

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

In the case of the other main metals, both production and sales were recorded in line with the budget. Good results were also achieved as compared to the period January to May 2019 - production and sales were at similar levels for all items.

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 May 2020 - y/y:

Production and sales of the KGHM Group	May 2020	May 2019	I - V 2020	I - V 2019
Production				
Payable copper (kt)	60.0	61.9	290.5	293.2
- including KGHM Polska Miedź S.A.*	48.0	49.7	234.9	239.2
Payable silver (t)	127.6	133.5	587.7	586.1
TPM (koz t)	16.1	19.7	84.6	84.7
Molybdenum (mn lbs)	1.7	1.3	4.3	5.0
Sales				
Copper (kt)	61.8	63.6	282.6	282.3
Silver (t)	123.8	143.4	601.3	572.7
TPM (koz t)	11.1	18.8	86.4	78.9
Molybdenum (mn lbs)	0.6	0.9	4.4	5.4

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 60.0 thousand tonnes**, or a decrease versus the corresponding month of 2019 by 1.9 thousand tonnes (-3%). The decrease y/y was primarily in respect of KGHM Polska Miedź S.A., mainly due to the lower processing of ore with lower copper content, a limited supply of scrap and the build-up of anode inventories prior to the maintenance shutdown at the Głogów I Copper Smelter and Refinery planned in the third quarter of 2020. As compared to April 2020, in the month of May better production parameters were achieved by the mines in Poland and Sierra Gorda in Chile, meaning a continuation of planned, stable results for a successive month of 2020. In KGHM INTERNATIONAL LTD. in May 2020 there was a decrease due to the lower recovery of copper by the Robinson mine and a shutdown at the Franke mine caused by an employee strike. In the Sierra Gorda mine copper production increased by 38% compared to May 2019 as a result of a higher volume of ore processed and higher copper content in processed ore.
- **Production of silver amounted to 127.6 tonnes** – a decrease by 5.9 tonnes (-4%) due to lower production of silver in concentrate in KGHM Polska Miedź S.A.
- **Production of TPM amounted to 16.1 thousand troy ounces**, or 3.6 thousand troy ounces (-18%) less than the amount recorded a year earlier due to a lower level of processing of purchased concentrates by KGHM Polska Miedź S.A. In KGHM INTERNATIONAL LTD. and Sierra Gorda production of precious metals increased by 4%.
- **Production of molybdenum amounted to 1.7 million pounds**, or an increase compared to May 2019 by 0.4 million pounds (+31%) due to higher processing of ore and higher molybdenum content in the Sierra Gorda mine.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 61.8 thousand tonnes** and were lower by 1.8 thousand tonnes (-3%) compared to sales of copper in May 2019. The main reason was lower sales of copper by KGHM Polska Miedź S.A. and KGHM INTERNATIONAL LTD., while the Sierra Gorda mine recorded higher sales.
- **Sales of silver amounted to 123.8 tonnes** and were lower by 19.6 tonnes (-14%) compared to sales in May 2019. This was mainly due to lower sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 11.1 thousand troy ounces** and were lower by 7.7 thousand troy ounces (-41%) compared to the corresponding period of 2019. Lower sales were recorded by KGHM Polska Miedź S.A.
- **Sales of molybdenum amounted to 0.6 million pounds** and were lower by 0.3 million pounds (-33%) compared to May 2019. Lower sales were recorded by the Sierra Gorda and Robinson mines.

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

Production and sales of KGHM Polska Miedź S.A.	May 2020	May 2019	I - V 2020	I - V 2019
Mine production:				
Copper in concentrate (kt)	33.8	35.0	164.7	167.9
Silver in concentrate (t)	102.5	110.7	513.0	527.9
Metallurgical production:				
Electrolytic copper (kt)	48.0	49.7	234.9	239.2
- including from own concentrate	34.6	35.7	171.8	174.6
Metallic silver (t)	125.1	132.4	577.6	580.2
TPM (koz t)	6.5	10.5	39.6	40.5
Sales				
Copper (kt)	48.2	51.2	222.8	228.5
Silver (t)	120.8	142.2	588.7	566.8
TPM (koz t)	1.2	11.0	38.3	38.8

Production of KGHM Polska Miedź S.A.:

- **Production of copper in concentrate amounted to 33.8 thousand tonnes** and was lower by 1.2 thousand tonnes (-3%) compared to May 2019. The lower production was due to a lower amount of ore processed by the mines and to lower ore quality.
- **Production of silver in concentrate amounted to 102.5 tonnes** and was lower by 8.2 tonnes (-7%) compared to May 2019.
- **Production of electrolytic copper amounted to 48.0 thousand tonnes** and was lower by 1.7 thousand tonnes (-3%) compared to May 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 125.1 tonnes** and was lower by 7.3 tonnes (-6%) compared to May 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 6.5 thousand troy ounces** and was lower by 4 thousand troy ounces (-38%) compared to May 2019. The lower gold production was due to a lower amount of concentrates processed, with a higher content of this metal.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 48.2 thousand tonnes** and were lower by 3.0 thousand tonnes (-6%) compared to May 2019. This situation was mainly due to lower copper production in April and May 2020 (in total approx. 3.5 thousand tonnes). Moreover, in April sales remained at the same level as in the corresponding period of 2019, which led to the need to build up inventories in May 2020.
- **Sales of silver amounted to 120.8 tonnes** and were lower by 21.4 tonnes (-15%) compared to sales in May 2019. The decrease was due to lower silver production and to the agreed schedule of deliveries to 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 1.2 thousand troy ounces** and were lower by 9.8 thousand troy ounces (-89%) compared to sales in May 2019. The difference was due to the lack of shipments beyond Poland. 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 May 2020 - y/y:

Production and sales of KGHM INTERNATIONAL LTD.	May 2020	May 2019	I - V 2020	I - V 2019
Production				
Payable copper (kt)	4.8	7.0	23.9	29.6
TPM (koz t)	7.0	6.7	31.5	32.1
Molybdenum (mn lbs)	0.03	0.13	0.25	0.44
Sales				
Copper (kt)	6.5	7.1	29.8	29.0
TPM (koz t)	7.1	5.3	35.0	27.6
Silver (t)	0.5	0.0	3.1	-0.1
Molybdenum (mn lbs)	0.038	0.140	0.339	0.514

Production of KGHM INTERNATIONAL LTD.:

- **Production of copper amounted to 4.8 thousand tonnes** and was lower by 2.2 thousand tonnes (-31%) compared to May 2019. Payable copper production decreased in the Franke and Robinson mines. In the Sudbury and Carlota mines, production of copper was slightly higher in May year-on-year. Lower copper production in:
 - the Franke mine (by 1.4 thousand tonnes) was mainly due to a temporary shutdown in production caused by a strike, which concluded with the signing of an understanding with the employees followed by the re-start of production,
 - the Robinson mine (by 0.8 thousand tonnes) was mainly due to lower recovery due to the lower quality of the processed ore.
- **Production of TPM amounted to 7.0 thousand troy ounces** and was higher by 0.3 thousand troy ounces (+4%) compared to May 2019. The higher production of precious metals was due to higher TPM production in the Sudbury Basin by 1.6 thousand troy ounces (higher extraction and higher platinum and palladium content in ore), which offset lower gold production by the Robinson mine by 1.3 thousand troy ounces (lower gold content in ore and lower recovery due to the lower quality of the processed ore).
- **Production of molybdenum by the Robinson mine amounted to 0.03 million pounds** and was lower by 0.10 million pounds (-77%) than the amount recorded in May 2019 due to lower molybdenum content in ore.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 6.5 thousand tonnes** and were lower by 0.6 thousand tonnes (-8%) compared to sales in May 2019. The main reason was lower sales of cathodes from the Franke mine due to lower production (by approx. 1.4 thousand tonnes of payable copper). There was an increase by approx. 0.9 thousand tonnes in the case of copper from Robinson concentrate (a higher volume of material sold by approx. 5.5 thousand tonnes dry weight due to the schedule of deliveries agreed upon).
- **Sales of TPM amounted to 7.1 thousand troy ounces** and were higher by 1.8 thousand troy ounces (+34%) compared to the corresponding period of 2019. The reason for the increase was mainly higher sales of TPM from the Sudbury Basin due to higher production of ore and to higher content of palladium and platinum in sold material.
- **Sales of silver amounted to 0.5 tonnes** and were higher than sales in May 2019 by this amount. The difference was due to the adjustment in May 2019 of the provisional amount of silver in Robinson concentrate in previous shipments.
- **Sales of molybdenum amounted to 0.038 million pounds** and were lower by 0.102 million pounds (-73%) than sales in the corresponding period of 2019. Sales in May 2020 reflected production during this period (lower by approx. 0.1 million pounds).

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

Production and sales of Sierra Gorda (on a 55% basis)	May 2020	May 2019	I - V 2020	I - V 2019
Production				
Payable copper (kt)	7.2	5.2	31.7	24.4
Molybdenum (mn lbs)	1.7	1.2	4.0	4.6
Payable silver (t)	2.5	1.1	10.1	5.9
TPM (koz t)	2.6	2.5	13.5	12.1
Sales				
Copper (kt)	7.1	5.3	30.0	24.9
Molybdenum (mn lbs)	0.6	0.8	4.0	5.0
Silver (t)	2.5	1.2	9.5	6.0
TPM (koz t)	2.8	2.5	13.1	12.6

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 May 2019.
- The increase in payable copper production, both in the period January - May 2020 as well as in the month of May, 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 1.7 million pounds** and was higher by 0.5 million pounds (+42%) compared to May 2019.
- The increase in molybdenum production in May 2020 was due to higher content of this metal in ore and higher ore throughput compared to the corresponding period of 2019.
- The decrease in molybdenum production in the period January - May 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 7.1 thousand tonnes** and were higher by 1.8 thousand tonnes (+34%) compared to sales in May 2019. This was due to a higher volume of copper concentrate sold in May 2020 by approx. 16.3 thousand tonnes dry weight (on a 100% basis), resulting from the schedule of deliveries agreed and higher production of copper.
- **Sales of molybdenum amounted to 0.6 million pounds** and were lower by 0.2 million pounds (-25%) than in May 2019. The volume of 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 2.5 tonnes** and were higher by 1.3 tonnes (+108%).
- **Sales of TPM amounted to 2.8 thousand troy ounces** and were higher by 0.3 thousand troy ounces (+12%). 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 (in the case of silver its content was twice as high).