

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for February 2021

The following report contains preliminary monthly data – the final quarterly production and sales results will be published in the consolidated quarterly report for the first quarter of 2021. 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-February 2021, production and sales of copper, silver and precious metals by the Group were in line with the budgeted targets for this period. Molybdenum production and sales were lower due to a lower amount of ore processed as well as the lower-than-planned content of this metal in the Sierra Gorda mine.

As compared to the corresponding period of 2020, there was an increase in the production of basic products, i.e. copper and silver.

Results of the KGHM Group in February 2021 - y/y:

Production and sales of the KGHM Group	February 2021	February 2020	I - II 2021	I - II 2020
Production				
Payable copper (kt)	58.0	55.3	119.7	113.7
- including KGHM Polska Miedź S.A.*	45.8	44.5	95.9	92.7
Payable silver (t)	99.2	125.2	216.8	208.2
TPM (koz t)	11.8	15.8	22.4	31.4
Molybdenum (mn lbs)	0.4	0.8	1.1	1.5
Sales				
Copper (kt)	62.9	60.9	109.1	107.7
Silver (t)	82.5	104.3	164.7	188.4
TPM (koz t)	6.9	24.9	19.2	33.6
Molybdenum (mn lbs)	0.7	1.5	1.3	2.4

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 58.0 thousand tonnes** - an increase by 2.7 thousand tonnes (+5%) versus the corresponding month of 2020 in all of the operating segments. As regards the segment KGHM Polska Miedź S.A., production was higher both from own as well as from purchased copper-bearing materials.
- **Production of payable silver amounted to 99.2 tonnes**, or lower by 26.0 tonnes (-21%) than in the corresponding month of 2020, mainly due to the lower amount of this metal in charge materials processed in the metallurgical plants of KGHM Polska Miedź S.A.
- **Production of TPM amounted to 11.8 thousand troy ounces**, or a decrease by 4.0 thousand troy ounces (-25%), mainly due to lower precious metals content in ore extracted in the Sudbury Basin. TPM production was also lower in KGHM Polska Miedź S.A. and Sierra Gorda due to a lower amount of gold produced than last year.
- **Production of molybdenum amounted to 0.4 million pounds**, or a decrease by nearly 0.4 million pounds (-50%) compared to February 2020 due to lower processing of ore and to mining from areas of lower molybdenum content in Sierra Gorda.

Sales of the KGHM Group:

- **Sales of copper amounted to 62.9 thousand tonnes** and were slightly higher than sales in February 2020 (+3%). This was due to higher sales of copper by KGHM Polska Miedź S.A. Lower sales compared to February 2020 were recorded by KGHM INTERNATIONAL LTD.
- **Sales of silver amounted to 82.5 tonnes** and were lower by 21.8 tonnes (-21%) than sales in February 2020. This was mainly due to lower sales of silver in KGHM Polska Miedź S.A.
- **Sales of TPM amounted to 6.9 thousand troy ounces** and were lower by 18.0 thousand troy ounces (-72%) compared to sales in the corresponding period of 2020. The decrease was due to lower sales of gold by the production assets in Poland.
- **Sales of molybdenum amounted to 0.7 million pounds** and were lower by 0.8 million pounds (-53%) compared to February 2020. The decrease in molybdenum sales was in respect of the Sierra Gorda mine.

Results of KGHM Polska Miedź S.A. in February 2021 - y/y:

Production and sales of KGHM Polska Miedź S.A.	February 2021	February 2020	I - II 2021	I - II 2020
Mine production:				
Copper in concentrate (kt)	31.0	32.9	62.2	65.0
Silver in concentrate (t)	100.0	103.7	199.4	205.1
Metallurgical production:				
Electrolytic copper (kt)	45.8	44.5	95.9	92.7
- including from own concentrate	32.0	31.2	64.3	64.4
Metallic silver (t)	97.0	123.2	212.3	204.7
TPM (koz t)	6.0	7.0	11.0	14.6
Sales				
Copper (kt)	51.7	48.4	86.9	85.3
Silver (t)	80.3	101.8	160.2	184.2
TPM (koz t)	1.8	14.0	8.3	14.6

Production of KGHM Polska Miedź S.A.:

- **Production of copper in concentrate amounted to 31.0 thousand tonnes** and was lower by 1.9 thousand tonnes (-6%) compared to February 2021. The decrease in production was due to the processing of a lower amount of ore, of lower quality, by the mines.
- **Production of silver in concentrate amounted to 100.0 tonnes** and was lower by 3.7 tonnes (-4%) compared to February 2020, due to the lower content of this metal in processed ore.
- **Production of electrolytic copper amounted to 45.8 thousand tonnes** and was higher by 1.3 thousand tonnes (+3%) compared to February 2020. The increase in cathode production was due to the higher availability of the production lines.
- **Production of metallic silver amounted to 97.0 tonnes** and was lower by 26.2 tonnes (-21%) compared to February 2020. The decrease in metallic silver production was due to lower silver content in charge materials.
- **Production of TPM (metallic gold) amounted to 6.0 thousand troy ounces** and was lower by 1.0 thousand troy ounces (-14%) compared to February 2020. The decrease in metallic silver production was due to a lower amount of purchased concentrates processed with a higher content of this metal.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 51.7 thousand tonnes** and were higher by 3.3 thousand tonnes (+7%) compared to sales in February 2020. The increase was due to slightly higher production in February 2021 as well as to logistical issues – the postponement by several days of the sailing of a shipment of 1500 tonnes of cathodes from the end of January to February 2021, as announced in last month's report.
- **Sales of silver amounted to 80.3 tonnes** and were lower by 21.5 tonnes (-21%) compared to February 2020. The decrease was due to lower production and to the schedule of customer orders.
- **Sales of TPM amounted to 1.8 thousand troy ounces** and were lower by 12.2 thousand troy ounces (-87%) compared to sales in February 2020. The lower sales were due to the lack of a large exported shipment. In order to reduce logistical costs, sales of exported gold are made in large, single parties (usually no less than 200 kg).

Results of KGHM INTERNATIONAL LTD. in February 2021 - y/y:

Production and sales of KGHM INTERNATIONAL LTD.	February 2021	February 2020	I - II 2021	I - II 2020
Production				
Payable copper (kt)	4.9	4.6	10.4	9.2
TPM (koz t)	3.7	5.7	7.0	11.0
Sales				
Copper (kt)	5.3	7.2	10.2	12.8
TPM (koz t)	3.3	8.3	6.5	14.2
Silver (t)	0.3	0.8	0.7	1.4

Production of KGHM INTERNATIONAL LTD.:

- **Production of copper amounted to 4.9 thousand tonnes** and was higher by 0.3 thousand tonnes (+7%) compared to February 2020. The higher production of payable copper by the Robinson and Carlota mines offset lower production in the following mines:
 - Franke – lower by 0.24 thousand tonnes (-23%) mainly due to the lower quality of the ore extracted,
 - Sudbury – lower by 0.16 thousand tonnes (-62%) mainly due to lower copper content in ore.
- **Production of TPM amounted to 3.7 thousand troy ounces** and was lower by 2.0 thousand troy ounces (-35%) compared to February 2020. Higher production by the Robinson mine (+0.8 thousand troy ounces) did not offset lower production of precious metals in the Sudbury Basin (-2.8 thousand troy ounces – lower TPM content in ore).

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 5.3 thousand tonnes** and were lower by 1.9 thousand tonnes (-26%) compared to sales in February 2020. The main reason was lower sales of copper from Robinson concentrate, due to a slightly lower amount of copper concentrate sold as a result of the schedule of shipments agreed with customers. Due to the lower copper content in ore and the lower tonnage of material sold in February 2021 compared to the corresponding period of 2020, sales of copper from the Sudbury Basin were also lower (-0.2 thousand tonnes). Sales of copper also recorded a similar lower level in the case of cathodes from Franke (lower production). Sales of copper cathodes by the Carlota mine were slightly higher.
- **Sales of TPM amounted to 3.3 thousand troy ounces** and were lower by 5.0 thousand troy ounces (-60%) compared to February 2021. This was due to both to TPM sales from the Sudbury Basin (due to lower content of platinum, palladium and gold in ore) as well as sales of gold in concentrate from the Robinson mine due to a slightly lower volume of concentrate sold.
- **Sales of silver amounted to 0.3 tonnes** and were lower by 0.5 tonnes (-63%) than sales in February 2020. The difference was due to a lower amount of payable silver from Robinson concentrate (due to a lower volume of copper concentrate sold and lower silver content in concentrate). Sales of silver in ore from the Sudbury Basin were at the level of February 2020.

Results of Sierra Gorda S.C.M. in February 2021 - y/y:

Production and sales of Sierra Gorda (on a 55% basis)	February 2021	February 2020	I - II 2021	I - II 2020
Production				
Payable copper (kt)	7.3	6.2	13.4	11.8
Molybdenum (mn lbs)	0.4	0.7	1.0	1.4
Payable silver (t)	2.2	2.0	4.5	3.5
TPM (koz t)	2.1	3.1	4.4	5.8
Sales				
Copper (kt)	5.9	5.3	12.0	9.6
Molybdenum (mn lbs)	0.7	1.4	1.2	2.3
Silver (t)	1.9	1.7	3.8	2.8
TPM (koz t)	1.8	2.6	4.4	4.8

Production of Sierra Gorda (55%):

- **Production of payable copper amounted to 7.3 thousand tonnes** and was higher by 1.1 thousand tonnes (+18%) compared to February 2020. The increase in payable copper production in February and in the period January-February 2021 compared to the corresponding periods of 2020 was achieved thanks to higher copper content in mined ore, despite a lower volume of ore processed.
- **Production of molybdenum amounted to 0.4 million pounds** and was lower by 0.3 million pounds (-43%) compared to February 2020. The decrease in molybdenum production in February and in the period January-February 2021 compared to the corresponding periods of 2020 was due to the lower content of this metal in mined ore and to a lower volume of ore processed.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 5.9 thousand tonnes** and were higher by 0.6 thousand tonnes (+11%) compared to sales in February 2020. The reason for the increase was a higher volume of copper concentrate sold in February 2021 (by approx. 3.5 thousand tonnes dry weight) due to higher production of copper and to the schedule of planned shipments.
- **Sales of molybdenum amounted to 0.7 million pounds** and were lower by 0.7 million pounds (-50%) compared to February 2020. 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 1.9 tonnes** and were higher by 0.2 tonnes (+12%). This was due to slightly higher payable silver content in copper concentrate and to a higher volume of concentrate sold in February 2021.
- **Sales of TPM amounted to 1.8 thousand troy ounces** and were lower by 0.8 thousand troy ounces (-31%). The decrease was due to lower gold content in copper concentrate sold in February 2021 versus the corresponding period of 2020.