

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for April 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 period January to April 2020, production and sales in the segment KGHM Polska Miedź S.A. were at the same level, or higher, than the budget targets for this period. Sierra Gorda recorded good results in the case of copper and gold production. Only in KGHM INTERNATIONAL LTD. were the copper production and sales targets not achieved.

As compared to production volumes achieved in the corresponding period of 2019, production of all items, with the exception of molybdenum, was at the same or a higher level.

The strong sales recorded by the KGHM Group in April were achieved despite the challenging commercial conditions in Europe and globally caused by the pandemic.

The coronavirus pandemic did not have a significant impact on the production results of the Group. As a result of the threat related to COVID-19, the companies of the KGHM Group are taking preventative actions aimed at reducing the risk of infection amongst employees and subcontractors, as well as the risk of potential restrictions to production as a result of eventual temporary production shutdowns.

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

Production and sales of the KGHM Group	April 2020	April 2019	I - IV 2020	I - IV 2019
Production				
Payable copper (kt)	56.5	58.6	230.6	231.3
- including KGHM Polska Miedź S.A.*	45.9	47.9	186.9	189.6
Payable silver (t)	125.2	127.9	460.1	452.5
TPM (koz t)	17.0	19.9	68.5	64.9
Molybdenum (mn lbs)	0.7	0.4	2.5	3.6
Sales				
Copper (kt)	55.7	51.7	220.8	218.7
Silver (t)	125.8	100.2	477.5	429.3
TPM (koz t)	16.4	15.3	75.3	60.1
Molybdenum (mn lbs)	0.9	0.9	3.7	4.5

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 56.5 thousand tonnes**, or a decrease versus the corresponding month of 2019 by 2.1 thousand tonnes (-4%), alongside an increase in Sierra Gorda by 1.2 thousand tonnes (+27%) and decreases in KGHM Polska Miedź S.A. by 2.0 thousand tonnes (-4%) and KGHM INTERNATIONAL LTD. by 1.3 thousand tonnes (-21%).
- **Production of silver amounted to 125.2 tonnes** – a decrease by 2% due to lower production of silver in concentrate in KGHM Polska Miedź S.A.
- **Production of TPM amounted to 17.0 thousand troy ounces**, or 2.9 thousand troy ounces (-15%) less than the amount recorded a year earlier due to a lower level of processing of purchased concentrates by KGHM Polska Miedź S.A.
- **Production of molybdenum amounted to 0.7 million pounds**, or an increase compared to April 2019 by 0.3 million pounds (+75%).

Sales of the KGHM Group:

- **Sales of payable copper amounted to 55.7 thousand tonnes** and were higher by 4 thousand tonnes (+8%) compared to sales of copper in April 2019. The main reason was higher sales of this metal by the Sierra Gorda and Robinson mines.
- **Sales of silver amounted to 125.8 tonnes** and were higher by 25.6 tonnes compared to sales in April 2019 (+26%). The increase was due to sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 16.4 thousand troy ounces** and were higher by 1.1 thousand troy ounces (+7%) compared to the corresponding period of 2019. This result was mainly due to higher sales of gold in April 2020 by KGHM INTERNATIONAL LTD.
- **Sales of molybdenum amounted to 0.9 million pounds** and were at the same level as in April 2019.

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

Production and sales of KGHM Polska Miedź S.A.	April 2020	April 2019	I - IV 2020	I - IV 2019
Mine production:				
Copper in concentrate (kt)	31.8	33.8	130.9	133.0
Silver in concentrate (t)	98.5	105.8	410.5	417.3
Metallurgical production:				
Electrolytic copper (kt)	45.9	47.9	186.9	189.6
- including from own concentrate	34.3	34.7	137.2	138.9
Metallic silver (t)	123.3	126.8	452.5	447.8
TPM (koz t)	7.9	10.2	33.1	29.9
Sales				
Copper (kt)	42.4	42.4	174.6	177.2
Silver (t)	122.7	99.3	467.9	424.6
TPM (koz t)	6.6	7.5	37.1	27.8

Production of KGHM Polska Miedź S.A.:

- **Production of copper in concentrate amounted to 31.8 thousand tonnes** and was lower by 2 thousand tonnes (-6%) compared to April 2019. The lower production was due to a lower amount of ore processed by the mines. In terms of the accrued results, production was at the planned level and was similar to the volume of the prior year.
- **Production of silver in concentrate amounted to 98.5 tonnes** and was lower by 7.3 tonnes (-7%) compared to April 2019.
- **Production of electrolytic copper amounted to 45.9 thousand tonnes** and was lower by 2 thousand tonnes (-4%) compared to April 2019. The decrease in cathode production was due to a limited supply of copper scrap and to the setting aside of anodes 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 123.3 tonnes** and was lower by 3.5 tonnes (-3%) compared to April 2019. The slightly lower production of metallic silver is derivative of the scale of production of silver in concentrate.
- **Production of TPM (metallic gold) amounted to 7.9 thousand troy ounces** and was lower by 2.3 thousand troy ounces (-23%) compared to April 2019. The lower gold production was due to a lower amount of concentrates purchased and processed, with a higher content of this metal.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 42.4 thousand tonnes** and, despite lower production in April 2020, were at the same level as sales in April 2019. This situation results in the need to build up inventories and, as a result, will have an impact on sales in May 2020.
- **Sales of silver amounted to 122.7 tonnes** and were higher by 23.4 tonnes compared to sales in April 2019 (+24%). The increase was due to the schedule of deliveries agreed with 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 6.6 thousand troy ounces** and were lower by 0.9 thousand troy ounces (-12%) compared to sales in April 2019. The difference was due among others to lower production compared to the corresponding month of 2019 and to the schedule of deliveries to customers.

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

Production and sales of KGHM INTERNATIONAL LTD.	April 2020	April 2019	I - IV 2020	I - IV 2019
Production				
Payable copper (kt)	5.0	6.3	19.1	22.6
TPM (koz t)	6.7	7.5	24.5	25.4
Molybdenum (mn lbs)	0.04	0.12	0.22	0.32
Sales				
Copper (kt)	5.2	4.0	23.3	21.9
TPM (koz t)	6.7	5.1	27.9	22.3
Silver (t)	0.5	-0.4	2.6	-0.1
Molybdenum (mn lbs)	0.081	0.134	0.3	0.4

Production of KGHM INTERNATIONAL LTD.:

- **Production of copper amounted to 5.0 thousand tonnes** and was lower by 1.3 thousand tonnes (-21%) compared to April 2019. Payable copper production decreased in all of the mines, with the exception of the Carlota mine. The reasons for this lower copper production were as follows:
 - Robinson mine (by 0.7 thousand tonnes): mainly due to lower recovery caused by high zinc content and clays in the ore, as well as to slightly lower copper content in ore,
 - Franke mine (by 0.5 thousand tonnes): mainly due to lower recovery, caused by a high carbonates content in ore extracted from the Franke deposit and lower soluble copper content in ore,
 - Sudbury Basin (by 0.3 thousand tonnes): due to lower copper content in ore and to lower extraction due to a focus on extracting ore from a TPM-rich zone.
- **Production of TPM amounted to 6.7 thousand troy ounces** and was lower by 0.8 thousand troy ounces (-11%) compared to April 2019. The lower production of precious metals was due to lower gold production by the Robinson mine (by 1.3 thousand troy ounces – lower gold content in ore and lower recovery caused by high zinc content in the ore), which was not offset by higher TPM production in the Sudbury Basin by 0.4 thousand troy ounces.
- **Production of molybdenum amounted to 0.04 million pounds** and was lower by 0.08 million pounds (-67%) than the amount recorded in April 2019 due to lower molybdenum content in ore.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 5.2 thousand tonnes** and were higher by 1.2 thousand tonnes (+30%) compared to sales in April 2019. The main reason was higher sales of payable copper from Robinson concentrate by approx. 1.8 thousand tonnes. The increase was mainly due to a higher volume of Robinson concentrate sold by approx. 10 thousand tonnes dry weight due to the schedule of deliveries agreed upon (one shipment more in April 2020 than compared to April 2019). Lower copper sales were recorded in the case of cathodes from the Franke mine (lower production) and ore from the Sudbury Basin (both lower payable copper production as well as a lower volume of ore sold), in total by approx. 0.8 thousand tonnes.
- **Sales of TPM amounted to 6.7 thousand troy ounces** and were higher by 1.6 thousand troy ounces (+31%) compared to the corresponding period of 2019. The reason for the increase was mainly, as in the case of copper, the higher volume of Robinson concentrate sold compared to the corresponding period of 2019. TPM sales from Sudbury ore were also slightly higher (higher palladium content in sold ore).
- **Sales of silver amounted to 0.5 tonnes** and were higher by 0.9 tonnes compared to April 2019. Such a significant difference was due to the adjustment in April 2019 of the provisional amount of silver in Robinson concentrate in previous shipments.
- **Sales of molybdenum amounted to 0.081 million pounds** and were lower by 0.053 million pounds (-40%) than sales in the corresponding period of 2019. Sales in April 2020 reflected production during this period (lower by approx. 0.08 million pounds).

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

Production and sales of Sierra Gorda (on a 55% basis)	April 2020	April 2019	I - IV 2020	I - IV 2019
Production				
Payable copper (kt)	5.6	4.4	24.6	19.1
Molybdenum (mn lbs)	0.7	0.3	2.3	3.3
Payable silver (t)	1.9	1.1	7.6	4.7
TPM (koz t)	2.4	2.2	10.9	9.6
Sales				
Copper (kt)	8.1	5.3	22.9	19.6
Molybdenum (mn lbs)	0.8	0.8	3.4	4.2
Silver (t)	2.6	1.3	7.0	4.8
TPM (koz t)	3.1	2.8	10.3	10.0

Production of Sierra Gorda (55%):

- **Production of payable copper amounted to 5.6 thousand tonnes** and was higher by 1.2 thousand tonnes (+27%) compared to April 2019.
- The increase in payable copper production, both in the period January - April 2020 as well as in the month of April, 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 0.7 million pounds** and was higher by 0.4 million pounds (+133%) compared to April 2019.
- The increase in molybdenum production in April 2020 was due to higher molybdenum content in ore and higher ore throughput compared to the corresponding period of 2019.
- The decrease in molybdenum production in the period January - April 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 8.1 thousand tonnes** and were higher by 2.8 thousand tonnes compared to sales in April 2019 (+53%). This was due to a higher volume of copper concentrate sold in April 2020 by approx. 24 thousand tonnes dry weight (on a 100% basis), resulting from the schedule of deliveries agreed and higher production of payable copper.
- **Sales of molybdenum amounted to 0.8 million pounds** and were at the level of sales in April 2019.
- **Sales of silver amounted to 2.6 tonnes** and were higher by 1.3 tonnes (+100%).
- **Sales of TPM amounted to 3.1 thousand troy ounces** and were higher by 0.3 thousand troy ounces (+11%). 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.