

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name	KGHM International Ltd.					
Reporting Year	From	1/1/2020	To:	12/31/2020	Date submitted	5/5/2021
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, DMC Mining Services UK Ltd.					
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	5/5/2021	
Position Title	Head of Finance					

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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	County of White Pine	White Pine County Treasurer	2,830,753							2,830,753	
United States of America	State of Nevada	Department of Taxation	2,304,231							2,304,231	
United States of America	City of Ely				529,094					529,094	
United States of America	State of Nevada	State Collection and Disbursement unit			376,525					376,525	
United States of America	Government of the United States of America	Federal Bureau of Land Management			312,591					312,591	
United States of America	State of Nevada	Division of Water Resources			309,325					309,325	
United States of America	State of Nevada	Division of Environmental Protection			161,860					161,860	
Canada	Government of Ontario	Workplace Safety and Insurance Board			392,250					392,250	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.36 CAD, \$1 USD = \$1.36 CAD
Canada	Atikameksheng Anishnawbek First Nations				227,892					227,892	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.35 CAD
Canada	Sagamok Anishnawbek First Nations				112,841					112,841	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.33 CAD
Canada	Municipality of Greater Sudbury	City of Greater Sudbury							105,662	105,662	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.34 CAD
Canada	Z'GAMOK ENTERPRISES INC. First Nations				83,372					83,372	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.36 CAD
Canada	Government of Canada	Canada Revenue Agency	1,104,594							1,104,594	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.32 CAD, \$1 USD = \$1.35 CAD
United States of America	County of Gila	Gila County Treasurer	150,554							150,554	
United States of America	Government of the United States of America	Bureau of Land Management			86,145					86,145	
United States of America	Government of the United States of America	United States Geological Survey			73,400					73,400	
United Kingdom of Great Britain and Northern Ireland	Government of the United Kingdom of Great Britain and Northern Ireland	HMRC Shipley	1,358,589							1,358,589	Payment made in UK pounds and reported in USD. [USD to UK Pound] : \$1 USD = £0.761963 UK Pound
Chile	Government of Chile	Tesorería General de la República	992,397							992,397	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$798.03 CLP, \$1 USD = \$773.36 CLP

Additional Notes: KGHM International ("KGHM") 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. KGHM through its subsidiaries in Chile owns 55%. KGHM 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 KGHM'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 KGHM). KGHM 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 \$613,368 to Tesorería General de la República (Federal Government of Chile) and \$112,407 to Tesorería Municipal de Sierra Gorda (Municipal Authority). KGHM 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.

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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 ²³
United States of America	Robinson Nevada Mining Company	5,134,984		1,689,393					6,824,378	
Canada	FXN Mining Company			735,879				105,662	841,541	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.36 CAD, \$1 USD = \$1.34 CAD, \$1 USD = \$1.33 CAD, \$1 USD = \$1.35 CAD, \$1 USD = \$1.36 CAD
Canada	KGHM International Ltd	1,104,594		80,476					1,185,070	Payment made in Canadian dollars and reported in USD. [USD to CAD] : \$1 USD = \$1.32 CAD, \$1 USD = \$1.35 CAD, \$1 USD = \$1.36 CAD
United States of America	Carlota Copper Company	150,554		159,545					310,099	
United Kingdom of Great Britain and Northern Ireland	DMC Mining Services UK Ltd.	1,358,589							1,358,589	Payment made in UK pounds and reported in USD. [USD to UK Pound] : \$1 USD = £0.761963 UK Pound
Chile	Sociedad Contractual Minera Franke	438,358							438,358	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$798.03 CLP
Chile	Quadra FNX Holdings Chile Ltda.	554,040							554,040	Payment made in Chilean Peso (CLP) and reported in USD. [USD to CLP] : \$1 USD = \$773.36 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 \$613,368 to Tesoreria General de la República (Federal Government of Chile) and \$112,407 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.