

Information on the results of the conducted tests for impairment

For purposes of the work conducted, the recoverable amount of these assets was set based above all on an analysis of the discounted cash flow generated by individual assets, and took into consideration among others the current forecasts of pricing paths for individual commodities and the reviewed technical and economic assumptions as regards mine lives, production volumes, reserves and resources, operating costs and the level of capital expenditures.

The price path for copper was set based on internal macroeconomic assumptions developed with the use of long-term forecasts available from financial and analytical institutions. A detailed forecast is being prepared for the period 2019-2023, while for the period 2024-2028 a technical adjustment of prices has been applied between the last year of the detailed forecast, and 2029, from which a long-term metal price forecast of 6 614 USD/t (3.00 USD/lb) is being used. The long-term forecasted copper price has not changed as compared to the long-term price adopted for conducting testing as at 31 December 2017.

Following are the major technical and economic assumptions applied to individual assets:

Sierra Gorda SCM	Assumptions for the test as at 31 December 2018*	Assumptions for the test as at 31 December 2016 *
Mine life (years)	25	22
Copper production during mine life (kt)	4 372	4 135
Average operating margin during mine life	35%	38%
Capital expenditures to be incurred during mine life (mn USD)	2 219	1 336

*Adopted assumptions comprise the period from 2019 to the end of mining operations

The key factors responsible for modification of the forecasted assumptions regarding the Sierra Gorda SCM mine arise from the postponement to subsequent years of capital expenditures from 2017-2018 related to the debottlenecking program and from the oxide ore processing project. In the previous test, expenditures on the aforementioned projects were included in the period not covered by current assumptions. The update of the multi-year mine plan resulted in the prolongation of the mine's life by 3 years.

Sudbury (production assets and the Victoria project)	Assumptions for the test as at 31 December 2018*	Assumptions for the test as at 31 December 2017 *
Mine life (years)	18	17
Copper production during mine life (kt)	276	275
Average operating margin during mine life	57%	57%
Capital expenditures to be incurred during mine life (mn USD)	1 630	1 517

*Adopted assumptions comprise the period from 2019 to the end of mining operations

The key factors responsible for modification of the forecasted assumptions regarding the assets of the Sudbury Basin arise from the on-going optimisation of the multi-year plan of KGHM's operating activities in the Sudbury Basin. Among others, as a result of the activities undertaken, the extraction of ore from the Morrison deposit is planned to be halted in the first quarter of 2019 along with a recommencement of production by the McCreedy West mine. The update of the multi-year plans resulted in an increase in capital expenditures, a change in the production volumes of individual metals and an extension of the production period by one year. It should be noted that the assumptions adopted for the Victoria project have not changed significantly as compared to the testing conducted as at 31 December 2017.

Franke	Assumptions for the test as at 31 December 2018*	Assumptions for the test as at 31 December 2017*
Mine life (years)	2	1
Copper production during mine life (kt)	37	20
Average operating margin during mine life	7%	4%
Capital expenditures to be incurred during mine life (mn USD)	4	2

*Adopted assumptions comprise the period from 2019 to the end of mining operations

The key factor responsible for the change in the forecasted assumptions for the Franke mine is the identification of additional deposits of oxide ore and an update of the mining plans, which allows for a prolongation of the mine's life by an additional production year.

With respect to the separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2018, which contain among others the results of the interim measurement of loans granted in the second and fourth quarters of 2018, performed in

accordance with IFRS 9 (i.e. containing impairment losses recognised in the second and fourth quarters of 2018 associated with these loans, respectively in the amount of PLN 162 million and PLN 255 million), the tests carried out indicated justification for a reversal of a part of the previously recognised impairment losses, in the amount of PLN 648.5 million, of which: PLN 401.9 million due to a reversal of impairment losses on the interest in the holding company Future 1 Sp. z o.o. which directly owns 100% of KGHM International Ltd., and PLN 246.6 million due to a reversal of impairment losses on loans granted to companies within the KGHM Polska Miedź S.A. Group.

With respect to the consolidated financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2018, the tests carried out indicated justification to reverse a part of the impairment loss, recognised in prior years, on loans granted to the joint venture Sierra Gorda SCM, in the amount of USD 194.9 million (PLN 732.8 million at the average exchange rate of the National Bank of Poland as at 31 December 2018).

There was no basis to change the carrying amounts of the rest of the international mining assets.

The amounts presented above are estimates and may be subject to change. The final results of the testing will be presented in the separate and consolidated financial statements for 2018, the publication of which is planned for 14 March 2019.

Legal basis: Art. 17 (1) of MAR (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (Official Journal of the European Union dated 12 June 2014, no. L 173/1)