

Preliminary production and sales data of the KGHM Polska Miedź S.A. Group for August 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 August production of copper by the Group was below plan, due to lower production from purchased metal-bearing materials by KGHM Polska Miedź S.A. (limited availability of scrap in the first half of 2020) and lower production by KGHM INTERNATIONAL LTD. Also below plan was the production and sales of silver due to lower-than-planned content of this metal in ore extracted by KGHM Polska Miedź S.A.

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

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

Production and sales of the KGHM Group	August 2020	August 2019	I - VIII 2020	I - VIII 2019
Production				
Payable copper (kt)	57.9	59.2	466.1	470.9
- including KGHM Polska Miedź S.A.*	44.7	47.1	370.1	381.7
Payable silver (t)	58.4	122.1	874.4	908.4
TPM (koz t)	13.8	17.9	128.9	138.4
Molybdenum (mn lbs)	0.6	1.4	6.8	8.2
Sales				
Copper (kt)	58.0	51.9	462.5	446.2
Silver (t)	65.2	103.1	895.6	900.2
TPM (koz t)	23.8	10.7	139.5	119.9
Molybdenum (mn lbs)	0.6	1.2	6.61	8.47

* Production of electrolytic copper

Production of the KGHM Group:

- **Production of payable copper amounted to 57.9 thousand tonnes**, or a decrease versus the corresponding month of 2019 by 1.3 thousand tonnes (-2%). The decrease in production was in respect of KGHM Polska Miedź S.A. (-2.4 thousand tonnes) due to restricted copper scrap supply and to the maintenance shutdown at the Głogów I Copper Smelter and Refinery, and also to lower production by KGHM INTERNATIONAL LTD. (-0.6 thousand tonnes). Improvement was recorded in Sierra Gorda (+1.7 thousand tonnes) due to higher copper content in processed ore.
- **Production of silver amounted to 58.4 tonnes** – a decrease by 63.7 tonnes (-52%) due to the maintenance shutdown at the Precious Metals Plant at the Głogów I Copper Smelter and Refinery and to the lower content of this metal in extracted ore.
- **Production of TPM amounted to 13.8 thousand troy ounces**, or a decrease by 4.1 thousand troy ounces (-23%) 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 0.6 million pounds**. The decrease in production by 0.8 million pounds (-57%) was in respect of the Sierra Gorda mine, due to the lower content of this metal and to a lower volume of processed ore.

Sales of the KGHM Group:

- **Sales of payable copper amounted to 58.0 thousand tonnes** and were higher by 6.1 thousand tonnes (+12%) compared to sales of copper in August 2019. The main reason for this increase was higher sales of copper by the Sierra Gorda mine. Copper sales were also higher in KGHM INTERNATIONAL LTD. (by approx. 1.5 thousand tonnes). Copper sales in the remaining production assets were at a similar level to those recorded in August 2019.
- **Sales of silver amounted to 65.2 tonnes** and were lower by 37.9 tonnes (-37%) compared to sales in August 2019. This result was mainly due to lower sales of silver from the production assets in Poland.
- **Sales of TPM amounted to 23.8 thousand troy ounces** and were higher by 13.1 thousand troy ounces compared to the corresponding period of 2019 (+122%). The increase is due to sales of gold by KGHM Polska Miedź S.A.
- **Sales of molybdenum amounted to 0.6 million pounds** and were lower by 0.6 million pounds (-50%) compared to August 2019. The decrease in sales was in respect of the Sierra Gorda mine.

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

Production and sales of KGHM Polska Miedź S.A.	August 2020	August 2019	I - VIII 2020	I - VIII 2019
Mine production:				
Copper in concentrate (kt)	31.2	35.2	263.3	270.6
Silver in concentrate (t)	94.7	106.8	812.4	848.1
Metallurgical production:				
Electrolytic copper (kt)	44.7	47.1	370.1	381.7
- including from own concentrate	25.2	39.2	258.4	282.1
Metallic silver (t)	55.8	120.8	857.2	898.9
TPM (koz t)	5.0	6.1	57.8	63.0
Sales				
Copper (kt)	40.9	41.4	361.3	359.7
Silver (t)	60.8	101.8	872.7	889.9
TPM (koz t)	12.6	0.3	64.2	52.4

Production of KGHM Polska Miedź S.A.:

- **Production of copper in concentrate amounted to 31.2 thousand tonnes** and was lower by 4 thousand tonnes (-11%) compared to August 2019. The lower production was due to the amount of ore supplied by the mines.
- **Production of silver in concentrate amounted to 94.7 tonnes** and was lower by 12.1 tonnes (-11%) compared to August 2019, due to the lower content of this mineral in the ore.
- **Production of electrolytic copper amounted to 44.7 thousand tonnes** and was lower by 2.4 thousand tonnes (-5%) compared to August 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 55.8 tonnes** and was lower by 65 tonnes (-54%) compared to August 2019 due to the planned maintenance of the Kaldo furnace of the Precious Metals Plant at the Głogów I Copper Smelter and Refinery.
- **Production of TPM (metallic gold) amounted to 5.0 thousand troy ounces** and was lower by 1.1 thousand troy ounces (-18%) compared to August 2019.

Sales of KGHM Polska Miedź S.A.:

- **Sales of copper amounted to 40.9 thousand tonnes** and were at the level of sales in August 2019 (-1%). It should however be noted that accrued copper sales in the months of January-August 2020 compared to the corresponding period of 2019 were higher – sales increased by approx. 1.6 thousand tonnes alongside a decrease in production during this time period by approx. 11.5 thousand tonnes. This means a substantial decrease in inventories of electrolytic copper which, starting from September, will need to be built up due to the planned maintenance shutdown at the Cedynia Wire Rod Plant in November. This will lead to a substantial difference in sales for September 2020 compared to September 2019.
- **Sales of silver amounted to 60.8 tonnes** and were lower by 41 tonnes (-40%) compared to sales in August 2019. The decrease was due to substantially lower 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 12.6 thousand troy ounces** and were higher by 12.3 thousand troy ounces compared to sales in August 2019. The increase was due to a large exported gold shipment. 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 August 2020 - y/y:

Production and sales of KGHM INTERNATIONAL LTD.	August 2020	August 2019	I - VIII 2020	I - VIII 2019
Production				
Payable copper (kt)	6.2	6.8	43.3	50.0
TPM (koz t)	6.4	8.8	50.0	55.2
Molybdenum (mn lbs)	0.03	0.02	0.36	0.57
Sales				
Copper (kt)	8.0	6.5	48.8	47.0
TPM (koz t)	7.9	8.2	54.0	47.0
Silver (t)	1.1	0.4	5.7	0.8
Molybdenum (mn lbs)	0.02	0.02	0.46	0.67

Production of KGHM INTERNATIONAL LTD.:

- **Production of payable copper amounted to 6.2 thousand tonnes** and was lower by 0.6 thousand tonnes (-9%) compared to August 2019. The decrease in payable copper production in the Franke mine and in the Sudbury Basin was not offset by higher production by the Robinson and Carlota mines.
Lower copper production in:
 - the Franke mine (by 0.6 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 0.2 thousand tonnes) mainly due to extracting from a part of the deposit with lower copper content in ore.
- **Production of TPM in August 2020 amounted to 6.4 thousand troy ounces** and was lower by 2.4 thousand troy ounces (-27%) compared to August 2019. Lower production of precious metals was recorded both in the Sudbury Basin (-1.4 thousand troy ounces – lower TPM content in ore), and in the Robinson mine (-1.0 thousand troy ounces - lower gold content in ore).
- **Production of molybdenum by the Robinson mine amounted to 0.03 million pounds** and was higher by 0.01 million pounds (+50%) than the amount produced in August 2019.

Sales of KGHM INTERNATIONAL LTD.:

- **Sales of copper amounted to 8.0 thousand tonnes** and were higher by 1.5 thousand tonnes (+23%) compared to sales in August 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 (lower copper content in ore and a lower volume of material sold).
- **Sales of TPM amounted to 7.9 thousand troy ounces** and were lower by 0.3 thousand troy ounces (-4%) 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 lower amount of ore shipped. Sales of gold from Robinson concentrate increased by 1.1 thousand troy ounces (due to a higher volume of concentrate sold).
- **Sales of silver amounted to 1.1 tonnes** and were higher by 0.7 tonnes (+175%) than sales in August 2019. The difference was due to higher sales of silver from Robinson concentrate (a higher volume of concentrate sold compared to August 2019). Slightly lower sales of silver were recorded in the Sudbury Basin (lower by 0.1 tonnes compared to August 2019 due among others to lower silver content in ore).
- **Sales of molybdenum amounted to 0.02 million pounds** and were at the same level as sales in August 2019.

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

Production and sales of Sierra Gorda (on a 55% basis)	August 2020	August 2019	I - VIII 2020	I - VIII 2019
Production				
Payable copper (kt)	7.0	5.3	52.7	39.2
Molybdenum (mn lbs)	0.6	1.4	6.4	7.6
Payable silver (t)	2.6	1.3	17.2	9.5
TPM (koz t)	2.4	3.0	21.1	20.2
Sales				
Copper (kt)	9.1	4.0	52.4	39.5
Molybdenum (mn lbs)	0.6	1.2	6.1	7.8
Silver (t)	3.3	0.9	17.2	9.5
TPM (koz t)	3.3	2.2	21.3	20.5

Production of Sierra Gorda (55%):

- **Production of payable copper amounted to 7.0 thousand tonnes** and was higher by 1.7 thousand tonnes (+32%) compared to August 2019.
- The increase in payable copper production in the period January to August 2020 was due to higher ore throughput as well as to higher copper content in extracted ore compared to the corresponding period of 2019. In August 2020 payable copper production compared to August 2019 increased thanks to higher copper content in extracted ore, despite lower ore throughput.
- **Production of molybdenum amounted to 0.6 million pounds** and was lower by 0.8 million pounds (-57%) compared to August 2019.
- The decrease in molybdenum production in August 2020 compared to August 2019 was due to lower metal content and to a lower volume of processed ore. In the period January to August 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 9.1 thousand tonnes** and were higher by 5.1 thousand tonnes (+128%) compared to sales in August 2019. This was due to a near doubling of the volume of copper concentrate sold in August 2020 (related both to higher production of concentrate and higher copper content in concentrate as well as to the agreed schedule of deliveries).
- **Sales of molybdenum amounted to 0.6 million pounds** and were lower by 0.6 million pounds (-50%) compared to August 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 3.3 tonnes** and were higher by 2.4 tonnes (+267%).
- **Sales of TPM amounted to 3.3 thousand troy ounces** and were higher by 1.1 thousand troy ounces (+50%). The increase in silver and TPM sales was the result, similarly as in the case of copper, of a higher volume of copper concentrate sold and, especially as respects silver, of the higher silver content in concentrate.