

New strategic partnership between Glencore and Qatar Investment Authority relating to Rosneft

10 December 2016

Baar, Switzerland— Glencore and QIA have concluded various agreements which provide for the establishment of a 50:50 consortium (the **Consortium**).

The Consortium has entered into agreements in connection with the further privatisation of Rosneft whereby the Consortium will acquire from Rostneftegaz a 19.5% interest in the issued share capital of Rosneft (the **Shares**) for €10.2 billion (the **Consideration**). Under the proposed arrangements, Glencore will commit €300 million in equity (the **Glencore Equity**) and QIA will commit €2.5 billion in equity to the Consortium with the balance of the consideration for the acquisition of the Shares to be provided by non-recourse bank financing, principally by Intesa Sanpaolo S.p.A., with Russian banks also providing financing and credit support.

The other material terms of the transaction for Glencore are:

- New 5 year offtake agreement with Rosneft representing a sizeable additional 220,000 bbls/day for the Glencore Marketing business
- Additional opportunities through a strategic partnership for further cooperation, including infrastructure, logistics and global trading
- Other than the economic exposure represented by the Glencore Equity (representing a 0.54% indirect equity interest in Rosneft), Glencore will not have any economic exposure to its interests in the Shares
- Limited liability structure fully ring-fenced and non-recourse to Glencore apart from its €300 million equity contribution and the provision of margin guarantees of up to €1.4 billion, for which Glencore has obtained full indemnification from appropriate Russian banks.
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The overall transaction, including the acquisition of the Shares, is conditional on the finalisation of all relevant financing, guarantee and other agreements and is expected to close in mid-December 2016.

Commenting on the transaction, Glencore CEO Ivan Glasenberg said:

"We are delighted that the strong relationships that already exist between Rosneft, QIA and Glencore have enabled us to successfully enter into this transaction. Glencore looks forward to working with both parties to take advantage of the significant opportunities which are expected to be presented across the Russian and global oil markets."

The value of the gross assets the subject of the transaction attributable to Glencore (being 50% of the Consideration) is €5.1 billion. The profits attributable to the Shares, (being 9.75% (50% of 19.5%) of the net income attributable to shareholders of Rosneft), as shown in Rosneft's latest published audited accounts for the year ended 31 December 2015, are RUB34.6 billion (€510.6 million).

This transaction is not connected with the recently announced privatisation by the Russian government of Bashneft.

In this announcement:

Glencore means Glencore plc and its subsidiaries

QIA means the subsidiaries and investments of Qatar Investment Authority

Rosneft means Rosneft Oil Company

Rosneftegaz means Joint Stock Company Rosneftegaz

RUB means Russian roubles

€ means Euros.

For the purposes of the penultimate paragraph of the text above:

1. the net income attributable to the shareholders of Rosneft for the year ended 31 December 2015 was RUB 355 billion; and
2. the exchange rate used is RUB 67.7660 to one Euro.

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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. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 160,000 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.

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