

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

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 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 September 2020 production of copper by the Group was below plan, due to lower mined production, a limited supply of scrap (in the first half of 2020) in KGHM Polska Miedź S.A. and lower production by KGHM INTERNATIONAL LTD. The volume of copper sales achieved was in line with budget targets.

The decrease in the production and sales of silver compared to the budget targets was mainly due to lower silver content in ore processed in Poland.

In the case of the other main products, production and sales were above the planned budget targets.

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

Production and sales of the KGHM Group	September 2020	September 2019	I - IX 2020	I - IX 2019
Production				
Payable copper (kt)	54.9	58.6	521.0	529.5
- including KGHM Polska Miedź S.A.*	41.8	45.9	411.9	427.6
Payable silver (t)	121.0	120.4	995.4	1 028.8
TPM (koz t)	16.2	18.6	145.3	157.1
Molybdenum (mn lbs)	0.5	0.7	7.3	8.8
Sales				
Copper (kt)	53.3	67.4	515.8	513.6
Silver (t)	119.3	142.0	1014.9	1042.2
TPM (koz t)	9.3	26.3	148.8	146.2
Molybdenum (mn lbs)	0.7	1.2	7.3	9.7

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 54.9 thousand tonnes**, or a decrease versus the corresponding month of 2019 by 3.7 thousand tonnes (-6%). The decrease in production was in respect of KGHM Polska Miedź S.A. (-4.1 thousand tonnes) and was mainly due to the maintenance shutdown at the Głogów I Copper Smelter and Refinery, and in KGHM INTERNATIONAL LTD. (-1.6 thousand tonnes) mainly due to mining in areas with lower quality ore at the Robinson mine. Improvement was recorded in Sierra Gorda (+2.0 thousand tonnes) due to the higher copper content and volume of ore processed.
- **Production of silver amounted to 121.0 tonnes**, or at a level comparable to the one achieved in September 2019.
- **Production of TPM amounted to 16.2 thousand thousand troy ounces**, or a decrease by 2.4 thousand troy ounces (-13%) mainly due to lower precious metals content in ore extracted by the Sudbury Basin mines and by the Robinson mine.
- **Production of molybdenum amounted to 0.5 million pounds**. The decrease in production by 0.2 million pounds (-29%) was due to the lower content of this metal, and to the lower volume of ore processed, in the Sierra Gorda mine.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 53.3 thousand tonnes** and were lower by 14.1 thousand tonnes (-21%) compared to sales of copper in September 2019. The main reason for this decrease was lower sales of copper by KGHM Polska Miedź S.A. in September 2020 due to the substantial acceleration of sales in the prior months of 2020. Sales by the Sierra Gorda mine were also slightly lower.
- **Sales of silver amounted to 119.3 tonnes** and were lower by 22.7 tonnes (-16%) compared to sales in September 2019. This result was mainly due to lower sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 9.3 thousand troy ounces** and were lower by 17 thousand troy ounces (-65%) compared to the corresponding period of 2019. The decrease was due to sales of gold by KGHM Polska Miedź S.A.
- **Sales of molybdenum amounted to 0.7 million pounds** and were lower by 0.5 million pounds (-42%) compared to September 2019. The decrease in sales was in respect of the Sierra Gorda mine.

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

Production and sales of KGHM Polska Miedź S.A.	September 2020	September 2019	I - IX 2020	I - IX 2019
Mine production:				
Copper in concentrate (kt)	33.5	34.3	296.8	304.9
Silver in concentrate (t)	104.6	104.0	916.9	952.1
Metallurgical production:				
Electrolytic copper (kt)	41.8	45.9	411.9	427.6
- including from own concentrate	28.7	31.0	287.1	313.1
Metallic silver (t)	118.2	119.0	975.4	1 017.9
TPM (koz t)	9.2	8.3	67.1	71.4
Sales				
Copper (kt)	43.7	54.9	405.0	414.6
Silver (t)	117.2	139.2	989.9	1029.1
TPM (koz t)	3.2	16.4	67.4	68.8

Production of KGHM Polska Miedź S.A.:

- **Production of copper in concentrate amounted to 33.5 thousand tonnes** and was lower by 0.8 thousand tonnes (-2%) compared to September 2019. The lower production was due to the processing of lower quality ore from the mines.
- **Production of silver in concentrate amounted to 104.6 tonnes** and was slightly higher (+0.6 tonnes, +0.6%) compared to September 2019, due to the higher content of this mineral in the ore.
- **Production of electrolytic copper amounted to 41.8 thousand tonnes** and was lower by 4.1 thousand tonnes (-9%) compared to September 2019. The decrease in cathode production was due to a limited supply of copper scrap in the first half and to the maintenance shutdown at the Głogów I Copper Smelter and Refinery.
- **Production of metallic silver amounted to 118.2 tonnes** and was at a similar level to that recorded in September 2019.
- **Production of TPM (metallic gold) amounted to 9.2 thousand troy ounces** and was higher by 0.9 thousand troy ounces (+11%) compared to September 2019.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 43.7 thousand tonnes** and were lower by 11.2 thousand tonnes (-20%) compared to sales in September 2019. The decrease was due to lower production in September 2020 (by 9% compared to September 2019) and to substantially higher sales compared to production in the prior months of the year. It should be noted that accrued sales in the period from January to September 2020, despite the decrease in production by approx. 15.7 thousand tonnes, were lower only by around 9.6 thousand tonnes, which was facilitated by a substantial decrease in electrolytic copper inventories by approx. 6 thousand tonnes compared to 2019.
- **Sales of silver amounted to 117.2 tonnes** and were lower by 22 tonnes (-16%) compared to sales in September 2019. The decrease was due to the agreed schedule of deliveries to customers in the current year. 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 3.2 thousand troy ounces** and were lower by 13.2 thousand troy ounces (-80%) compared to sales in September 2019. The decrease in sales was due to the fact that there was no large shipment of exported gold. 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 September 2020 - y/y:

Production and sales of KGHM INTERNATIONAL LTD.	September 2020	September 2019	I - IX 2020	I - IX 2019
Production				
Payable copper (kt)	5.9	7.5	49.2	57.5
TPM (koz t)	4.4	7.7	54.4	62.9
Molybdenum (mn lbs)	0.01	0.02	0.37	0.59
Sales				
Copper (kt)	5.4	5.9	54.2	52.9
TPM (koz t)	4.5	6.5	58.5	53.5
Silver (t)	0.4	1.1	6.1	1.9
Molybdenum (mn lbs)	0.02	0.02	0.48	0.68

Production of KGHM INTERNATIONAL LTD.:

- Production of copper amounted to 5.9 thousand tonnes** and was lower by 1.6 thousand tonnes (-21%) compared to September 2019. Payable copper production was lower in all of the mines of KGHM INTERNATIONAL LTD. with the exception of the Carlota mine.
 Lower copper production in:
 - the Robinson mine (by 1.5 thousand tonnes) was mainly due to extracting from a part of the deposit with lower copper content in ore than in 2019,
 - the Franke mine (by 0.1 thousand tonnes) was mainly due to lower recovery, due to high carbonates content in the deposit, as well as to lower content of soluble copper in the feed material,
 - the Sudbury Basin (by 0.1 thousand tonnes) was mainly due to extracting from a part of the deposit with lower copper content in ore.
- Production of TPM amounted to 4.4 thousand troy ounces** and was lower by 3.3 thousand troy ounces (-43%) compared to September 2019. Lower production of precious metals was recorded both in the Sudbury Basin (-1.0 thousand troy ounces – lower TPM content in ore), and in the Robinson mine (-2.3 thousand troy ounces – lower gold content in ore and lower recovery).
- Production of molybdenum in the Robinson mine amounted to 0.01 million pounds** and was lower by 0.01 million pounds (-50%) than the amount produced in September 2019.

Sales of KGHM INTERNATIONAL LTD.:

- Sales of copper amounted to 5.4 thousand tonnes** and were lower by 0.5 thousand tonnes (-8%) compared to sales in September 2019. One of the factors responsible for this was the lower sales of copper from Robinson concentrate due to the slightly lower volume of concentrate sold. There was a slight decrease in sales of cathodes from the Franke mine as well as of copper extracted from the Sudbury Basin (altogether by approx. 0.2 thousand tonnes). In the case of ore from the Sudbury Basin, the tonnage of material sold was lower by approx. 11.5 thousand tonnes. There was however a slight increase in sales of copper due to cathode sales from the Carlota mine (higher production).
- Sales of TPM amounted to 4.5 thousand troy ounces** and were lower by 2 thousand troy ounces (-31%) compared to the corresponding period of 2019. This was due to lower sales of TPM from the Sudbury Basin resulting from the lower content of platinum and palladium and a substantially lower amount of ore shipped, as well as to lower sales of gold from Robinson concentrate (lower gold content in sold concentrate).
- Sales of silver amounted to 0.4 tonnes** and were lower by 0.7 tonnes (-64%) than sales in September 2019. The difference was due to lower sales of silver from Robinson concentrate (lower silver production and a slightly lower volume of concentrate sold compared to September 2019).
- Sales of molybdenum amounted to 0.02 million pounds** and were at the same level as sales in September 2019.

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

Production and sales of Sierra Gorda (on a 55% basis)	September 2020	September 2019	I - IX 2020	I - IX 2019
Production				
Payable copper (kt)	7.2	5.2	59.9	44.4
Molybdenum (mn lbs)	0.5	0.7	6.9	8.2
Payable silver (t)	2.8	1.4	20.0	10.9
TPM (koz t)	2.6	2.6	23.8	22.8
Sales				
Copper (kt)	4.2	6.6	56.6	46.1
Molybdenum (mn lbs)	0.7	1.2	6.8	9.0
Silver (t)	1.7	1.7	18.9	11.2
TPM (koz t)	1.6	3.4	22.9	23.9

Production of Sierra Gorda (55%):

- **Production of payable copper amounted to 7.2 thousand tonnes** and was higher by 2.0 thousand tonnes (+38%) compared to September 2019.
- The increase in payable copper production in September as well as in the period from January to September 2020 was due to higher ore throughput as well as to higher copper content in extracted ore compared to the corresponding periods of 2019.
- **Production of molybdenum amounted to 0.5 million pounds** and was lower by 0.2 million pounds (-29%) compared to September 2019.
- The decrease in molybdenum production in September 2020 as well as in the period January to September 2020 was due to lower metal content in extracted ore compared to the corresponding periods of 2019. The impact of this factor was partially offset by the higher volume of processed ore.

Sales of Sierra Gorda (55%):

- **Sales of copper amounted to 4.2 thousand tonnes** and were lower by 2.4 thousand tonnes (-36%) compared to sales in September 2019. This was due to the lower volume of copper concentrate sold in September 2020 by approx. 19 thousand tonnes dry weight, mainly due to the situation in the Port of Antofagasta, which was closed for nearly two weeks due to strikes and tides.
- **Sales of molybdenum amounted to 0.7 million pounds** and were lower by 0.5 million pounds (-42%) compared to September 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 1.7 tonnes** and were at the same level as sales in September 2019.
- **Sales of TPM amounted to 1.6 thousand troy ounces** and were lower by 1.8 thousand troy ounces (-53%). The decrease in gold sales was mainly due, similarly as in the case of copper, to a lower volume of sold copper concentrate.