

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for July 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 first 7 months of 2020, production of copper by the Group was slightly below plan, while sales of this metal were slightly above the planned target.

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

The coronavirus pandemic did not have a significant impact on the production results of the Group – in the first 7 months of 2020 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 July 2020 - y/y:

Production and sales of the KGHM Group	July 2020	July 2019	I - VII 2020	I - VII 2019
Production				
Payable copper (kt)	57.5	59.8	408.2	411.6
- including KGHM Polska Miedź S.A.*	44.7	47.9	325.5	334.6
Payable silver (t)	108.6	74.7	816.1	786.4
TPM (koz t)	15.1	16.6	115.1	120.6
Molybdenum (mn lbs)	0.8	0.6	6.1	6.7
Sales				
Copper (kt)	54.5	47.6	404.5	394.3
Silver (t)	105.2	84.1	830.4	797.2
TPM (koz t)	8.3	8.1	115.7	109.1
Molybdenum (mn lbs)	1.0	0.9	6.0	7.2

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 57.5 thousand tonnes**, or a decrease versus the corresponding month of 2019 by 2.3 thousand tonnes (-4%). The decrease in production was in respect of KGHM Polska Miedź S.A. (-3.2 thousand tonnes) due to restricted copper scrap supply and to the maintenance shutdown at the Głogów I Copper Smelter and Refinery, and also in respect of KGHM INTERNATIONAL LTD. (-0.8 thousand tonnes). Improvement was recorded in Sierra Gorda (+1.8 thousand tonnes) as a result of a higher volume of processed ore and higher copper grade.
- **Production of silver amounted to 108.6 tonnes** – the increase by 33.9 tonnes (+45%) was due to the higher production of this metal by KGHM Polska Miedź S.A.
- **Production of TPM amounted to 15.1 thousand troy ounces**, or a decrease by 1.5 thousand troy ounces (-9%) mainly due to lower production by the Sudbury Basin mines and by the Robinson mine.
- **Production of molybdenum amounted to 0.8 million pounds**. The increase in production by 0.2 million pounds (+33%) was in respect of the Sierra Gorda mine, due to the higher content of this metal and to a higher volume of processed ore.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 54.5 thousand tonnes** and was higher by 6.9 thousand tonnes (+14%) compared to sales of copper in July 2019. The main reason for this increase was higher sales of copper by KGHM Polska Miedź S.A. Copper sales were also higher in KGHM INTERNATIONAL LTD. (by approx. 1.8 thousand tonnes).
- **Sales of silver amounted to 105.2 tonnes** and were higher by 21.1 tonnes (+25%) compared to sales in July 2019. This result was mainly due to higher sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 8.3 thousand troy ounces** and were comparable to the amount recorded in the corresponding period of 2019 (+2%).
- **Sales of molybdenum amounted to 1.0 million pounds** and were higher by 0.1 million pounds (+11%) compared to July 2019. The increase in sales was in respect of the Sierra Gorda mine.

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

Production and sales of KGHM Polska Miedź S.A.	July 2020	July 2019	I - VII 2020	I - VII 2019
Mine production:				
Copper in concentrate (kt)	33.3	35.3	232.1	235.4
Silver in concentrate (t)	100.7	108.3	717.7	741.4
Metallurgical production:				
Electrolytic copper (kt)	44.7	47.9	325.5	334.6
- including from own concentrate	27.3	35.4	233.1	242.9
Metallic silver (t)	106.4	73.5	801.5	778.1
TPM (koz t)	7.2	6.4	52.8	57.0
Sales				
Copper (kt)	43.3	38.5	320.40	318.3
Silver (t)	102.7	82.3	811.90	788.1
TPM (koz t)	1.3	1.4	51.55	52.1

Production of KGHM Polska Miedź S.A.:

- **Production of copper in concentrate amounted to 33.3 thousand tonnes** and was lower by 2 thousand tonnes (-6%) compared to July 2019. The lower production was due to a lower amount of ore processed by the mines.
- **Production of silver in concentrate amounted to 100.7 tonnes** and was lower by 7.6 tonnes (-7%) compared to July 2019, due to the lower content of this mineral in the deposit.
- **Production of electrolytic copper amounted to 44.7 thousand tonnes** and was lower by 3.2 thousand tonnes (-7%) compared to July 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 106.4 tonnes** and was higher by 32.9 tonnes (+45%) compared to July 2019. In July 2019 maintenance was conducted at the Precious Metals Plant, while in 2020 the maintenance shutdown is in August.
- **Production of TPM (metallic gold) amounted to 7.2 thousand troy ounces** and was higher by 0.8 thousand troy ounces (+13%) compared to July 2019.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 43.3 thousand tonnes** and were higher by 4.8 thousand tonnes (+12%) compared to July 2019. The higher sales of copper cathodes was mainly due to the continued high demand for copper in Asia. In addition, the lower sales in July 2019 were due to the need to build up inventories related to the autumn maintenance shutdown at the Cedynia Wire Rod Plant. Similarly, the higher sales alongside the lower production of electrolytic copper in July 2020 versus July 2019 will mean the need to build up inventories in subsequent months (August / September 2020), which could lead to a visible drop in sales compared to last year.
- **Sales of silver amounted to 102.7 tonnes** and were higher by 20.4 tonnes (+25%) compared to sales in July 2019. The increase was due to higher production of silver and 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 1.3 thousand troy ounces** and were lower by 0.1 thousand troy ounces (-7%) compared to sales in July 2019. The decrease was due to lower sales of gold in Poland compared to the corresponding period of 2019.

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

Production and sales of KGHM INTERNATIONAL LTD.	July 2020	July 2019	I - VII 2020	I - VII 2019
Production				
Payable copper (kt)	6.4	7.2	37.1	43.2
TPM (koz t)	5.4	7.5	43.6	46.5
Molybdenum (mn lbs)	0.02	0.05	0.33	0.54
Sales				
Copper (kt)	5.8	4.0	40.8	40.5
TPM (koz t)	5.0	3.7	46.1	38.8
Silver (t)	0.7	0.4	4.6	0.4
Molybdenum (mn lbs)	0.061	0.092	0.4	0.6

Production of KGHM INTERNATIONAL LTD.:

- Production of copper amounted to 6.4 thousand tonnes** and was lower by 0.8 thousand tonnes (-11%) compared to July 2019. Payable copper production decreased in all of the mines of KGHM INTERNATIONAL LTD. with the exception of the Carlota mine.
 Lower copper production in:
 - the Franke mine (by 0.4 thousand tonnes) was mainly due to lower copper content in ore and to lower recovery, due to high carbonates content in the deposit,
 - the Robinson mine (by 0.3 thousand tonnes) was due to the lower availability of the processing plant (repairs and maintenance),
 - the Sudbury Basin (by 0.1 thousand tonnes) mainly due to extracting from a deposit with lower copper content.
- Production of TPM in July 2020 amounted to 5.4 thousand troy ounces** and was lower by 2.1 thousand troy ounces (-28%) compared to July 2019. Lower production of precious metals was recorded in the Sudbury Basin (-0.6 thousand troy ounces - lower precious metals content in ore), and in the Robinson mine (-1.5 thousand troy ounces - lower gold content in ore and lower recovery).
- Production of molybdenum in the Robinson mine amounted to 0.02 million pounds** and was lower by 0.03 million pounds (-60%) than the amount produced in July 2019 due to the mining of ore with lower molybdenum grade and to lower recovery.

Sales of KGHM INTERNATIONAL LTD.:

- Sales of copper amounted to 5.8 thousand tonnes** and were higher by 1.8 thousand tonnes (+45%) compared to sales in July 2019. The main reason was higher sales of copper from Robinson concentrate (due to a higher volume of material sold by one party, i.e. by approx. 10 thousand tonnes dry weight). There was a slight decrease in sales of cathodes from the Franke mine (lower production) and of copper from ore from the Sudbury Basin (a lower volume of ore sold).
- Sales of TPM amounted to 5.0 thousand troy ounces** and were higher by 1.3 thousand troy ounces (+35%) compared to the corresponding period of 2019. This was due to higher sales of gold from Robinson concentrate as a result of a higher amount of copper concentrate sold. Sales of TPM from the Sudbury Basin were lower by 0.6 thousand troy ounces (a lower amount of material delivered).
- Sales of silver amounted to 0.7 tonnes** and were higher by 0.3 tonnes (+75%) than sales in July 2019. The difference was due to higher sales of silver from Robinson concentrate (a higher volume of concentrate sold compared to July 2019). The amount of sold silver contained in Sudbury ore was at the level of July 2019.
- Sales of molybdenum amounted to 0.061 million pounds** and was lower by 0.031 million pounds compared to sales in the corresponding period of 2019 (-34%). The decrease was due to lower production of molybdenum and to the schedule of shipments agreed with the customer.

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

Production and sales of Sierra Gorda (on a 55% basis)	July 2020	July 2019	I - VII 2020	I - VII 2019
Production of				
Payable copper (kt)	6.4	4.6	45.7	33.9
Molybdenum (mn lbs)	0.8	0.5	5.8	6.2
Payable silver (t)	2.2	1.2	14.7	8.3
TPM (koz t)	2.5	2.7	18.7	17.2
Sales				
Copper (kt)	5.4	5.1	43.3	35.5
Molybdenum (mn lbs)	0.9	0.8	5.5	6.6
Silver (t)	1.8	1.3	13.9	8.6
TPM (koz t)	2.0	3.0	18.0	18.3

Production of Sierra Gorda (55%):

- **Production of payable copper amounted to 6.4 thousand tonnes** and was higher by 1.8 thousand tonnes (+39%) compared to July 2019.
- The increase in payable copper production, both in the period January to July 2020 as well as in the month of July, 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 0.8 million pounds** and was higher by 0.3 million pounds (+60%) compared to July 2019.
- The increase in molybdenum production in July 2020 compared to July 2019 was due to higher metal content and to a higher volume of processed ore. In the period January to July 2020 production of molybdenum decreased, 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 5.4 thousand tonnes** and were higher by 0.3 thousand tonnes (+6%) compared to sales in July 2019. This was due to a slightly higher volume of copper concentrate sold in July 2020 mainly as a result of the higher production of copper.
 - **Sales of molybdenum amounted to 0.9 million pounds** and were higher by 0.1 million pounds (+13%) compared to July 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 1.8 tonnes** and were higher by 0.5 tonnes (+38%). The increase was mainly due to higher silver content in the copper concentrate.
- Sales of TPM amounted to 2.0 thousand troy ounces** and were lower by 1.0 thousand troy ounces (-33%). The decrease was due to lower gold content in sold material.