Payments by Project" table.

² When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

³ Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the "Additional Notes" row or the "Notes" column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.