

## Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for February 2020

The following report contains preliminary monthly data – the final quarterly production and sales results will be published in the consolidated report for the first quarter of 2020. 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 to February 2020, copper production was not substantially different from the level assumed in the budget for this period, while production of the other main products was higher than planned. As regards sales volumes, the plan for January - February 2020 was exceeded except for silver sales.

As compared to volumes recorded in the corresponding period of 2019, production of the most important metals increased with the exception of molybdenum, the decrease of which was due to the production plan of Sierra Gorda, which foresees mining in zones with a lower content of this metal.

### Results of the KGHM Group in February 2020 - y/y:

Production and sales of the KGHM Group	February 2020	February 2019	I - II 2020	I - II 2019
<b>Production</b>				
Payable copper (kt)	55.3	53.8	113.7	112.6
- including KGHM Polska Miedź S.A.*	44.5	44.2	92.7	92.7
Payable silver (t)	125.2	119.9	208.2	195.9
TPM (koz t)	15.8	15.5	31.4	27.6
Molybdenum (mn lbs)	0.8	1.2	1.5	2.1
<b>Sales</b>				
Copper (kt)	60.9	60.9	107.7	103.1
Silver (t)	104.3	123.1	188.4	207.1
TPM (koz t)	24.9	18.6	33.6	27.5
Molybdenum (mn lbs)	1.5	1.5	2.4	2.5

\* Production of electrolytic copper

### Production of the KGHM Group:

- **Production of payable copper amounted to 55.3 thousand tonnes**, or an increase compared to production in the corresponding month of 2019 by 3%. The increase was mainly in respect of Sierra Gorda due to higher throughput and higher copper grade in ore.
- **Production of silver amounted to 125.2 tonnes** and was higher than the amount recorded in February 2019 by 4%, mainly due to an increase in the volume and quality of ore processed by KGHM Polska Miedź S.A. compared to February 2019.
- **Production of TPM amounted to 15.8 thousand troy ounces**, or slightly above the amount recorded in the previous year.
- **Production of molybdenum amounted to 0.8 million pounds**, or a decrease compared to February 2019 by 33% due to the lower content of this metal in the ore processed by Sierra Gorda.

## Sales of the KGHM Group:

- **Sales of payable copper amounted to 60.9 thousand tonnes** and were at the same level as sales in February 2019.
- **Sales of silver amounted to 104.3 tonnes** and were lower by 18.8 tonnes compared to sales in February 2019 (-15%). This was due to lower sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 24.9 thousand troy ounces** and were higher by 6.3 thousand troy ounces (+34%) compared to the corresponding period of 2019. This result was mainly due to higher sales of gold in February 2020 by KGHM International (gold contained in Robinson concentrate) and by KGHM Polska Miedź S.A.
- **Sales of molybdenum amounted to 1.5 million pounds** and were at the same level as sales in February 2019.

## Results of KGHM Polska Miedź S.A. in February 2020 - y/y:

Production and sales of KGHM Polska Miedź S.A.	February 2020	February 2019	I - II 2020	I - II 2019
<b>Mine production:</b>				
Copper in concentrate (kt)	32.9	31.0	64.9	65.0
Silver in concentrate (t)	103.7	95.2	205.2	205.1
<b>Metallurgical production:</b>				
Electrolytic copper (kt)	44.5	44.2	92.7	92.7
- including from own concentrate	31.2	32.4	64.4	69.2
Metallic silver (t)	123.2	118.7	204.7	193.5
TPM (koz t)	7.0	7.8	14.6	12.0
<b>Sales</b>				
Copper (kt)	48.4	50.1	85.3	81.4
Silver (t)	101.8	121.6	184.2	204.3
TPM (koz t)	14.0	11.0	14.6	12.2

## Production of KGHM Polska Miedź S.A.:

- **Production of copper in concentrate amounted to 32.9 thousand tonnes** and was higher by 1.9 thousand tonnes (6%) compared to February 2019.
- **Production of silver in concentrate amounted to 103.7 tonnes** and was higher by 8.5 tonnes (9%) compared to February 2019.
- The increase in copper in concentrate and silver in concentrate compared to February 2019 was due to higher processing of ore from the mines as well as the better quality of the feed material.
- **Production of electrolytic copper amounted to 44.5 thousand tonnes** and was at a similar level compared to February 2019.
- The decrease in production of electrolytic copper from own concentrate was due to the setting aside of anodes (produced mainly from own concentrate production), which will be used in the third quarter of 2020 during a 10-week maintenance shutdown at the Głogów I Copper Smelter and Refinery.
- **Production of metallic silver amounted to 123.2 tonnes** and was higher by 4.5 tonnes (4%) compared to February 2019.
- **Production of TPM (metallic gold) amounted to 7.0 thousand troy ounces** and was lower by 0.8 thousand troy ounces (10%) compared to February 2019, which was due to a lower amount of metal-bearing materials purchased and processed, with a higher content of this metal.

## Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 48.4 thousand tonnes** and were comparable to the level of sales achieved in February 2019 (-3%).
- **Sales of silver amounted to 101.8 tonnes** and were lower by 19.8 tonnes compared to sales in February 2019 (-16%). The level of silver sales resulted from the schedule of deliveries agreed with customers in February 2020. It should be noted that, due to logistical considerations, sales of silver exported from Poland are usually made in single parties of approx. 20 tonnes. This means however, that any increase or decrease in

the number of shipments by a single shipment (on a month-to-month basis) has a great impact on the sales dynamic in the comparable time period.

- **Sales of TPM amounted to 14.0 thousand troy ounces** and were higher by 3.0 thousand troy ounces (+27%) compared to sales in February 2019. The difference was mainly due to a large export shipment. Similarly as in the case of silver shipments, exported shipments of gold are usually made in larger, single parties (usually no less than 200 kg).

#### **Results of KGHM INTERNATIONAL LTD. in February 2020 - y/y:**

<b>Production and sales of KGHM INTERNATIONAL LTD.</b>	<b>February 2020</b>	<b>February 2019</b>	<b>I - II 2020</b>	<b>I - II 2019</b>
<b>Production</b>				
Payable copper (kt)	4.6	4.8	9.2	10.1
TPM (koz t)	5.7	5.0	11.0	10.4
Molybdenum (mn lbs)	0.08	0.08	0.14	0.1
<b>Sales</b>				
Copper (kt)	7.2	4.5	12.8	11.5
TPM (koz t)	8.3	4.1	14.2	9.8
Silver (t)	0.8	-0.1	1.5	0.2
Molybdenum (mn lbs)	0.093	0.059	0.132	0.081

#### **Production of KGHM INTERNATIONAL LTD.:**

- **Production of copper amounted to 4.6 thousand tonnes** and was lower by 0.2 thousand tonnes (-4%) compared to February 2019. The decrease in payable copper production was due to lower copper production in the Franke mine by 0.6 thousand tonnes as well as a year-on-year decrease in production in the Sudbury Basin (0.2 thousand tonnes), despite higher production in the Robinson mine (by 0.6 thousand tonnes). The lower copper production in the Franke mine was mainly due to lower recovery, while in the Sudbury Basin it was due to the processing of lower copper-grade ore. The higher copper production in the Robinson mine was due to higher copper grade in ore.
- **Production of TPM amounted to 5.7 thousand troy ounces** and was higher by 0.7 thousand troy ounces (+14%) compared to February 2019. The higher production of precious metals was due to higher TPM production in the Sudbury Basin (by 1.0 thousand troy ounces – higher TPM content in ore), despite lower gold production in the Robinson mine (by 0.4 thousand troy ounces – lower recovery).
- **Production of molybdenum amounted to 0.08 million pounds** and was similar to the level of production recorded in February 2019.

#### **Sales of KGHM INTERNATIONAL LTD.:**

- **Sales of copper amounted to 7.2 thousand tonnes** and were higher by 2.7 thousand tonnes (+60%) compared to sales in February 2019. The main reason was the higher volume of copper concentrate sold by the Robinson mine as a result of the schedule of deliveries agreed with customers (higher sales of payable copper by approx. 3.4 thousand tonnes). At the same time the Franke mine recorded slightly lower sales of copper cathodes along with lower sales of copper ore from the Sudbury Basin (altogether by approx. 0.8 thousand tonnes of payable copper).
- **Sales of TPM amounted to 8.3 thousand troy ounces** and were higher by 4.2 thousand troy ounces (+102%) compared to the corresponding period of 2019. The main reason, as in the case of copper, was the higher volume of concentrate sold by the Robinson mine, which resulted in higher gold sales by approx. 3.2 thousand troy ounces. Sales of TPM from the Sudbury Basin were also higher by approx. 1.0 thousand troy ounces, which directly resulted from higher production of ore and higher TPM content in ore.
- **Sales of silver amounted to 0.8 tonnes** and were higher by 0.9 tonnes compared to February 2019. The reason for such a large difference was the adjustment made in February 2019 of the provisional amount of silver in Robinson concentrate in previous shipments.
- **Sales of molybdenum amounted to 0.093 million pounds** and were higher by 0.034 million pounds (+58%) than sales in the corresponding period of 2019, as a result of the schedule of deliveries agreed with the customer.

## Results of Sierra Gorda S.C.M. in February 2020 - y/y:

Production and sales of Sierra Gorda (on a 55% basis)	February 2020	February 2019	I - II 2020	I - II 2019
<b>Production</b>				
Payable copper (kt)	6.2	4.8	11.8	9.8
Molybdenum (mn lbs)	0.7	1.1	1.4	2.0
Payable silver (t)	2.0	1.2	3.5	2.4
TPM (koz t)	3.1	2.7	5.8	5.2
<b>Sales</b>				
Copper (kt)	5.3	6.3	9.6	10.3
Molybdenum (mn lbs)	1.4	1.4	2.3	2.4
Silver (t)	1.7	1.6	2.8	2.6
TPM (koz t)	2.6	3.5	4.8	5.5

### Production of Sierra Gorda (55%):

- **Production of payable copper amounted to 6.2 thousand tonnes** and was higher by 1.4 thousand tonnes (+29%) compared to February 2019.
- The increase in payable copper production, both in the period January - February 2020 as well as in the month of February, was due to higher ore throughput as well as to higher copper content in extracted ore compared to the corresponding period of 2019.
- **Production of molybdenum amounted to 0.7 million pounds** and was lower by 0.4 million pounds (-36%) compared to February 2019.
- The decrease in molybdenum production in February and in the period January - February 2020 was due to lower molybdenum content in ore as compared to the corresponding period of 2019. The impact of this factor on the production results was partially offset by the higher volume of processed ore.

### Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 5.3 thousand tonnes** and were lower by 1.0 thousand tonnes compared to sales in February 2019 (-16%). This was due to a lower (by approx. 10 thousand tonnes dry weight) volume of copper concentrate sold in February 2020, resulting from the schedule of shipments.
- **Sales of molybdenum amounted to 1.4 million pounds** and were at the same level as sales in February 2019.
- **Sales of silver amounted to 1.7 tonnes** and were higher by 0.1 tonnes (+6%). The increase was also related to a higher silver content in sold copper concentrate.
- **Sales of TPM amounted to 2.6 thousand troy ounces** and were lower by 0.9 thousand troy ounces (-26%). The main reason for the decrease in TPM sales, as in the case of copper, was the lower volume of copper concentrate sold.