

GLENCORE

Glencore plc
Baar, Switzerland
15 June, 2018

SETTLEMENT OF DISPUTE WITH VENTORA AND AFRICA HORIZONS

Further to its announcement of 27 April 2018 in respect of freezing orders filed against Mutanda Mining Sarl (“Mutanda”) and Kamoto Copper Company SA (“KCC”), subsidiaries of Glencore plc, by Ventora Development Sasu (“Ventora”), a company affiliated with Mr. Dan Gertler, Glencore has carefully considered its legal and commercial options in connection with its dispute with Ventora and Africa Horizons Investments Limited (“AHIL”), also a company affiliated with Mr Dan Gertler, and its obligations to its various stakeholders, including its shareholders, customers and the communities in which it operates in the Democratic Republic of the Congo (“DRC”).

Glencore and Katanga Mining have determined that in the circumstances the only viable option to avoid the material risk of seizure of its assets under DRC court orders is for Mutanda and KCC to pay the relevant royalties as and when they become due to Ventora in non-US dollars, without involving US persons, in order to discharge their obligations under the terms of the pre-existing contracts. Mutanda, KCC, Ventora and AHIL have on this basis agreed to withdraw all pending and threatened litigation between them pursuant to a settlement agreement signed by the parties.

Glencore believes that payment in non-US dollars of royalties and access premiums to Ventora without the involvement of US persons would appropriately address all applicable sanctions obligations.

Glencore is a substantial investor and partner in the DRC and is committed to sustainable mining, creating employment and supporting local businesses, thereby providing substantial revenues to local and national Government and making voluntary contributions to improve living standards in the communities in which it operates. KCC and Mutanda employ in excess of 12,000 people. KCC and Mutanda represent an investment by Glencore of close to \$7 billion at the end of 2017. In the last three years, our operations in the DRC have paid over \$1.6 billion in taxes and royalties to the government with \$407m paid in 2017. KCC and Mutanda are significant producers of cobalt, a metal which is of critical importance for batteries for electric vehicles and portable electronics as well as essential technology, defense and industrial applications. Glencore’s operations are the single largest source of industrial cobalt which guarantees the provenance of the material and the exclusion of child labour from the supply chain.

Follow us on social media:



GLENCORE

Background

On 27 April 2018, Ventora served freezing orders in the DRC against Mutanda and KCC for approximately \$695 million and US\$2.28 billion, respectively.

Ventora alleged that Mutanda had breached an agreement with Ventora pursuant to which Mutanda is required to make royalty payments to Ventora. Ventora asserted that if its claim was upheld it would be entitled to damages of approximately \$695 million, which it alleged was the value of the future royalties due to it under the agreement.

Ventora alleged that KCC had breached an agreement between KCC, La Générale des Carrières et des Mines ("Gécamines") and AHIL pursuant to which it alleged KCC was required to make royalty payments to Ventora. Ventora asserted that if its claim was upheld it would be entitled to damages of approximately US\$2.29 billion, which it alleged was the value of the future royalties due to it under the agreement.

On 28 April 2018, Ventora obtained from the Kolwezi High Court injunctions to pay against KCC and Mutanda in the amount of \$2.86 billion (an increase of \$572 million for alleged legal fees) and \$869 million (an increase of \$174 million for alleged legal fees), respectively, which, if they had become final would have potentially enabled Ventora to permanently seize assets at the Mutanda and KCC mines up to the amounts of these injunctions. These assets seizures would have severely disrupted the mines and would have enabled Ventora to seize all productive assets at the mines, including mining titles.

Further information on agreements with Ventora and AHIL

In December 2017, the United States government designated Dan Gertler and affiliated companies as specially designated nationals ("SDNs"), thereby imposing blocking sanctions on them and companies (such as Ventora and AHIL) owned 50% or more by them.

KCC and Mutanda are party to agreements with Ventora and AHIL which were concluded prior to the designation of Mr. Gertler as a SDN when the Gertler-affiliated entities acquired these rights from Gécamines.

The agreement between Mutanda and Ventora provides for royalties to be calculated at a rate of 2.43% of "gross sales" from the Mutanda mine. The royalties are payable quarterly. Glencore estimates that the amount payable by Mutanda will be approximately EUR10.5 million per quarter beginning in July 2018. The access premium payments are payable based on the number of tonnes of commercially exploitable reserves at a rate of EUR24 per ton. The access premium payment is subject to a cap of EUR10,464,379 per year but no payment is due until 2019 in which event the access premium payment will be capped at EUR2,685,508.

Mutanda will make a true-up royalty payment to Ventora on the date of the settlement agreement in the amount of approximately EUR4.6 million.

GLENCORE

The agreement between KCC and AHIL provides for the royalties to be calculated at a rate of 2.5% of "net sales" from the KCC mine, subject to certain deductions. The royalties are payable quarterly. Glencore estimates that the royalties for 2018 will be approximately EUR10 million per quarter and then for 2019 approximately EUR16.5 million per quarter. KCC made a pre-payment to AHIL in 2015 and there is a balance of approximately EUR44 million outstanding under the pre-payment against which current royalties are being off-set. It is therefore expected that the next royalty payment from KCC will be in 2019.

AHIL has assigned its right to receive royalties to Ventora such that Ventora will be the recipient of royalties at both Mutanda and KCC with immediate effect.

The amounts set out above have been converted to EUR based on prevailing exchange rates, but the final amounts payable in EUR will be determined based on the exchanges rates prevailing at the time of payment.

For further information please contact:

Media

Charles Watenphul t: +41 41 709 24 62 m: +41 79 904 33 20 charles.watenphul@glencore.com

Investors

Martin Fewings t: +41 41 709 2880 m: +41 79 737 5642 martin.fewings@glencore.com
Ash Lazenby t: +41 41 709 2714 m: +41 79 543 3804 ash.lazenby@glencore.com

www.glencore.com

Glencore LEI: 2138002658CPO9NBH955

This announcement contains inside information.

Notes for Editors

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 90 commodities. The Group's operations comprise around 150 mining and metallurgical sites, oil production assets and agricultural facilities.

With a strong footprint in both established and emerging regions for natural resources, Glencore's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, oil and food processing sectors. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 146,000 people, including contractors.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals. We are an active participant in the Extractive Industries Transparency Initiative.

GLENCORE



www.facebook.com/Glencore



www.flickr.com/photos/glencore



www.instagram.com/glencoreplc



www.linkedin.com/company/8518



www.slideshare.net/glencore



www.twitter.com/glencore



www.youtube.com/glencorevideos

Disclaimer

The companies in which Glencore plc directly and indirectly has an interest are separate and distinct legal entities. In this document, "Glencore", "Glencore group" and "Group" are used for convenience only where references are made to Glencore plc and its subsidiaries in general. These collective expressions are used for ease of reference only and do not imply any other relationship between the companies. Likewise, the words "we", "us" and "our" are also used to refer collectively to members of the Group or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.