

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for August 2019.

The following report contains preliminary monthly data – the final quarterly production and sales results will be published in the consolidated report for the third quarter 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-August 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 lower content of this metal in ore processed by Sierra Gorda. The production plan for all of the aforementioned metals was exceeded by several percent, while the volume of sales was lower than planned, mainly due to the lack of sales of concentrate foreseen in the budget of KGHM Polska Miedź S.A.

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

Production and sales of the KGHM Group	August 2019	August 2018	I - VIII 2019	I - VIII 2018
Production				
Payable copper (kt)	59.2	57.3	470.9	407.9
- including KGHM Polska Miedź S.A.*	47.1	46.8	381.7	319.5
Payable silver (t)	122.1	128.6	908.4	722.7
TPM (koz t)	17.9	16.7	138.4	113.3
Molybdenum (mn lbs)	1.42	1.12	8.17	10.47
Sales				
Copper (kt)	51.9	54.4	446.1	399.4
Silver (t)	103.1	137.1	900.4	748.3
TPM (koz t)	10.6	15.8	119.6	106.3
Molybdenum (mn lbs)	1.2	1.7	8.5	11.6

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 59.2 thousand tonnes.** The increase as compared to August 2018 by 3% came from production in Poland as well as from the international assets. In KGHM Polska Miedź S.A. significant elements were the increase in processed ore volume and in copper content in ore.
- **Production of silver amounted to 122.1 t** and was lower than the amount recorded in August 2018 due among others to the lower content of silver in ore in KGHM Polska Miedź S.A.
- **Production of TPM amounted to 17.9 thousand troy ounces.** The monthly increase on a year-to-year basis by 7% was due to the international assets, mainly due to the higher processing of ore by Sierra Gorda as well as to an increase in gold content and higher recovery by the Robinson mine.

- **Production of molybdenum amounted to 1.42 million pounds.** The increase compared to August 2018 was the result of higher molybdenum content and a higher volume of ore processed by the Sierra Gorda mine.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 51.9 thousand tonnes** and were lower by 2.5 thousand tonnes (-5%) compared to sales of copper in August 2018. The main reason was lower sales of this metal by KGHM INTERNATIONAL LTD.
- **Sales of silver amounted to 103.1 tonnes** and were lower by 34.0 tonnes (-25%) compared to sales in August 2018. The reason was lower sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 10.6 thousand troy ounces** and were lower by 5.2 thousand troy ounces (-33%) compared to August 2018. This was due to lower sales of gold in August 2019 by KGHM Polska Miedź S.A.
- **Sales molybdenum amounted to 1.2 million pounds** and were lower by 0.5 million pounds (-30%) compared to August 2018. The main reason was lower molybdenum sales by the Sierra Gorda mine.

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

Production and sales of KGHM Polska Miedź S.A.	August 2019	August 2018	I - VIII 2019	I - VIII 2018
Mine production:				
Copper in concentrate (kt)	35.2	33.9	270.4	272.7
Silver in concentrate (t)	106.8	108.7	848.1	855.0
Metallurgical production:				
Electrolytic copper (kt)	47.1	46.8	381.7	319.5
- including from own concentrate	39.2	36.9	282.1	243.7
Metallic silver (t)	120.8	127.1	898.9	713.7
TPM (koz t)	6.1	9.0	63.0	53.8
Sales				
Copper (kt)	41.4	42.4	359.6	315.7
Silver (t)	101.8	135.2	889.9	734.8
TPM (koz t)	0.3	6.8	52.3	50.1

Production of KGHM Polska Miedź S.A.:

- **Higher copper in concentrate** compared to August 2018 due to higher processing of ore, while the decrease in silver in concentrate was due to the lower content of silver in ore.
- **Copper content in ore in August 2019 was higher** compared to the corresponding prior-year month.
- **Production of electrolytic copper was higher** compared to the prior year.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 41.4 thousand tonnes** and were comparable to sales in August 2018 (-2%, including sales during this period of refined copper and copper in concentrate).
- **Sales of silver amounted to 101.8 tonnes** and were lower by 33.4 tonnes compared to sales in August 2018 (-25%). Apart from the fact that 11.2 tonnes of payable silver in copper concentrate were sold in August 2018, the lower result in the current year was due to the lower production of this metal and to the agreed schedule of deliveries to customers. It should be remembered that, in order to limit logistical costs, sales of silver for export are shipped in parties of approx. 20 tonnes. At the same

time, any increase or decrease in the number of shipments by a single shipment (on a month-to-month basis) has a large impact on the sales dynamics in the comparable period.

- **Sales of TPM amounted to 0.3 thousand troy ounces** and were lower by 6.5 thousand troy ounces (-96%) compared to sales in August 2018. Similarly as in the case of silver, gold is usually shipped for export in parties of not less than 200 kg. Due to the lower production and the need to collect a sufficient amount of gold for subsequent gold shipments at a later time, in August 2019 there were no exported sales.

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

Production and sales of KGHM INTERNATIONAL LTD.	August 2019	August 2018	I - VIII 2019	I - VIII 2018
Production				
Payable copper (kt)	6.8	5.9	50.0	55.2
TPM (koz t)	8.8	5.8	55.2	46.7
Molybdenum (mn lbs)	0.02	0.12	0.57	0.37
Sales				
Copper (kt)	6.5	8.8	46.9	51.9
TPM (koz t)	8.2	7.6	47.0	44.0
Silver (t)	0.4	0.9	0.9	5.1
Molybdenum (mn lbs)	0.02	0.05	0.66	0.27

Production of KGHM INTERNATIONAL LTD.:

- **The increase in payable copper production in August 2019** compared to August 2018 was due to higher copper production by the Robinson mine by 1.3 thousand tonnes and by the Carlota mine by 0.2 thousand tonnes, despite the year-on-year decrease in production in the Sudbury Basin by nearly half (0.3 thousand tonnes) and by the Franke mine (a decrease by 0.3 thousand tonnes).
- **TPM production in August 2019 compared to August 2018 was higher** both in the Sudbury Basin (by 1.1 thousand troy ounces), as well as in the Robinson mine (by 1.9 thousand troy ounces).
- **The Robinson mine recorded higher production of copper and gold in August 2019** compared to August 2018 due to the higher content of these metals in ore and to higher recovery.
- **The lower production of copper in the Sudbury Basin in August 2019** compared to August 2018 was mainly due to the lower content of copper in ore due to the change in the location from which the ore is extracted and lower recovery. The higher-than-planned production of TPM was mainly due to higher content of platinum and palladium in ore, despite lower gold content.
- **The lower production of molybdenum by the Robinson mine compared to the prior year** was due to lower molybdenum content in concentrate and to lower recovery caused by the higher content of clay minerals in the ore.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 6.5 thousand tonnes** and were lower by 2.3 thousand tonnes (-26%) compared to sales in August 2018. The main reason were lower sales of payable copper in concentrate produced by the Robinson mine by approx. 2.1 thousand tonnes due to the agreed schedule of shipments in August 2019. Sales of copper from ore produced by the Sudbury Basin were also lower by approx. 0.3 thousand tonnes due to the lower content of this metal in material sold. Higher sales of copper were recorded by the Carlota mine.
- **Sales of TPM amounted to 8.2 thousand troy ounces** and were higher by 0.6 thousand troy ounces (+8%) compared to August 2018. The increase in sales was due to higher sales of TPM in copper ore from the Sudbury Basin (mainly due to higher production of payable TPM).

- **Sales of silver amounted to 0.4 tonnes** and were lower by 0.5 tonnes (-56%) compared to sales in August 2018. This was due to adjustment of the provisional content of silver in concentrate produced by the Robinson mine which was sold in August 2019 with respect to previous shipments.
- **Sales of molybdenum amounted to 0.02 million pounds** and were lower by 0.03 million pounds (-67%) compared to sales in August 2018. The decrease was due to the substantially lower content of molybdenum in Mo concentrate by approx. 0.1 million pounds in August 2019.

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

Production and sales of Sierra Gorda (on a 55% basis)	August 2019	August 2018	I - VIII 2019	I - VIII 2018
Production				
Payable copper (kt)	5.3	4.6	39.2	33.2
Molybdenum (mn lbs)	1.4	1.0	7.6	10.1
Payable silver (t)	1.3	1.5	9.5	9.0
TPM (koz t)	3.0	1.9	20.2	12.8
Sales				
Copper (kt)	4.0	3.3	39.6	31.7
Molybdenum (mn lbs)	1.2	1.6	7.8	11.3
Silver (t)	0.9	1.0	9.6	8.4
TPM (koz t)	2.2	1.4	20.3	12.2

Production of Sierra Gorda (55%):

- **The higher production of copper in August 2019** compared to August 2018 was due to higher ore throughput compared to August 2018.
- **The higher production of payable copper in the period January to August 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 decrease in molybdenum production in the period January to August 2019** was due to lower molybdenum content in ore as compared to the corresponding period of 2018. The impact of this factor on the production results was partially offset by the higher volume of processed ore.
- **The higher production of molybdenum in August 2019** was due to the higher ore throughput as well as to the higher content of this metal in extracted ore compared to August 2018.

Sales Sierra Gorda (55%):

- **Sales of copper amounted to 4.0 thousand tonnes** and were higher by 0.7 thousand tonnes compared to sales in August 2018 (+22%). The main reason was the higher volume of sold copper concentrate in August 2019 by approx. 3.5 thousand tonnes dry weight resulting from the agreed schedule of shipments to customers.
- **Sales of molybdenum amounted to 1.2 million pounds** and were lower by 0.4 million pounds (-29%) compared to sales in August 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 0.9 tonnes** and were lower by 0.1 tonnes (-8%). This was due to the slightly lower content of this metal in copper concentrate sold in August 2019.
- **Sales of TPM amounted to 2.2 thousand troy ounces** and were higher by 0.8 thousand troy ounces (+58%). The main reason for the increase in TPM sales, similarly as in the case of copper, was the higher volume of sold copper concentrate.