

Summary of questions raised at the Results Conference for the 4th quarter and full year 2021

- 1. Are you entertaining the thought of exiting Sierra Gorda due to tax changes in Chile – very bad outlook? How much longer will this investment be under tax protection?**

Answer: I will offer literally one sentence of commentary and I'll turn the floor over to Paweł. We obviously analyze all the political and economic factors around this investment, or any investment that we make, and at this point we don't have any such identified risks that would cause the tax changes to restrict our profitability. Of course, there is a lot going on in Chile in connection with the political change, but we view this asset as a strategic asset and a long-term, permanent investment. Nothing to add, nothing to subtract. We are obviously monitoring the situation in Chile very closely. As much as we can, we participate in all analytical work and discussions at the expert level, including in Chile. We can say that international investors have a rather positive attitude to Chile as a place for investing their capital, in spite of the risks that were mentioned in the question. The best evidence of this is the success of the transaction by our previous partner, Sumitomo, of selling its stake in Sierra Gorda to the Australian company South32. So this openness of investors to Chile remains valid at this point.

- 2. A few words of commentary to the Oxide project. Will it be implemented and when?**

Answer: The Oxide project is still in the preparation phase. We obviously have increasingly better knowledge about its costs and revenues and technical structure. However at this point it will be subject to discussions with a new partner. We need to give them more time to become familiar with this project, but we also must consider the changing macro situation associated with this specific form of extracting copper from ore. In this case, sulphuric acid plays a major role, however its prices have been volatile and unfavorable in recent times. So we still need to repeat the business assessment of this project, together with the new partner. Ultimately, this is certainly a very important asset in our portfolio.

- 3. I have three questions. First of all, are you planning to increase mining production in Poland? What about new shafts? This is the first question. The second question: the agricultural fertilizer market is currently undergoing great changes. The prices of fertilizers reach up to PLN 5 thousand per tonne. So I checked and this is let's say from 7 to 35 billion PLN, depending on the price. And I remember that in Karpacz you spoke about the mining production in the Pomerania region. What about that**

project? And the third question: to what extent you can be hurt by the potential slowdown in China or the imposition of sanctions on China by the USA?

Answer: About the first topic, that is the question of the planned increase in production in Poland, I can only answer that the plans that we made in the company in 2018 assumed domestic production that was 100 thousand tonnes less. So we have increased the production, roughly speaking, over these three years, by 30% in relation to the plans. So we are constantly increasing, against certain geological trends, either through the larger scale of extraction or a different technological approach, or selective extraction when it comes to deposits. By the way, this slide also showed production growth by 6% year over year. But the extraction specifically in Poland has increased in the context of the projections and what the long-term strategic assumptions were. We intend to strive to be able to extract increasing volumes in Poland. However the deposits that we have, they have a certain limited capacity. As you know, we are applying for two large concessions in the Lubuskie Voivodeship. The decisions have been finally issued by the Chief Geologist of the country. They were challenged in court, after the final administrative decision, by a Canadian investor who is competing with us for these concessions. Now it's back in the court of administration. But as soon as these legal issues are resolved, we intend to explore and then extract two large resources located in the Lubuskie province but offering very good prospects. Obviously, these resources are more difficult, but they offer a good resource outlook for KGHM's future in Poland. Besides, we continue to look at what is happening abroad and where there are safe locations that would be interesting for our operations. These are things that are not discussed on a daily basis, but we are maintaining relations, engaging in talks, we are looking at the world and at locations that are of interest to us. So that would be the second topic. As far as the shafts are concerned, I will perhaps give the floor to President Marek Świder.

As far as the shafts are concerned, shaft GG1 is currently at the final stage. We have reorganized the shaft this year. To start, we transferred the underground part, the shaft part, from the Polkowice-Sieroszowice mine to the Rudna mine. This will improve our work in the northern region significantly and make it more efficient. So in the future we will use this to maintain, at least maintain, our current production capacity. I would also like to add that, as President Marcin Chludziński said, last year we produced 31 million 600 tonnes of wet weight. When we look at this year's plans, we already have 31 million 800 tonnes of wet weight. So you can see that this growth is also very good in relation to the annual plan, as the Presidents said here. It also has in its weight, in the weight of mined copper in mining production. Because last year the plans were for 440 tonnes of copper. This year, the plans are for 442.5 thousand tonnes of copper.

Regarding the question on polyhalites, that is the Puck deposits and the possibility of exploration. We did announce it in the Strategy. These are environmentally-friendly

fertilizers, very broad in terms of what is needed to fertilize soil. Additionally, they have virtually no environmental impact, in other words they are neutral for the environment, unlike synthetic fertilizers. We are now at such a stage that we are finishing, or one could say that we have almost finished, the work related to the exploration of this deposit and the results are very promising for us. We are almost finished with the concept of running the mine and processing and in the coming days, months, we will move on to the, let's say, business stage of this topic, that is, to the specific calculation of the production model to be adopted there. For us, this is the first project of this kind. We usually dealt with copper or silver. But we are in the mining business, so we understand the industry. In the UK, deposits like this are being explored. Another mine is being built, so we're looking at it with great hope. Regarding China and potential sanctions, we are analyzing, looking at the situation. For the time being this is not happening. Please remember that it has already happened once. It was in 2019 or 2020, I believe. Time flies. So, when this trade war was escalating and various sanctions were imposed on China, for example, sanctions related to the export of scrap metal to China, which was very good news for us, because we started getting scrap metal from the United States at very good prices and then we processed it in Poland. Therefore, some sanctions may require us to be more agile in terms of our production activity, while others may even be an opportunity for us, so we have to see what comes out of it. So far, there are no specific announcements in this regard. We are also interested what happens with the sanctions in the context of Russia. Will Russia also be sanctioned in terms of copper exports? In terms of cathode copper, Russia is a producer that exports primarily to Europe. For us, this situation would be positive rather than negative, so everything will depend on what those sanctions would be, and whether they would be imposed at all. But we are ready for different scenarios and we are able to move and act with agility.

- 4. I have a question about offshore. Can we expect KGHM to file a localization application in the current second concession round? If so, are talks under way with any potential partners, and with whom? The second question: do you expect that the regulations governing the location of onshore wind farms will be changed this year?**

Answer: Regarding the offshore question, according to the Strategy update, we have already submitted the first application just as we had announced. Additional applications are in the pipeline. Certainly, we did it with a French business partner. We are still waiting for the preparation of the further documentary applications and we will gradually submit these applications. We are acting in accordance with what we announced in our Strategy updates. This is the first question. Onshore, of course. Well, this is something that we are looking at with high hopes. We have submitted our proposals as part of consultations, for

the legislative act, to the ministries. We also signaled that this would make it easier for us to localize onshore farms. So we are waiting for the outcome of the legislative process in this matter. We are part of the consultation council, so we voice our opinions everywhere where we can be advocates of KGHM's interests regarding the unblocking of the possibility to build onshore wind farms.

- 5. You spoke of having earned record profits. I would like to ask what they will be used for? Because, as I believe, most of it will stay with the Company. And in this context I would like to ask about CAPEX, because its level was at a similar level to the previous year – the year before, excuse me. The structure was also similar. There are plenty of challenges before you, for example, related to the energy transition. Can you disclose any information whether we can expect increased CAPEX for this goal specified in the Strategy this year, that is 50% share of own sources in production?**

Answer: When it comes to CAPEX and the assumptions related to renewable energy sources, we haven't changed anything there: 50%, but these issues are not related to the volume associated with green energy only, but also with the volume of energy generated potentially by small nuclear reactors. This year, we are submitting a preliminary safety report, that's what it is officially called, to the National Atomic Energy Agency, in connection with the first phase of launching not just preparations, but already a pre-investment stage in this matter. But we are also trying to locate a Training Center and a Simulation Center for small nuclear reactor technologies in Poland, so that specialists could simply prepare themselves, because that's how it is with many technologies that have been absent from Poland so far, especially nuclear technologies, if we fail to prepare teams and personnel several years in advance, it will be too late to look for them when the investment opens. So this is what we are focusing on. In the context of the so-called RES projects, we also have potential discussions on acquisitions. And we have a CAPEX budget for that. Everything depends on how they will finish, because you cannot buy at any price. We do have the money and the budgets for them, but it is a matter of talks and it will depend on how the individual negotiations end. I believe that, when it comes to the structure of CAPEX this year and other related topics, I can give the floor to Adam Bugajczuk.

Yes, thank you. It is worth mentioning, in the context of that 50% of own sources, that we have joined the Lower Silesia Hydrogen Valley recently, so we are hoping to execute some individual projects this year. As Marcin mentioned, it is not difficult to spend 3 or 3.5 billion PLN and spend it only if there is no effect. So we are ready for investments, but we are choosing them very skilfully in order to increase the efficiency of our own generation. And, as the President also noted, we are at the stage of advanced talks for several

projects, acquisitions of finished photovoltaic farm projects, so this could be a concrete investment in finished assets.

6. Are those just designs, or rather operational wind farms?

Answer: Both. I can also add that, with regard to hydrogen, I believe that this year we will implement a test installation for the semi-combustion of hydrogen in metallurgical technologies. Why are we working in this way? Often, the technologies that we're using are used for the first time. I mean, in our context, we have to first apply some of these things within an R&D project. If they produce the expected effects, which are relevant from the level of the technological process, which is complex, well then we move to the investment phase. For moving on to the investment phase is something that the Russians call "razvedka boyem" - reconnaissance by combat - and can end up like Ukraine did for the Russians. So, to make a long story short, it is better to test certain technological solutions. I am not talking about RES or wind turbines, because these are rather commonly known. I am talking about technologies that, for example, are related to hydrogen in metallurgy or the technologies that we have assumed in our long-term ESG Strategy, such as topics related to CO₂ capture. These are also technologies of the future. But it may turn out over time, just as we were sure two-three-four months ago that the green transformation is inevitable, that now we are already talking about many uncertainties related to the dynamics of the green transformation, so these topics must be approached in a way that is not so much conservative, as it is prudent. I think that's what I would call it. If I may, I would like to add a little here. Because there is one capital expenditure area that remains unchanged. It is the area associated with the circular economy – we can see that this is a permanent trend. This trend is simply a response to the shortage of raw materials and elements in Europe and, more broadly, globally. So recycling will simply have to develop. This is why we are preparing a number of investment activities associated, as I've already mentioned, with the question of purchasing, processing and preparing copper-bearing scrap, but also more broadly. It is a program that has probably been announced already, with the working name of Legnica Hybrid Smelter. It is about changes in the technology of the Legnica smelter to ensure that it can process feed material of different types in the most efficient way possible, and recover various elements. Not only copper, silver and gold, because this is something that we are doing today. So this investment area is also very strongly on the agenda and we are working on it. So in line with our principle, we are not talking about our plans, but this much, I believe, we can reveal. This is certainly an important area. That is, we say only as much as we can say. As much as we can say, exactly. Because, it is true that we have very intensive plans for the work and analyses to recover other raw materials and acquire and recover raw materials other than the ones we currently extract. This is also driven by the

global situation and the limited access to what is sometimes called rare earth elements. One more thing about the investments. I think it is worth saying, because it is a very important topic, which is often overlooked. We are talking about new technologies, about RES, but over the past year we also significantly intensified our work on the underground haul of production. In the past, we used to build two conveyors a year in some mining divisions, but last year, in some locations - and please correct me, Marek, if I'm wrong - but in some divisions we built up to eight conveyors and sections. And in some, we plan to build even more this year. So why is it so important? Because haul distance and haul time is important for the economics of mining. If we have few conveyors then we haul more, we use more haulers, cars which transport the excavated material, and it is simply less economical. So for us, as for the Management Board, it was a priority last year to try to economize the process of transporting excavated materials underground as much as possible, and this is why we had such a big and extensive program of building underground conveyors, to be continued this year.

Yes. I might also add that, for the next two years, in just one mine, the largest one, we have more than 18 tasks linked to belt conveyors. And the effects should be as the President stated. Thank you.

7. Given the record high profits, are you planning to increase the level of profit distributions to shareholders? Or will it be the traditional PLN 300 million?

Answer: Tradition is a good thing and generally you should protect the tradition. What I am saying is very conservative, but we always examine, every year, when assessing the financial standing during that year, what the dividend amount is and what we can pay out. So this year this will also be the subject of our analysis, thinking, and this is something that we will approach and communicate at an appropriate moment.

8. What is the current progress of the Głogów Głęboki Przemysłowy (Deep Głogów) project? When can we expect the location for the construction of the SMRs to be specified? What factors will be considered?

Answer: Perhaps I will give the answer about the SMRs and I will leave the first question to Adam. In terms of the location, we are currently launching a location study process. We are considering several possible locations. The criteria are – perhaps I will not tell you about all of them – but first of all there is the legality criterion pertaining to the location of such an investment, because it cannot be located in all places. For example, it will be difficult to locate it on land that is seismically problematic, or post-mining land. There are also environmental criteria, criteria related to safety zones. There will be a criterion associated with the ability to receive this energy, or supply to a specific site and the economics of such energy supply process. So we are considering several locations and

will launch the location study - to simply see which locations satisfy these criteria best and where it is the most economical, in which specific place we can locate these reactors. All I can say is what we have said in many places that the technology, as the only one, so far – and it is worth remembering because people often miss it – the technology is certified by the US regulator, in terms of the SMRs, or actually the only one in the world that has been certified, because no other technology has received the first level certification. It requires much less space in terms of location. These reactors can fit, in a physical sense, on a plot of 1000m², 1500m². Obviously, there is also a protective zone, but this is a completely different space, location-wise, than the full-scale nuclear power site. You have the floor now.

As far as Deep Głogów is concerned, if you have been following our presentations in recent years, you will notice a gradual increase of this deposit as a percentage of the total production. Today, these areas account for almost 30%. And we are gradually increasing the share of mines and field start-up crews in this region. This is true both in terms of copper and silver.

- 9. I have two questions. The first one is about a concession in Poland: Kulów-Luboszyce, Bytom Odrzański. There have been some press releases that the concession processes are at a turning point, so to speak. Could you give us a brief update on the current situation and on the pipeline of these projects? When will you start geological studies, when will you potentially be able to show, for example, higher CAPEX, higher investment involvement in these projects? And the other question is about the modernizations that the Vice President mentioned in the beginning: Cedynia and the Kaldo furnace. Can you give me more information: for how many days, or which of these elements of your production will be shut down, or how this can affect the production volume?**

Answer: Regarding the concessions, I have already mentioned here that the concession, after actually 6 or 7 years of being processed by the geological administration, has been finally granted to us. I mean the final administrative decision. Because there was an administrative dispute who should receive it. So this concession – the decision on granting the concession – was challenged in the administrative court by the other potential investor. So at this moment we are in the judicial phase. After exhausting this path we will be able to proceed to the investment phase, if the court decision is favorable to us. This is what we are hoping for and we do have arguments, but these are independent courts and we are waiting for their judgment. This is usual in many locations that such disputes are taking place. The important thing is that, after many years, as far as the administrative process is concerned, this decision has been made. It is also the right of a party to disagree and pursue its interests in court. In other words, once the administrative and

judicial disputes are resolved, we will be moving on first to the deposit exploration phase and then to the mining phase. Currently, as we are looking at the data that we have, because several holes were drilled in these deposits in the 70s, we can see the future – that is why we are applying for it. But we still have to wait a little.

As a supplement to what the President said, we want to emphasize that we are ready, both financially and in terms of human resources, to implement and extract these concessions. We have a suspended concession for Bytom Odrzański. Before the suspension, we managed to drill one hole there, so we will have information from that soon. As for Kulów-Luboszyce, we are planning to drill several holes this year. Naturally, unless there are decisions to the contrary, we are here all the time and we are ready as much as we can be, and that is what we do. Regarding maintenance breaks, we have a scheduled maintenance break at the Głogów 2 Smelter/Refinery. These are regular shutdowns – every 4 years. So it is every 2 years for individual Głogów facilities. We are fully secured in terms of anodes, or we will be, at the moment the overhaul begins. The shutdown will last 78 days. The other area is the Legnica Copper Smelter and Refinery and the RCR furnace. That will be 40 days. And because of our efficiency, we managed to shorten the break last year, because this is a regular, annual thing, a regular maintenance break. Last year, it was 55 days. This year, it is 40.

10. One more question, if I may. Which quarters will the breaks fall into?

Answer: End of April to July. More or less.

11. Can you expand on the expectations concerning working capital movements in 2022? There was quite a build-up in 2021. Can we expect a reversal?

Answer: This will result from the analysis of the current situation, such as in relation to the supply of raw materials. We have taken an active approach to inventory management. We believe that it is one of the leverages, one of the factors of active management of a company and active management of the security of production. Therefore, I would prefer not to forecast what the second half of the year would be, whether there any changes will occur in terms of the availability of resources or the possibility of commodity trading. We don't know what the availability of energy materials will be. If there are no sudden changes then we will probably go in the direction of reducing inventories. But it is still too early to talk about that. For now, we believe that this conservative approach is proper and good. Accordingly, since we are not forced to free up these financial resources for other purposes, we prefer to use them to ensure production security so that production can be maintained without any hick-ups. This refers both to the factors related to supply chains as well as the technological process, with preparations for stoppages. I think that this message, that it is deliberate management following ongoing analysis, is the right one.

We are not dogmatic. Rather, we are pragmatic in this approach.

12. How does the geopolitical situation related to Russia's direct aggression in Ukraine and the implemented system of sanctions affect the operations of the KGHM Group? So there are two aspects here. There is also a question of the impact of the current geopolitical situation on operations outside the core production business, that is the segment of support and maintenance companies.

Answer: I will make an attempt to answer this question. You are obviously aware that since some raw materials are produced in Ukraine or Russia, for example steel processing, this implies certain changes related to the price and costs. And we are not hiding the fact that we are experiencing these changes. Looking not so much at the limitation, because there is no problem of limited access, but rather of price. In terms of steel, for example – we can see the consequences of this conflict. There are individual situations, in which certain raw materials needed for the operation of our Group companies should be replaced with supplies from other places instead of, for example, Ukraine. These situations did happen. We are currently working on this topic, analyzing, but we also change suppliers if we see a potential threat, or if we saw, because these changes were already taking place over time. There are also additional issues related to our analyses and the potential impact of gaseous fuel or diesel fuel and changes in case of a potential embargo – this may also affect the price. So this also is something that we must take into account as an analytical option. But these variables are still uncertain and we don't know whether it will happen or not; so far, those are our analytical scenarios. Because actually we don't have any significant trading relationships, in which we sold anything to Russia or to Ukraine. There was Zanam, and actually is Zanam, which sold a few machinery units per year to Russia. This will probably be reduced due to this situation. But this is not a factor that could have a material effect on the company's financial standing, because it represents a very small percentage of sales and exports. So that's how it is. We have already been tested and tried with regard to supply chains and fluctuating prices of supplies as a result of COVID. During the first year of COVID, that was very difficult and visible. So we know how to act in such situations and we also know where to place our production. Because there were situations where supply chains were disrupted, or restricted, also on our side. So we weren't able to deliver on time, or the delivery was difficult and we had to handle that during COVID in such a way as to sell effectively. So that training ground is helping us to act in the situation that we have currently.

Based on our experience related to the COVID emergency, we established a special team to analyze the situation in the East, the availability of products and materials that are used in Group companies. It is worth noting that no risks have been identified and there are

no threats in this regard. As far as that particular service company is concerned, meaning Vostok, this is a subsidiary of our company Zanam. It is a small company with four employees. At the moment we are not supplying mining machinery to Russia. There are no we can see no threats that would be caused by this situation.

13. Considering the developments on the raw material markets, the tax change, etc. how would you modify your cost guidance presented in the 2022 budget?

Answer: I believe it is still too early for this question and it would be difficult to respond, because right now we are not modifying these assumptions, because we would have to tell you about that. So it is not the right time to discuss any things that are not happening. And if they were happening and if we had such scenarios, then this conference would not be the place where we would discuss it. But perhaps Andrzej would comment on it somehow.

Of course. Ladies and gentlemen. We already performed this work as we prepared this year's budget. We are assuming that certain risks have already been captured and embedded in there. So far, two and a half months of the new year have passed. Of course, we are looking at this situation. We are looking at it, because it is obviously very volatile. I can take the natural gas price, for example. The price of gas was I believe 220 EUR per MWh 6 months ago. Then it was approximately 400. There was a moment when it was about 1400, I believe. And currently it is back to 370, or somewhere close. So please tell me what the price of gas will be for the rest of the year and how we should modify our cost assumptions. We have approached this a bit differently. We have approached this by creating task forces, which analyze scenarios. One of the conclusions that one of the task forces indicated, was to stop the production of heat in our gas-fired combined cycle units and restart coal-fired units in the municipal heat plants that we own. We have big reserves of coal, purchased at good prices, which constitute very safe long-term reserves. Consequently, we have been able to achieve savings of several million PLN per month, for the last 6 months. Right now, this task force is analyzing another set of units that may or may not be shut down. Most probably, a similar conclusion will be drawn. So this is, so to speak, a reactive approach. But it is an approach in which we must respond to such deep changes in prices and costs. But this is not an approach in which we change the cost guidance.

14. Does the company think that this lowering of the tax will continue past November 2022?

Answer: We would very much like this to be the case, but for the moment we have neither the basis to expect nor any signals indicating subsequent changes in the law, meaning from December 2022 we revert to the former formula.

15. What percentage of electricity is secured for 2023, and what is the average secured price?

Answer: Not for 2023 but currently for 2022 we have around 40% of natural gas pricing secured, around 90% of electricity pricing and 100% of emissions rights certificates.

16. When does the company expect the sale of the Franke mine, what is the budget of KGHM INTERNATIONAL for 2022 assuming the sale of the mine? When will KGHM revise its budget for 2022 regarding KGHM INTERNATIONAL?

Answer: We expect to close the sale within about two months. If the transaction does not go through, the market will be properly informed of subsequent steps. It's too soon to talk about amending the budget, this isn't a topic. The current budget does not include production by Franke.

17. Project Victoria – given the rise in the price of nickel – the project includes a nickel project if I remember correctly? What is the outlook for development?

Answer: Currently work is focused on building a technical model of the mine and preparing project terrain, including surface infrastructure - the shaft's headframe, power substations, the waste rock containment pad. No decision has yet been made regarding the commencement of the main shaft construction, but looking at favourable scenarios for the demand for nickel and copper, it is one of the most advanced projects in our portfolio.

18. Are you planning to pay a dividend? If so, when can we expect an announcement as to how much, the dividend date and the dividend payment date?

Answer: Same as above, question no. 7.

19. When can we expect the profit allocation recommendation?

Answer: Same as above, question no. 7.

20. Given the political situation between Poland and Russia, have you changed or do you expect to change your targets regarding the energy transformation of the company?

Answer: Same as above, question no. 5.

21. Given the increasing price of copper, are you looking to change your copper production targets?

Answer: We want to increase the volume of copper production not only because it gives us additional revenue, but it also gives us additional leverage on the markets, additional

trading opportunities and additional investment opportunities in terms of processing into wire rod and establishing our presence on markets that simply need more copper. This was also a deliberate action. We deliberately bought more scrap, we deliberately bought more concentrate and we deliberately produced more copper.

22. What kind of financial flows could we expect from the mining of nickel from the overseas deposits belonging to the company?

Answer: If we consider the current estimated level of production (average-annual production of 16 kt of nickel, 18 kt of copper over approx. 14 years), and for example we take the current prices of these metals, it's a simple calculation. Nevertheless we have to emphasize that every mining project can depart from the expected results for many reasons, and we can also point out the volatility in forecasts of future prices of nickel and copper. So today we can only say that our experience and knowledge indicate that we can be optimistic about this project.

23. It looks like KGHM has clearly not communicated the decrease in the minerals extraction tax (the so-called copper tax). When did this happen? Has the formula for calculating this tax changed? What are the savings – can we talk about some specific amounts?

Answer: Changes to the formula of the minerals extraction tax charge occurred at the beginning of this year. This is the second change that has once again lowered this tax burden, and we are very happy about this fact because it means that it will be easier for us to finance investments without increasing the level of debt. The current formula amendment is valid until November 2022. We do not know yet whether it will be extended. According to the Act the estimated level of savings is around 30%.

24. Given the current unstable situation (meaning Ukraine) and the very high likelihood of ever-higher costs, among others of energy – will it be possible for KGHM to accelerate and start-up the small reactors earlier than in 2029?

Answer: We have to remember that this is a large, modern and very complicated project, which remains in the earliest stages of advancement. However much we would like to move it ahead more quickly, at the same time and above all ensuring safety, realistically it isn't possible for the first reactor to come online any earlier than in the timeframe we have indicated many times, meaning by 2029.