

## List of questions asked at the performance conference for Q1 2023

- 1. Cash C1 costs increased by 37% year over year. Should we expect a similar level of cost inflation until the end of the year, or perhaps lower energy costs will bring some relief?**

**Answer** Let me put it this way. We do not present annual forecasts, so regrettably I cannot provide an exhaustive answer to this question. Nevertheless, I can say that the electricity and gas prices, falling from quarter to quarter, will of course contribute positively to our financial situation, and we are pleased about this. However, I cannot give any specific parameters.

- 2. Over the past two years, the KGHM Group have amassed approximately PLN 5 billion in working assets. The small release of working capital in Q1 was encouraging. How much of working assets can be expected to be released in the remaining part of the year?**

**Answer** Yes. Again I have to repeat that I really cannot provide explanations that could be seen as forecasts, so I will not answer this question directly. However, indeed as you have noticed, the working capital decreased in Q1: there was a reduction of inventories and we would like to develop this trend. Of course, it also depends on how attractive the market prices are. Q1 was quite good in this respect, both in terms of cathodes and silver, and especially wire rod. Any release of inventories in the quarters to come will depend on market prices trends, in other words on how attractive these prices will be for the Company.

- 3. When are the volumes in KGHM INTERNATIONAL going to be revised, and what scale of such revision may be expected?**

**Answer** At present I can only say that we expect that the budgeted production volume of Robinson will not be achieved. However to provide any details requires analysis of events that will occur over the coming months. It is also linked to our negotiations in respect of better access to and utilization of mining machinery conducted with such companies as Caterpillar and Komatsu... so as Mateusz said just a moment ago, it is still too early to embark on any forecasts in this respect.

- 4. Does the Company assume to maintain higher-than-budgeted volumes in the Parent Company in the successive quarters? Or do you expect the successive quarters to be correspondingly weaker and thus the annual budget will be performed?**

**Answer** Thanks to the very good organization of work and care for the quality of the mined ore and safety, we were able to achieve these very good performance figures in domestic production. I do not really expect us to underperform the budget in the months to come. Let me only add, just by the way, that of course the pillar of KGHM Polska Miedź

is copper. It is self-evident. Very good production results constitute good prediction for the future. These are the words of thanks for both President Świder as well as all the managers and employees engaged in KGHM's production. I have already said it once during another conference, and then our colleagues from the international companies expressed some resentment. That is why I emphasized the role of Sierra Gorda in achieving the positive results, taking into account in particular the specificity of this mine; so Sierra Gorda by all means, but KGHM INTERNATIONAL as well. As President Kidoń said, we are now engaged in a range of measures that are designed to improve the operation of this mine.

**5. When you discussed investment expenditure in the CAPEX part, you pointed out energy projects, both traditional and RES. Could we have more details as regards the CAPEX on energy projects?**

**Answer** Energy investments are also important for the companies of the Group. An example was given by President Wodejko, of the capital increase in the company WPEC of PLN 115 million. We are building there a state-of-the-art gas-fired unit which will replace the still-functioning high emission coal-fired unit. This project also adapts and ensures compliance of our production with the requirements of European Union legislation. It is a good place to add that these investments are being advanced by the company Energetyka. We are constructing photovoltaic installations. Five of them are already in operation. We have developed projects to construct two more installations in the Głogów Copper Smelter and Refinery as well as the Legnica Copper Smelter and Refinery, 1.4 megawatts each.

**6. How is the cooperation with South32 in Sierra Gorda? Have there emerged any new optimization or investment ideas?**

**Answer** As regards our partners from South32, they are fully engaged in our development plans for our Chilean assets. They fully agree with our program and the "Debottlenecking" project designed to eliminate the bottlenecks. The most recent tasks undertaken by the project have been a replacement of the gearboxes on the largest pumps in the grinding mill which feed the material to hydrocyclones for separation. This will be completed this year. Of course, they fully support the exploration work intended to increase our knowledge of the deposit, and by the same token increase the availability of minerals over the lifetime of the mines, which will allow us to enhance the value of our project. They also declare their full support for our ideas regarding the fourth line as well as the oxides processing plant. In this context, very intensive work is being conducted by the Australian partner in order to verify the computations performed by both Sierra Gorda as well as our team of engineers here, in Poland. I have to say and stress that this work is moving in a very positive direction. Of course, we are assessing all the aspects. One of the important aspects is to achieve 62% content of solids in the waste pumped into the sedimentation pond. As I have already mentioned, this density, content of solids, is absolutely key from the cost, technical and safety points of view, due to the angle of the dam's beach. On the other hand, we have to be mindful of the environmental permits we obtained in Chile, which specify very precisely the allowed amount of infiltration to underground water and the density of waste delivered, which should not exceed 62%. That is why investment into the thickener was indispensable; it was necessary to fulfil the

conditions of the environmental permit we obtained. It will also allow us to lower CAPEX in the future. Furthermore we have received - and this is a great success for KGHM and Sierra Gorda - a permit to expand the surface area of the settlement pond, which will give us a CAPEX reduction of USD 450 million over the lifetime of the mine. Ladies and Gentlemen, Sierra Gorda is a mine of great potential. This potential can be utilized as long as we have sufficient knowledge, experience and business savvy. And our people have such know-how. We are the second mine - and there are only two such mines in Chile - which has direct access to ocean water. We pump the water from Mejillones bay over 155 km to Sierra Gorda. We know how to use salt water for floatation, obtaining yields of 83%, the target being 84.5% over the lifetime of the mine. It is a huge achievement. We also have adequate potential for the water to suffice for much higher throughputs. We have potential at first-level crushing. We have potential in the crushed ore storage, also on conveyor belts. This potential will be utilized. Ladies and Gentlemen, we will use this potential and grow the throughput capabilities of Sierra Gorda very much, improving C1, improving production and defeating our competition. South32 fully supports KGHM and Sierra Gorda's team, exactly in this perspective and in this very scope.

Let me add a few words. Ladies and Gentlemen, we are in an uninterrupted ongoing dialogue with our Partners from Australia. I would prefer not to speak so directly for our Partners, but I am under the impression that they seem very happy to be a shareholder of this venture. Because it is simply a very good asset. It is an asset with both existing as well as development potential. It is an asset which on the Chilean scale - and Chile belongs to global powers in terms of copper deposits - is recognized as a model. There is a lot of demand, for example, for study visits at this mine, because all the novelties as well as process and technology innovations introduced there allow the mine to generate very good results, despite the low content of copper in the ore. It is very positive. This mine is also a model in something that is very important for the Chilean government, i.e. the environmental aspects. President Kidoń already discussed access to ocean water. And importantly - what we have already informed you of - 100% of the energy used in Sierra Gorda is generated from renewable sources. So overall, it is an innovative and creative venture. And we do have more ideas for development, and we will definitely take such decisions with our Australian partners.

**7. What is the potential of other metals being extracted in Sierra Gorda?**

**Answer** Yes, of course. As regards Sierra Gorda, we are currently on the Domeyko [a.k.a. Catabella] open-pit, where there is molybdenum and copper as well as gold. On the other hand, as regards our exploration work, we are able to verify and assess four more deposits of sizes similar to the current one. To answer the question about the minerals - these are still the same. Copper and molybdenum. The deposit profile next to our Domeyko pit is very similar. With our geologist team we actually suspect that it may be one huge super deposit. Our exploration work in the years to come should give us the answer, if we are right, or wrong.

**8. A question regarding the introduction of exoskeletons and cooling vests. What is the stage of this work?**

**Answer** Of course, the exoskeletons have been purchased and introduced in the Divisions. They are at the testing stage - both vests and skeletons.

- 9. The minerals extraction tax has decreased by PLN 502 million, whereas the dividend concurrently decreased from PLN 600 million to 200 million. I understand these amounts are needed for the investment projects in the SMR power plants and increased exploration work around Głogów? Could you elaborate more precisely which CAPEX will finance our investments?**

**Answer** Let me answer in this way: our dividend recommendation is PLN 200 million, which means that in principle we cannot see it as 600 coming down to 200. In a multi-annual perspective, the Company recommended and paid various amounts of dividend or it did not paid any dividend at all (we are aware of this). As we have written in the justification to our recommendation, we need to take into account both the existing and future situations. And the future is conditional on a broad range of investments. On the one hand investments which are important, indeed indispensable, such as those linked to power supply agreements. On the other hand, there are investments which are simply worthwhile, because they will create new value for the Company. It is, of course, as you say here: increased mining production, accessing deposits. But these are also projects discussed by President Kidoń, President Zdzikot, i.e. the projects in Chile, which are very attractive from the viewpoint of building our potential as a Group and the Sierra Gorda joint venture. In other words, this is an approach encompassing all aspects. And now, is it linked to SMR? Not directly, because as I have said, SMR is a multi-year project. It means that we are incurring specific expenditures, as well as specific costs related thereto, linked with functioning of the team. These large expenditures, on the other hand, are a longer-term matter. All in all, we have a multitude of other investment projects, as I mentioned, which are very important and indispensable for the Company.

- 10. At the last meeting, you mentioned that you would stick to the dividend policy, and it would imply a significantly higher dividend?**

**Answer** Yes. Let me join in here and say that our dividend policy is defined in terms of the upper level, "up to an amount". As I have mentioned before, the policy also states that when we are deciding about the dividend in respect of the year's results, we also have to take into account the future situation and plans of the KGHM Group. And that is exactly the situation here. We can see that it is worthwhile to earmark more funds for investment projects, that it is better for a majority of the funds to remain in the Group and be added to capital reserves, so that KGHM Polska Miedź can simply invest these funds. Because it is really worthwhile, and - as President Zdzikot said - the situation is not easy macroeconomically. On the other hand, there are either new opportunities emerging or an investment becomes necessary, and we have to have funding available for this. Of course the best solution is to apply a certain mix of our own and external equity. However, to safeguard KGHM in this macroeconomic situation and avoid risks, we want to keep our debt at as low a level as possible while continuing our investment program. We hope that this policy will translate in the long term into a growing value of the Company and the Group, which will be a benefit for the shareholders as well.

**11. Hello. During the presentation there was information on expenditures on the Victoria project. What are the amounts and at what stage of development is the Victoria project?**

**Answer** In the first quarter of 2023 expenditures on the Victoria project amounted to PLN 65 million, and for the full year 2022: PLN 221 million vs PLN 147 million in the prior year. Engineering work continued along with actions related to preparing selected elements of the infrastructure for further development of the project, as well as actions aimed at maintaining good relations and cooperation with key stakeholders in the project. A temporary reverse osmosis effluents treatment plant operated at the Victoria project site. Currently, work is underway to build a full-scale permanent effluents treatment plant. The installation will include, among others, metal precipitation, ion exchange, and a moving bed biofilm reactor (MBBR).

**12. In Q1'23 sales of copper were clearly higher than production. What does the Management Board think about the current physical copper market? Do you see a visible drop in physical demand?**

**Answer** Despite price drops in recent weeks, we, like most of the market, remain optimistic about sustaining and increasing demand. In the short term, however, volatility cannot be ruled out, which is related to the situation in the global economy.

**13. A question about the Robinson mine. Is the Management Board considering the implementation of some sort of corrective plan for the mine. When can we expect higher output from the Robinson mine?**

**Answer** As far as the Robinson mine is concerned, indeed we have encountered major problems here, primarily weather-related. The problems started in Q3 2022. Regrettably, the production plan was not achieved as budgeted, being 10% lower. This in turn translated into reaching into inventories and the heap that was intended for blending of the extracted ore prior to enrichment. Q1 2023 was not favorable for us weather-wise, either. We recorded historically high snowfall, with the snow melting afterwards, which resulted in flooding of the passageways. Out of the 10 mining haulers, only 3 were in use. In other words, the use and availability of our mining equipment fell to 30%. We subsequently analyzed this situation, and as the newly-appointed Vice President for International Assets I presented the situation to the Management Board. We concluded that the Robinson mine calls for a deep modernization and optimization. As a result, we have decided to purchase in 2023 six Komatsu machines, haulers of 240 tonnes. In 2024, we are going to purchase another five Komatsu vehicles. However, still in this year we are trying to lease five 240-tonne haulers. We are in talks both with Komatsu, as well as Caterpillar. Soon we will acquire three 100-tonne haulers. Moreover, we are negotiating a mark contract, i.e. a contract including full servicing of machinery and equipment by Komatsu or Caterpillar, including an availability level guarantee. These talks are underway. In addition we are creating a team which - as we have done in Sierra Gorda -

will analyze bottlenecks. The team's task will be to develop an optimization project which will eliminate bottlenecks and set new throughput targets for the Robinson plant. Concurrently we have started operational work to increase the useful material resources.

**14. Given the evident rise in production costs in Poland, is the Management Board going to ask the government to reduce the minerals extraction tax? Politically, looking at tyhe coming elections, it would seem to be a good idea, one bringing KGHM, its employees and local companies numerous benefits.**

**Answer** Regarding the mineral extraction tax, we can say that we will always be ready to discuss the legal regulations regarding this tax, especially if the discussion could result in its reduction.

**15. Given the current copper prices, do you expect Sierra Gorda to provide cash by repaying shareholder loans in 2023?**

**Answer** In terms of a return on investment from Sierra Gorda, our financial goal remains unchanged, meaning optimisation of the rate of financial flows at a similar or even higher level than the one recorded last year, whilst focusing on the rational and safe management of these assets.