

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for May 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-May 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 five months of 2019 was higher than the targets set forth in the budget for this period.

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

Production and sales of the KGHM Group	May 2019	May 2018	I - V 2019	I - V 2018
Production				
Payable copper (kt)	61.9	53.5	293.2	244.1
Payable silver (t)	133.5	101.5	586.1	431.9
TPM (koz t)	19.7	15.8	84.7	69.9
Molybdenum (mn lbs)	1.3	1.6	5.0	6.5
Sales				
Copper (kt)	63.7	49.8	282.5	230.2
Silver (t)	143.4	72.8	572.8	383.9
TPM (koz t)	18.7	20.2	78.8	68.5
Molybdenum (mn lbs)	1.0	1.7	5.5	7.2

Production of the KGHM Group:

- **Production of payable copper in May 2019 amounted to 61.9 thousand tonnes.** The increase as compared to May 2018 by 16% was with respect to production in Poland, including mainly the production of cathodes from own concentrate and by the Sierra Gorda mine, mainly due to higher ore throughput. The decrease recorded by KGHM INTERNATIONAL LTD. was mainly due to lower production by the Robinson mine due to a decrease in copper content in extracted ore, which was partially offset by higher recovery of copper.
- **Production of silver amounted to 133.5 tonnes,** and was higher by 32% compared to May 2018. Improvement was recorded in KGHM Polska Miedź S.A.
- **Production of TPM amounted to 19.7 thousand troy ounces.** The increase by 25% was with respect both to the Polish assets as well as Sierra Gorda, with production by KGHM INTERNATIONAL LTD. at a similar level to the comparable month of 2018.

- **Production of molybdenum amounted to 1.3 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 63.7 thousand tonnes** and were higher by 13.9 thousand tonnes (+28%) as compared to sales of copper in May 2018. The main reason were higher sales of this metal by KGHM Polska Miedź S.A. and KGHM INTERNATIONAL LTD.
- **Sales of silver amounted to 143.4 tonnes** and were higher by 70.6 tonnes (+97%) as compared to sales in May 2018. This was due to the much higher sales of silver by KGHM Polska Miedź S.A. due among others to the higher production of this metal from the production assets in Poland.
- **TPM sales amounted to 18.7 thousand troy ounces** and were lower by 1.5 thousand troy ounces (-8%) as compared to May 2018. The main reason were lower sales of gold in May 2019 by KGHM Polska Miedź S.A., which were partially offset by better sales of KGHM INTERNATIONAL LTD. in this regard.
- **Molybdenum sales amounted to 1.0 million pounds** and were lower by 0.7 million pounds (-43%) as compared to May 2018. The main reason were lower molybdenum sales by the Sierra Gorda mine.

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

Production and sales of KGHM Polska Miedź S.A.	May 2019	May 2018	I - V 2019	I - V 2018
Mine production:				
Copper in concentrate (kt)	35.0	35.2	167.9	170.9
Silver in concentrate (t)	110.7	109.0	527.9	532.6
Metallurgical production:				
Electrolytic copper (kt)	49.7	40.2	239.2	188.1
- including from own concentrate	35.7	28.6	174.6	142.8
Metallic silver (t)	132.4	100.3	580.2	426.7
TPM (koz t)	10.5	7.2	40.5	33.5
Sales				
Copper (kt)	51.2	40.0	228.5	180.5
Silver (t)	142.2	71.2	566.8	375.5
TPM (koz t)	11.0	13.7	38.8	36.5

Production of KGHM Polska Miedź S.A.:

- The amounts of copper and silver in concentrate produced as compared to May 2018 remained at similar levels.
- Production of electrolytic copper and metallic silver higher as compared to the prior year's result, with substantially higher production of cathodes from own concentrate.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 51.2 thousand tonnes** and were higher by 11.2 thousand tonnes (+28%) as compared to sales achieved in May 2018 (reflecting sales of refined copper and copper in concentrate in this period). The difference was due to higher production of electrolytic copper by approx. 9.5 thousand tonnes in May 2019.
- **Sales of silver amounted to 142.2 tonnes** and were higher by 71 tonnes as compared to sales in May 2018 (+100%) – May 2018 sales also include 9.0 tonnes of payable silver contained in copper

concentrate. The difference was due to higher production of metallic silver as compared to the same period of 2018 (by approx. 32 tonnes) and to the agreed schedule of deliveries to customers in May 2019.

- **TPM sales amounted to 11.0 thousand troy ounces** and were lower by 2.7 thousand troy ounces (-20%) as compared to sales in May 2018. The difference was due to lower sales of gold in Poland in May 2019 as compared to the same period of 2018.

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

Production and sales of KGHM INTERNATIONAL LTD.	May 2019	May 2018	I - V 2019	I - V 2018
Production				
Payable copper (kt)	7.0	8.8	29.6	35.8
TPM (koz t)	6.7	6.8	32.1	28.5
Molybdenum (mn lbs)	0.13	0.03	0.44	0.13
Sales				
Copper (kt)	7.1	4.3	29.1	29.5
TPM (koz t)	5.3	4.3	27.5	24.2
Silver (t)	0.0	0.1	-0.1	3.3
Molybdenum (mn lbs)	0.14	0.06	0.51	0.16

Production of KGHM INTERNATIONAL LTD.:

- The lower production of payable copper in May 2019 as compared to May 2018 was mainly due to lower copper production by the Robinson mine (by 1.17 thousand tonnes) as well as by the Sudbury Basin (by 0.58 thousand tonnes) and to slightly lower production by the Franke mine (by 0.16 thousand tonnes). The Carlota mine recorded higher production in May 2019 y/y.
- 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, in order to gain access to a richer region of the deposit in the second half of this year.
- The lower production by the Sudbury Basin in May 2019 as compared to May 2018 was due to the mining of ore with a low copper content in the McCreedy mine (last year mining was mainly conducted in the Morrison mine, which is currently not being mined).
- The decrease in payable copper production in the first five months of 2019 as compared to the same period of 2018 was mainly due to lower production of copper by 7.24 thousand tonnes by the Robinson mine.
- The lower TPM production in May 2019 as compared to the prior year was due to lower production of precious metals by the Sudbury Basin by 0.94 thousand troy ounces, which was not offset by higher production of gold in the Robinson mine by 0.77 thousand troy ounces.
- The lower TPM production in the Sudbury Basin as compared to the prior year was mainly due to lower precious metals content in ore.
- The increase in accrued TPM production y/y for the first five months of 2019 was due to higher TPM production by the Sudbury Basin, despite the drop in gold production by the Robinson mine at the start of this year.
- In May 2019 and for the first five 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 to higher recoveries at all stages of the molybdenum production process.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 7.1 thousand tonnes** and were higher by 2.8 thousand tonnes (+65%) as compared to sales in May 2018. The main reason was the higher sales of payable copper in concentrate produced by the Robinson mine by approx. 2.3 thousand tonnes, resulting from a higher volume of copper concentrate sales (by approx. 14 thousand tonnes dry weight) and to the planned schedule of copper concentrate shipments to the port. Sales of cathodes by the Franke mine were also higher by approx. 0.9 thousand tonnes. Sales of copper by the Sudbury Basin decreased (-0.6 thousand tonnes in May 2019 as compared to the same prior-year period).
- **TPM sales amounted to 5.3 thousand troy ounces** and were higher by 1.0 thousand troy ounces (+24%) as compared to sales in May 2018. The reason for the increase was, similarly as in the case of copper, a higher volume of concentrate sales by the Robinson mine as compared to May 2018.
- **Sales of silver were marginal (after rounding down, they amounted to 0.0 tonnes)** and were lower by 0.1 tonnes (-34%) as compared to sales in May 2018. The main reason for this decrease was the adjustment in May 2019 of the provisional amount of silver in concentrate from the Robinson mine with respect to previous shipments. Sales of payable silver were also lower in the Sudbury Basin (-0.05 tonnes in May 2019).
- **Molybdenum sales amounted to 0.14 million pounds** and were higher by 0.08 million pounds (+139%) as compared to sales in May 2018. The increase was due to higher molybdenum production by the Robinson mine by approx. 0.1 million pounds as well as by the agreed schedule of shipments.

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

Production and sales of Sierra Gorda (on a 55% basis)	May 2019	May 2018	I - V 2019	I - V 2018
Production				
Payable copper (kt)	5.2	4.5	24.4	20.2
Molybdenum (mn lbs)	1.2	1.6	4.6	6.4
Payable silver (t)	1.1	1.2	5.9	5.2
TPM (koz t)	2.5	1.8	12.1	7.9
Sales				
Copper (kt)	5.3	5.6	25.0	20.1
Molybdenum (mn lbs)	0.8	1.7	5.0	7.0
Silver (t)	1.2	1.5	6.0	5.2
TPM (koz t)	2.5	2.2	12.5	7.8

Production of Sierra Gorda (55%):

- **Higher payable copper production in the period January to May 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 May 2019 was mainly due to higher ore throughput as compared to the results for May 2018.
- **The decrease in molybdenum production** was mainly (similarly as in previous periods) 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 comparable to sales in May 2018 (-4% - in May 2019, sales of copper concentrate were lower by approx. 150 tonnes dry weight).

- **Molybdenum sales amounted to 0.8 million pounds** and were lower by 0.9 million pounds (-49%) compared to sales in May 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 1.2 tonnes** and were lower by 0.3 tonnes (-19%). The decrease, apart from a slightly lower volume of copper concentrate sales, was also due to a slightly lower content of payable silver in concentrate sold in May 2019.
- **TPM sales amounted to 2.5 thousand troy ounces** and were higher by 0.3 thousand troy ounces (+10%). The increase was due to a higher gold content in copper concentrate sold in May 2019.