

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for June 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 half 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 first half of 2020, production of copper by the Group was slightly below plan, while planned sales of this metal were slightly above the target.

In the case of the other main metals, both production and sales were recorded in line with the budget.

In terms of the corresponding period of 2019, production and sales of all items were at a similar or higher level with the exception of molybdenum.

The coronavirus pandemic has not had a significant impact on the production results of the Group – in the first half of the year there were no recorded instances of restrictions to production directly connected with the epidemic.

The companies of the KGHM Group are continuing to take preventative actions aimed at reducing the risk of infection by the virus amongst employees and subcontractors.

Results of the KGHM Group in June 2020 - y/y:

Production and sales of the KGHM Group	June 2020	June 2019	I - VI 2020	I - VI 2019
Production				
Payable copper (kt)	60.1	58.7	350.7	351.9
- including KGHM Polska Miedź S.A.*	45.9	47.4	280.8	286.7
Payable silver (t)	119.8	125.6	707.5	711.7
TPM (koz t)	15.3	19.4	100.0	104.0
Molybdenum (mn lbs)	1.2	1.2	5.3	6.2
Sales				
Copper (kt)	67.4	64.0	350.0	346.7
Silver (t)	123.9	140.4	725.2	713.1
TPM (koz t)	21.0	22.2	107.4	101.1
Molybdenum (mn lbs)	0.6	0.9	5.0	6.4

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 60.1 thousand tonnes**, or an increase versus the corresponding month of 2019 by 1.4 thousand tonnes (+2%). Improvement was recorded in Sierra Gorda (+2.6 thousand tonnes) and KGHM INTERNATIONAL LTD. (+0.3 thousand tonnes), alongside a decrease in KGHM Polska Miedź S.A. (-1.5 thousand tonnes) due to a limited supply of copper scrap and the build-up of anode inventories prior to the maintenance shutdown at the Głogów I Copper Smelter and Refinery planned in the third quarter of 2020.
- **Production of silver amounted to 119.8 tonnes** – the decrease by 5.8 tonnes (-5%) was a consequence of the lower production of cathodes by KGHM Polska Miedź S.A.
- **Production of TPM amounted to 15.3 thousand troy ounces**, or 4.1 thousand troy ounces (-21%) less than the amount recorded a year earlier due to the lower content of gold in the charge material processed by KGHM Polska Miedź S.A. and in the ore processed by the Robinson mine (KGHM INTERNATIONAL LTD.).
- **Production of molybdenum amounted to 1.2 million pounds**, or the same level as in June 2019.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 67.4 thousand tonnes** and were higher by 3.4 thousand tonnes (+5%) compared to sales of copper in June 2019. The reason for this increase was higher sales of copper by KGHM Polska Miedź S.A. and by the Sierra Gorda mine. In KGHM INTERNATIONAL LTD., sales of copper were lower by approx. 2.2 thousand tonnes.
- **Sales of silver amounted to 123.9 tonnes** and were lower by 16.5 tonnes (-12%) compared to sales in June 2019. This result was mainly due to lower sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 21.0 thousand troy ounces** and were lower by 1.2 thousand troy ounces (-5%) compared to the corresponding period of 2019. TPM sales by KGHM INTERNATIONAL LTD. were lower than in the prior year. Better sales results were recorded however by Sierra Gorda and KGHM Polska Miedź S.A.
- **Sales of molybdenum amounted to 0.6 million pounds** and were lower by 0.3 million pounds (-33%) compared to June 2019. The Sierra Gorda mine recorded lower sales.

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

Production and sales of KGHM Polska Miedź S.A.	June 2020	June 2019	I - VI 2020	I - VI 2019
Mine production:				
Copper in concentrate (kt)	34.0	32.3	198.8	202.2
Silver in concentrate (t)	104.0	105.1	617.0	633.1
Metallurgical production:				
Electrolytic copper (kt)	45.9	47.4	280.8	286.7
- including from own concentrate	34.0	32.9	205.8	207.5
Metallic silver (t)	117.4	124.4	695.0	704.6
TPM (koz t)	6.0	10.1	45.6	50.6
Sales				
Copper (kt)	54.3	51.2	277.1	279.8
Silver (t)	120.5	139.0	709.2	705.8
TPM (koz t)	12.0	11.9	50.3	50.7

Production of KGHM Polska Miedź S.A.:

- **Production of copper in concentrate amounted to 34.0 thousand tonnes** and was higher by 1.7 thousand tonnes (+5%) compared to June 2019. The higher production was due to a higher amount of ore processed by the mines.
- **Production of silver in concentrate amounted to 104.0 tonnes** and was at a comparable level to June 2019.
- **Production of electrolytic copper amounted to 45.9 thousand tonnes** and was lower by 1.5 thousand tonnes (-3%) compared to June 2019. The decrease in cathode production was due to a limited supply of copper scrap and to the build-up of anode inventories which will be used in the third quarter of 2020 during a maintenance shutdown at the Głogów I Copper Smelter and Refinery.
- **Production of metallic silver amounted to 117.4 tonnes** and was lower by 7 tonnes (-6%) compared to June 2019. The lower production of metallic silver is derivative of the decrease in cathode production.
- **Production of TPM (metallic gold) amounted to 6.0 thousand troy ounces** and was lower by 4.1 thousand troy ounces (-41%) compared to June 2019. The lower gold production was due to the lower amount of gold in charge materials.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 54.3 thousand tonnes** and were higher by 3.1 thousand tonnes (+6%) compared to June 2019. The higher sales of copper cathodes was mainly due to high demand for copper in China.
- **Sales of silver amounted to 120.5 tonnes** and were lower by 18.5 tonnes (-13%) compared to sales in June 2019. The decrease was due to lower silver production and to the agreed schedule of deliveries to customers in 2020. In order to reduce logistical costs, 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 has a great impact on the sales dynamic in the comparable time period.
- **Sales of TPM amounted to 12.0 thousand troy ounces** and were at a similar level to sales in June 2019 (+1%).

Results of KGHM INTERNATIONAL LTD. in June 2020 - y/y:

Production and sales of KGHM INTERNATIONAL LTD.	June 2020	June 2019	I - VI 2020	I - VI 2019
Production				
Payable copper (kt)	6.7	6.4	30.7	36.0
TPM (koz t)	6.6	6.9	38.2	38.9
Molybdenum (mn lbs)	0.06	0.05	0.30	0.49
Sales				
Copper (kt)	5.2	7.4	35.0	36.5
TPM (koz t)	6.1	7.6	41.1	35.1
Silver (t)	0.8	0.1	3.9	0.0
Molybdenum (mn lbs)	0.041	0.040	0.380	0.554

Production of KGHM INTERNATIONAL LTD.:

- Production of copper amounted to 6.7 thousand tonnes** and was higher by 0.3 thousand tonnes (+5%) compared to June 2019. Payable copper production increased in the Robinson mine (+0.7 thousand tonnes) and in the Carlota mine (+0.1 thousand tonnes). Lower year-on-year copper production in June was recorded in the Sudbury Basin and Franke mines.
 Lower copper production in:
 - the Franke mine (by 0.5 thousand tonnes) was mainly due to high carbonates content in ore, which slow the kinetics of extraction during the leaching process,
 - the Sudbury Basin (by 0.02 thousand tonnes) was mainly due to lower recovery and to lower copper content in ore.
- Production of TPM amounted to 6.6 thousand troy ounces** and was slightly lower (by 0.3 thousand troy ounces, -4%) compared to June 2019. The slightly higher production of precious metals in the Sudbury Basin (+0.07 thousand troy ounces) did not offset the lower gold production by the Robinson mine by 0.3 thousand troy ounces (lower gold content in ore).
- Production of molybdenum by the Robinson mine amounted to 0.06 million pounds** and was higher by 0.01 million pounds (+20%) than the amount produced in June 2019.

Sales of KGHM INTERNATIONAL LTD.:

- Sales of copper amounted to 5.2 thousand tonnes** and were lower by 2.2 thousand tonnes (-30%) compared to sales in June 2019. The main reason was lower sales of copper from Robinson concentrate (due to a lower volume of material sold by approx. 4.1 thousand tonnes dry weight) and of cathodes from the Franke mine (due to lower production – by approx. 0.5 thousand tonnes of payable copper). Sales of cathodes from the Carlota mine were slightly higher.
- Sales of TPM amounted to 6.1 thousand troy ounces** and were lower by 1.5 thousand troy ounces (-20%) compared to the corresponding period of 2019. This was due to lower sales of gold from Robinson concentrate resulting from the lower amount of copper concentrate sold.
- Sales of silver amounted to 0.8 tonnes** and were higher by 0.7 tonnes than sales in June 2019. The difference was due to higher silver content in Robinson concentrate sold in June 2020 and to the adjustment in June 2019 of the provisional amount of silver in copper concentrate compared to previous shipments.
- Sales of molybdenum amounted to 0.041 million pounds** and were similar to sales recorded in the corresponding period of 2019 (+3%).

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

Production and sales of Sierra Gorda (on a 55% basis)	June 2020	June 2019	I - VI 2020	I - VI 2019
Production				
Payable copper (kt)	7.5	4.9	39.2	29.2
Molybdenum (mn lbs)	1.1	1.1	5.0	5.7
Payable silver (t)	2.4	1.2	12.5	7.1
TPM (koz t)	2.7	2.4	16.2	14.5
Sales				
Copper (kt)	7.9	5.4	37.9	30.4
Molybdenum (mn lbs)	0.6	0.9	4.6	5.8
Silver (t)	2.6	1.3	12.1	7.3
TPM (koz t)	2.9	2.7	16.0	15.3

Production of Sierra Gorda (55%):

- **Production of payable copper amounted to 7.5 thousand tonnes** and was higher by 2.6 thousand tonnes (+53%) compared to June 2019.
- The increase in payable copper production, both in the period January to June 2020 as well as in the month of June, 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 1.1 million pounds** and remained at the same level compared to the corresponding period of 2019.
- The decrease in molybdenum production in the period January - June 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 during this period was partially offset by the higher volume of processed ore.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 7.9 thousand tonnes** and were higher by 2.5 thousand tonnes (+46%) compared to sales in June 2019. This was due to a higher volume of copper concentrate sold in June 2020 by approx. 22 thousand tonnes dry weight (on a 100% basis), resulting from the schedule of deliveries agreed and higher production of copper.
- **Sales of molybdenum amounted to 0.6 million pounds** and were lower by 0.3 million pounds (-33%) compared to June 2019. The volume of sales of molybdenum reflects 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 2.6 tonnes** and were higher by 1.3 tonnes (+100%).
- **Sales of TPM amounted to 2.9 thousand troy ounces** and were higher by 0.2 thousand troy ounces (+7%). The increase in silver and TPM sales was due to the higher volume of copper concentrate sold and the higher content of these metals in the material sold.