
George Fisher zinc mine, Mount Isa Mines, Australia

GLENCORE

Investor update

1 December 2016

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Whole Ore Leach construction site, Katanga copper, DRC

Highlights

Ivan Glasenberg - CEO

Summary

Debt reduction plan nearing completion and capital structure repositioned

- On track for \$16.5-\$17.5bn Net debt by end 2016; down \$12.5bn[1] in just 18 months
- Divestment processes successfully completed at \$6.3bn vs original target of \$1-2bn
- Success of deleveraging programme recognised by credit markets with spreads and CDS trending towards normalised levels
- Targeting maximum 2x Net debt[2]/EBITDA through the cycle

Strong free cash flow generation, reinforced at current prices

- Even at Q1 2016 commodity price lows, annualised FCF generation was healthy, underpinned by the resilience of Marketing cash flows and quality/diversification of Industrial assets
- 2017 illustrative[3] FCF of c.\$6.5bn from EBITDA of c.\$14.0bn at Calendar 2017 forward prices

Sustainable distribution policy / capital allocation framework seeking to maximise value creation for shareholders

- 2017 cash distribution of \$1bn, to be paid in equal tranches in the first and second half of 2017
- New distribution policy to take effect from 2018 (in respect of 2017 cash flows) comprising:
  - Fixed \$1bn base distribution, reflecting the resilience, predictability and stability of Marketing cash flows; plus
  - Variable distribution representing a minimum payout of 25% of Industrial free cash flow

The right commodity mix to feed the changing needs of maturing economies

- Leading low-cost supply positions in mid and late cycle commodities such as copper, cobalt, nickel, zinc and thermal coal
- Significant operational leverage to improving fundamentals in our key commodities with substantial volumes of low-cost latent capacity that can restart when we believe conditions are right

Note: (1) Based on 30 June 2015 Net debt of c.\$29.5bn and mid point of end 2016 Net debt guidance of \$16.5bn to \$17.5bn, (2) Net debt as defined by Gross debt less cash and cash equivalents less readily marketable inventories. (3) See note 3 on slide 19

New Glencore berth facilities at the Port of Townsville, Australia

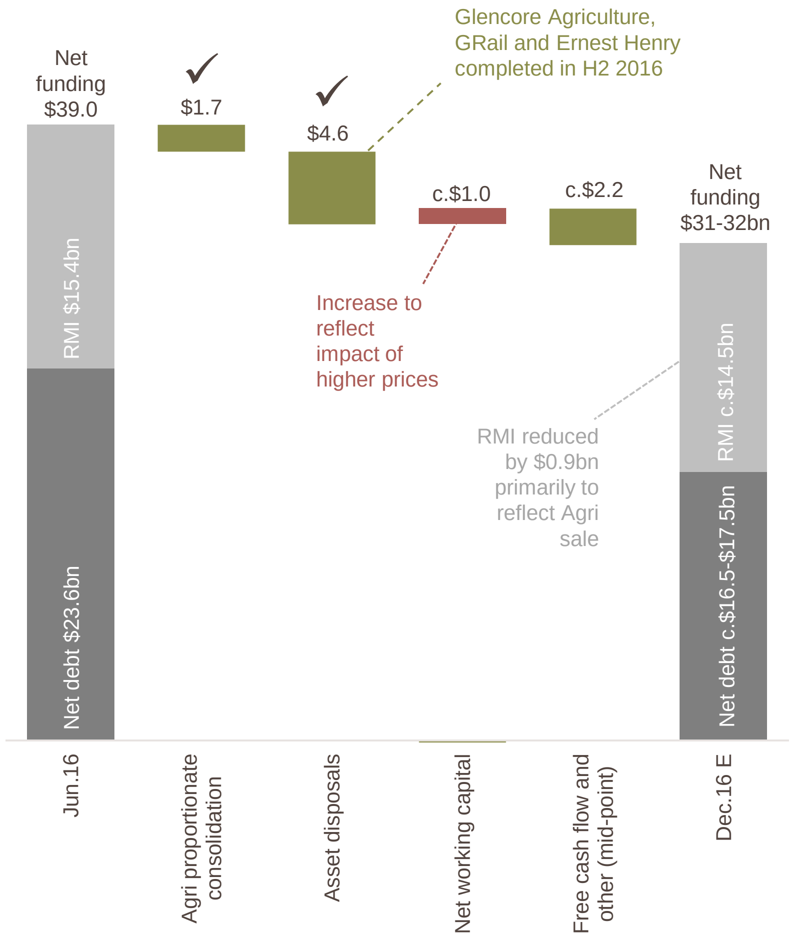
Creating long-run sustainable returns

Steven Kalmin - CFO

Debt reduction plan nearing completion

- **End 2016 Net funding and Net debt estimates unchanged at $31-32bn and $16.5-$17.5bn respectively**
  - Proportionate vs full consolidation of Glencore Agri (lowers Net funding, RMI and Net debt by $1.7bn, $1bn and $0.7bn respectively)
- **c.$6.3bn(1) of divestment proceeds received since debt reduction plan launched in September 2015**
  - Cash flow monetised at a blended unlevered real after tax IRR of c.5%
  - Underpins c.$12.5bn reduction in Net debt in just 18 months
- **Success of deleveraging programme recognised by the credit markets**
  - Public market credit spreads and CDS trending towards normalised levels
  - 6x oversubscribed €1bn 7 year issue in September at 1.875%

Debt bridge ($bn)

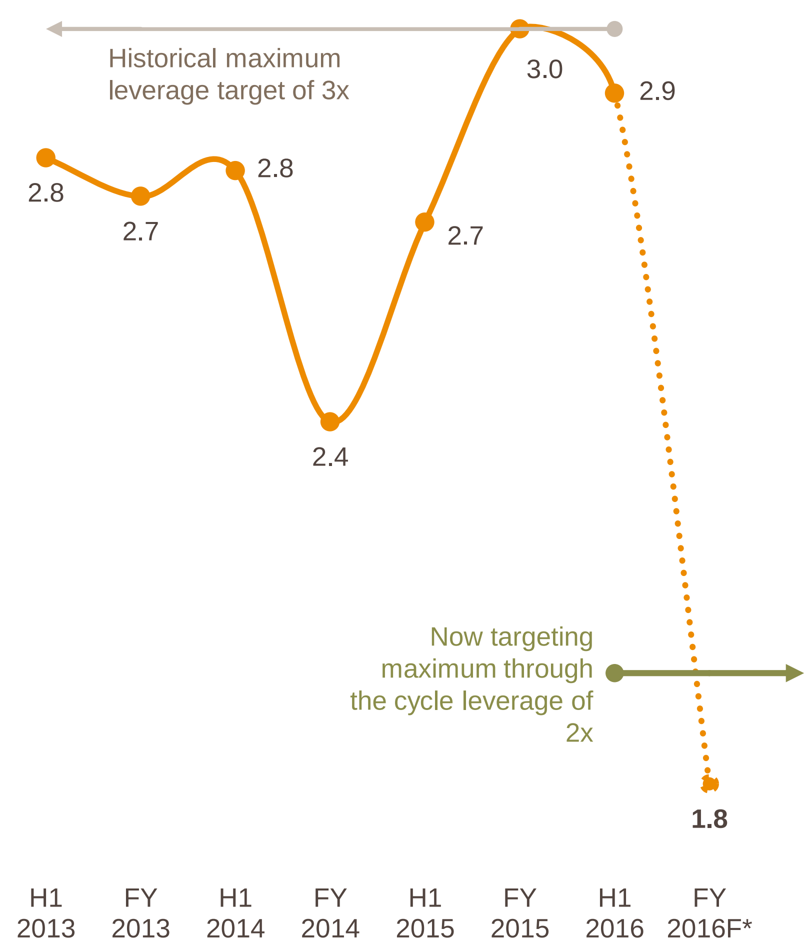


Note: (1) Asset sales: Glencore Agriculture $3.125bn, Antamina $900M and Antapaccay $500M streams, GRail A$1.14bn, Ernest Henry A$880M, Other $200M.

Targeting greater balance sheet strength and flexibility

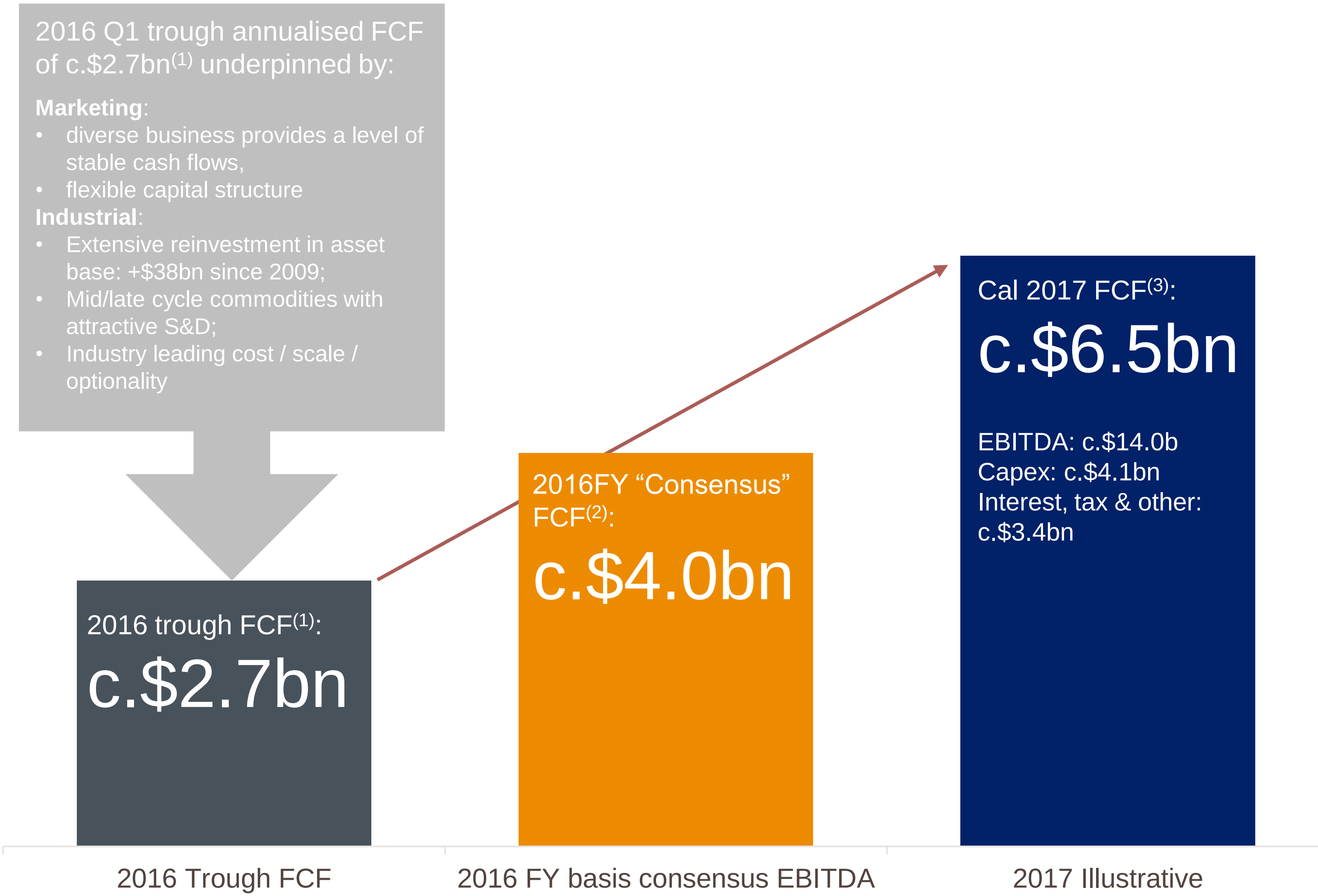
- **Strong BBB/Baa ratings target and maintenance remains a top priority**
  - Our proactive actions in 2015/2016 demonstrate our commitment
  - Targeting maximum 2x Net debt/EBITDA through the cycle
- **Lower gearing = less risk/more flexibility/stability of distributions**
  - Should result in lower overall cost of capital
- **Bond maturity profile smoothed**
  - Recent $1.5bn bond tender caps post-2017 maturities around $3bn in any one year
  - We currently remain net buyers of our debt
    – *New $1bn bond tender offer announced December 1st 2016*

Net debt/Adjusted EBITDA



*FY2016 Forecast based on mid point of 2016 Net debt target of $16.5 to $17.5bn and Bloomberg consensus 2016 EBITDA of $9.4bn as at 28 November 2016

Business strongly cash generative, even at Q1 2016 lows



Note: (1,2,3) see slide 19

2017 guidance - production

- **2017 key changes**
  - **Copper**: 65kt reduction includes lower production at Alumbrera as it reaches end of life, a 20kt reduction from the sale of 30% of EHM and lower by-product units from the nickel and zinc divisions
  - **Zinc**: 90kt net increase mainly reflects higher grades at Antamina
  - **Nickel**: modest increase in line with higher Koniambo production
  - **Coal**: 10Mt increase reflects restarts of Collinsville and Integra UG, full ownership of Newlands/Collinsville in Australia and normalisation of production in Colombia following 2016 disruptions
- **Coal hedging update**
  - By the end of December, due to roll-off, the portfolio of hedges will be down to around 11Mt.

Commodity	Unit	Guidance FY 2016	Guidance FY 2017
Copper	kt	**1,420 ± 15**	**1,355 ± 25**
Zinc	kt	**1,100 ± 15**	**1,190 ± 25**
Lead	kt	**300 ± 5**	**300 ± 10**
Nickel	kt	**116 ± 4**	**120 ± 4**
Ferrochrome	kt	**1,550 ± 15**	**1,650 ± 25**
Coal	Mt	**125 ± 3**	**135 ± 3**

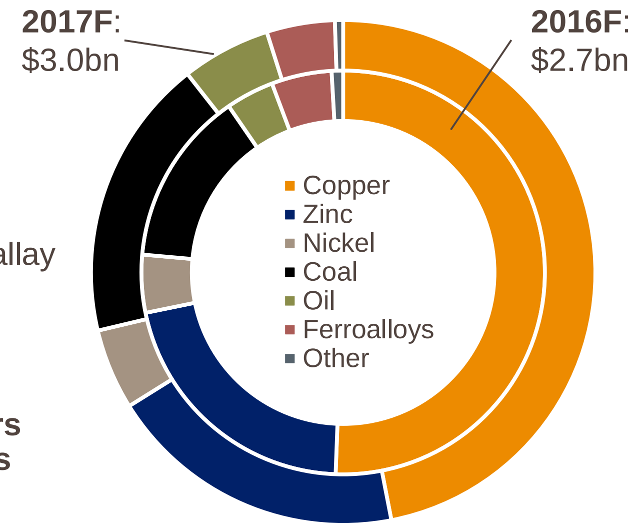
- **Restart of latent capacity**
  - **Copper**: Katanga commissioning forecast for end 2017 with first metal expected in H1 2018. Mopani new shafts and concentrator commissioning by late 2018
  - **Zinc**: Restart of idled capacity remains dependent on market conditions. We continue to evaluate the timing of possible restarts in the context of ongoing improvement and consolidation of metal prices

2017 guidance - industrial capex c.$4bn[(1)]

2016 expected to come in below previous $3.5bn guidance

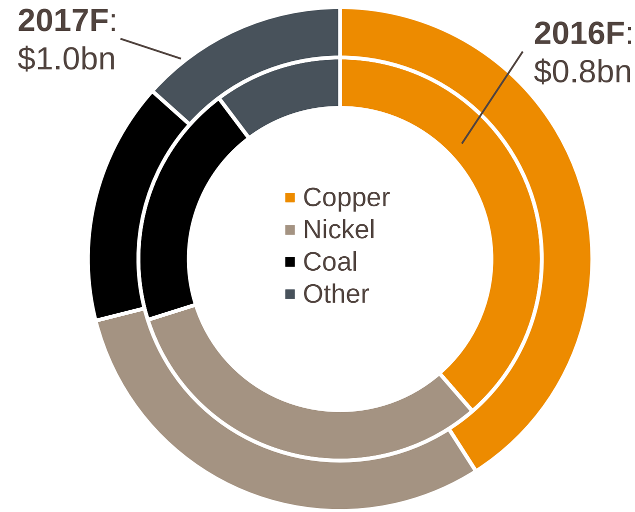
Sustaining capex

- **2017F: $3bn: (+$0.3bn)**
- **Key changes by commodity:**
  - **Copper:** higher deferred stripping at Katanga in preparation for Whole Ore Leach (WOL) commissioning at end 2017
  - **Oil:** restart of some Chad West drilling (25% IRR at $65/bbl) to allay declining flow rates and maintain pipeline integrity
  - **Coal:** purchase of additional truck fleet at Prodeco to optimise capacity in line with mine plan changes
- **Sustaining capex c.$3bn per annum through the next five years <u>even</u> as full recommissioning of African Copper capacity takes effect by end of 2019**



Expansionary capex

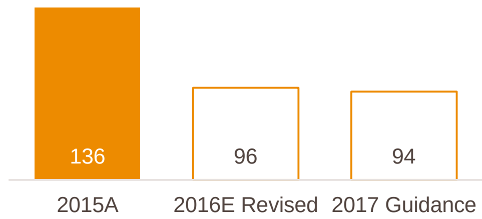
- **2017F: $1bn: (+$0.2bn)**
- **Key capex by commodity:**
  - **Copper:** Katanga Whole Ore Leach; Mopani shaft sinking and concentrator
  - **Nickel:** rebuild of Koniambo Line 2
  - **Coal:** some expansion and life extension projects in Australia



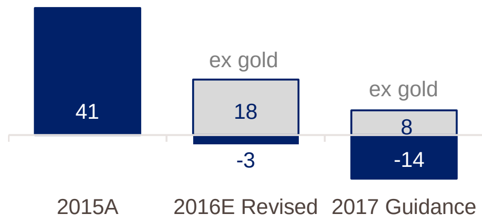
Note: (1) Industrial capex including JV capex and capitalised interest, excluding marketing capex of $160M in 2016F and $70M in 2017F

2017 guidance - mine costs

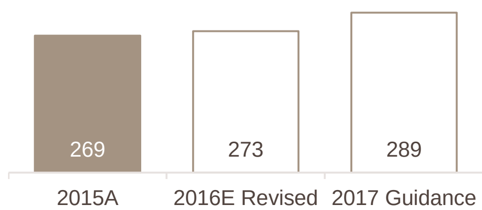
Cu
Costs (c/lb)(1)
Cal 2017 LME(5): 267c/lb



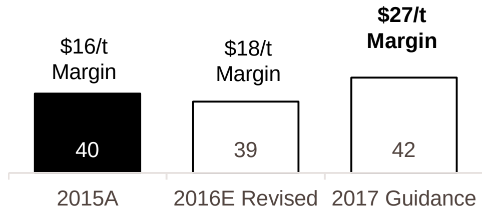
Zn
Costs (c/lb)(2)
Cal 2017 LME(5): 131c/lb



Ni
Costs (c/lb)(3)
Cal 2017 LME(5): 528c/lb



Coal
Thermal coal costs ($/t)(4)
Cal 2017 NEWC(5): $73/t (spot $92/t)



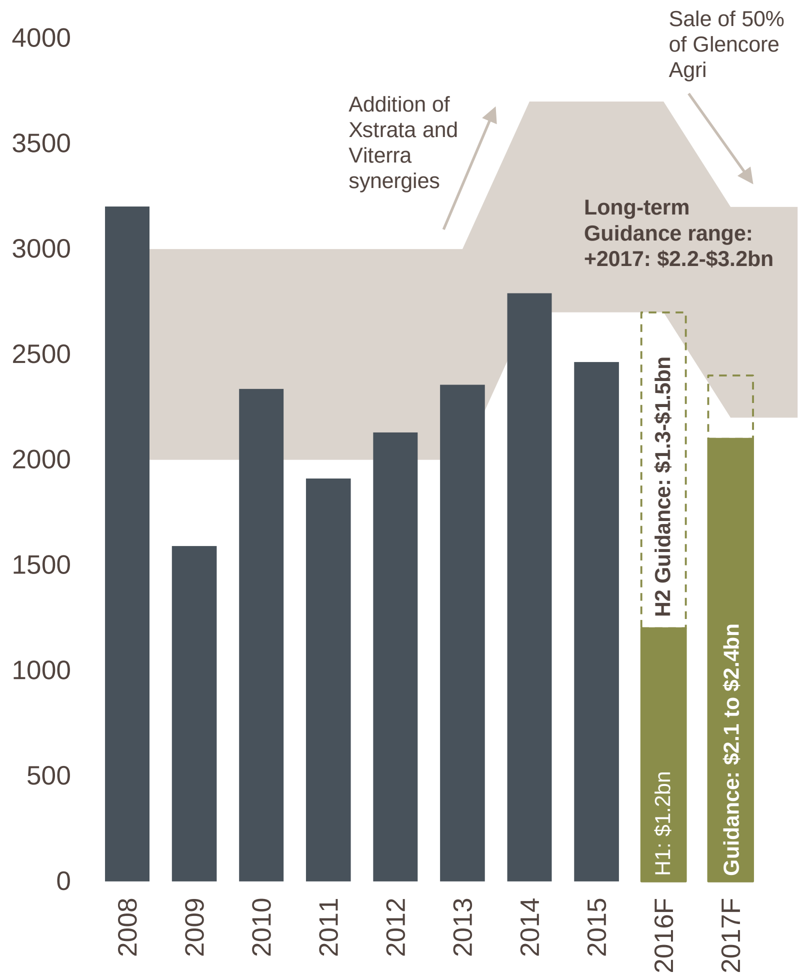
- **Significant reductions in 2016 copper and zinc cost structures expected to be sustained into 2017**
  - Supported by favourable FX movements, healthy by-product credits and extensive cost efficiencies/savings
- **Modest increase in nickel average unit cost in line with declining PGM and copper grades at Sudbury**
- **Increase in coal unit costs substantially driven by revenue linked royalties associated with higher prices**
  - Extracting some higher cost (but high margin) coal and increased fuel prices also contributed to the higher blended cost average
  - An ongoing comprehensive Coal Cost-Out/Margin-Up initiative programme is targeting a further c.$300M of sustainable annual cash flow benefits by end-2018

Notes (1,2,3,4) - see slide 20, (5) Calendar 2017 (average 2017 forward curve) price data as at 28 November 2016

2017 guidance - marketing

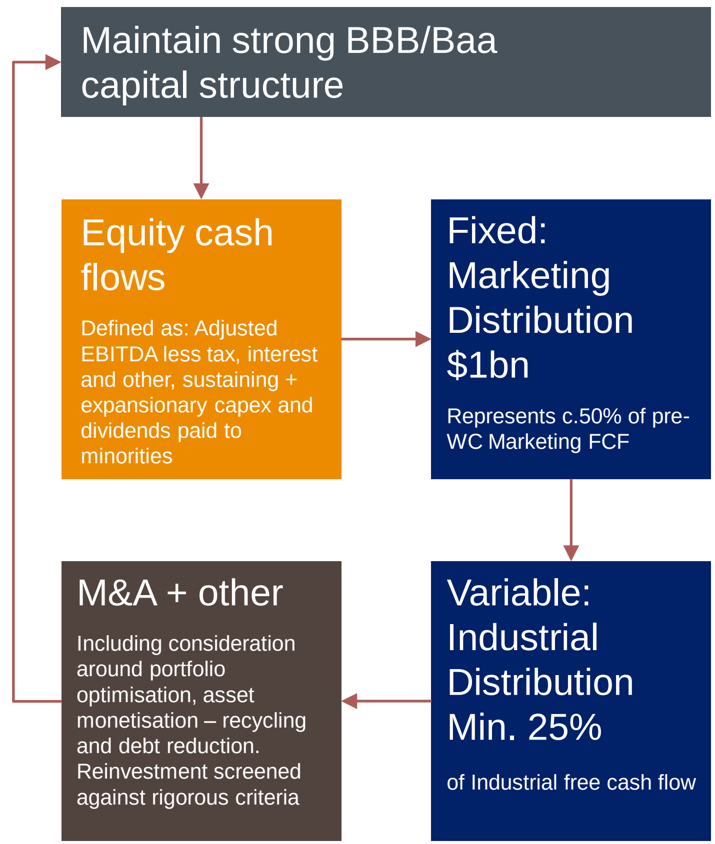
- **2016 Marketing EBIT expected towards the upper end of the recently tightened guidance range ($2.5 to $2.7bn) in line with supportive market conditions over H2 2016**
- **2017 Marketing EBIT guidance range reduced by c.$350M to $2.1 to $2.4bn, reflecting the sale of 50% of Glencore Agriculture**
- **Accordingly, long-term EBIT guidance range lowered to $2.2 to $3.2bn**
  - A combination of production/volume growth, uptick in additional working capital, higher interest rates and tighter physical market conditions would allow us to reinstate the long-term guidance range
- **Low cost of capital and stable cost base underpin a resilient, high ROE**
  - Marketing earnings are generated from the handling, blending, distribution and optimisation, in substantial scale, of physical commodities, augmented by arbitrage opportunities

Marketing EBIT ($M)



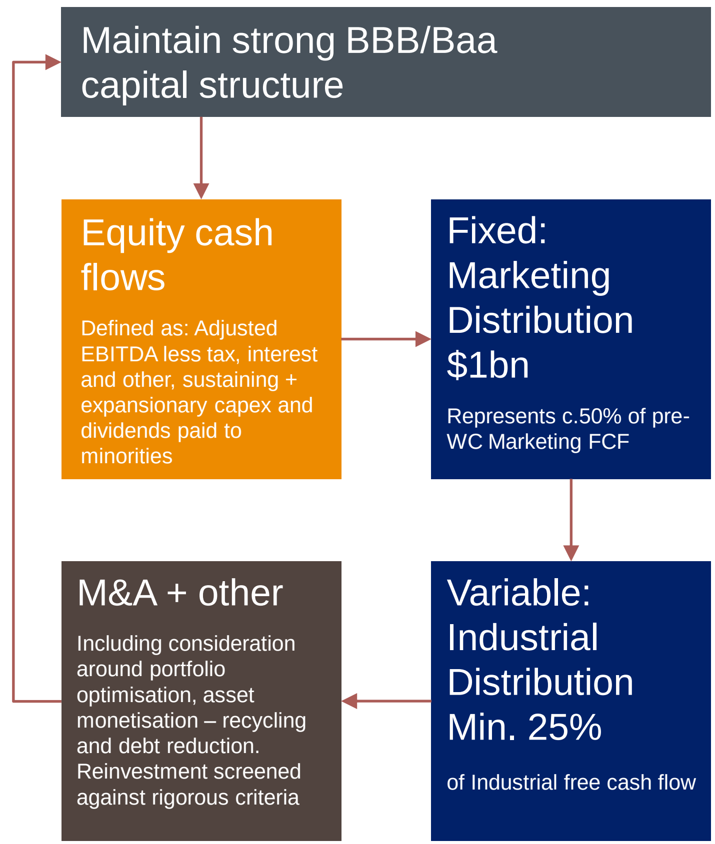
Capital allocation to maximise value creation from cash flows: Distribution policy

- **2017 cash distribution of $1bn, paid in equal tranches in H1 and H2 2017**
- **New distribution policy to apply from 2018 (in respect of 2017 cash flows) comprising:**
  - Fixed $1bn base distribution reflecting the resilience, predictability and stability of Marketing cash flows; plus
  - Variable distribution representing a minimum payout of 25% of Industrial free cash flows
- **Fixed and variable distribution components reconfirmed annually**
  - Based on prevailing conditions and outlook
  - But thoroughly designed and tested to be sustainable in all circumstances
  – *Comfortably covered from trough cashflows in 2016 and supported by structurally lower gearing and longer/smoother bond portfolio maturities*
- **Variable distribution percentage potentially increased, as appropriate, by special “top-up” shareholder payments:**
  - In context of overall balance sheet requirements and subject to prevailing conditions & outlook
  - Cash distribution generally favoured versus buyback given inherent volatility in prices



Capital allocation to maximise value creation from cash flows: Clear reinvestment criteria

- **Success in resources is about having the right commodities / business mix and making the right reinvestment decisions**
- **Curtailed capacity to be returned at right time/price, at minimal cost**
  - Unique in the sector - few peers have cut production
  - Potential volume increase of c.40% in zinc and c.30% in copper
- **Clear reinvestment criteria and processes**
  - Compelling base return/cash flow profile
  - Targeting 15% unlevered IRR and prioritising near-term paybacks for new capital deployment
  - Incremental marketing synergy potential - unique
  - Large greenfield expansion projects to be avoided - unique
  - Focus on existing commodities
  - Detailed post-deal performance analysis



Nickel crowns, Nikkelverk Norway

Positioned for the future

Ivan Glasenberg - CEO

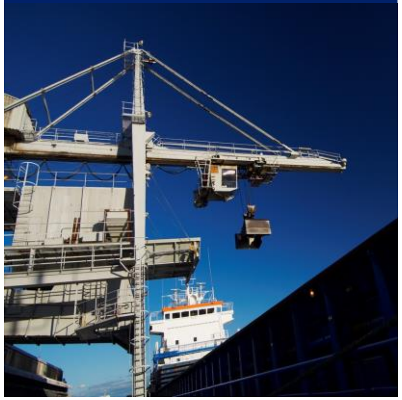
Positioned for the future

The right commodities to feed maturing economies

Leading large scale low-cost portfolio of commodities with positive LT Supply/Demand fundamentals: Cu, Co, Ni, Zn, thermal coal

Marketing resilience

Earnings generated from physical logistics and arbitrage opportunities are much less correlated to flat price movements

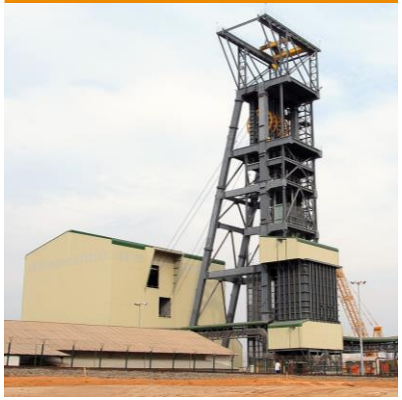


Highly cash generative

Optimisation of capital structure and asset portfolio to maximise cash flows while maintaining a strong IG balance sheet

Low-cost growth options in copper and zinc

Latent capacity to be restarted when conditions are right



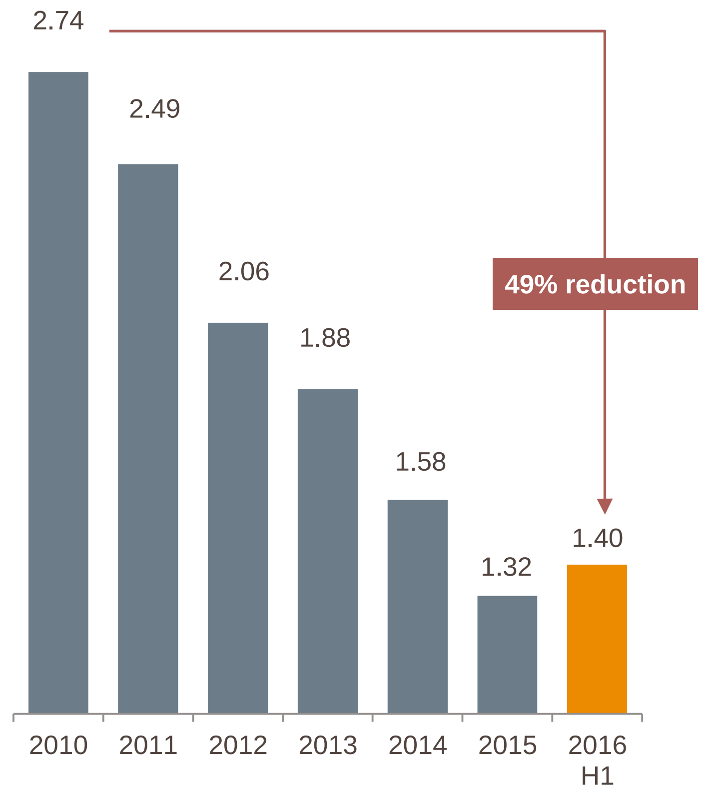
Appendix

Rebuild workshop, Mount Isa Mines, Australia

Sustainability and governance

- **Safety**
  - Regrettably 14 fatalities from 6 incidents YTD
    12 fatalities from 4 incidents at our "focus assets"
  - Remain resolved to eliminate fatalities; extra resource support provided to our main concern areas
  - Assurance focus on Catastrophic & Fatal Hazards
  - LTIFR 1.40, up 6%
  - TRIFR 4.02, down 7%
- **Environment**
  - Global tailings storage facility review underway
  - CDP carbon rating: B, improving from C in 2015
  - CDP water rating: A-, improving from B in 2015
  - Internal Climate Change working group established
- **Governance**
  - Publication of our payments to host governments underscores our commitment to transparency

LTIFR(1) 2010 to October 2016



Extractive Industries Transparency Initiative

VOLUNTARY PRINCIPLES ON SECURITY + HUMAN RIGHTS

ICMM International Council on Mining & Metals

CDP DRIVING SUSTAINABLE ECONOMIES

Note: (1) Lost time incidents (LTIs) are recorded when an employee or contractor is unable to work following an incident. In the past Glencore recorded LTIs which resulted in lost days from the next calendar day after the incident whilst Xstrata recorded LTIs which resulted in lost days from the next rostered day after the incident - therefore the combined LTI figure is not based on data of consistent definition (historically, prior to merger). From 2014 Glencore records LTIs when an incident results in lost days from the first rostered day absent after the day of the injury. The day of the injury is not included. LTIFR is the total number of LTIs recorded per million working hours. LTIs do not include Restricted Work Injuries (RWI) and fatalities (fatalities were included up to 2013). Historic data has been restated to exclude fatalities and to reflect data collection improvements.

Notes

Slide 8: Business strongly cash generative, even at Q1 2016 lows

- (1) Q1 2016 estimated annualised EBITDA of c.$7.7bn, basis lowest spot prices during the quarter, after estimated cash taxes and interest of $1.4bn, estimated industrial capex of $3.5bn and $0.1bn of marketing capex. Excludes working capital changes.
- (2) 2016FY "Consensus" FCF calculated from Bloomberg consensus EBITDA of c.$9.4bn as at 28 November, less estimated cash taxes and interest of $1.8bn, estimated industrial capex of $3.5bn and $0.1bn of marketing capex. Excludes working capital changes.
- (3) 2017 Illustrative FCF calculated from Adjusted EBITDA of c.$14.0bn using 2017 guidance for industrial unit costs/margins/production on slides 9, 11 and 21 and the mid-point of marketing guidance on slide 12 plus $100M of marketing D&A, less estimated cash taxes and interest of $3.4bn, estimated industrial capex of $4.0bn and $0.1bn of marketing capex. Excludes working capital changes. Prices as of 28 November 2016 based on 2017 calendar year forward curve average.

Notes

Slide 11: 2017 guidance – mine costs

- (1) 2016F copper unit costs calculated on guided mid-point of department production of 1.27Mt less c.45kt forecast production at Mopani (excluding c.150kt of forecast copper production as by-product in the zinc and nickel divisions). 2017F copper unit costs calculated on guided mid-point of department production of 1.21Mt less c.65kt forecast production at Mopani (excluding c.140kt of forecast copper production as by-product in the zinc and nickel divisions)
  - Costs include TC/RCs, freight, royalties and a credit for custom metallurgical EBITDA
- (2) 2016F zinc unit cost calculated on forecast department production of 1.03Mt (excludes c.65kt of zinc produced as by-product by other divisions) adjusted for 85% payability, resulting in payable production of 880kt. 2017F zinc unit cost calculated on forecast department production of 1.07Mt (excludes c.120kt of zinc produced as by-product from other divisions) adjusted for 85% payability, resulting in payable production of 910kt
  - Zinc cost includes credit to account for custom metallurgical EBITDA
- (3) 2016F and 2017F unit cost calculated on forecast production of 100kt in 2016 and 2017, excluding Koniambo
- (4) 2016F unit cost based on average NEWC 2016 Oct YTD price of $64/t adjusted for portfolio mix (-$7/t) to generate a margin that can be applied across overall group ex-mine sales of 134Mt. 2017F coal unit cost calculated basis Cal 17 forward NEWC price of $73/t adjusted for portfolio mix (-$4/t) to generate an annualised spot margin that can be applied across overall forecast group production of 135Mt (i.e. $27/t margin, which also takes into account coking coal at the Q4 2016 contract price of US $200/t)

Koniambo, New Caledonia

Koniambo update

Line 1 modifications proven; Line 2 rebuild in 2017

- **Line 1 furnace repairs de-risked during 2016**
  - Year to date performance of the redesigned Line 1 has demonstrated operational integrity, strong on-line time, and reliability of the technology
  - Restructuring and resizing of operations also undertaken to reduce site operating costs
  - Confidence to continue investing in Koniambo
- **Line 2 construction will commence in January 2017 with feed to the furnace and ramp-up beginning in Q1 2018**
  - Rebuild capex: $58M in 2017
- **Full capacity now estimated at c.55ktpy at a C1 cash cost of $3.75/lb - $4.10/lb**
  - 2017 production: 20kt, reaching full capacity by 2021/22

Metal production from Line 1