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

*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 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 first two months of 2019 production by the Group was higher than in the comparable period of 2018 and is in accordance with, or higher than, the amounts targeted in the budget. Molybdenum is the exception, whose decrease compared to 2018 was due to the planned sequencing of extraction by the Sierra Gorda mine, which called for mining to be performed in areas with lower molybdenum content.

### Production results of the KGHM Group in February 2019 - yoy:

- **Payable copper production amounted to 53.8 thousand tonnes**, exceeding the level achieved in the comparable period of 2018 by 19%. The higher production came from KGHM Polska Miedź S.A. (mainly with respect to the production of own concentrate, including from inventories) and from Sierra Gorda (a higher volume of ore processed). The decrease in production by KGHM International was with respect to the Robinson mine and was mainly due to extracting ore with lower copper content.
- **Silver production amounted to 119.9 tonnes**. Production was higher by 68% as compared to the comparable month of 2018.
- **TPM production amounted to 15.6 thousand troy ounces**. The increase by 19% was due to higher production of gold by KGHM Polska Miedź S.A. and Sierra Gorda, with a similar level of production of precious metals in February 2018 by KGHM International.
- **Molybdenum production amounted to 1.2 million pounds** and was 14% lower than the level in the prior year due to lower content of molybdenum in ore extracted by the Sierra Gorda mine.

### Sales by the KGHM Group in February 2019 - yoy:

- **Sales of payable copper amounted to 61 thousand tonnes** and were higher by 17.5 thousand tonnes (+40%) as compared to sales of payable copper in February 2018. The main reason were higher sales of copper by KGHM Polska Miedź S.A. and by the Sierra Gorda mine.
- **Sales of silver amounted to 123.1 tonnes** and were higher by 37.4 tonnes (+44%) as compared to sales in February 2018. The main reason were higher sales of silver from the production assets in Poland.

- **TPM sales amounted to 18.6 thousand troy ounces** and were higher by 10.4 thousand troy ounces (+127%) as compared to sales in February 2018. The main reason were the much higher sales of gold in February 2019 by KGHM Polska Miedź S.A.
- **Molybdenum sales amounted to 1.5 million pounds** and were comparable to sales in February 2018 (-2%).

#### **KGHM Polska Miedź S.A.:**

- **Sales of copper amounted to 50.1 thousand tonnes** and were higher by 18.8 thousand tonnes (+60%) as compared to sales in February 2018. The difference was due to the greater availability of copper cathodes for sale, which in turn is the result of higher production of electrolytic copper by the metallurgical facilities of KGHM in the first two months of 2019 as compared to the comparable period of 2018 (altogether by 20.1 thousand tonnes).
- **Sales of silver amounted to 121.6 tonnes** and were higher by 38.5 tonnes (+46%) as compared to sales in February 2018. The difference was due to higher production as compared to the comparable period of 2018 and to the schedule of orders and the agreed schedule of shipments to customers in the current year. Silver sales beyond the border of Poland are usually shipped in batches of approx. 20 tonnes each. This however means that any increase / decrease in the amount of shipments by a single shipment has an enormous impact on the sales dynamic in individual months.
- **TPM sales amounted to 11.0 thousand tonnes** and were higher by 9.6 thousand troy ounces (+658%) as compared to sales in February 2018. Similarly as in the case of silver shipments, gold is also exported in larger single batches (usually not less than 200 kg). In February 2019, a shipment of gold for export was made based on production in the first two months of the year (as mentioned in the prior report, in January 2019 there was an insufficient amount of gold accumulated to enable the organisation of a shipment for export; likewise, there was no shipment made in February 2018).

#### **KGHM International:**

- **Sales of copper amounted to 4.5 thousand tonnes** and were lower by 2.1 thousand tonnes (-31%) as compared to sales in February 2018. The main reasons were: a lower volume of concentrate sold by the Robinson mine by approx. 10 thousand tonnes dry weight (representing a decrease in shipments by one lot – in accordance with the agreed schedule of shipments to customers) and at the same time lower sales of payable copper by approx. 2.4 thousand tonnes and lower sales of cathodes by the Franke mine by approx. 0.17 thousand tonnes. At the same time sales of copper in ore from the Sudbury Basin mines and of cathodes by the Carlota mine were higher in total by approx. 0.2 thousand tonnes as compared to February 2018.
- **TPM sales amounted to 4.1 thousand troy ounces** and were lower by 0.6 thousand troy ounces (-12%) as compared to sales in February 2018. The main reason for the decrease was, similarly as in the case of copper, a lower volume of concentrate sales by the Robinson mine, offset by higher TPM production from the Sudbury Basin (by approx. 1.1 thousand troy ounces).
- **Sales of silver amounted to -0.1 tonnes** and were lower by 1.1 tonnes (-109%) as compared to sales in February 2018. The main reason for the decrease was the adjustment in February 2019 of the provisional amount of silver in concentrate sold by the Robinson mine as compared to previous shipments. This difference was slightly offset by higher production of this mineral from ore excavated by the Sudbury Basin mines.
- **Molybdenum sales amounted to 0.059 million pounds** and were higher by 0.056 million pounds (+2118%), as compared to the comparable period of 2018. Sales in February 2019 were a reflection of the level of production during this period (higher by approx. 0.07 million pounds).

**Sierra Gorda (55%):**

- **Sales of copper amounted to 6.3 thousand tonnes** and were higher by 0.7 thousand tonnes (+13%) as compared to sales in February 2018. This was due to a higher volume of copper concentrate sold – by approx. 3.6 thousand tonnes dry weight (on a 100% basis).
- **Molybdenum sales amounted to 1.4 million pounds** and were lower by 0.1 million pounds (-5%) as compared to sales in February 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 1.6 tonnes** and were higher by 0.1 tonnes (+6%). The higher sales of silver, similarly as in the case of copper, were due to the higher volume of copper concentrate sold in February 2019 as compared to sales in February 2018.
- **TPM sales amounted to 3.5 thousand troy ounces** and were higher by 1.4 thousand troy ounces (+71%). The higher sales of TPM, apart from the higher volume of copper concentrate sold, were also due to the higher content of gold in concentrate sold in February by Sierra Gorda (as compared to sales in February 2018).

<b>Production and sales of the KGHM Group</b>	<b>February 2019</b>	<b>February 2018</b>	<b>monthly change* yoy</b>
<b>Production</b>			
Payable copper (kt)	53.8	45.4	19%
Payable silver (t)	119.9	71.4	68%
TPM (koz t)	15.6	13.1	19%
Molybdenum (mn lbs)	1.2	1.4	-14%
<b>Sales</b>			
Copper (kt)	61.0	43.5	40%
Silver (t)	123.1	85.7	44%
TPM (koz t)	18.6	8.2	127%
Molybdenum (mn lbs)	1.5	1.5	-2%

<b>Production and sales of KGHM Polska Miedź S.A.</b>	<b>February 2019</b>	<b>February 2018</b>	<b>monthly change* yoy</b>
<b>Mine production:</b>			
Copper in concentrate (kt)	31.0	32.8	-5%
Silver in concentrate (t)	95.2	103.1	-8%
<b>Metallurgical production:</b>			
Electrolytic copper (kt)	44.2	34.9	27%
- including from own concentrate	32.4	27.3	19%
Metallic silver (t)	118.7	70.3	69%
TPM (koz t)	7.8	6.4	21%
<b>Sales</b>			
Copper (kt)	50.1	31.3	60%
Silver (t)	121.6	83.1	46%
TPM (koz t)	11.0	1.4	658%

<b>Production and sales of KGHM International</b>	<b>February 2019</b>	<b>February 2018</b>	<b>monthly change* yoy</b>
<b>Production</b>			
Payable copper (kt)	4.8	6.3	-24%
TPM (koz t)	5.05	5.08	-1%
Molybdenum (mn lbs)	0.08	0.01	1090%
<b>Sales</b>			
Copper (kt)	4.5	6.6	-31%
TPM (koz t)	4.1	4.7	-12%
Silver (t)	-0.1	1.0	-109%
Molybdenum (mn lbs)	0.059	0.003	2118%

<b>Production and sales of Sierra Gorda (on a 55% basis)</b>	<b>February 2019</b>	<b>February 2018</b>	<b>monthly change* yoy</b>
<b>Production</b>			
Payable copper (kt)	4.8	4.2	14%
Molybdenum (mn lbs)	1.1	1.4	-22%
Payable silver (t)	1.2	1.1	14%
TPM (koz t)	2.7	1.6	68%
<b>Sales</b>			
Copper (kt)	6.3	5.6	13%
Molybdenum (mn lbs)	1.4	1.5	-5%
Silver (t)	1.6	1.5	6%
TPM (koz t)	3.5	2.1	71%

\* percentage change on the basis of unrounded data