

# GlencoreXstrata

Baar, Switzerland

## **Sale of Las Bambas Copper Mine Project**

13 April, 2014

Glencore Xstrata plc (“Glencore”) has signed an agreement for the sale of its entire interest in the Las Bambas copper mine project (“Las Bambas”) to a consortium owned 62.5% by MMG Limited, 22.5% by GUOXIN International Investment Corporation Limited and 15.0% by CITIC Metal Co., Limited (the “Consortium”).

The consideration for the transaction is approximately US\$5.85 billion, payable to Glencore in cash on closing. In addition, all capital expenditure and other costs incurred in developing Las Bambas in the period from 1 January 2014 to closing will also be payable by the Consortium. At the end of March 2014, capital expenditure and other costs incurred since the start of the year amounted to approximately US\$400 million.

The proceeds from the sale will immediately and materially de-gear Glencore’s balance sheet. Glencore will continue to look for opportunities to reinvest capital in line with our published returns criteria. Any surplus capital, subject to maintaining an efficient balance sheet within Glencore’s strong BBB/Baa credit ratings guidance, will be returned to shareholders, within an appropriate time frame and structure.

The transaction is subject to certain regulatory approvals (including MOFCOM) as well as the approval of MMG Limited shareholders. China Minmetals Non-Ferrous Metals Company Limited, which holds approximately 74% of the share capital of MMG Limited, has irrevocably committed to vote in favour of the transaction. The transaction is expected to close prior to the end of Q3 2014 and is being conducted pursuant to the Remedy Commitments entered into with MOFCOM at the time of Glencore’s merger with Xstrata.

Commenting on today’s announcement, Ivan Glasenberg, CEO of Glencore said:

“Today’s announcement demonstrates our commitment to maximising value for our shareholders. Since we acquired Xstrata on 2<sup>nd</sup> May 2013, our team has taken decisive steps to de-risk Las Bambas, which has culminated in this compelling offer from the Consortium. Our willingness to sell reflects the level of the offer and our conviction that we can utilise the sale proceeds to create additional shareholder value.”

BMO Capital Markets Limited (“BMO Capital Markets”) and Credit Suisse Securities (Europe) Limited (“Credit Suisse”) are acting as financial advisors to Glencore in connection with the sale.

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## **About Glencore Xstrata**

Glencore Xstrata is one of the world's largest global diversified natural resource companies. As a leading integrated producer and marketer of commodities with a well-balanced portfolio of diverse industrial assets, we are strongly positioned to capture value at every stage of the supply chain, from sourcing materials deep underground to delivering products to an international customer base.

The Group's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries. The Group's diversified operations comprise over 150 mining and metallurgical sites, offshore oil production assets, farms and agricultural facilities. We employ approximately 190,000 people, including contractors.

## **About Las Bambas**

Las Bambas is a long-life copper development project with prospective exploration options. Located in Cotabambas, Apurimac Region of Peru, the project is at an advanced stage of construction and is scheduled to commence production in 2015.

As at 31 December 2013, Las Bambas had gross assets of US\$4,420 million. Given that the project is still in a pre-production phase, Las Bambas' total profit for the financial year ended 31 December 2013 was US\$(0.02) million.

## **Forward looking statements**

*This document contains statements that are, or may be deemed to be, "forward looking statements" which are prospective in nature. These forward looking statements may be identified by the use of forward looking terminology, or the negative thereof such as "plans", "expects" or "does not expect", "is expected", "continues", "assumes", "is subject to", "budget", "scheduled", "estimates", "aims", "forecasts", "risks", "intends", "positioned", "predicts", "anticipates" or "does not anticipate", or "believes", or variations of such words or comparable terminology and phrases or statements that certain actions, events or results "may", "could", "should", "shall", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.*

*By their nature, forward looking statements involve known and unknown risks and uncertainties, many of which are beyond Glencore Xstrata's control. Forward looking statements are not guarantees of future performance and may and often do differ materially from actual results. Important factors that could cause these uncertainties include, but are not limited to, those discussed on pages 18 to 31 of Glencore Xstrata's Annual Report 2013.*

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