

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for April 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-April 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 planned sequencing of extraction by Sierra Gorda (mining from areas with lower molybdenum content). Production of copper, silver, TPM and molybdenum in the first four months of 2019 was higher than the targets set forth in the budget for this period.

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

Production and sales of the KGHM Group	April 2019	April 2018	I - IV 2019	I - IV 2018
Production				
Payable copper (kt)	58.6	47.7	231.3	190.6
Payable silver (t)	127.9	87.8	452.5	330.4
TPM (koz t)	19.9	15.2	64.9	54.0
Molybdenum (mn lbs)	0.4	1.0	3.6	5.0
Sales				
Copper (kt)	51.7	48.0	218.9	180.4
Silver (t)	100.2	98.1	429.3	311.2
TPM (koz t)	15.3	9.2	60.1	48.3
Molybdenum (mn lbs)	0.9	1.3	4.6	5.4

Production of the KGHM Group:

- **Production of payable copper in April 2019 amounted to 58.6 thousand tonnes.** The increase as compared to April 2018 by 23% was with respect to production in Poland and by Sierra Gorda. The slight decrease recorded by KGHM INTERNATIONAL was mainly due to lower production by the Robinson mine due to a decrease in copper content in extracted ore.
- **Production of silver amounted to 127.9 tonnes,** and was higher by 46% compared to April 2018. Improvement was recorded in both the Polish and international assets.
- **Production of TPM amounted to 19.9 thousand troy ounces.** The increase by 31% was in respect of both the Polish and international assets.
- **Production of molybdenum amounted to 0.4 million pounds.** The lower production 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 51.7 thousand tonnes** and were higher by 3.7 thousand tonnes (+8%) as compared to sales of payable copper in April 2018. The main reason were higher sales of copper by KGHM Polska Miedź S.A. and Sierra Gorda, which offset the slightly lower results of KGHM INTERNATIONAL.
- **Sales of silver amounted to 100.2 tonnes** and were comparable to sales in April 2018 (+2%).
- **TPM sales amounted to 15.3 thousand troy ounces** and were higher by 6.1 thousand troy ounces (+66%) as compared to April 2018. The main reason were higher sales of gold in April 2019 by KGHM Polska Miedź S.A.
- **Molybdenum sales amounted to 0.9 million pounds** and were lower by 0.4 million pounds (-27%) as compared to April 2018. The main reason were lower molybdenum sales by the Sierra Gorda mine.

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

Production and sales of KGHM Polska Miedź S.A.	April 2019	April 2018	I - IV 2019	I - IV 2018
Mine production:				
Copper in concentrate (kt)	33.8	33.0	133.0	135.7
Silver in concentrate (t)	105.8	101.7	417.3	423.5
Metallurgical production:				
Electrolytic copper (kt)	47.9	37.1	189.6	147.9
- including from own concentrate	34.7	28.3	138.9	114.3
Metallic silver (t)	126.8	87.0	447.8	326.4
TPM (koz t)	10.2	8.0	29.9	26.3
Sales				
Copper (kt)	42.4	38.1	177.3	140.6
Silver (t)	99.3	97.2	424.6	304.3
TPM (koz t)	7.5	2.5	27.8	22.8

Production of KGHM Polska Miedź S.A.:

- The increase in copper and silver in concentrate compared to April 2018 was due to a higher amount of ore processed from the mines.
- Production of electrolytic copper and metallic silver was higher than in the prior year, with substantially higher production of cathodes from own concentrate.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 42.4 thousand tonnes** and were higher by 4.3 thousand tonnes (11%) as compared to sales in April 2018. The difference was due to higher production of electrolytic copper by approx. 10 thousand tonnes in April 2019. It should also be noted that in April 2018, 4.5 thousand tonnes of payable copper in concentrate was sold to offset the lower production of electrolytic copper.
- **Sales of silver amounted to 99.3 tonnes** and were comparable to sales in April 2018 (+2%) – the calculation includes 15.2 tonnes of payable silver in copper concentrate sold in April 2018.
- **TPM sales amounted to 7.5 thousand troy ounces** and were higher by 5 thousand troy ounces (200%) as compared to sales in April 2018. The difference was due to the lack of a shipment for export in April 2018 (gold shipments are made in large, single parties – usually not lower than 200 kg).

Results of KGHM INTERNATIONAL in April 2019 - y/y:

Production and sales of KGHM INTERNATIONAL	April 2019	April 2018	I - IV 2019	I - IV 2018
Production				
Payable copper (kt)	6.3	6.9	22.6	27.0
TPM (koz t)	7.5	5.8	25.4	21.6
Molybdenum (mn lbs)	0.1	0.1	0.3	0.1
Sales				
Copper (kt)	4.0	7.9	21.9	25.2
TPM (koz t)	5.1	6.0	22.3	19.9
Silver (t)	-0.4	0.5	-0.1	3.2
Molybdenum (mn lbs)	0.13	0.04	0.37	0.10

Production of KGHM INTERNATIONAL:

- The lower production of payable copper in April 2019 and accrued production for the first 4 months of 2019 as compared to the same period of 2018 was due to lower copper production by the Robinson mine, which was not offset by the higher production by the Sudbury Basin and by the Carlota mine.
- The lower production of copper by the Robinson mine was due to the extraction of ore from an area with a substantially lower copper content, despite higher recovery. The mining plan for the current year anticipates the extraction of lower quality ore in the first months of 2019 in order to gain access to a richer region of the deposit in subsequent periods.
- TPM production in April 2019 was higher as compared to the prior year, both in the Robinson mine, due to a higher gold grade, as well as in Sudbury, due to the higher extraction of ore and higher precious metals grades.
- Higher accrued TPM production in the first 4 months of 2019 y/y was due to higher TPM production in the Sudbury Basin, despite lower gold production by the Robinson mine at the beginning of this year.
- In April 2019 and in the first 4 months of 2019 molybdenum production by the Robinson mine was higher as compared to the prior year, mainly due to higher molybdenum content in ore and higher recoveries at all stages of the molybdenum production process.

Sales of KGHM INTERNATIONAL:

- **Sales of copper amounted to 4.0 thousand tonnes** and were lower by 3.9 thousand tonnes (-49%) as compared to sales in April 2018. The main reason was the lower volume of concentrate sales by the Robinson mine as a result of the agreed schedule of copper concentrate shipments to the port and lower production by approx. 1 thousand tonnes. In addition, in April 2018 the Robinson mine sold concentrate to the local market, where the delivery time of material is substantially shorter.
- **TPM sales amounted to 5.1 thousand troy ounces** and were lower by 0.9 thousand troy ounces (-16%) as compared to sales in April 2018. The reason for the decrease was, similarly as in the case of copper, a lower volume of concentrate sales by the Robinson mine as compared to the same prior-year period, which was offset by higher TPM sales from the Sudbury Basin (+1.4 thousand troy ounces).
- **Sales of silver amounted to -0.4 tonnes** and were lower by 0.9 tonnes (-182%) as compared to sales in April 2018. The main reason for this decrease was the adjustment in April 2019 of the provisional amount of silver in concentrate sold by the Robinson mine as compared to previous shipments.

- **Molybdenum sales amounted to 0.13 million pounds** and were higher by 0.10 million pounds (+273%) as compared to sales in April 2018. The increase was due to higher molybdenum production by the Robinson mine by approx. 0.07 million pounds as well as by the agreed schedule of shipments.

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

Production and sales of Sierra Gorda (on a 55% basis)	April 2019	April 2018	I - IV 2019	I - IV 2018
Production				
Payable copper (kt)	4.4	3.7	19.1	15.7
Molybdenum (mn lbs)	0.3	0.9	3.3	4.9
Payable silver (t)	1.1	0.8	4.7	4.0
TPM (koz t)	2.2	1.4	9.6	6.1
Sales				
Copper (kt)	5.3	2.0	19.6	14.6
Molybdenum (mn lbs)	0.8	1.3	4.2	5.3
Silver (t)	1.3	0.3	4.8	3.7
TPM (koz t)	2.8	0.7	10.0	5.6

Production of Sierra Gorda (55%):

- **Higher payable copper production** in April 2019 and in the period from January to April 2019 was due to higher ore throughput as well as to higher copper content in extracted ore compared to the comparable period of 2018.
- **The decrease in molybdenum production** was mainly due to lower molybdenum content in ore. The impact of this factor on production was partially offset by higher ore throughput.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 5.3 thousand tonnes** and were higher by 3.3 thousand tonnes (171%) as compared to April 2018. The main reason was the higher volume of concentrate sales by approx. 27.5 thousand tonnes dry weight (on a 100% basis) due to the agreed schedule of shipments. The increase was also due to higher production of payable copper (by approx. 0.7 thousand tonnes).
- **Molybdenum sales amounted to 0.8 million pounds** and were lower by 0.5 million pounds (-35%) compared to sales in April 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 1 tonne (302%).
- **TPM sales amounted to 2.8 thousand troy ounces** and were higher by 2.1 thousand troy ounces (293%).

The higher sales of silver and TPM, similarly as in the case of copper, were due to a higher volume of sales of copper concentrate in April 2019 as compared to April 2018 as well as to the higher production of these metals by approx. 0.3 tonnes (in the case of payable silver) and by approx. 0.8 thousand troy ounces (in the case of TPM).