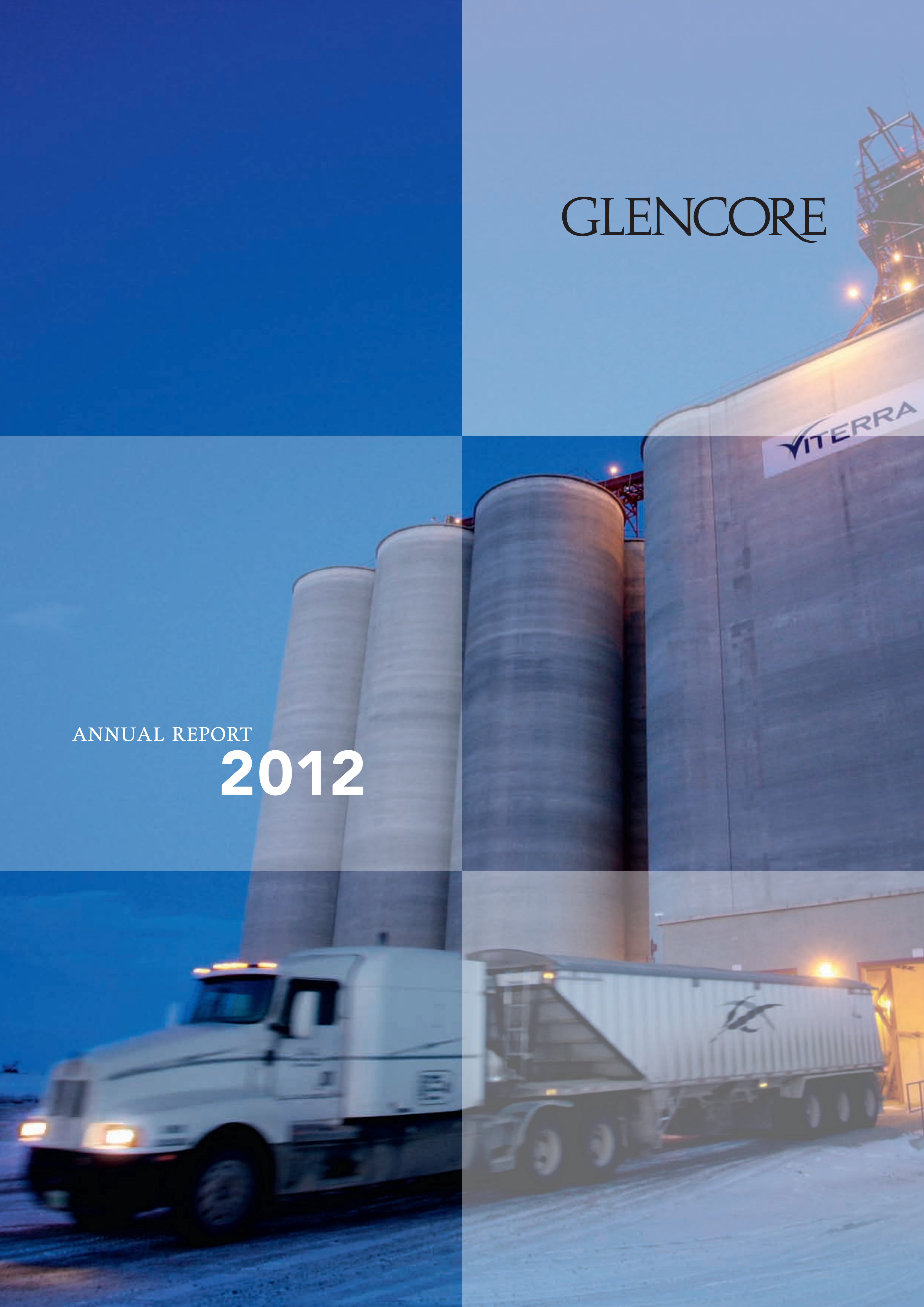
GLENCORE

ANNUAL REPORT 2012



GLENCORE
INTERNATIONAL PLC
AND SUBSIDIARIES

ANNUAL REPORT 2012

Prodeco, Colombia

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Kamoto Copper Company, DRC

OVERVIEW

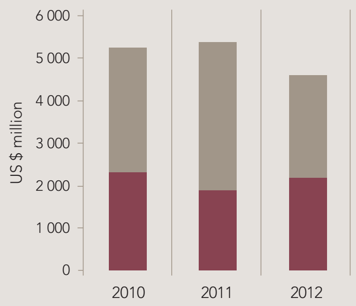
1 | Overview

1.1 | Performance highlights

- Resilient Adjusted EBITDA/EBIT[1] performance driven by Glencore's marketing business and volume growth in industrials.
- Adjusted EBIT down 17% to $ 4.5 billion; marketing Adjusted EBIT up 11%, industrial Adjusted EBIT down 27%.
- Continued growth of operating cash flow (FFO[2]), up 17% to $ 4.1 billion.
- Strong balance sheet with $ 9 billion of committed liquidity.
- Completed the acquisition of Viterra, a transformational deal for our agricultural business, providing access to the grain markets in Canada and reinforcing our position in Australia.
- Industrial growth projects continue to deliver overall volume increase; sector leading growth pipeline remains on budget.
- Continuation of bolt-on acquisition strategy:
  - increased interest in Kazzinc to 69.6%, Optimum to 67% and Mutanda to 60%.
  - acquisition of Vale's European manganese ferroalloy operations.
- Kazzinc own gold production up 22% with recovery rates continuing to improve; successful ramp-up of new copper smelter resulting in increased copper cathode production of 25,800 tonnes.
- Katanga copper metal up 2%, with cathode production up 7%, in spite of significant disruption from power shortage. New power converter and synchronous condenser commissioned in December 2012.
- Mutanda copper production up 37%. Following completion of the cobalt plant, Mutanda now has capacity in place to produce up to 110,000 tonnes of copper and 23,000 tonnes of cobalt.
- Murrin Murrin own sourced production was 33,400 tonnes of nickel, a record production year.
- Prodeco own production up 1% despite the three month strike at La Jagua.
- Significant growth in South African coal production, up 104%, following the acquisitions of Optimum and Umcebo.
- Aseng oil field ahead of initial schedule producing 61.7k bbls/day, with Alen field on schedule to start producing in Q3 2013.
- The Directors propose a final dividend of $ 0.1035 per share, bringing the total dividend for the year to $ 0.1575 per share, up 5% compared to 2011.

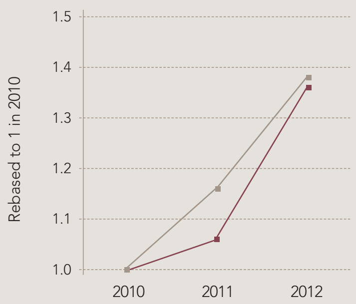
[1] Refer to glossary on page 166 for definitions and calculations.
[2] Refer to page 42.
[3] Refer to page 41.

Adjusted EBIT



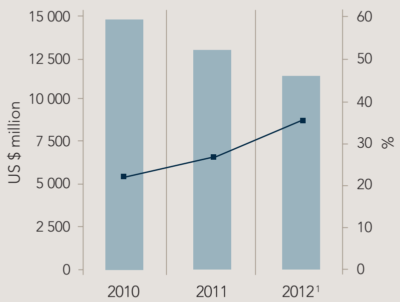
	2010	2011	2012
Marketing activities	2 337	1 911	2 130
Industrial activities	2 953	3 487	2 340

Copper equivalent volume growth



	2011	2012
Marketing activities	7%	28%
Industrial activities	16%	20%

Net debt and FFO[2] to net debt[3]



- Net debt (US $ million)
- FFO to net debt (%)

[1] Adjusted for Viterra acquisition

Glencore's business segments are responsible for managing the marketing, sourcing, hedging, logistics and industrial investment and production activities for their respective commodities.

Glencore's key strengths are its global scale, strong growth platform, diversity of products, ability to add value, extensive and well established customer and supplier base and industrial and marketing information flows.

Metals and minerals

Key commodities: zinc, copper, lead, alumina, aluminium, ferro alloys, nickel, cobalt and iron ore, including smelting, refining, mining, processing and storage related operations of the relevant commodities.

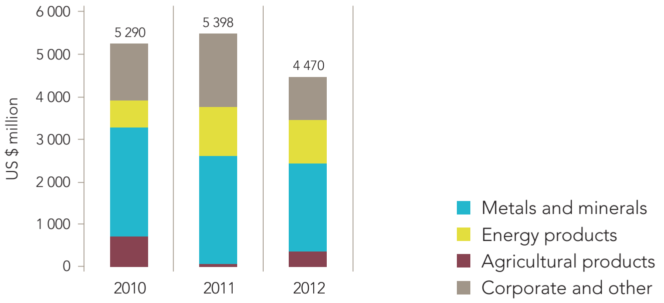
Energy products

Key commodities: crude oil, oil products, steam coal and metallurgical coal supported by investments in coal mining and oil production operations, ports, vessels and storage facilities.

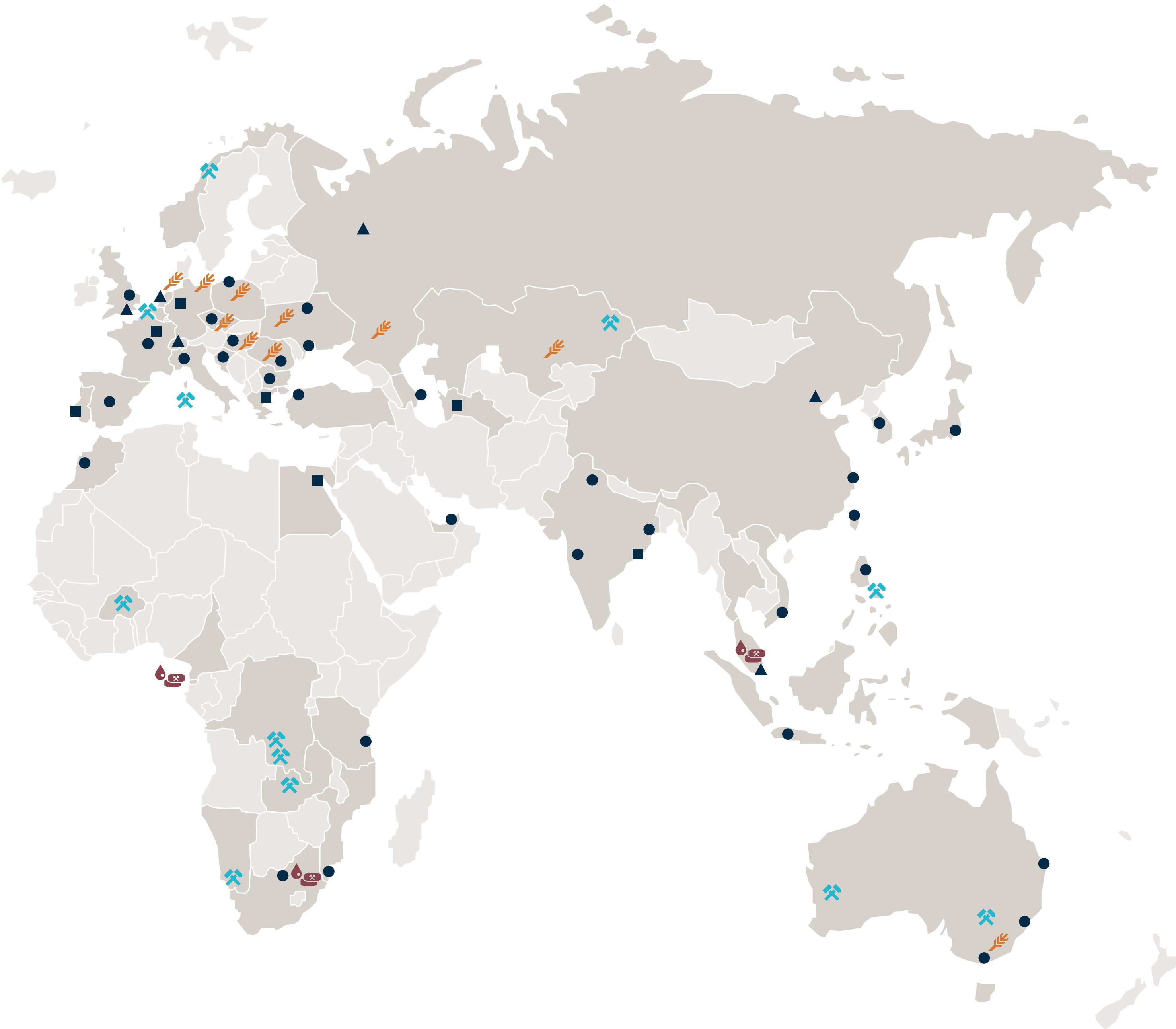
Agricultural products

Key commodities: wheat, corn, barley, rice, oil seeds, meals, edible oils, biofuels, cotton and sugar supported by investments in farming, storage, handling, processing and port facilities.

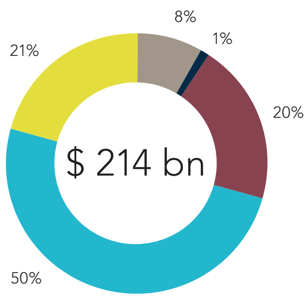
Adjusted EBIT by segment 2012



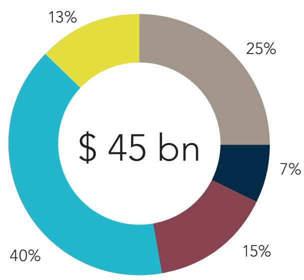
Glencore is a leading globally integrated producer and marketer of commodities with worldwide activities in the production, refinement, processing, storage, transport and marketing of metals and minerals, energy and agricultural products.



Revenue[1] by region 2012



Non current assets by region 2012



Africa
Oceania
The Americas
Europe
Asia

[1] Revenue by geographical destination is based on the country of incorporation of the sales counterparty however this may not necessarily be the country of the counterpart's ultimate parent and/or final destination of product.

1.2 | Chairman's statement

2012 was marked by a number of historic milestones for Glencore. The Company celebrated its first full year as a listed business on the London and Hong Kong Exchanges. It completed the acquisition of Viterra. Most notably, it also announced its merger with Xstrata.

Looking beyond transactions, Glencore further proved the merits of its integrated model by delivering robust results for its shareholders. Despite the industry continuing to be impacted by low economic growth globally, Glencore successfully expanded its industrial business, producing strong performances in mining and a record performance in the oil division.

With the merger of Xstrata, the Board of Directors remains confident that the expanded industrial base, coupled with Glencore's proven marketing capability will create a group with the expertise and scale to play a leading role in meeting the growing global demand for commodities. Furthermore, the combined Group will enable the countries possessing key natural resources to generate value from their natural endowments.

On 17 December Glencore completed its acquisition of Viterra. With this transaction, Glencore solidified its position as one of the leading participants in the global agricultural commodities industry. The expanded footprint in agriculture reflects Glencore's strong belief in the future potential of the Canadian and Australian grain and seeds markets.

Sustainability is a core tenet of Glencore. Be it through providing support to local communities where it operates or safeguarding the well-being of its employees, we are determined that our investments will be environmentally and socially, as well as financially, rewarding for all our stakeholders. This year Glencore's commitment to sustainability was underscored when Glencore Corporate Practice was extended to include a full programme of sustainability targets which will measure the Company's progress over the coming years.

These achievements and ongoing focus on improvement across the Group leave Glencore well positioned to continue to deliver value to its customers, partners, employees and shareholders in the years to come.

Simon Murray
Chairman

1.3 | Chief Executive Officer's review

2012 was a year in which the health of the global economy began to improve slowly albeit against a familiar backdrop established during the global financial crisis. It was also a year of major political change, which in itself brings greater uncertainty over future policy. Although too early to tell definitively, the regime transition in China and the election result in the US have so far been reasonably smooth and predictable. China looks well positioned to continue the substantial progress it has made since WTO entry in 2001. The US meanwhile has begun to show signs of underlying economic improvement notwithstanding the on-going debate about long term fiscal balance. The pick-up in construction of new houses is particularly noteworthy in the context of what appears to be a clear and growing energy advantage versus the rest of the world. The fact that the world's largest economy is regaining its feet is good news for everyone.

Against this background and despite highly accommodative global monetary policy, commodities experienced a relatively lacklustre year with average prices down 10 – 20% year on year. We are therefore particularly pleased that Glencore's results proved to be far more robust than the sector. Our marketing operations' performance and the growth delivered within our industrial energy business were especially pleasing.

The performance of the marketing business reinforces the strength and resilience of Glencore's business model and the diversification benefits associated with combining and integrating a portfolio of industrial assets with large scale physical sourcing, marketing and logistics capabilities. We continued to maintain a clear focus on organic growth across the industrial business through our key industrial expansion projects, which remain broadly on track and on budget. Both the marketing and industrial operations are underpinned by the highly diversified nature of our business across commodity, geography and operation. This provides a natural hedge in times of economic uncertainty as well as enabling the Group to be at the forefront of spotting emerging trends and opportunities.

We believe 2012 will also prove to have been a turning point in the history of the mining industry in respect of capital allocation. It has been evident for some time that capital discipline in the sector had been eroded by the period of higher commodity prices. The result has been a material misallocation of capital across the sector in respect of organic capex and acquisitions. This year investors called time with results for all to see. This development augurs well for long term returns in the sector though investors are likely to have to remain vigilant.

Outside of our robust financial performance, 2012 also saw some major strategic landmarks for Glencore. Most importantly, we commenced the process to reunite Xstrata with Glencore following a decade in the public markets. We continue to work on closing the merger with Xstrata. Completion of the merger remains conditional upon the receipt of the outstanding regulatory approval in China and completion of the Xstrata court process as further set out in the New Scheme Document in connection with the merger published by Xstrata on 25 October 2012 and Glencore giving effect to the commitments required by the European Commission. Accordingly, Glencore and Xstrata have agreed, with the consent of the Panel, to extend further the long stop date for the merger to 16 April 2013. When completed it will provide Glencore with full access to Xstrata's production flows and allow optimisation of the combined capex pipeline and operating structure. Our approach to integration will be to incorporate the best of both businesses and plans to this effect are well advanced. The benefits of this process will accrue to all stakeholders in the combined business.

Our second major step during 2012 was to acquire Viterra. This acquisition transforms our agricultural business into a global operation through entry into the Canadian grain market and significant expansion of our Australian operations. This materially strengthens our ability to assist in ensuring that the world's grain and oilseeds production flows to those areas where it is most needed. This is likely to become increasingly important given the shift towards more energy intensive diets globally.

The Board of Directors proposes a final dividend of $ 0.1035 per share resulting in a total dividend of $ 0.1575 per share for 2012, up 5% on 2011, reflecting our confidence in our business and the continued ramp-up of our brownfield industrial assets.

Looking forward we will continue to take nothing for granted whether it be economic circumstances or the goodwill of our stakeholders. We continue to see a healthy long term outlook for our commodities based on the continuing growth within emerging market economies and sustained levels of consumption within developed markets.

Ivan Glasenberg
Chief Executive Officer

1.4 | Business overview

OUR BUSINESS

Overview

Glencore is a leading integrated producer and marketer of metals and minerals, energy and agricultural products. Glencore operates globally, marketing and distributing physical commodities sourced from third party producers and its own production. Glencore's customers and suppliers number in excess of 8,000 and span the automotive, steel, power generation, oil and food processing industries. Glencore also provides financing, logistics and other essential services to producers and consumers.

Glencore's long experience as a commodity marketer has allowed it to develop its expertise in the commodities which it markets. Glencore has also cultivated long-term relationships with a broad supplier and customer base across diverse industries and geographic regions. Glencore's marketing activities are supported by investments in industrial assets operating in Glencore's core commodities. Glencore's marketing operations are believed to be less correlated to commodity prices than its industrial operations, due to commodity price risk being substantially hedged.

As a marketer, Glencore is able to differentiate itself from other production entities as, in addition to focusing on minimising costs and delivering operational efficiencies, Glencore focuses on maximising the efficiency of the entire supply chain, taking into account its extensive and global third party supply base, its logistics, risk management and working capital financing capabilities, extensive market insight, business optionality, extensive customer base, competitive market position in most commodities and economies of scale. In contrast, this is not the business model of Glencore's mainly industrial competitors who are generally not set up to exploit the full range of value added margin and arbitrage opportunities which exist throughout the commodity supply chain.

Businesses

Glencore conducts its operations in three business segments: Metals and minerals, Energy products and Agricultural products. Glencore's business segments are responsible for managing the marketing, sourcing, hedging, logistics and industrial investment activities relating to the commodities which they cover.

Glencore		
Metals and minerals	**Energy products**	**Agricultural products**
Zinc/copper/lead	Oil	Grains
Alumina/aluminium	Coal/coke	Oils/oilseeds
Ferroalloys/nickel/cobalt/iron ore		Cotton/sugar

Glencore's marketing and industrial investment activities are supported by a global network of more than 50 offices located in more than 40 countries throughout Europe, North, Central and South America, the CIS, Asia, Australia, Africa and the Middle East. Glencore's main offices are located in Baar (Switzerland), Stamford (Connecticut), London, Rotterdam, Beijing, Moscow and Singapore. This network provides Glencore with significant worldwide sourcing and distribution capabilities. Glencore's marketing operations employ close to 3,000 people worldwide, while industrial operations directly or indirectly employ over 58,000 people in 33 countries. Refer to the map on page 10 and 11 for more details on the locations of offices and operations.

Glencore has an established record of successful strategic investments in industrial assets which have become an important component of its physical marketing activities. Glencore intends to continue to pursue selective strategic acquisitions and alliances to support and strengthen its core physical marketing activities as and when opportunities arise. Glencore evaluates each industrial asset investment opportunity on a stand-alone basis, however, also recognising its potential to support and strengthen Glencore's physical marketing activities or its existing industrial operations. Similarly, Glencore evaluates disposals of industrial assets when they are no longer deemed to support its marketing activities and/or when compelling selling opportunities arise.

Glencore's three business segments focus on the following commodity segments:

- The metals and minerals business segment focuses on: zinc/copper/lead, alumina/aluminium and ferroalloys/nickel/cobalt/iron ore. The activities of Glencore's metals and minerals business segment are supported by ownership interests in controlled and non-controlled industrial assets such as mining, smelting, refining and warehousing operations;
- The energy products business segment focuses on: oil/oil products and coal/coke. The activities of Glencore's energy products business segment are supported by ownership interests in controlled and non-controlled coal mining and oil production operations as well as investments in strategic handling, storage and freight equipment and facilities; and
- The agricultural products business segment focuses on: grains (including wheat, maize and barley), oils/oilseeds, cotton and sugar. The activities of Glencore's agricultural products business group are supported by investments in controlled and non-controlled storage, handling and processing facilities in strategic locations.

OUR STRATEGY

Glencore's strategy is to maintain and strengthen its position as one of the world's leading diversified natural resources groups.

Strategic objectives for 2013

- Focus on capital efficient growth to maintain sector leading return on equity: Glencore's objective is to generate and sustain market leading shareholder returns by harnessing the potential of its marketing platform and industrial asset base.

- Integration of Xstrata and Viterra (leading grain handler in Canada and Australia): Glencore will seek to optimise the operational and development potential of these major acquisitions.

- Continue to leverage geographic scope and diversification of operations: Glencore intends to extend product and geographical range offered to suppliers and customers where appropriate.

- Capitalise on strategic investments in industrial assets: Glencore's strategic investments in industrial assets are an important component of its physical sourcing strategy for its marketing activities. Glencore believes these investments underpin Glencore as a reliable supplier for its customers.

- Use additional capital and liquidity to grow the business when compelling opportunities present themselves.

- Focus on cost management and further enhancing logistical capabilities: Glencore intends to continue its focus on cost control and operational efficiencies at its industrial assets and on the sourcing of competitively priced physical commodities from reliable third party suppliers.

- Maintain conservative financial profile and investment grade ratings: Glencore's conservative financial profile and investment grade credit ratings have enabled it to consistently access the required funding on competitive terms and maintain healthy levels of liquidity. Glencore intends to maintain its investment grade credit ratings.

- Disciplined risk management: Glencore intends to continue its focus in this key area by maintaining and expanding its risk management resources, information systems and culture.

- Place highest priority on employees, the environment and local communities: Glencore places the highest priority on its employees, the environment and the local communities where it operates.

MARKETING ACTIVITIES

Function of marketing activities

Glencore's marketing activities source a diversified range of physical commodities from third party suppliers and from industrial assets in which Glencore has full or part ownership interests. These commodities are sold, often with value added services such as freight, insurance, financing and/or storage, to a broad range of consumers and industrial commodity end users, with many of whom Glencore enjoys long-term commercial relationships.

Types of arbitrage strategies

Many of the physical commodity markets in which Glencore operates are fragmented or periodically volatile. As a result, discrepancies often arise in respect of the prices at which the commodities can be bought or sold in different geographic locations or time periods, taking into account the numerous relevant pricing factors, including freight and product quality. These pricing discrepancies can present Glencore with arbitrage opportunities whereby Glencore is able to deploy capital to generate profit by sourcing, transporting, blending, storing or otherwise processing the relevant commodities. Whilst the strategies used by Glencore's business segments to generate such margin vary from commodity to commodity, the main arbitrage strategies can be generally described as follows:

- Geographic: where Glencore leverages its relationships and production, processing and logistical capabilities in order to source physical commodities from one location and deliver them to another location where such commodities can command a higher price (net of transport and/or other transaction costs);
- Product related: where it is possible to exploit the blending or multi-use characteristics of the particular commodities being marketed, such as the various crude oil products, coal or metal concentrates, in order to supply products which attract higher prices than their base constituents, or exploit existing and/or expected price differentials; and
- Time-related: where it is possible to exploit a difference between the price of a commodity to be delivered at a future date and the price of a commodity to be delivered immediately, where the available storage, financing and other related costs until the future date are less than the forward pricing difference.

Arbitrage ensures markets function more efficiently by delivering supply to where it is most needed, in time, geography or product.

Glencore uses market information made available by its marketing and industrial teams across its many locations to identify arbitrage opportunities. Glencore's marketing and investment activities and relationships with producers and consumers of raw materials are supported by a global network providing Glencore with visibility over shifting supply and demand dynamics in respect of sizeable volumes of physical commodities across the globe. The detailed information from Glencore's widespread operations and close relationships with producers, consumers and logistics providers often enables Glencore to identify opportunities, taking into account its extensive logistics capabilities, to source and supply physical commodities at attractive margins.

Logistics

Glencore's logistics operations are a key part of its marketing operations. They enable Glencore to fulfil its marketing obligations and to maximise arbitrage opportunities created by demand and supply imbalances. Physical sourcing and marketing of commodities requires highly professional handling and shipment of such goods from the supplier to the customer, including storage activities, as required. Typically, the staff handling the physical movement of goods (the "traffic team") account for a significant proportion of the headcount of a business segment. Glencore's dedicated chartering teams actively trade freight to gain market knowledge and volume benefits. The freight element of transactions is furthermore used to maintain maximum physical optionality so that full value can be extracted from the underlying commodity positions of each department. This complements Glencore's overall ability to seize geographic and time spread arbitrage opportunities as they arise.

INDUSTRIAL ACTIVITIES

Glencore's ownership of controlled and non-controlled industrial assets is designed to generate attractive stand-alone returns and overall business diversification. They also serve as a way to source physical supply for Glencore's marketing arm and provide further market insight and technical know-how. Glencore believes that its corresponding reduced reliance on third parties helps to ensure that suppliers and customers alike see Glencore as a more reliable counterparty.

Glencore capitalises on investment opportunities created by, among other things, (i) the privatisation of natural resources producers primarily in emerging markets, (ii) the rebalancing of asset portfolios by other players in the natural resources industry and (iii) further industry consolidation as smaller producers sell out and/or seek capital to fund growth.

Any decision to acquire or dispose of an industrial asset is based on the stand alone potential of the asset and its potential contribution to Glencore's marketing activities and requires group level approval. Once acquired, an asset is held within one of the business segments. The business segments manage the controlled and non-controlled industrial assets via hands-on "asset controllers" to interface between the asset and Glencore in respect of day to day operating, financial and commercial matters. Glencore's approach to the management of its industrial assets differs from some of its key competitors in that Glencore encourages its industrial assets to focus on the elements of operating performance, which businesses can directly control.

MARKET REVIEW

Markets started 2012 on a more positive footing after the sovereign debt-related headwinds of 2011. However, the initial optimism faded as the year progressed, with the key constraints for economic recovery that we have seen since the global financial crisis remaining in place for the remainder of 2012. The major factors have been:

- Very weak Eurozone growth, including a mild contraction in Q2 2012, driven by limited consumer demand and industrial output. Despite numerous crisis meetings, decisive consensual action was impossible to sustain with key issues simply deferred;
- A loss of growth momentum in Asia, particularly in China as a result of their tightening of monetary and fiscal policy in 2011. Although both started an easing process over the course of the year, these actions have a reasonably extended lead time and as such the effects will not immediately be felt. The planned political transition in China also hindered any stimulative effects. China's manufacturing sector, while still generally buoyant, is starting to feel the pressure of falling profitability; and
- the US Federal Reserve's further stimulus packages. However, with interest rates already low, the scope to impact consumer behaviour was limited. Separately, the US started to feel the benefits of sustainable lower power prices and the housing market showed the first signs of improvements as household formation rate improved.

The pattern for commodity prices during 2012 was to generally trend downwards, albeit with frequent spikes around key policy events. Volatility also continued the downward trend it has been on since the end of the financial crisis, and finished the year appreciably lower than the levels experienced in the second half of 2011.

Going forward, growth in China is expected to continue to be sufficiently strong to create a favourable environment in commodity markets in general. However, the rate of growth is clearly slowing and signs of variability across different regions and sectors are starting to emerge. Prior to the current political transition, it was clear that the Chinese government was comfortable with a slower rate of growth as it still had concerns over inflation potential (mainly housing and food). Under the new generation of leaders in China, led by President Xi Jinping, the precise future growth path of China is still to be clarified.

The movement in commodity prices generally mirrored the poor performance of financial markets as a mark of investors' lower global risk appetite. Compared to 2011, base metals were broadly down 10-20% in 2012 reflecting global growth concerns. Energy commodities, with the exception of US natural gas (increased by 24%) and coal (sizeable declines for many origins), essentially returned to the levels they were at the beginning of the year. In agriculture, prices were generally up during Q3 2012 with a particularly strong performance from corn, wheat and soya beans.

Looking forward, we anticipate further modest improvements in global economic growth, in the absence of any major unanticipated policy decisions.

The US looks increasingly well positioned for the medium to long term with their abundance of competitively priced power a key positive factor. Meanwhile, we expect China and other major emerging economies to remain committed to their stated plans to improve the living standards of their people. The key challenge for all markets remains to balance required social spend with growth in economic activity required to sustain this spend over the long term.

New capital investment

Glencore is focused on delivering industry-leading organic production growth which in turn will help drive growth within its marketing business. In this regard, Glencore is very focused on delivering this growth in a capital efficient manner.

During 2012 industrial growth projects continued to deliver overall volume improvement and expansion is on track to deliver growth in the next few years.

The African Copper assets continued their expansion plans, with Mutanda / Kansuki expected to have a combined installed capacity of 200,000 tonnes of copper and 23,000 tonnes of cobalt by 2013. In addition the feasibility study for the construction of a 100,000 tonnes (of copper contained) sulphide concentrator remains on track to be completed shortly.

Katanga produced its first copper cathode from the new solvent extraction plants and converted electro-winning facility during December 2012 as part of the Phase 4 project. The completion of this project will enable Katanga to increase total capacity. The Phase 4 project remains on target for mechanical completion in Q3 2013, which should allow Katanga to increase its annualised copper production capacity to 200,000 tonnes and thereafter to 300,000 tonnes per annum, by Q4 2014.

Mutanda, Katanga and Kansuki are collectively undertaking a project to secure power for all three operations via the refurbishment of two turbines at the Inga dam. This project is expected to provide 450 megawatts of power by the end of 2015 (the "Power Project"). The project has started and is being executed in partnership with Société Naturale d'Electricité ('SNEL') and EGMF, the project contractor. The estimated cost of $ 284 million will be paid by Mutanda, Katanga and Kansuki, the investment in which will be recovered via lower future energy tariffs.

At Mopani the $ 323 million Synclinorium shaft project to increase mine production, which is expected to come online during 2015, and the associated project to improve and modernise the smelter remain on track. In 2012, Mopani announced that the smelter upgrade project (including improving SO_2 emission capture to above 97%) is expected to be completed by December 2013, 18 months ahead of the schedule initially agreed with the Zambian authorities.

Prodeco's expansion project is progressing to plan and remains on track to deliver annualised production of 20 million tonnes by 2014. The construction of the new direct loading port, Puerto Nuevo, is also on track and to budget, with commissioning expected in H1 2013.

The South African Coal portfolio including Shanduka Coal, Umcebo Mining and Optimum Coal is currently focusing on a number of expansion and development projects; at Umcebo the Wonderfontein project railed its first coal during December 2012, at Optimum, construction has started at the Pullenshope underground brownfield project with first coal expected in Q2 2013 and licensing for the Koornfontein project is expected shortly, with construction scheduled to start in Q2 2013.

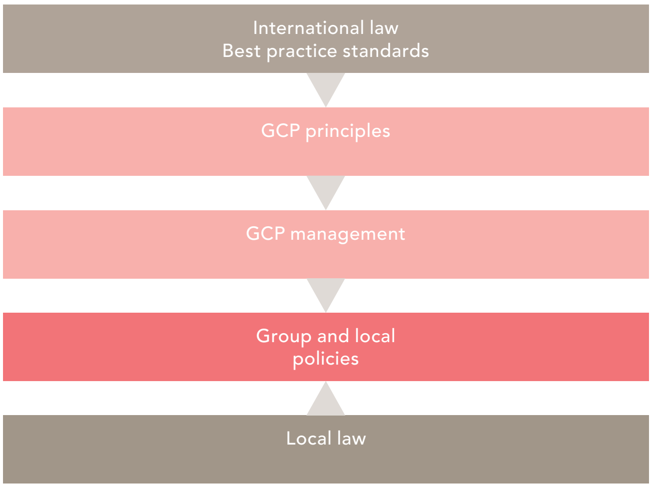
In addition, the West African oil portfolio will further contribute to the Energy Products industrial asset's growth. After Aseng (Block I) commenced first oil production in November 2011 ahead of schedule, the development of the Alen gas/condensate field (Block O) remains on track for first production in Q3 2013 with a target flow rate of 37,500 bbl per day.

Glencore's first operated exploration well on the Oak prospect in the Bolongo Block, offshore Cameroon, was successfully drilled and declared an oil discovery in July 2012. The appraisal programme is planned for H2 2013.

In the Agricultural products business unit, sugar crushing capacity will further increase due to the on-going expansion at Rio Vermelho.

1.5 | Sustainability

Glencore Corporate Practice (GCP) is designed to ensure robust business practice for sustainability and other non-financial business areas, throughout all Glencore business segments and commodity departments, at both corporate and local levels. It meets internationally-accepted best practice standards for corporate governance and the management of non-financial activities. We use it to continuously improve performance in these areas, and to develop internal and external understanding and acceptance of how we manage sustainability.



THE SCOPE OF GCP

The GCP requirements are mandatory for everyone at Glencore. This applies throughout our marketing activities, and in all industrial activities where we have operational control.

GCP GOVERNANCE

Responsibility for GCP development and implementation lies with our management and the Health, Safety, Environment and Communities (HSEC) committee, established by Glencore's Board in 2011. Chaired by an independent Board member, this committee provides the leadership, control and guidance that seeks to ensure group-wide GCP adherence.

The committee evaluates how effectively we identify and manage environmental and health and safety risks, and assesses our compliance with the relevant regulations. It assesses the impact of Glencore sustainability programmes on our employees, local communities and other third parties, as well as the impact on our reputation.

The committee receives management reports on all fatalities and serious accidents (and the resulting actions), and evaluates and oversees all sustainability reporting to external stakeholders, on behalf of the Board. It reviews the results of any independent audits of Glencore's sustainability performance, and any management strategies and action plans created in response to issues raised, making recommendations to the Board as appropriate and providing guidance to management.

PROGRESS OVERVIEW FOR 2012

Health and safety

We regret to report 22 fatalities at our operations in 2012 (compared to 18 in both 2011 and 2010). It is quite clear that we must continue with our unwavering focus on improving health and safety practices. Despite the unacceptably high level of fatalities, we were able to reduce our lost time injury frequency rate to 2.84 (per million hours worked), down from 3.58 in 2011.

In 2012 we conducted independent health and safety assessments, combined with baseline studies of our environmental activities, at almost all our major assets. We used this comprehensive data to create and introduce a systematic improvement plan, in conjunction with our external assessor DuPont. Among a range of initiatives, the plan includes stringent fatality investigation procedures. The essence of our learning from these assessments is summarised in the new GCP programme's health and safety section. This was made public in our 2011 sustainability report, published in November 2012.

Environment

We experienced no serious environmental incidents (classified as "Class A: Major" within our environmental incident reporting system) in 2012, as in 2011 and 2010. We believe that this positive result demonstrates the robust nature of our procedures and policies, which enable us to effectively manage our extensive and complex business activities with minimal environmental impact.

The GCP programme also commits us to a path of continuous improvement in our environmental performance. 2012 saw a number of initiatives commenced, implemented or completed. One of the most important is the upgrade to our smelter in Mufulira, Zambia. In this final stage of work, we are installing further gas capturing equipment and a second acid plant. The upgrade will be completed by the end of 2013, allowing the plant to capture over 97% of its sulphur dioxide emissions. This is approximately 18 months ahead of the timetable set by the Zambian government in the environmental management plan agreed during privatisation.

Another achievement in 2012 was the agreement in April to resume operations at our Mufulira heap leach facilities. While operations at this plant were within prescribed environmental limits, residents of the nearby Butondo township had raised objections. This led to the temporary suspension of operations while conducting an investigation into the community's concerns. An all-inclusive stakeholder consultation process, including local representatives, NGOs and the Zambian environmental management agency, facilitated an amicable resolution of the situation and led to enhanced safety and environmental measures.

Communities

Our Calenturitas coal project in Cesar province, Colombia, continues with the previously reported resettlement project initiated due to air quality concerns. Prodeco is working together with three other mining companies and an external team of local and international resettlement experts appointed in 2011. Together, the stakeholders have formed the negotiation committees that are now working to agree a resettlement action plan.

We also continued our established programme of social development projects; the representative examples below are taken from our activities in the DRC. The operations involved are Katanga and Mutanda and the main areas of focus are infrastructure, health and education.

Infrastructure: Katanga has paved over 19 kilometres of roads in Kolwezi and maintains a further 30 kilometres between nearby villages. It has also refurbished roads in Lubumbashi and contributed to the commissioning of a new ferry for the Lualaba river. Separately, Mutanda has funded the construction of a new bridge over the Lualaba as well as maintaining roads. Both operations have also provided infrastructure to supply drinking water for several villages. They have donated farming supplies to the Provincial Ministry of Agriculture, and Katanga has assisted individual farmers with seed, tools and fertilisers, while Mutanda provides ongoing funding for a fish farm in Kando.

A joint programme with the DRC's national electricity utility will see us fund a major $ 284 million power refurbishment programme. Funding started in the second quarter of 2012 and will continue until the end of 2015. The programme will increase capacity to the public power grid and improve the general reliability and stability of supplies for the region.

Health: both operations have built state-of-the-art on-site hospitals and run comprehensive HIV/AIDS training and treatment programmes. Katanga donates pharmaceuticals for malaria and other common diseases, such as diarrhoea, coughs and fever. Mutanda's two clinics in neighbouring communities offer weekly open clinics. Katanga's malaria programme includes vector control spraying for nearly ten thousand households, while both operations' programmes include spraying of homes, plants, mines, offices and local government offices. Mutanda has worked with the government to open a vaccination clinic for children under five, as well as an independent mother and baby programme to help eliminate infant malnutrition. These programmes have helped reduce infant mortality rates to a third of previous levels. Katanga has also built two new hospitals in Kisangani (Orientale province) and Pweto (Katanga province).

Education: Katanga and Mutanda have assisted in renovating and supporting local schools, benefitting 9,500 pupils with desks, books, computers and buildings. Both have made financial contributions and supplied raw materials, engineers and labour to a number of schools, colleges and universities. This includes UNIKOL (University of Kolwezi), Matendo school in Kolwezi, Nyumba ya Heri school and ISTA (Institut Supérieur de Techniques Appliquées).

Reporting

We issued our second public sustainability report (covering 2011) in the last quarter of 2012. This is available to read online or download at www.glencore.com/sustainability. Annual reporting will continue this year with the publication covering progress and changes in 2012.

THE GCP PROGRAMME

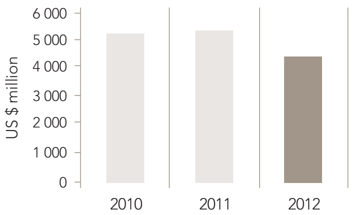
2012 also saw the enhancement of our GCP programme (published in our 2011 sustainability report), incorporating Board-approved group-wide sustainability targets and objectives into the existing GCP framework. Progress is monitored closely by the HSEC Board committee on a regular basis.

The programme has two elements: strategic objectives, which are updated as they are achieved, and ongoing projects. Together, these address our key sustainability goals and set out our strategy for the next three to five years, allowing us to measure and report on our progress towards fulfilling our GCP commitments.

1.6 | Key performance indicators

Glencore's financial and sustainable development key performance indicators (KPIs) provide some measure of our performance against key drivers of our strategy.

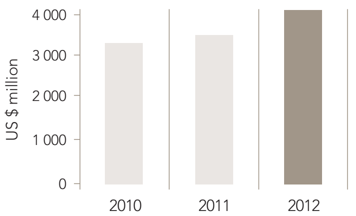
Adjusted EBIT



Adjusted EBIT is a measure that provides insight into Glencore's overall business performance (a combination of cost management, seizing market opportunities and growth) and the corresponding flow driver towards achieving an industry leading return on equity. Adjusted EBIT as defined in the glossary on page 166 consists of revenue less cost of goods sold and selling and administrative expenses plus share of income from associates and jointly controlled entities and dividend income as disclosed on the face of the consolidated statement of income, excluding significant items.

2012 Adjusted EBIT was down 17% to $ 4,470 million compared to 2011 due to lower contributions from our industrial activities which were affected by generally lower year on year average commodity prices for the key commodities which we and our associates (primarily Xstrata) produce.

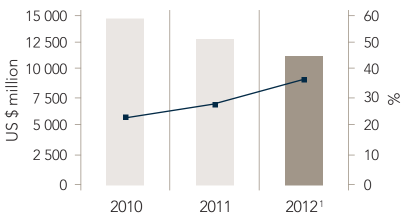
Funds from operations (FFO)



FFO is a measure that reflects Glencore's ability to generate cash for investment, debt servicing and distributions to shareholders as well as an indication of Glencore's ability to deliver against its growth and financial flexibility objectives. FFO comprises cash provided by operating activities before working capital changes less tax and net interest payments plus dividends received and adding back listing related expenses in 2011.

2012 FFO was up 17% to $ 4,115 million compared to $ 3,522 million in 2011, reflecting the higher Adjusted EBITDA from marketing activities.

Net debt/FFO to net debt

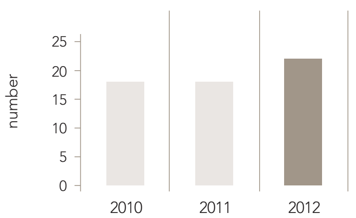


[1] Adjusted for Viterra acquisition

Net debt is an absolute measure of how we are managing our balance sheet and capital structure, while of equal or greater importance, the relationship of FFO to net debt is an indication of our financial flexibility and strength, a key driver of our strategy. Net debt is defined as total current and non-current borrowings less cash and cash equivalents, marketable securities and readily marketable inventory.

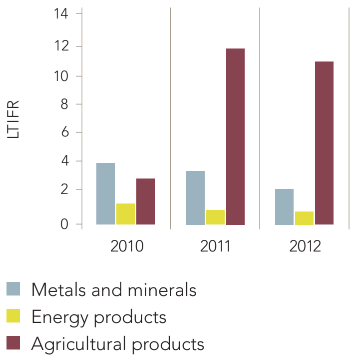
Net debt as at 31 December 2012 increased to $ 15,416 million from $ 12,938 million as at 31 December 2011. $ 359 million of net debt was assumed in the Viterra acquisition and $ 3.6 billion of net debt was incurred to finance Glencore's effective share of the equity purchase consideration. Adjusting for the increase in net debt attributable to the Viterra acquisition (completed mid-December 2012), net debt would be $ 11,457 million, a decrease of $ 1,481 million compared to 2011. The ratio FFO to Net debt (adjusted for the Viterra acquisition) improved from 27.2% in 2011 to 35.9% in 2012. A healthy positive free cash flow generation/FFO is expected from the Viterra asset base going forward, which is expected to offer support to debt coverage ratios and deleveraging initiatives into the future.

Fatalities



We deeply regret the 22 fatalities at our managed operations in 2012. This was an increase compared to 2011 and 2010 (both of which saw 18 fatalities) and included a tragic car accident in Argentina where four people lost their lives.

Lost time injury frequency rate (LTIFR)



The lost time injury frequency rate (LTIFR) is a key measure of how we are delivering against our commitment to the health and safety of our employees. The LTIFR is calculated based on the total number of injuries per million hours worked (by both employees and contractors)

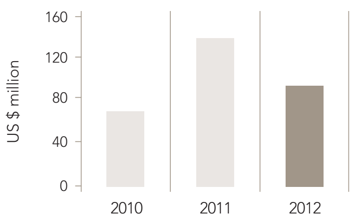
In 2012, our group LTIFR fell from 3.58 to 2.84. This improvement primarily came from our metals and minerals and agricultural product segments, while the energy products segment saw a slight increase (however, this was from a much lower original rate). Metals and minerals (representing 70% of our industrial workforce) reduced its LTIFR from 3.06 to 2.37, agriculture (representing 10%) from 12.61 to 10.78, while energy products (representing 20%) increased from 0.81 to 0.86.

Number of Class A environmental incidents

We undertake an extensive and complex range of activities, which are not limited to the extraction of natural resources but also include significant logistical operations such as maritime transportation. One way in which we measure the robustness of our procedures and policies is the frequency of Class A environmental incidents in the group. This is our classification for disastrous or close-to disastrous incidents and involves accidents or spills with a major environmental impact and a long-term effect, reversible only by long-term remediation with aftercare.

No Class A environmental incidents were reported in 2012 (as in 2011 and 2010).

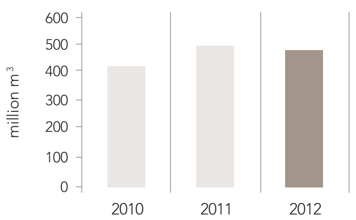
Community investments



Community investments are Glencore's contributions to, and financial support of, the broader communities in the regions where we operate.

In 2012 Glencore's community investments amounted to $ 95 million, compared to $ 140 million in 2011 and $ 71 million in 2010. A large part of the difference between 2012 and 2011 was due to the conclusion of an extensive investment project at Kazzinc.

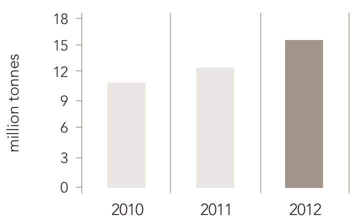
Water withdrawal



Water withdrawal is a measure of our operational resource efficiency.

In 2012, we used 484 million m^3 of water, representing a 3.3% reduction in water withdrawal compared to 500 million m^3 in 2011 (in 2010 the figure was 413 million m^3), despite the acquisition of additional operations, largely due to the implementation of technical improvements.

Greenhouse gas emissions (Scope 1 and 2)



Our GHG emission reporting is separated into Scope 1 and Scope 2 emissions. Scope 1 includes emissions from combustion in owned or controlled boilers, furnaces and vehicles/vessels, and Scope 2 consists of those generated in creating the electricity (the majority of contributions), steam, heat, etc, provided to the organisation by external utility companies.

In 2012, Glencore accounted for 15.7 million tonnes of CO_2e, compared to 12.8 million tonnes in 2011 and 11.2 million tonnes in 2010. This increase is primarily due to newly acquired assets (especially coal assets) and continued refinement of our GHG reporting.

1.7 | Principal risks and uncertainties

The Group's business, results of operations or financial condition could be materially and adversely affected by competitive, economic, political, legal, regulatory, social, business and financial risks and uncertainties. The risks described below are those that the Group currently believes may materially affect it (including following completion of the merger with Xstrata) although this is not an exhaustive list. Additional risks and uncertainties not currently known to the Group, or those which are currently deemed to be immaterial, may become material and adversely affect the Group's business, results of operations, financial condition and/or prospects.

The results may differ significantly from those previously projected as a result of certain factors, including the risks which it faces, as described below. The order in which the following is presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on the Group's business, results of operations, financial condition and/or prospects. These principal risks and uncertainties should be considered in connection with any forward looking statements in this document and the cautionary statement.

EXTERNAL

Fluctuation in expected volumes of supply or demand for the commodities in which the Group markets

The Group is dependent on the expected volumes of supply or demand for commodities in which the Group is active, which can vary over time based on changes in resource availability, government policies and regulation, costs of production, global and regional economic conditions, demand in end markets for products in which the commodities are used, technological developments, including commodity substitutions, fluctuations in global production capacity, global and regional weather conditions, natural disasters and diseases, all of which impact global markets and demand for commodities.

IMPACT: Fluctuations in the volume of each commodity produced or marketed by the Group could materially impact the Group's business, results of operations and earnings. These fluctuations could result in a reduction or increase in the income generated in respect of the volumes handled by the Group's marketing activities, or a reduction or increase in the volume and/or margin in respect of commodities produced by the Group's industrial assets.

MITIGATION: The risk of fluctuations in demand for the commodities in which the Group markets is managed by maintaining a diversified portfolio of commodities to market, reducing the impact of movement in any one commodity market. Individual commodities, even apparently closely linked products such as barley and wheat, have their own demand cycles reducing over-reliance on any single product.

Fluctuation of commodity prices

The revenue and earnings of the Group's industrial asset activities and, to a lesser extent, its marketing activities are dependent upon prevailing commodity prices. Commodity prices are influenced by a number of external factors, including the supply of and demand for commodities, speculative activities by market participants, global political and economic conditions and related industry cycles and production costs in major producing countries.

IMPACT: Fluctuations in the price of commodities produced or marketed could materially impact the Group's business, results of operations and earnings. The impacts that fluctuating commodity prices have on the Group's business differ between its marketing activities and industrial activities.

Marketing activities: In a market environment in which prices for a particular commodity are higher on average, the premiums/margins that the Group generates in its physical marketing operations relating to such commodity as a result of geographical, time and quality imbalances tend to be higher. The Group also generally benefits from fluctuating market prices, rather than long periods of stable prices, as it seeks to physically arbitrage such resulting price differentials. As prices of commodities rise, the Group generally has higher working capital financing requirements over the same quantity of commodities in question. During periods of falling commodity prices, the opposite applies in that the Group will require less working capital financing for its marketing activities.

Industrial activities: Higher prices will be particularly favourable to the profitability of the Group in respect of those commodities which the Group produces at its industrial assets or are produced by its associated companies and other investees. Similarly, low prices will negatively impact the Group's industrial activities and could result in such activities incurring losses.

A significant downturn in the price of commodities generally results in a decline in the Group's profitability during such a period and could potentially result in a devaluation of inventories and impairments. Although the impact of a downturn on commodity prices affects the Group's marketing and industrial activities differently, the negative impact on its industrial activities is generally greater, as the profitability in the industrial activities is more directly exposed to price risk due to its higher level of fixed costs, while the Group's marketing activities are ordinarily substantially hedged in respect of price risk and principally operate a service-like margin-based model.

MITIGATION: The risk of fluctuations in commodity prices is managed by maintaining a diversified portfolio of commodities, reducing the impact of movement to any individual commodity price. In addition, the Group continuously reviews and looks to optimise its asset portfolio to ensure it is sufficiently cost effective and efficient and a substantial portion of our inventory is either under contract for sale at a predetermined price or hedged through futures and options on commodity exchanges or with highly rated counterparties. Therefore, at any one time, the commodity price risk is restricted to a small proportion of the working capital balance. Financial expense risk during periods of low commodities prices is mitigated by maintaining an investment grade rating and a mix of floating and fixed rate funding options, the former generally passed on via the transactional terms in marketing arrangements.

Fluctuation in currency exchange rates

The vast majority of the Group's transactions are denominated in U.S. Dollars, while operating costs are spread across several different countries the currencies of which fluctuate against the U.S. Dollar.

IMPACT: The vast majority of transactions undertaken by both the Group's marketing and industrial activities are denominated in U.S. Dollars. However, the Group is exposed to fluctuations in currency exchange rates:

- through its industrial activities, because a large proportion of the operating costs of these assets are denominated in the currency of the country in which each asset is located, the largest of such currency exposures being to the Australian Dollar, the Kazakhstan Tenge, the Colombian Peso, the Euro, the Chilean Peso, the Norwegian Kroner, the South African Rand, the Argentine Peso, the Peruvian Sol and the Canadian Dollar (including via Glencore's stake in Xstrata);
- through the costs of the Group's global office network, which are denominated largely in the currency of the country in which each office is located, the largest of such currency exposures being to the Swiss Franc, the Pound Sterling and the Euro; and
- through its marketing activities, although only a small minority of purchase or sale transactions are denominated in currencies other than U.S. Dollars.

Foreign exchange rates have seen significant fluctuation in recent years and a depreciation in the value of the U.S. Dollar against one or more of the currencies in which the Group incurs significant costs will therefore, to the extent it has not been hedged, result in an increase in the cost of these operations in U.S. Dollar terms and could adversely affect the Group's financial results.

MITIGATION: The Group manages the risk of fluctuating currency exchanges rates by operating in a number of different geographies and by hedging specific future non U.S. Dollar denominated commodity purchase or sale commitments.

Geopolitical risk

The Group operates and owns assets in a large number of geographic regions and countries some of which are categorised as developing, complex and having unstable political or social climates and, as a result, is exposed to a wide range of political, economic, regulatory and tax environments. These environments are subject to change in a manner that may be materially adverse for the Group, including changes to government policies and regulations governing industrial production, foreign investment, price controls, import and export controls, tariffs, subsidies, income and other forms of taxation (including policies relating to the granting of advance rulings on taxation matters), nationalisation or expropriation of property, repatriation of income, royalties, the environment and health and safety.

IMPACT: The geopolitical risks associated with operating in a large number of regions and countries, if realised, could affect the Group's ability to manage or retain interests in its industrial activities and could have a material adverse effect on the profitability, ability to finance or, in extreme cases, viability of one or more of its industrial assets. Although the Group's industrial assets are geographically diversified across various countries, disruptions in certain of its industrial operations at any given time could have a material adverse effect on the Group's marketing business.

MITIGATION: Geopolitical risk is managed through geographical diversification of commodities and operations, continuous monitoring and dialogue through and with the Group's network of field offices and a commitment to engage proactively with employees and the communities in which it operates, in order to maintain and improve its licence to operate.

Compliance with a significant number of laws and regulations

As a diversified production, sourcing, marketing and distribution company conducting complex transactions globally, the Group is exposed to and subject to extensive laws and regulations governing various matters. These include laws and regulations relating to bribery and corruption, taxation, anti-trust, financial markets regulation, environmental protection, management and use of hazardous substances and explosives, management of natural resources, licences over resources owned by various governments, exploration, development of projects, production and post-closure reclamation, the employment of expatriates, labour and occupational health and safety standards, and historic and cultural preservation.

IMPACT: These laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety and other impacts of the Group's past and current operations, and could lead to the imposition of substantial fines, penalties, other civil or criminal sanctions, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and/or orders to take preventative steps against possible future violations. Moreover, the costs associated with compliance with these laws and regulations are substantial. Any changes to these laws or regulations or more stringent enforcement or restrictive interpretation of current laws and regulations could cause additional expenditure (including capital expenditure) to be incurred or impose restrictions on or suspensions of the Group's operations and delays in the development of its properties. In addition, obtaining the necessary governmental permits can be a particularly complex and time-consuming process and may involve costly undertakings. The duration and success of permit applications are contingent on many factors, including those outside the Group's control. Failure to obtain or renew a necessary permit could mean that such companies would be unable to proceed with the development or continued operation of a mine or project, which, in turn, may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

MITIGATION: The Group is committed to complying with or exceeding the laws, regulations and best practice guidelines applicable to its operations and products in the jurisdictions in which it operates and through continuous monitoring of legislative requirements and engagement with government and regulators it strives to ensure full compliance.

Liquidity risk

The Group's failure to obtain funds could limit its ability to engage in desired activities and grow its business.

Liquidity, or ready access to funds, is essential to the Group's businesses. Liquidity risk is the risk that the Group is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. While the Group adjusts its minimum internal liquidity targets in response to changes in market conditions, these minimum internal liquidity targets may be breached due to circumstances it is unable to control, such as general market disruptions, sharp increases in the prices of commodities or an operational problem that affects its suppliers or customers or itself.

IMPACT: A lack of liquidity may mean that the Group will not have funds available to maintain or increase its marketing activities and industrial activities.

Marketing activities: The Group's marketing activities employ significant amounts of working capital to fund purchases of commodities for future delivery to its end customers, to meet margin requirements under derivative contracts and to fund the acquisition and maintenance of certain transport and storage assets which complement its marketing activities. Any inability to fund these amounts of working capital may prevent the Group from maintaining its historic levels of marketing activity or from increasing such levels in the future.

Industrial activities: The Group's industrial activities may be capital intensive and the continued funding of such activities is critical to maintain its ownership interests in its industrial assets, to maintain production levels in periods when net operating cash flow is negative or insufficient to cover capital expenditures, to increase production levels in the future in accordance with its business plans and to grow its industrial activities through the acquisition of new assets. Any inability to fund these operating and capital expenditure requirements may prevent the Group from maintaining or growing its industrial activities' production output.

MITIGATION: The Group operates a policy of liquidity risk management, whereby it seeks to maintain (via a minimum prescribed level) sufficient cash and cash equivalents and other sources of committed funding available to meet anticipated and unanticipated funding needs.

MARKETING ACTIVITIES

Arbitrage opportunities

The Group's marketing activities are dependent, in part, on its ability to identify and take advantage of arbitrage opportunities.

IMPACT: Many of the physical commodity markets in which the Group operates are fragmented or periodically volatile. As a result, discrepancies generally arise in respect of the prices at which the commodities can be bought or sold in different forms, geographic locations or time periods, taking into account the numerous relevant pricing factors, including freight and product quality. These pricing discrepancies can present the Group with arbitrage opportunities whereby the Group is able to generate profit by sourcing, transporting, blending, storing or otherwise processing the relevant commodities. Profitability of the Group's marketing activities is, in large part, dependent on its ability to identify and exploit such arbitrage opportunities. A lack of such opportunities, for example due to a prolonged period of pricing stability in a particular market, or an inability to take advantage of such opportunities when they present themselves, because of, for example, a shortage of liquidity or an inability to access required logistics assets or other operational constraints, could adversely impact the Group's business, results of operations and financial condition.

MITIGATION: The Group mitigates the risk of an inability to take advantage of arbitrage opportunities or lack thereof by maintaining a diversified portfolio of products and through informational advantages the Group enjoys via its global network, its sizeable market share and logistics capabilities in many commodities enabling it to move quickly in response to arbitrage opportunities afforded by fluctuations and disequilibrium in commodity markets.

Hedging strategy

The Group's hedging strategy may not always be effective, does not require all risks to be hedged and may leave an exposure to basis risk.

IMPACT: The Group's marketing activities involve a significant number of purchase and sale transactions across multiple commodities. To the extent the Group purchases a commodity from a supplier and does not immediately have a matching contract to sell the commodity to a customer, a downturn in the price of the commodity could result in losses to the Group. Conversely, to the extent the Group agrees to sell a commodity to a customer and does not immediately have a matching contract to acquire the commodity from a supplier, an increase in the price of the commodity could result in losses to the Group, as it then seeks to acquire the underlying commodity in a rising market. In the event of disruptions in the commodity exchanges or markets on which the Group engages in hedging transactions, the Group's ability to manage commodity price risk may be adversely affected and this could in turn materially adversely affect its business, financial condition and results of operations.

In addition, there are no traded or bilateral derivative markets for certain commodities that the Group purchases and sells, which limits the Group's ability to fully hedge its exposure to price fluctuations for these commodities.

MITIGATION: In order to mitigate the risks in its marketing activities related to commodity price fluctuations and potential losses, the Group has a policy, at any given time, of hedging substantially all of its marketing inventory not already contracted for sale at pre-determined prices through futures and swap commodity derivative contracts, either on commodities' exchanges or in the over the counter market.

In instances where there are no traded or bilateral derivative markets for certain commodities, the Group's ability to hedge its commodity exposure is limited to forward contracts for the physical delivery of a commodity or futures and swap contracts for a different, but seemingly related, commodity.

Counterparty credit and performance risk

The Group, in particular via its marketing activities, is subject to non performance risk by its suppliers, customers and hedging counterparties.

IMPACT: Non-performance by the Group's suppliers, customers and hedging counterparties may occur in a range of situations, such as:

- a significant increase in commodity prices could result in suppliers being unwilling to honour their contractual commitments to sell commodities to the Group at pre-agreed prices;
- a significant reduction in commodity prices could result in customers being unwilling or unable to honour their contractual commitments to purchase commodities from the Group at pre-agreed prices;
- customers may take delivery of commodities from the Group and then find themselves unable to honour their payment obligations due to financial distress or any other reasons; and
- hedging counterparties may find themselves unable to honour their contractual commitment due to financial distress or other reasons.

Non-performance by a counterparty could have an adverse impact on its business, results of operations and financial condition, including by creating an unintended, unmatched commodity price exposure.

In addition, financial assets consisting principally of cash and cash equivalents, marketable securities, receivables and advances, derivative instruments and long-term advances and loans could potentially expose the Group to concentrations of credit risk.

MITIGATION: The Group seeks to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions including making extensive use of credit enhancement products, such as letters of credit, insurance policies and bank guarantees, where appropriate, and by imposing limits on open accounts extended. Whilst these limits are believed appropriate based on current levels of perceived risk, there is a possibility that a protracted difficult economic environment would negatively impact the quality of these exposures. In addition, mark-to-market exposures in relation to hedging contracts are regularly and substantially collateralised (primarily with cash) pursuant to margin arrangements put in place with such hedge counterparties.

The Group actively monitors the credit quality of its counterparties, including the risk of non-performance by suppliers and customers alike, through internal reviews, strong relationships and industry experience and a credit scoring process which includes, where available, public credit ratings.

Risk management policies and procedures

Identifying, quantifying and managing risk is complex and challenging and although it is the Group's policy and practice to identify and, where appropriate and practical, actively manage such risks to support its objectives in managing its capital and future financial security and flexibility, the Group's policies and procedures may not adequately identify, monitor and quantify risk.

IMPACT: The Group's marketing activities are exposed to commodity price, foreign exchange, interest rate, counterparty (including credit), operational, regulatory and other risks. The Group has devoted significant resources to developing and implementing policies and procedures to manage these risks and expects to continue to do so in the future. Nonetheless, the Group's policies and procedures to identify, monitor and manage risks have not been fully effective in the past and may not be fully effective in the future. Some of the Group's methods of monitoring and managing risk are based on historical market behaviour that may not be an accurate predictor of future market behaviour. Other risk management methods depend on evaluation of information relating to markets, suppliers, customers and other matters that are publicly available or otherwise accessible by the Group. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective in doing so.

Failure to mitigate all risks associated with the Group's business could have a material adverse effect on the Group's business, results of operations and financial condition.

MITIGATION: The Group uses, among other techniques, Value-at-Risk, or VaR, as a key market risk measurement technique for its marketing activities. VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by the Group, nor does the Group expect that VaR results are indicative of future market movements or representative of any actual impact on its future results. VaR has certain limitations; notably, the use of historical data as a proxy for estimating future events, market illiquidity risks and tail risks. While the Group recognises these limitations and continuously refines its VaR analysis, there can be no assurance that its VaR analysis will be an effective risk management methodology. Management of counterparty non-payment risk is mitigated by substantial use of credit enhancement products, including letters of credit, insurance and bank guarantees. Please refer to section 2.1 Financial review for further explanation on the use of VaR.

Supply of commodities from third parties

The Group purchases a portion of the physical commodities sold by its marketing activities from its controlled industrial operations and associates, including Xstrata. The remainder of the commodities sourced by its marketing operations are purchased from third party suppliers and entities in which the Group has a minority stake (excluding associates). The Group expects to continue to source commodities from such third parties in the future. The Group is potentially exposed to both price and supply risks with respect to commodities sourced from third parties and entities in which it holds a minority stake. The Group is reliant on third parties to source the majority of the commodities purchased by its marketing operations.

IMPACT: Any disruptions in the supply of product by factors such as weather and other natural disasters, unexpected maintenance problems, collapse or damage to mines, labour disruptions and changes in laws and regulations could adversely affect the Group's margins. The Group's business, results of operations, financial condition and prospects could be materially adversely impacted if it is unable to continue to source required volumes of commodities from its suppliers on reasonable terms or at all.

MITIGATION: The Group sources product from a large range of suppliers (industrial assets and third parties) and is not reliant on any one supplier to satisfy its performance. This enables the Group to source alternative product in the event of supply disruption. The Group benefits from investments in numerous communities and shared ownership with local entities that helps to mitigate against some country specific risks.

Freight, storage, infrastructure and logistics support

The Group's marketing activities require access to significant amounts of freight, storage, infrastructure and logistics support and it is exposed to increases in the costs thereof. In addition, the Group often competes with other producers, purchasers or marketers of commodities or other products for limited storage and berthing facilities at ports and freight terminals, which can result in delays in loading or unloading the Group's products and expose the Group to significant delivery interruptions.

IMPACT: Increases in the costs of freight, storage, infrastructure and logistics support or limitations or interruptions in the supply chain which impedes the Group's ability to deliver its products on time, could adversely affect the Group's business, results of operations or financial condition.

MITIGATION: The risk of disruptions to or limitations of freight, storage, infrastructure and logistics support is mitigated through the Group's market position, global reach and its longstanding relationships with third party suppliers of freight. These give the Group an advantage in ensuring its commodity transport needs are met along with its investments in storage and logistic assets such as vessels, oil terminals and tank farms, metals and other warehouses and grain silos.

INDUSTRIAL ACTIVITIES

Non-controlling stakes, joint ventures and strategic, partnership arrangements

Some of the Group's industrial assets are held through non-controlling stakes or joint ventures and strategic partnership arrangements.

IMPACT: The Group does not control a number of its industrial investments. Although the Group has various structures in place which seek to protect its position where it does not exercise control, the boards of these companies may:

- have economic or business interests or goals that are inconsistent with or are opposed to those of the Group;
- exercise veto rights or take shareholders' decisions so as to block actions that the Group believes to be in its best interests and/or in the best interests of all shareholders;
- take action contrary to the Group's policies or objectives with respect to its investments or commercial arrangements; or
- as a result of financial or other difficulties, be unable or unwilling to fulfil their obligations under any joint venture or other agreement, such as contributing capital to expansion or maintenance projects.

Improper management or ineffective policies, procedures or controls of a non-controlled entity could adversely affect the business, results of operations and financial condition of the relevant investment and, therefore, of the Group.

MITIGATION: Where projects and operations are controlled and managed by the Group's co-investors or where control is shared on an equal basis, the Group may provide expertise and advice, but it has limited or restricted ability to mandate compliance with the Group's policies and/or objectives.

Project development

The Group has a number of significant expansions planned for its existing operations and plans for certain new projects, the development of which is exposed to a number of risks outside of its control such as technical uncertainties, availability of suitable financing, infrastructure constraints, cost overruns, insufficient labour skills or resources and delays in permitting or other regulatory matters.

IMPACT: Any future upward revisions in estimated project costs, delays in completing planned expansions, cost overruns, suspension of current projects or other operational difficulties after commissioning, may have a material adverse effect on the Group's business, results of operations, financial condition or prospects, in turn requiring the Group to consider delaying discretionary expenditures, including capital expenditures, or suspending or altering the scope of one or more of its development projects.

MITIGATION: Project development risks are mitigated and managed through the Group's continuous project status evaluation and reporting processes, the significant focus of such being appropriate approval processes and transparent and timely reporting of costs and progress relative to plan. Significant projects are regularly audited against the project plan and reporting processes.

Operating risks and hazards

The Group's industrial activities are subject to numerous operating risks and hazards normally associated with the development and operation of natural resource projects, many of which are beyond the Group's control.

These operating risks and hazards include unanticipated variations in grade and other geological problems, seismic activity, climatic conditions such as flooding or drought, metallurgical and other processing problems, technical failures, unavailability of materials and equipment, interruptions to power supplies, industrial actions or disputes, industrial accidents, labour force disruptions, unanticipated logistical and transportation constraints, tribal action or political protests, force majeure factors, environmental hazards, fire, explosions, vandalism and crime.

IMPACT: These risks and hazards could result in damage to, or destruction of, properties or production facilities, may cause production to be reduced or to cease at those properties or production facilities, may result in a decrease in the quality of the products, personal injury or death, environmental damage, business interruption and legal liability and may result in actual production differing from estimates of production.

The realisation of such operating risks and hazards and the costs associated with them could materially adversely affect the Group's business, results of operations and financial condition, including by requiring significant capital and operating expenditures to abate the risk or hazard, restore the Group or third party property, compensate third parties for any loss and/or pay fines or damages.

MITIGATION: Operating risks and hazards are managed through the Group's continuous assessment, reporting and communication of the risks that affect its business through its annual risk review processes and updates to its risk register. In addition, risk is mitigated somewhat through geographic and multiple project diversification.

Title to the land, resource tenure and extraction rights

The Group has industrial activities investments in certain countries where title to land and rights in respect of land and resources (including indigenous title) has not been and may not always be clear, creating the potential for disputes over resource development. Title to the Group's mining and hydrocarbon rights may be challenged or impugned, and title insurance may not generally be available. In many cases, the government of the country in which a particular asset is located is the sole authority able to grant such rights and, in some cases, may have limited infrastructure and limited resources which may constrain the Group's ability to ensure that it has obtained secure title to individual exploration licences or extraction rights.

IMPACT: Any dispute, relating to a material industrial asset, could disrupt or delay relevant mining, processing or other projects and/or impede the Group's ability to develop new industrial properties, which may have a material adverse effect on the Group's business, results of operations and financial condition.

MITIGATION: Title and tenure risks are managed through geographical diversification of commodities and operations, continuous monitoring and dialogue through and with the Group's network of local offices and a commitment to engage proactively with employees, governments and the communities in which the Group operates to maintain and better its licence to operate.

Availability of infrastructure

The production, processing and product delivery capabilities of the Group's industrial assets rely on their infrastructure being adequate and remaining available.

IMPACT: The mining, drilling, processing, development and exploration activities of the industrial assets in which the Group holds an interest depend on adequate infrastructure. Certain of these assets are located in areas that are sparsely populated and difficult to access. Reliable roads, power sources, transport infrastructure and water supplies are essential for the conduct of these operations and the availability and cost of these utilities and infrastructure affect capital and operating costs and therefore the Group's ability to maintain expected levels of production and results of operations. Unusual weather or other natural phenomena, sabotage or other interference in the maintenance or provision of such infrastructure could impact the development of a project, reduce production volumes, increase extraction or exploration costs or delay the transportation of raw materials to the mines and projects and commodities to end customers. Any such issues arising in respect of the infrastructure supporting or on the Group's sites could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

MITIGATION: Availability of infrastructure risk is mitigated through the continuous monitoring and dialogue through and with the Group's network of local offices, a commitment to engage proactively with governments and the communities in which the Group operates to maintain and improve its licence to operate, and where appropriate, the establishment of back-up sources of power.

Cost control

As commodity prices themselves are outside of the Group's control, the competitiveness and sustainable long-term profitability of its industrial asset portfolio depends significantly on its ability to closely manage costs and maintain a broad spectrum of low-cost, efficient operations. Costs associated with the operation of the Group's industrial assets can be broadly categorised into labour costs and other on-site expenses, including power and equipment costs.

IMPACT: Production costs are heavily influenced by the extent of ongoing development required, ore grades, mine planning, processing technology, logistics, energy and supply costs and the impact of exchange rate fluctuations on costs of operations. All of the Group's industrial assets are, to varying degrees, affected by increases in costs for labour and fuel. Unit production costs are also significantly affected by production volumes and therefore production levels are frequently a key factor in determining the overall cost competitiveness of the Group's industrial activities. Any increase in input costs will adversely affect the Group's results of operations and financial condition.

MITIGATION: Maintaining costs and where appropriate lowering them is supported by the Group's continuous reporting on these measures, coupled with the inclusion of certain cost control evaluation measures in assessing management performance. In addition, risk is mitigated somewhat through geographic and multiple project diversification.

Resources and reserves

The Group's stated mineral, coal and hydrocarbon reserves, resources and mineralised potential are only estimates and the anticipated volumes or grades may not be achieved.

IMPACT: Actual reserves, resources or mineralised potential may not conform to geological, metallurgical or other expectations, and the volume and grade of ore or product recovered may be below the estimated levels. Lower market prices, increased production costs, reduced recovery rates and other factors may render the Group's reserves, resources or mineralised potential uneconomical to exploit and may result in revision of its reserve estimates from time to time. If the Group's actual mineral, coal and hydrocarbon reserves and resources are less than current estimates or if the Group fails to develop its resource base through the realisation of identified or new mineral potential, the Group's business, results of operations and financial condition may be materially and adversely affected.

MITIGATION: The Group updates annually the quantity and quality of the estimated proven and probable reserves to reflect extraction, additional drilling and other available data in accordance with internationally recognised reporting frameworks, including JORC, SAMREC and PRMS. For the major deposits, the estimates are prepared and signed off by independent competent persons.

Environmental hazards

The processes and chemicals used in the Group's extraction and production methods, as well as its shipping and storage activities, are subject to environmental hazards.

IMPACT: Where the Group holds or has interests in industrial activities, these assets are generally subject to environmental hazards as a result of the processes and chemicals used in traditional extraction, production, storage, disposal and transportation methods. Environmental hazards may exist on the Group's owned or leased properties or at those of the industrial activities in which it holds an interest, or may be encountered while its products are in transit. The storage of tailings at the Group's industrial assets may present a risk to the environment, property and persons, where there remains a risk of leakage from or failure of the Group's tailings dams, as well as theft and vandalism during the operating life of the assets or after closure.

Additionally, the Group conducts oil exploration and drilling activities and also stores and transports crude oil and oil products around the world. Damage to exploration or drilling equipment, a vessel carrying oil or a facility where oil is stored could lead to a spill, causing environmental damage with significant clean-up or remediation costs.

The Group may be liable for losses associated with environmental hazards, have its licences and permits withdrawn or suspended or may be forced to undertake extensive remedial clean-up action or to pay for government-ordered remedial clean-up actions, even in cases where such hazards have been caused by any previous or subsequent owners or operators of the property, by any past or present owners of adjacent properties, by independent third party contractors providing services to the Group or by acts of vandalism by trespassers. Any such losses, withdrawals, suspensions, actions or payments may have a material adverse effect on the Group's business, results of operations and financial condition.

MITIGATION: Compliance with international and local regulations and standards, protecting our people, communities and the environment from harm and our operations from business interruptions are top priorities for the Group. The Group operating procedures and those of its partners in relation to owned tankers conform to industry best practise working under the guidelines of the International Maritime Organisation ("IMO"), relevant Flag States and top tier Classification societies. Tankers chartered from third parties are required to meet strict vetting inspection requirements in line with OCIMF (Oil Companies International Marine Forum) and the Group's own standards. The Group's oil exploration activities engage best industry practises and procedures and utilise first class drilling contractors with proven expertise and experience. Additionally, wide-spread and comprehensive insurance cover is actively procured, to reduce the financial impact of operational risks, property damage, business interruption and environmental liabilities to the extent possible.

SUSTAINABLE DEVELOPMENT

Emissions and climate change regulation

The Group's global presence exposes it to a number of jurisdictions in which regulations or laws have been or are being considered to limit or reduce emissions. The likely effect of these changes will be to increase the cost for fossil fuels, impose levies for emissions in excess certain permitted levels and increase administrative costs for monitoring and reporting.

IMPACT: Increasing regulation of greenhouse gas emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets is likely to raise production, transportation and administrative costs. In addition, regulation of greenhouse gas emissions in the jurisdictions of the Group's major customers and in relation to international shipping could also have a material adverse effect on the demand for some of the Group's products.

MITIGATION: The Group, through its sustainability program, strives to ensure emissions and climate change issues are identified, understood and effectively managed and monitored in order to meet international best practice standards and ensure regulatory compliance.

Community relations

The continued success of the Group's existing operations and its future projects are in part dependent upon broad support and a healthy relationship with the respective local communities.

IMPACT: If it is perceived that the Group is not respecting or advancing the economic and social progress and safety of the communities in which it operates, the Group's reputation and shareholder value could be damaged, which could have a negative impact on its ''social licence to operate'', its ability to secure new resources and its financial performance. The consequences of negative community reaction could also have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation. Such events could lead to disputes with national or local governments or with local communities or any other stakeholders and give rise to material reputational damage. If the Group's operations are delayed or shut down as a result of political and community instability, its earnings may be constrained and the long-term value of its business could be adversely impacted. Even in cases where no action adverse to the Group is actually taken, the uncertainty associated with such political or community instability could negatively impact the perceived value of the Group's assets and industrial investments and, consequently, have a material adverse effect on the Group's financial condition.

MITIGATION: The Group believes that the best way to manage these vital relationships is to adhere to the principles of open dialogue and co-operation and in doing so it engages with local communities to present and demonstrate the positive communal attributes of the Group's local operations and ensure that appropriate measures are taken to prevent or mitigate possible adverse effects on them, along with the regular reporting of such.

Employees

The maintenance of positive employee and union relations and the ability to attract and retain skilled workers are key to the success of the Group.

IMPACT: Some of the Group's employees, as well as employees in non-controlled industrial investments, are represented by labour unions under various collective labour agreements. The Group or the industrial investments in which it holds an interest may not be able to satisfactorily renegotiate its collective labour agreements when they expire and may face tougher negotiations or higher wage demands than would be the case for non-unionised labour. In addition, existing labour agreements may not prevent a strike or work stoppage at its facilities in the future, and any strike or other work stoppage could have a material adverse effect on the Group's business, results of operations and financial condition.

The success of the Group's business is also dependent on its ability to attract and retain highly effective marketing and logistics personnel as well as highly qualified and skilled engineers and other industrial, technical and project experts to operate its industrial activities in locations experiencing political or civil unrest, or in which they may be exposed to other hazardous conditions. The Group may not be able to attract and retain such qualified personnel and this could have a material adverse effect on the Group's business, results of operations and financial condition.

MITIGATION: The Group understands that one of the key factors in its success is a good and trustworthy relationship with its people. This priority is reflected in the principles of its corporate practice and its related guidance, which require regular, open, fair and respectful communication, zero tolerance for human rights violations, fair remuneration and, above all, a safe working environment.

Health, safety and environment

The Group's operations are subject to health, safety and environmental regulations and legislation along with complying with the Group's corporate sustainability framework.

IMPACT: New or amended environmental, health and safety legislation or regulations may result in increased operating costs or, in the event of non compliance or accidents or incidents causing personal injury or death or property or environmental damage at or to the Group's mines, smelters, refineries, concentrators, drill rigs or related facilities (such as logistics and storage facilities) or surrounding areas may result in significant losses, interruptions in production, expensive litigation, imposition of penalties and sanctions or suspension or revocation of permits and licences, even in cases where such hazards have been caused by any previous or subsequent owners or operators of the property, by any past or present owners of adjacent properties, by independent third party contractors providing services to the Group or by acts of vandalism by trespassers. Any such losses, withdrawals, suspensions, actions or payments may have a material adverse effect on the Group's business, results of operations and financial condition.

MITIGATION: The Group is committed to comply with or exceed the laws, regulations and best practice guidelines applicable to its operations and products in the jurisdictions in which it operates and through its extensive compliance program, including continuous monitoring of legislative requirements and engagement with government and regulators, it strives to ensure full compliance.

OTHER RISKS

Mergers and acquisitions

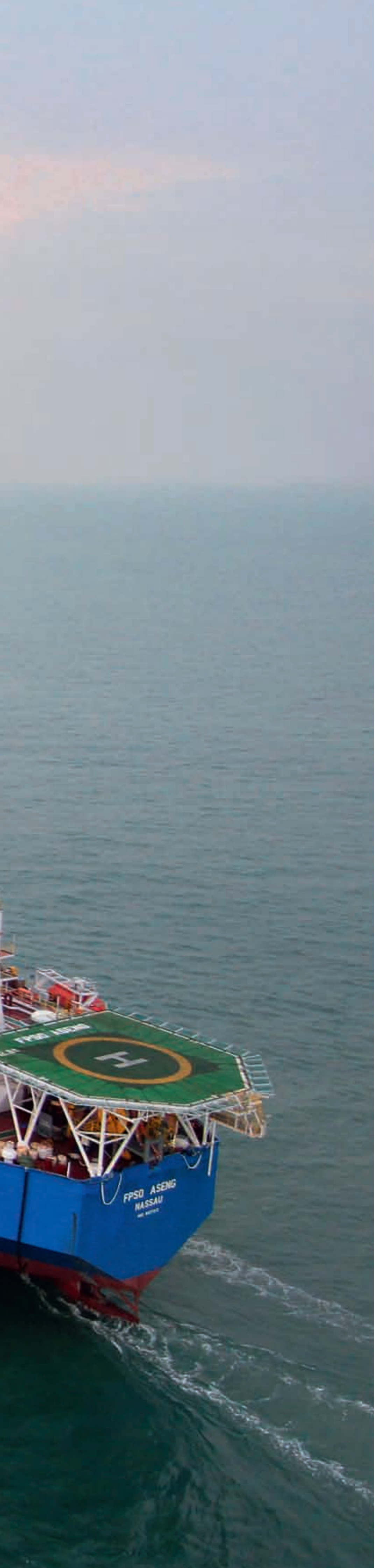
The Group may fail to integrate mergers or acquisitions effectively, including in connection with the merger with Xstrata, or fail to realise the anticipated business growth opportunities or other synergies in connection with such mergers or acquisitions.

IMPACT: Business combinations entail a number of risks, including the ability of the Group to integrate effectively the businesses acquired with its existing operations such as the realisation of anticipated synergies, significant one-time write-offs or restructuring charges, difficulties in achieving optimal tax structures, unanticipated costs, addressing possible differences in business culture, processes, controls, procedures and systems and failing to integrate and motivate key employees and/or retain certain individuals during the integration period. For example, the performance of the Group in the future will, amongst other things, depend on its ability to integrate Xstrata successfully without disruption to the existing business.

Failure to successfully integrate a business, including in connection with the merger with Xstrata, could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects. All of these may be exacerbated by the diversion of management's attention away from other ongoing business concerns. The Group may also be liable for the past acts, omissions or liabilities of companies or businesses it has acquired, which may be unforeseen or greater than anticipated at the time of the relevant acquisition. In addition, various factors could impact the estimated synergies for potential acquisitions and have a material adverse impact on the Group's business, results of operations and financial condition.

MITIGATION: The Group understands that businesses combinations, whether as a result of a merger or an acquisition, entail a number of risks. Such risks are mitigated through detailed integration planning and by establishing dedicated integration teams to ensure effective integration of businesses. In particular, the Group believes that, in the case of the merger with Xstrata, integration risks are reduced by bringing two highly complementary businesses with a long-standing relationship.

FPSO Aseng sailaway, Singapore



BUSINESS REVIEW

2 | Business review

2.1 | Financial review

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The financial information has been prepared on a basis as outlined in note 1 of the financial statements. It is presented in the Overview and the Financial review sections before significant items unless otherwise stated to provide an enhanced understanding and comparative basis of the underlying financial performance. Significant items are items of income and expense which, due to their financial impact and nature or the expected infrequency of the events giving rise to them, are separated for internal reporting and analysis of Glencore's results.

PERFORMANCE HIGHLIGHTS

US $ million	2012	2011	Change
Key statement of income and cash flows highlights:			
Revenue	214 436	186 152	15%
Adjusted EBITDA [1]	5 943	6 464	– 8%
Adjusted EBIT [1]	4 470	5 398	– 17%
Net income attributable to equity holders pre significant items [2]	3 060	4 060	– 25%
Net income attributable to equity holders	1 004	4 048	– 75%
Earnings per share (Basic) pre significant items (US $)	0.44	0.72	– 39%
Earnings per share (Basic) (US $)	0.14	0.72	– 81%
Funds from operations (FFO) [3]	4 115	3 522	17%

US $ million	2012	2011	Change
Key financial position highlights:			
Total assets	105 537	86 165	22%
Equity attributable to equity holders	31 266	29 265	7%
Current capital employed (CCE) [1]	23 945	22 479	7%
Net debt [3]	15 416	12 938	19%
Net debt, adjusted for the Viterra acquisition	11 457	12 938	– 11%
Ratios:			
FFO to Net debt	26.7%	27.2%	– 2%
FFO to Net debt, adjusted for the Viterra acquisition	35.9%	27.2%	32%
Net debt to Adjusted EBITDA	2.59x	2.00x	30%
Net debt, adjusted for the Viterra acquisition, to Adjusted EBITDA	1.93x	2.00x	– 4%
Adjusted EBITDA to net interest	6.13x	7.63x	– 20%

[1] Refer to glossary on page 166 for definitions and calculations.
[2] Refer to page 39.
[3] Refer to page 42.

RESULTS

Adjusted EBIT decreased by 17% to $ 4,470 million in 2012 compared to 2011 due to lower contributions from our industrial activities which were affected by generally lower year on year average commodity prices for the key commodities which we and our associates (primarily Xstrata) produce. Given the largely fixed cost nature of 'depreciation and amortisation' (non-cash) over a certain level of production, Adjusted EBITDA was only 8% lower in 2012, compared to 2011. Adjusted EBIT contribution from marketing was $ 2,130 million (2011: $ 1,911 million) representing 48% of Adjusted EBIT for the year, an increase from 35% in the prior year. These results highlight the reinforcing the strength and resilience of Glencore's business model and the diversification benefits associated with combining and integrating, across a broad spectrum of commodities, a portfolio of industrial assets with large scale physical sourcing, marketing and logistics capabilities.

Adjusted EBIT

Adjusted EBIT by business segment is as follows:

US $ million	Marketing activities	Industrial activities	2012 Adjusted EBIT		Marketing activities	Industrial activities	2011 Adjusted EBIT	
Metals and minerals	1 363	708	2 071	46%	1 242	1 357	2 599	48%
Energy products	435	594	1 029	23%	697	375	1 072	20%
Agricultural products	371	– 10	361	8%	– 8	– 39	– 47	– 1%
Corporate and other [1]	– 39	1 048	1 009	23%	– 20	1 794	1 774	33%
Total	**2 130**	**2 340**	**4 470**	**100%**	**1 911**	**3 487**	**5 398**	**100%**

[1] Corporate industrial activities include $ 1,174 million (2011: $ 1,893 million) of Glencore's equity accounted share of Xstrata's income.

Marketing Adjusted EBIT was $ 2,130 million up 11% over 2011. 2012 saw an improved performance by metals and minerals, with generally good volume growth e.g. copper and nickel and healthy physical premia for many of Glencore's core products. The energy result was weaker due to fewer arbitrage opportunities, against a backdrop of relatively low volatility and the continuing weak freight markets. Agricultural products showed a marked improvement over 2011, with the events surrounding cotton now behind us and on an adjusted comparable basis, its performance was relatively stable year over year.

Industrial Adjusted EBIT declined by 33% to $ 2,340 million in 2012, primarily due to weaker average commodity prices, including nickel, coal (API 2), zinc and copper, down 23%, 24%, 11% and 10% respectively. These lower prices impact our own controlled operations as well as our share of Xstrata's earnings. The commencement of oil production at the Aseng field in Q4 2011 was largely accountable for the increase in energy products' industrial performance.

Corporate and other primarily relates to the equity accounted interest in Xstrata and also includes the variable pool bonus cost, the net result of which was down 43% to $ 1,009 million in 2012 compared to 2011.

Revenue
Revenue for the year ended 31 December 2012 was $ 214,436 million, a 15% increase compared to $ 186,152 million in 2011. The increase was primarily due to higher oil volumes handled (+39%), partially offset by lower period-on-period metals prices as noted above.

Cost of goods sold
Cost of goods sold for the year ended 31 December 2012 was $ 210,435 million, a 16% increase from $ 181,938 million in 2011 primarily due to the higher oil volumes noted above.

Selling and administrative expenses
Selling and administrative expenses for the year ended 31 December 2012 were $ 997 million, a 16% increase from $ 857 million in 2011, due to somewhat higher employee compensation charges, commensurate with an expansion of business activities and performance.

Share of income from associates and jointly controlled entities
Share of income from associates and jointly controlled entities for the year ended 31 December 2012 was $ 367 million, a 81% decrease from $ 1,972 million in 2011. The decrease reflects reduced earnings flow-through from Xstrata primarily due to the lower commodity prices and various impairment charges which it took ($ 299 million equity earnings, including $ 875 million of significant items; 2011: $ 1,868 million, including $ 25 million of significant items).

(Loss)/gain on disposal of investments
Loss on disposal of investments for the year ended 2012 was $ 128 million, compared to a gain of $ 9 million in 2011. The amount in 2012 primarily comprised an accounting dilution loss following an Xstrata share issuance in March 2012 (part of its employee stock ownership plan), which saw Glencore's effective ownership reduce from 34.5% to 34.2%.

Other expense – net
Net other expense for 2012 was $ 1,214 million, compared to $ 511 million in 2011. 2012 primarily comprised impairments of $ 1,650 million, $ 120 million acquisition related expenses and $ 109 million of expense related to phantom equity awards granted upon Glencore's listing, offset by a net $ 497 million accounting gain mainly related to the revaluation of Glencore's initial 40% interest in Mutanda upon acquisition of an additional 20% interest in April 2012. There were also $ 179 million of positive mark to market adjustments related to certain fixed priced forward coal sales contracts in respect of Prodeco's future production.

The impairment amount mainly comprises $ 1.2 billion of previously recognised negative fair value adjustments reclassified from 'other comprehensive income' to the statement of income in respect of Glencore's interest in UC Rusal. This reclassification had no impact on Glencore's net asset/equity position which has consistently, for many years, reflected the mark-to-market fair value of this holding. Evidence of this 'lack of impact' is clear on page 111, where 'total comprehensive income attributable to equity holders' was lower by a mere 10% in 2012 compared to 2011, contributing to a 7% increase in total equity, excluding non-controlling interests.

The net amount in 2011 primarily comprised $ 344 million of expenses related to Glencore's listing, a $ 92 million of mark-to-market loss in respect of various minority holdings in listed companies, $ 63 million related to final costs associated with the settlement of the Prodeco option and $ 32 million of asset impairments.

See notes 4 and 5 to the consolidated financial statements for further explanations.

Interest income
Interest income for the year ended 31 December 2012 was $ 401 million, an 18% increase over 2011 due to higher average advance balances outstanding. Interest income includes interest earned on various loans extended, including to OAO Russneft.

Interest expense
Interest expense for the year ended 31 December 2012 was $ 1,371 million, a 16% increase from $ 1,186 million in 2011. The increase was mainly due to higher average debt levels.

Income taxes

A net income tax credit of $ 76 million was recognised during the year ended 31 December 2012 compared to a tax credit of $ 264 million in 2011. The 2012 credit resulted primarily from the recognition of crystallised tax benefits (resulting in losses carried forward), following an internal reorganisation of our existing ownership interest in Xstrata. The 2011 credit resulted primarily from the recognition of tax deductions associated with the conversion of the Glencore Group from private to public ownership as part of its listing. It has been Glencore's historical experience that its effective tax rate pre significant items on pre-tax income, excluding share of income from associates and jointly controlled entities and dividend income, has been approximately 10%, particularly in years where the marketing to industrial profit contribution mix is higher. This rate has been reflected in the table below. It is likely that the future effective tax rate will increase relative to the past, however, as noted above, this will largely be a function of Glencore's profit mix (marketing vs industrial).

Earnings

A summary of the differences between Adjusted EBIT and income attributable to equity holders, including significant items, is set out below:

US $ million	2012	2011
Adjusted EBIT	**4 470**	**5 398**
Net finance costs	– 970	– 847
Foreign exchange loss [1]	– 4	– 5
Income tax expense	– 224	– 250
Non controlling interests	– 212	– 236
Income attributable to equity holders pre significant items	**3 060**	**4 060**
Earnings per share (Basic) pre significant items (US $)	0.44	0.72
Other expense – net, excluding foreign exchange loss [1]	– 1 210	– 506
Net (loss)/gain on disposal on investments	– 128	9
Mark to market valuation of certain natural gas forward contracts [2]	– 123	0
Unrealised intergroup profit elimination [2]	– 84	0
Share of Associates' exceptional items [3]	– 875	– 45
Net deferred tax asset recorded – mainly restructuring benefits (2011 – Listing/Restructuring benefits) [4]	300	514
Non controlling interest portion of significant items [5]	64	16
Total significant items	**– 2 056**	**– 12**
Income attributable to equity holders	**1 004**	**4 048**
Earnings per share (Basic) (US $)	0.14	0.72

[1] Recognised within other expense – net, see note 4 of the financial statements.
[2] Recognised within cost of goods sold, see note 2 of the financial statements.
[3] Recognised within share of income from associates and jointly controlled entities, see note 2 of the financial statements.
[4] Recognised within income tax credit, see note 6 of the financial statements.
[5] Recognised within non controlling interests.

SIGNIFICANT ITEMS

Significant items are items of income and expense which, due to their financial impact and nature or the expected infrequency of the events giving rise to them, are separated for internal reporting and analysis of Glencore's results to provide a better understanding and comparative basis of the underlying financial performance.

In 2012, Glencore recognised $ 2,056 million of significant expenses on a net basis which comprised primarily impairment charges of $ 1,650 million (2011: $ 32 million) and our share of Xstrata's exceptional items (2012: $ 875 million, 2011: $ 25 million), offset by a $ 497 million accounting gain on the revaluation of previously held interests in subsidiaries acquired during the year.

In 2011, Glencore recognised $ 12 million of significant expenses on a net basis which comprised primarily $ 344 million of expenses related to Glencore's listing, a $ 92 million of mark-to-market loss in respect of various minority holdings in listed companies, $ 63 million related to final costs associated with the settlement of the Prodeco option and $ 32 million of asset impairments. These expenses were largely offset by the recognition of $ 514 million of net tax credits relating primarily to certain income tax deductions that were crystallised, following the reorganisation of Glencore prior to Listing.

See comments in other expense – net above and notes 2, 4 and 5 of the financial statements for additional details.

LIQUIDITY AND CAPITAL RESOURCES – CASH FLOW

Cash generated by operating activities before working capital changes

Cash generated by operating activities before working capital changes for the year ended 31 December 2012 was $ 4,782 million, an increase of $ 681 million (17%) compared to 2011, reflecting the higher Adjusted EBITDA from marketing activities. On a more comparable basis, the increase is 8%, taking into account $ 325 million of listing related cash expenses in the 2011 period (see movement in net debt table below).

Working capital changes

Cash net working capital decreased by $ 727 million during the year ended 31 December 2012 compared to an increase of $ 3,174 million in 2011. Much of the 2011 increase occurred in Q4 2011, as Glencore was presented with highly attractive 'funded' commodity sourcing opportunities. 2012 saw a partial release of this increase, via the movement in receivables and payables, however marketing related inventory balances increased during the year. Inventory levels were higher in metals and naturally in the agricultural division, which took on substantial levels of working capital towards the end of 2012, in no small part due to the mid-December acquisition of Viterra – see note 24 of the financial statements. In 2013, we are focused on working capital levels associated with the 2012 acquisitions, including a natural release of working capital once various 'earmarked' non-core components of Viterra have been sold.

Net cash used by investing activities

Net cash used by investing activities was $ 9,539 million in 2012 compared to $ 3,690 million in 2011. The net outflow in 2012 primarily related to the acquisition of Viterra, an additional 32% interest in Optimum, an additional 20% interest in Mutanda, two European manganese operations and an 80% interest in Rosh Pinah (see note 24 of the financial statements), along with continued capital expenditure programs in respect of the various E&P upstream oil development projects, the development of the Mutanda and Kansuki copper/cobalt operations and the production expansions at Katanga, Cobar and Prodeco.

Net cash generated by financing activities

During 2012, Glencore issued $ 2,951 million bonds – 6 year 4.125% EUR 1,250 million bonds, 10 year 5.5% GBP 500 million bonds and 6.5 year 2.625% CHF 450 million bonds.

ASSETS, LEVERAGE AND WORKING CAPITAL

Total assets were $ 105,537 million as at 31 December 2012 compared to $ 86,165 million as at 31 December 2011. Over the same time period current assets increased from $ 45,731 million to $ 54,059 million. The adjusted current ratio at 31 December 2012 reduced to 1.16x, as the Xstrata secured bank loans and the October 2013 Eurobonds moved from non current to current borrowings. Adjusting for these two movements (given our c. $ 9 billion of long term committed liquidity could have been drawn to repay short term debt), the Adjusted current ratio improves to 1.27x. Non current assets increased from $ 40,434 million as at 31 December 2011 to $ 51,478 million as at 31 December 2012, primarily due to the acquisitions and capital expenditure programs noted above, including large non controlling interest asset gross-ups in relation to Mutanda and Optimum, where Glencore moved from equity to consolidated accounting during the year.

Consistent with 31 December 2011, 99% ($ 17,290 million) of total marketing inventories were readily marketable inventories at 31 December 2012. These inventories are readily convertible into cash due to their liquid nature, widely available markets, and the fact that any associated price risk is or could be covered either by a physical sale transaction or a hedge transaction on a commodity exchange or with a highly rated counterparty. Given the highly liquid nature of these inventories, which represent a significant share of current assets, Glencore believes it is appropriate to consider them together with cash equivalents in analysing Group net debt levels and computing certain debt coverage ratios and credit trends. Balance sheet liquidity remains very healthy such that current capital employed plus investments in listed associates (at book carrying value) covers 115% of Glencore's total gross debt as at 31 December 2012.

Net debt

US $ million	2012	2011
Gross debt	**35 526**	**28 068**
Cash and cash equivalents and marketable securities	– 2 820	– 1 345
Net funding	**32 706**	**26 723**
Readily marketable inventories	– 17 290	– 13 785
Net debt	15 416	12 938

Movement in net debt

US $ million	2012	2011
Cash generated by operating activities before working capital changes	4 782	4 101
Listing related cash expenses included in number above (via statement of income)	0	325
Net interest paid	– 784	– 798
Tax paid	– 344	– 472
Dividends received from associates	461	366
Funds from operations	**4 115**	**3 522**
Working capital changes, excluding readily marketable inventory movements and other	2 776	– 3 741
Non current advances and loans	– 203	– 320
Acquisition and disposal of subsidiaries, net of asset acquirer loans	– 3 602	– 346
Purchase and sale of investments	– 610	– 764
Purchase and sale of property, plant and equipment	– 3 005	– 2 626
Margin receipts in respect of financing related activities	176	21
Acquisition and disposal of additional interest in subsidiaries	– 624	– 315
Dividends paid	– 1 066	– 364
Share issuance, net of issue costs and Listing related cash expenses included in the statement of income (see above)	0	7 291
Cash movement in net debt	**– 2 043**	**2 358**
Net debt assumed in business combinations	– 359	– 204
Foreign currency revaluation of non current borrowings and other non cash items	– 76	– 68
Profit participation certificates redemptions	0	– 268
Non cash movement in net debt	**– 435**	**– 540**
Total movement in net debt	**– 2 478**	**1 818**
Net debt, beginning of period	– 12 938	– 14 756
Net debt, end of period	**– 15 416**	**– 12 938**

Net debt as at 31 December 2012 increased to $ 15,416 million from $ 12,938 million as at 31 December 2011. $ 359 million of net debt was assumed in the Viterra acquisition and $ 3.6 billion of net debt was incurred to finance Glencore's effective share of the equity purchase consideration. Adjusting for the increase in net debt attributable to the Viterra acquisition (completed mid-December 2012), net debt would be $ 11,457 million, a decrease of $ 1,481 million compared to 2011. The ratio of Net debt (adjusted for the Viterra acquisition) to Adjusted EBITDA improved from 2.00 times in 2011 to 1.93 times as at 31 December 2012, while the ratio of FFO to Net debt (adjusted for the Viterra acquisition) improved from 27.2% in 2011 to 35.9% in 2012. A healthy positive free cash flow generation/FFO is expected from the Viterra asset base going forward, which is expected to offer support to debt coverage ratios and deleveraging initiatives into the future.

CAPITAL RESOURCES AND FINANCING

During the year ended 31 December 2012, the following notable financing activities took place:

- In April 2012, Glencore issued EUR 1,250 million 4.125% bonds maturing in 2018 and GBP 300 million 5.5% bonds maturing in 2022, totalling $ 2.15 billion equivalent;
- In April 2012, Glencore updated its revolving credit facilities totalling $ 12.8 billion. The facilities comprise: 1) a $ 4,435 million 14 month revolving credit facility with a 10 month term-out option and 10 month extension option, that refinanced Glencore's existing $ 3,535 million 364-day revolving credit facility, i.e. an increase of $ 900 million and 2) an amount of $ 8,030 million of the existing $ 8,370 million 3-year revolving credit facility was extended for a further year to May 2015;
- In April 2012, Glencore signed a $ 3.1 billion syndicated loan backing the proposed merger with Xstrata, after raising $ 11 billion in syndication from 31 banks, a scale-back exceeding 70%;
- In June 2012, Glencore concluded a 1 year syndicated term loan facility with a 1 year term out option at Glencore's discretion of some $ 1.5 billion in support of the announced acquisition of Viterra, once again scaling back an oversubscribed syndication process;
- In July 2012, Glencore issued CHF 450 million 2.625% bonds maturing in 2018;
- In October 2012, Glencore signed a new 364 day committed $ 2.2 billion secured inventory and receivables borrowing base facility, which renewed the existing $ 1.7 billion facility; and
- In November 2012, Glencore issued GBP 200 million 5.5% bonds maturing in 2022.

As at 31 December 2012, Glencore had available committed undrawn credit facilities and cash amounting to $ 9 billion (as an internal financial policy, Glencore has a $ 3 billion minimum threshold requirement).

Value at risk (VaR)

One of the tools used by Glencore to monitor and limit its primary market risk exposure, namely commodity price risk related to its physical marketing activities, is the use of a VaR computation. VaR is a risk measurement technique which estimates the potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across all markets and commodities and risk measures can be aggregated to derive a single risk value. Glencore has set a consolidated VaR limit (1 day 95%) of $ 100 million representing less than 0.3% of equity.

Glencore uses a VaR approach based on Monte Carlo simulations and is computed at a 95% confidence level with a weighted data history using a combination of a one day and one week time horizon.

Average market risk VaR (1 day 95%) during the year ended 31 December 2012 was $ 40 million (2011: $ 39 million), representing a modest 0.1% of shareholders' equity.

Whilst it is Glencore's policy to substantially hedge its commodity price risks, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk. The hedging instruments available to the marketing businesses may differ in specific characteristics to the risk exposure to be hedged, resulting in an ongoing and unavoidable basis risk exposure. Residual basis risk exposures represent a key focus point for Glencore's commodity department teams who actively engage in the management of such.

Credit ratings

In light of our extensive funding activities, investment grade ratings are of utmost importance to us. Following the Viterra acquisition, the Xstrata merger shareholder approval and assumed completion thereof, the enlarged Group's credit ratings were confirmed as Baa2 (stable) from Moody's and BBB (stable) from S&P. Glencore's current ratings are Baa2 (review with direction uncertain) from Moody's and BBB (stable) from S&P.

Dividend

The Directors have proposed a 2012 final dividend of $ 0.1035 per share, amounting to $ 735 million. An interim dividend of $ 0.054 per share, amounting to $ 374 million, was paid on 13 September 2012.

Dividend dates	2013
Annual General Meeting	16 May
Ex-dividend date (UK and Hong Kong)	22 May
Last time for lodging transfers in Hong Kong	4:30 pm (HK) 23 May
Record date in Hong Kong	Opening of business (HK) 24 May
Record date in UK	Close of business (UK) 24 May
Deadline for return of currency election form (Jersey shareholders)	28 May
Applicable exchange rate date	31 May
Payment date	7 June

Shareholders on the Jersey register, may elect to receive the dividend in Sterling, Euro or Swiss Franc. The Sterling, Euro or Swiss Franc amount will be determined by reference to the exchange rates applicable to the U.S. Dollar seven days prior to the dividend payment date. Shareholders on the Hong Kong branch register will receive their dividends in Hong Kong Dollars. Further details on dividend payments, together with currency election and dividend mandate forms, are available from Glencore's website (www.glencore.com) or from the Company's Registrars. The Directors have proposed that the final dividend will be paid out of capital contribution reserves. As such, the final dividend would be exempt from Swiss withholding tax. As at 31 December 2012, Glencore International plc had CHF 13.4 billion of such capital contribution reserves in its statutory accounts.

Notional allocation of debt and interest expense

Glencore's indebtedness is primarily arranged centrally, with the proceeds then applied to marketing and industrial activities as required.

Glencore does not allocate borrowings or interest to its three operating segments. However, to assist investors in the assessment of overall performance and underlying value contributors of its integrated business model, Glencore notionally allocates its borrowings and interest expense between its marketing and industrial activities as follows:

- At a particular point in time, Glencore estimates the borrowings attributable to funding key working capital items within the marketing activities, including inventories, net cash margining and other accounts receivable/payable, through the application of an appropriate loan to value ratio for each item. The balance of Group borrowings is allocated to industrial activities (including Glencore's stake in Xstrata).
- Once the average amount of borrowings notionally allocated to marketing activities for the relevant period has been estimated, the corresponding interest expense on those borrowings is estimated by applying the Group's average variable rate cost of funds during the relevant period to the average borrowing amount. The balance of Group interest expense and all interest income is allocated to industrial activities. The allocation is a company estimate only and is unaudited. The table below summarises the notional allocation of borrowings and interest and corresponding implied earnings before tax of the marketing and industrial activities for the year ended 31 December 2012.

US $ million	Marketing activities	Industrial activities	Total
Adjusted EBIT	2 130	2 340	4 470
Interest expense allocation	– 342	– 1 029	– 1 371
Interest income allocation	–	401	401
Allocated profit before tax	**1 788**	**1 712**	**3 500**
Allocated borrowings – 31 December 2012	16 668	18 858	35 526
Allocated borrowings – quarterly average	14 765	15 714	30 479

Based on the implied equity funding for the marketing activities' working capital requirements, as well as the relatively modest level of non current assets employed in the marketing activities (assumed to be equity funded), the return on notional equity for the marketing activities continued to be very healthy in 2012. The industrial activities' return on notional equity, although respectable, is being held back by mostly mid stage oil, copper, coal and gold development and expansion projects, where significant investments have been made to date, however the projects did not contribute to earnings in the year at anywhere near where their full production potential is expected to be and given the timing of certain acquisitions, noteably Viterra, the full effect of the earnings is yet to be reflected as allocated profits.

SUBSEQUENT EVENTS AFFECTING OUR FINANCIAL POSITION

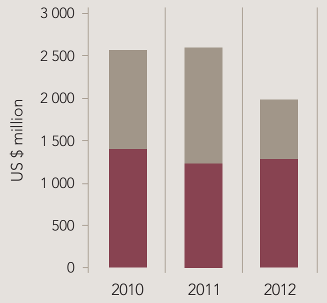
On 26 February 2013, Glencore-controlled Kazzinc purchased an 89.5% interest in two gold deposits in northern Kazakhstan with combined resources of 75,727 tonnes of gold for $ 179 million. The transaction was accomplished via the purchase of Kazakh company Orion Minerals which owns subsoil rights at the Raigorodok field in the Akmola Region and the Komarovskoye field in the Kostanai region.

2.2 | Metals and minerals

"During 2012, the metals and minerals division exhibited a solid performance despite lower average metal prices in the period impacting our industrial activities. Of particular note were the respective performances of Mutanda and Murrin Murrin which increased production by 37% and reached record production levels respectively. Marketing continued its strong track record capitalising on increased volumes. With continued demand expected from emerging markets, we remain confident about future prospects."

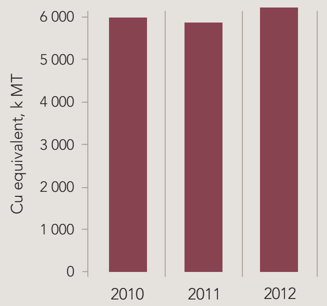
Daniel Maté, Telis Mistakidis

Adjusted EBIT



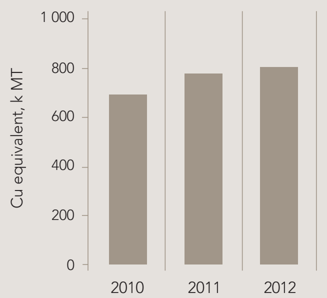
	2010	2011	2012
Marketing activities	1 401	1 242	1 363
Industrial activities	1 160	1 357	708

Marketing activities



	2010	2011	2012
Volumes	5 986	5 864	6 217

Industrial activities



	2010	2011	2012
Volumes	692	783	805

Highlights

Metal and minerals' total Adjusted EBIT in 2012 was $ 2,071 million, 20% lower than in 2011. This was driven by the performance of the industrial activities which was impacted by lower average metal prices. Marketing activities delivered a strong performance during 2012. Adjusted EBIT was $ 1,363 million, 10% higher than in 2011 as volumes increased and physical premia remained strong. Metals and minerals' industrial activities generated Adjusted EBIT of $ 708 million, a decrease of 48% compared to 2011. The reduction in EBIT was driven by lower metal prices and production setbacks at Katanga and Cobar. However Mutanda delivered an excellent performance, with own sourced copper production up 37% and Murrin Murrin registered a record year of nickel production.

Outlook

Significant production ramp-ups are expected at Mutanda and Katanga, underpinned by further power supply improvements and the installation of new processing equipment. We expect demand in the markets where we operate to remain healthy with emerging market demand increasing with economic development and improving living standards.

US $ million	Marketing activities	Industrial activities	2012	Marketing activities	Industrial activities	2011
Revenue	48 254	8 420	56 674	43 317	8 667	51 984
Adjusted EBITDA	1 379	1 625	3 004	1 247	2 122	3 369
Adjusted EBIT	1 363	708	2 071	1 242	1 357	2 599
Adjusted EBITDA margin (%)	3%	19%	–	3%	24%	–
Allocated average CE [1]	8 083	18 535	26 618	7 746	15 108	22 854
Adjusted EBIT return on average CE	17%	4%	8%	16%	9%	11%

[1] The simple average of segment current and non current capital employed (see note 2 of the financial statements), adjusted for production related inventories, is applied as a proxy for marketing and industrial activities respectively.

MARKET CONDITIONS

Selected average commodity prices

	2012	2011	Change
S&P GSCI Industrial Metals Index	382	440	– 13%
LME (cash) zinc price ($/t)	1 948	2 193	– 11%
LME (cash) copper price ($/t)	7 958	8 813	– 10%
LME (cash) lead price ($/t)	2 062	2 397	– 14%
Gold price ($/oz)	1 669	1 573	6%
Metal Bulletin alumina price ($/t)	319	374	– 15%
LME (cash) aluminium price ($/t)	2 022	2 398	– 16%
LME (cash) nickel price ($/t)	17 530	22 843	– 23%
Metal Bulletin cobalt price 99.3% ($/lb)	13	16	– 19%
Iron ore (Platts 62% CFR North China) price ($/DMT)	130	169	– 23%

Currency table

	Average 2012	Spot 31 Dec 2012	Average 2011	Spot 31 Dec 2011	Change in average prices
AUD : USD	1.04	1.04	1.03	1.02	1%
USD : COP	1 797	1 767	1 848	1 939	– 3%
EUR : USD	1.29	1.32	1.39	1.30	– 7%
GBP : USD	1.59	1.63	1.60	1.55	– 1%
GBP : CHF	1.49	1.49	1.42	1.46	5%
USD : CHF	0.94	0.92	0.89	0.94	6%
USD : KZT	149	150	147	148	1%
USD : ZAR	8.21	8.47	7.26	8.09	13%

Metals prices generally decreased over 2012 compared to 2011 with the GSCI Industrial Metal Index lower by 13%. The main exception was gold which increased by 6%.

Zinc/Copper/Lead

Global copper markets continued to be impacted by a combination of declining ore grades and delays in new projects which were expected to replace lost production from mines that are currently in decline. It is expected that rising costs, on-going production disruptions, project delays and declining grades will remain a feature of the copper industry for the foreseeable future despite the material scheduled expansions in global mined production.

On the demand side, underlying Chinese copper consumption continued to increase although headline statistics remain subject to the inventory cycle. 2012 also saw the first tentative signs of life from the US housing market.

Zinc markets experienced another tough year with demand from Europe and US remaining weak through most of the year. Chinese refined zinc metal imports increased during 2012, reaching some 600,000 tonnes.

Looking forward, there are a number of major scheduled zinc mine closures in the next several years which can be expected to bring the market closer to balance. This should in turn create an incentive price which better matches the need for sustained investment in new mines in the longer term.

Alumina/Aluminium

The average LME aluminium prices during 2012 were below the averages for 2011. Although premium levels increased significantly compared to 2011, pressure on producers remains with many no longer able to cover their production costs. Indications for aluminium premiums for duty unpaid, in-warehouse material at the beginning of 2012 were $ 100 to $ 125 per tonne, with an average 2012 range of approximately $ 140 to $ 165 per tonne and a more recent level of $ 200 to $ 230 per tonne.

Ferroalloys/Nickel/Cobalt/Iron Ore

Global stainless steel production increased by 3% in 2012, thanks largely to increased output in China. However, macroeconomic uncertainty and subdued end user demand, especially during Q2 and Q3 2012, ensured that destocking activity continued throughout the distribution chain in most stainless steel markets. By contrast, speciality steel markets catering for the oil, gas and aerospace industries continued to enjoy robust demand conditions.

Cobalt prices continued to decrease in 2012, losing 19% compared to 2011. This trend was due to lower economic activity in Europe, a drop in Japanese metal demand and a Chinese destocking cycle, all of which contributed to an oversupply of cobalt metal during the year.

Iron ore prices were in the $ 135 to $ 150 range for the first four months of the year; however the Chinese crude steel industry then went through a difficult period during Q3 2012 and aggressively destocked. Iron ore prices fell to a level of $ 86 per DMT in September 2012, the lowest in the past three years. From this point, the market recovered quickly to reach $ 140 per DMT by the end of the year, fuelled by aggressive restocking and a pick-up in crude steel production.

MARKETING

Highlights

Adjusted marketing EBITDA and EBIT for 2012 were $ 1,379 million and $ 1,363 million respectively, an increase of 11% and 10% compared to 2011. 2012 was characterised by lower prices across all base metals, however volumes and physical premia remained strong which enabled the generation of higher profits compared to 2011.

Financial information

US $ million	2012	2011	Change
Revenue	48 254	43 317	11%
Adjusted EBITDA	1 379	1 247	11%
Adjusted EBIT	1 363	1 242	10%

Selected marketing volumes sold

	Units	2012	2011	Change
Zinc metal and concentrates [1]	million MT	2.8	2.7	4%
Copper metal and concentrates [1]	million MT	2.3	1.9	21%
Lead metal and concentrates [1]	million MT	0.7	0.7	–
Gold	thousand toz	746	756	– 1%
Silver	thousand toz	22 544	11 128	103%
Alumina/aluminium	million MT	11.5	11.4	1%
Ferroalloys (incl. agency)	million MT	3.0	2.7	11%
Nickel	thousand MT	232.3	191.4	21%
Cobalt	thousand MT	16.1	22.9	– 30%
Iron ore	million MT	19.8	10.3	92%

[1] Estimated metal unit contained.

Zinc/Copper/Lead

While zinc and lead volumes were relatively consistent between 2012 and 2011, copper volumes increased by 21%. The increase was partly a timing difference, reflecting Chinese restocking with large shipments arriving Q1 2012 for material contracted in Q4 2011 when prices were considered low.

Alumina/Aluminium

In 2012, the marketed volumes for alumina/aluminium remained at a strong level with a small increase to 11.5 million tonnes, from 11.4 million tonnes in 2011.

Ferroalloys/Nickel/Cobalt/Iron Ore

Overall nickel volumes were 21% higher than 2011. For nickel metal, record production at Murrin Murrin and a full year's production from Xstrata's Falcondo ferronickel operation aided volumes. Nickel ore almost doubled during 2012, attributable to Glencore's continued growth in this particular market segment.

China destocking and a decrease of concentrate production in the DRC, impacted volumes of cobalt in intermediates during the year.

In iron ore, spot units offered by the majors have increased substantially enabling us to increase our overall tonnage by 9.5 million tonnes to 19.8 million tonnes.

INDUSTRIAL ACTIVITIES

Highlights

Metals and minerals' industrial activities performance was down in 2012, driven primarily by lower average metal prices, including nickel, aluminium (impacting alumina), zinc and copper. The production scorecard was mixed with some excellent performances including own sourced copper production up 37% at Mutanda and a record year of nickel production at Murrin Murrin. Overall volume growth was however lower than expected, particularly due to lost production/power disruption issues in the DRC, (mainly impacting Katanga), temporary operational issues at Cobar and nationalisation of the Colquiri tin mine in Bolivia in June 2012.

Total industrial revenues for metals and minerals were $ 8,420 million, down 3% from $ 8,667 million in 2011. Adjusted EBITDA and Adjusted EBIT for 2012 were $ 1,625 million and $ 708 million, down 23% and 48% compared to $ 2,122 million and $ 1,357 million in 2011. The higher EBIT % reduction reflects the largely fixed cost nature of 'depreciation and amortisation' (non-cash) over a constant level of production.

Financial information

US $ million	2012	2011	Change
Revenue			
Kazzinc	2 839	2 262	26%
Other Zinc	970	1 029	– 6%
Zinc	**3 809**	**3 291**	**16%**
Katanga	497	528	– 6%
Mutanda	511	–	–
Mopani	990	1 155	– 14%
Other Copper	1 475	2 493	– 41%
Copper	**3 473**	**4 176**	**– 17%**
Alumina/Aluminium	**426**	**520**	**– 18%**
Ferroalloys/Nickel/Cobalt/Iron ore	**712**	**680**	**5%**
Total	**8 420**	**8 667**	**– 3%**
Adjusted EBITDA			
Kazzinc	890	862	3%
Other Zinc	167	297	– 44%
Zinc	**1 057**	**1 159**	**– 9%**
Katanga	46	198	– 77%
Mutanda	161	–	–
Mopani	182	328	– 45%
Other Copper	150	219	– 32%
Copper	**539**	**745**	**– 28%**
Alumina/Aluminium	**8**	**60**	**– 87%**
Ferroalloys/Nickel/Cobalt/Iron ore	**19**	**83**	**– 77%**
Share of income from associates and dividends (includes Mutanda)	2	75	– 97%
Total	**1 625**	**2 122**	**– 23%**
Adjusted EBITDA margin (%)	**19%**	**24%**	**–**
Adjusted EBIT			
Kazzinc	537	561	– 4%
Other Zinc	46	191	– 76%
Zinc	**583**	**752**	**– 22%**
Katanga	– 47	141	n.m.
Mutanda	100	–	–
Mopani	83	207	– 60%
Other Copper	87	161	– 46%
Copper	**223**	**509**	**– 56%**
Alumina/Aluminium	**– 4**	**50**	**n.m.**
Ferroalloys/Nickel/Cobalt/Iron ore	**– 96**	**– 29**	**n.m.**
Share of income from associates and dividends (includes Mutanda)	2	75	– 97%
Total	**708**	**1 357**	**– 48%**
Capex			
Kazzinc	341	439	–
Other Zinc	306	131	–
Zinc	**647**	**570**	**–**
Katanga	586	325	–
Mutanda	76	–	–
Mopani	197	163	–
Other Copper	204	116	–
Copper	**1 063**	**604**	**–**
Alumina/Aluminium	**25**	**20**	**–**
Ferroalloys/Nickel/Cobalt/Iron ore	**74**	**76**	**–**
Total	**1 809**	**1 270**	**–**

Production data

thousand[1]		Using feed from own sources	Using feed from third party sources	2012 Total	Using feed from own sources	Using feed from third party sources	2011 Total	Own feed change
Kazzinc								
Zinc metal	MT	227.3	74.0	301.3	246.0	54.8	300.8	– 8%
Lead metal[2]	MT	26.8	55.7	82.5	35.6	66.2	101.8	– 25%
Copper metal[3]	MT	49.6	3.0	52.6	51.2	1.8	53.0	– 3%
Gold	toz	474	87	561	390	39	429	22%
Silver	toz	4 777	15 031	19 808	4 299	5 571	9 870	11%
Katanga								
Copper metal[3]	MT	93.0	–	93.0	91.2	–	91.2	2%
Cobalt	MT	2.13	–	2.13	2.43	–	2.43	– 12%
Mutanda								
Copper metal[3]	MT	87.0	–	87.0	63.7	–	63.7	37%
Cobalt[4]	MT	8.50	–	8.50	7.87	–	7.87	8%
Mopani								
Copper metal[3]	MT	99.0	88.1	187.1	101.4	103.0	204.4	– 2%
Cobalt[4]	MT	0.07	0.16	0.23	0.56	0.33	0.89	– 88%
Other Zinc (Los Quenuales, Sinchi Wayra, AR Zinc, Portovesme, Rosh Pinah)								
Zinc metal	MT	53.0	81.7	134.7	61.0	92.7	153.7	– 13%
Zinc oxide	DMT	52.5	–	52.5	30.9	–	30.9	70%
Zinc concentrates	DMT	425.0	–	425.0	461.2	–	461.2	– 8%
Lead metal	MT	11.8	–	11.8	11.9	–	11.9	– 1%
Lead concentrates	DMT	67.2	–	67.2	61.0	–	61.0	10%
Tin concentrates	DMT	2.35	–	2.35	4.74	–	4.74	– 50%
Silver metal	toz	783	–	783	754	–	754	4%
Silver in concentrates	toz	7 279	–	7 279	7 978	–	7 978	– 9%
Other Copper (Cobar, Pasar, Punitaqui, Sable)								
Copper metal	MT	–	98.4	98.4	–	164.1	164.1	n.m.
Copper concentrates	DMT	179.2	0.1	179.3	204.9	–	204.9	– 13%
Cobalt	MT	–	0.71	0.71	–	0.16	0.16	n.m.
Silver in concentrates	toz	941	–	941	1 035	–	1 035	– 9%
Alumina/Aluminium (Sherwin)								
Alumina	MT	–	1 379	1 379	–	1 460	1 460	n.m.
Ferroalloys/Nickel/Cobalt (Glencore Manganese, Murrin Murrin)								
Ferro manganese	MT	–	17.34	17.34	–	–	–	n.m.
Silicon manganese	MT	–	15.91	15.91	–	–	–	n.m.
Nickel metal	MT	33.41	3.02	36.43	28.50	1.50	30.00	17%
Cobalt	MT	2.39	0.10	2.49	2.02	0.07	2.09	18%
Total Zinc contained	MT	534.4	155.7	690.1	563.1	147.5	710.6	– 5%
Total Copper contained	MT	376.7	189.6	566.3	362.6	268.9	631.5	4%
Total Lead contained	MT	76.3	55.7	132.0	82.5	66.2	148.7	– 8%
Total Tin contained	MT	1.15	–	1.15	2.23	–	2.23	– 48%
Total Gold (incl. Gold equivalents)[5]	toz	731	367	1 098	706	164	870	4%
Total Alumina	MT	–	1 379	1 379	–	1 460	1 460	n.m.
Total Ferro manganese	MT	–	17.34	17.34	–	–	–	n.m.
Total Silicon manganese	MT	–	15.91	15.91	–	–	–	n.m.
Total Nickel	MT	33.41	3.02	36.43	28.50	1.50	30.00	17%
Total Cobalt	MT	13.09	0.97	14.06	12.88	0.56	13.44	2%

[1] Controlled industrial assets only (with the exception in 2011 of Mutanda, which was 40% owned). Production is included on a 100% basis.
[2] Lead metal includes lead contained in lead concentrates.
[3] Copper metal includes copper contained in copper concentrates and blister copper.
[4] Cobalt contained in concentrates and hydroxide.
[5] Gold/Silver conversion ratios of 1/53.54 and 1/44.53 for 2012 and 2011 respectively based on average prices.

OPERATIONAL HIGHLIGHTS

Kazzinc (Glencore interest: 69.6%)

2012 gold production from own sources was 474,000 toz, an increase of 22% compared to 2011. This higher production reflects the continued growth at Altyntau as well as the benefits from gold recovered from the copper smelter. Silver production from own sources was 4.8 million toz, an increase of 11% compared to the prior year, reflecting an increase in the level of own silver-bearing copper concentrates processed. Total silver production also increased significantly during 2012 as a result of processing more high silver content concentrates from third parties.

Copper production from own sources in 2012 was 49,600 tonnes, a reduction of 3% compared to 2011. However, copper cathode production increased by 25,800 tonnes to 47,300 tonnes, following the ramp-up at Kazzinc's new copper smelter which was commissioned in 2011.

2012 lead production from own sources was 26,800 tonnes, a decrease of 25% compared to 2011. This reflects the ramp-up at the new lead smelter which was commissioned in August 2012 and the processing of gold rich concentrates at the old lead smelter prior to its decommissioning.

Zinc production from own sources was 227,300 tonnes, a decrease of 8%, resulting from the expected small reduction in grade during 2012.

Katanga (Glencore interest: 75.2%)

Katanga produced 93,000 tonnes of copper in metal and in concentrate from own sources during 2012, a 2% increase compared to 2011. Cobalt production in 2012 was 2,100 tonnes, a 12% decrease compared to 2011. Production during the year was severely disrupted by the recurrent general power disruptions in the DRC which resulted in 67 days of lost production.

The new power converter (part of the World Bank power project) and new synchronous condenser (under Katanga's agreement with La Société Naturale d'Electricité ('SNEL'), DRC's national power operator) were commissioned in December 2012 and have subsequently resulted in a decrease in power disruption. Further improvements in the reliability and availability of the electricity supply are expected in the medium term as a result of the joint Power Project (announced in March 2012, see below) currently underway and being undertaken by Katanga, Mutanda and Kansuki in partnership with SNEL.

Katanga produced its first copper cathode from the new solvent extraction plants and converted electro-winning facility during December 2012 as part of the Phase 4 project. The completion of this project will enable Katanga to increase total processing capacity and upgrade the quality of copper produced through the application of modern technologies. The Phase 4 project remains on target for mechanical completion in Q3 2013.

For further information please visit www.katangamining.com

Mutanda (Glencore interest: 60.0%)

In 2012, Mutanda produced 87,000 tonnes of copper in metal and concentrate from own sources, a 37% increase compared to 2011. 2012 copper cathodes production increased 90% to 83,500 tonnes.

2012 cobalt production was 8,500 tonnes, an 8% increase from 2011. Mutanda continues to increase cobalt production through the use of SO_2 from its sulphuric acid and SO_2 plant. A new power generation plant, dedicated to providing reliable power to the acid and SO_2 plant, was commissioned in December 2012. Following completion of the cobalt circuit in Q4 2012, Mutanda has installed cobalt in hydroxide capacity of 23,000 tonnes per annum.

The feasibility study for the construction of a 100,000 tonnes (of copper contained) sulphide concentrator remains on track to be completed in Q1 2013.

In May 2012, Glencore acquired an additional 20% of Mutanda for a cash consideration of $ 420 million plus acquired shareholder debts of approximately $ 60 million. Glencore also has the right, subject to the terms of a put and call option agreement exercisable in December 2013, to acquire a further 20% in Mutanda for a cash consideration of $ 430 million.

As previously announced, the above transaction was the first step to achieve the merger of Mutanda and Kansuki, which is expected to form a combined entity having an installed capacity of 200,000 tonnes per annum of copper by the end of 2013. It is anticipated that the merger will be completed during H1 2013.

Kansuki (Glencore interest: 37.5%)

Glencore holds a 50% interest in Kansuki Investments Sprl which in turn holds a 75% interest in the owner of the Kansuki concession, thereby giving Glencore an effective interest of 37.5%. Kansuki is a 185 square kilometre copper and cobalt pre-development project which borders the Mutanda concession. A total of $ 507 million of capital expenditure for mine and plant development has been committed to, of which $ 413 million had been spent as at 31 December 2012. Exploration of the Kansuki concession is on-going.

Katanga, Mutanda and Kansuki – Power Project

Mutanda, Katanga and Kansuki are collectively undertaking a project to secure power for all three operations via the refurbishment of two turbines at the Inga dam. This project is expected to provide 450 megawatts of power by the end of 2015 (the 'Power Project'). The project has started and is being executed in partnership with SNEL and EGMF, the project contractor. The estimated cost of $ 284 million will be paid by Mutanda, Katanga and Kansuki. This investment will be recovered via lower future energy tariffs.

Mopani (Glencore interest: 73.1%)

Mopani produced 99,000 tonnes of own copper in 2012 and 187,100 tonnes of total copper including third party sourced and toll material, reflecting a 2% and 8% decline respectively compared to 2011.
The reduction in total finished copper production primarily resulted from the planned biennial smelter shutdown. The small reduction in Mopani's own copper production was due to the temporary suspension of the heap leach process earlier in the year.

The $ 323 million Synclinorium shaft project to increase mine production, which is expected to come online during 2015, and the associated project to improve and modernise the smelter remain on track. In 2012, Mopani announced that the smelter upgrade project (including improving SO_2 emission capture to above 97%) is expected to be completed by December 2013, 18 months ahead of the schedule initially agreed with the Zambian authorities.

Other Zinc (Los Quenuales, Sinchi Wayra, AR Zinc, Portovesme, Rosh Pinah)

The acquisition of Rosh Pinah (from 1 June 2012) and a strong performance by AR Zinc resulted in higher production of silver metal and lead concentrates in 2012. This was offset by lower production at Los Quenuales and Sinchi Wayra, as a result of the planned shift towards lower grade ore bodies, union issues at Los Quenuales and the nationalisation of the Colquiri mine at Sinchi Wayra.
The nationalisation of the Colquiri mine resulted in no tin being produced post June 2012.

Los Quenuales recently received community approval to develop a new ore area at Iscaycruz (Santa Este), which has estimated ore resources of five to seven million tonnes. The mine is expected to be operational in Q4 2013 and will reach an annual production of 20,000 tonnes of zinc contained in concentrates in 2014.

Other Copper (Cobar, Pasar, Punitaqui, Sable)

Metal production in 2012 was 40% lower than in 2011, due to a fire at Pasar that stopped production for approximately six months.
Since the restart in July 2012, production has been in line or above levels achieved during 2011.

2012 copper concentrate and silver contained in concentrate production were lower than 2011 levels by 13% and 9% respectively, primarily due to temporary operational issues at Cobar resulting from electrical failures and delays in underground development activities. Completion of the new mine shaft at Cobar has been delayed due to poor ground conditions and is now expected in 2015.

Alumina/Aluminium

Sherwin Alumina (Glencore interest: 100%)

2012 production was 1.4 million tonnes, a 6% reduction compared to 2011. This reduction primarily relates to the overhaul of the calciner which was completed in Q1 2012. Production since then has been as expected.

Ferroalloys/Nickel/Cobalt

Glencore Manganese (Glencore interest: 100%)

Glencore acquired 100% of Vale's European manganese ferroalloys operations on 1 November 2012. The operations, located in Dunkirk, France and Mo I Rana, Norway, currently have the capacity to produce 150,000 tonnes and 110,000 tonnes of manganese ferroalloys per annum respectively.

Murrin Murrin (Glencore interest: 100%)

Own sourced production in 2012 was 33,400 tonnes of nickel and 2,400 tonnes of cobalt, an increase of 17% and 18% respectively compared to 2011, reflecting a record year of production for Murrin Murrin based on best ever throughput levels and plant availability.
Murrin Murrin has also successfully contained costs as part of its on-going 'Margin Improvement Plan' (in response to the lower nickel price and high Australian dollar environment) with further cost savings targeted in 2013.

2.3 | Energy products

"The energy products segment delivered a solid performance in 2012 despite the challenging environment faced in marketing. The significant increase in production from the Aseng oil field and the acquisitions of Optimum and Umbeco drove the strong industrial performance and leave the division well placed heading into 2013."

Alex Beard, Tor Peterson

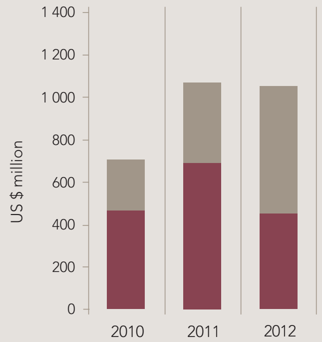
Highlights

Energy products' total Adjusted EBIT in 2012 was $ 1,029 million, 4% lower than in 2011. Marketing activities delivered Adjusted EBIT of $ 435 million, 38% lower than in 2011. The decrease was driven by a combination of low volatility and weak freight markets, which limited arbitrage opportunities, and our residual direct long wet freight exposure. This wet freight exposure will decline materially in 2013. Industrial activities delivered a strong performance generating Adjusted EBIT of $ 594 million, an increase of 58% compared to 2011. The strong performance was driven by the significant increase of oil production from the Aseng oil field, representing its first full year of production, and the acquisitions of Optimum and Umcebo.

Outlook

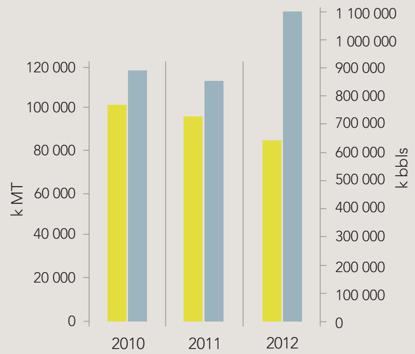
Looking forward, the oil price is likely to continue to be driven by the interaction of economics and geo-politics. We expect the US to continue to drive maximum domestic benefit from its burgeoning energy advantage, rather than export energy. Coal markets appear to have stabilised following the shale gas related displacements seen in 2012. With the economics of coal remaining compelling globally relative to other fuels we would expect demand to continue to increase. At the same time, current spot coal prices mean that many of the world's producers are unable to make a reasonable return on their assets.

Adjusted EBIT



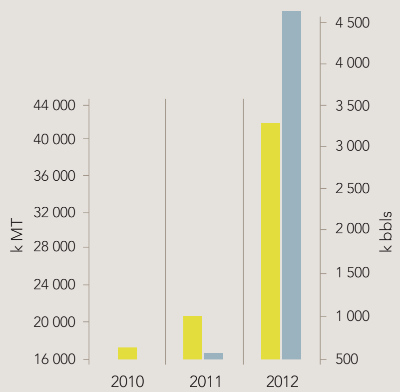
	2010	2011	2012
Marketing activities	450	697	435
Industrial activities	235	375	594

Marketing activities



	2010	2011	2012
Coal (k MT)	100 900	95 400	82 560
Oil (k bbls)	897 849	849 271	1 163 655

Industrial activities



	2010	2011	2012
Coal (k MT)	17 433	20 506	41 835
Oil (k bbls)	–	595	4 770

US $ million	Marketing activities	Industrial activities	2012	Marketing activities	Industrial activities	2011
Revenue	133 296	3 641	136 937	114 756	2 309	117 065
Adjusted EBITDA	494	983	1 477	724	571	1 295
Adjusted EBIT	435	594	1 029	697	375	1 072
Adjusted EBITDA margin (%)	0.4%	27%	–	1%	25%	–
Allocated average CE [1]	5 065 [2]	6 764 [2]	11 829 [2]	5 168	4 762 [2]	9 930 [2]
Adjusted EBIT return on average CE	9%	9%	9%	13%	8%	11%

[1] The simple average of segment current and non current capital employed (see note 2 of the financial statements), adjusted for production related inventories, is applied as a proxy for marketing and industrial activities respectively.
[2] For the purposes of this calculation, capital employed has been adjusted to exclude various long-term loans (primarily Russneft and Atlas – see note 10 of the financial statements), which generate interest income and do not contribute to Adjusted EBIT.

MARKET CONDITIONS

Selected average commodity prices

	2012	2011	Change
S&P GSCI Energy Index	330	333	– 1%
Coal API2 ($/t)	93	122	– 24%
Coal API4 ($/t)	93	116	– 20%
Prodeco realised price ($/t) [1]	85	95	– 11%
South African Coal average realised export price ($/t)	90	108	– 17%
South African Coal average realised domestic price ($/t)	31	43	– 28%
Oil price – Brent ($/bbl)	112	111	1%

[1] As of 31 December 2012, 24 million tonnes had been sold forward at an average price of $ 89 per tonne.

Coal

Atlantic markets

Increased US exports, displaced in a low domestic natural gas price environment, manifestly contributed to significant thermal coal price declines during H1 2012. The situation stabilised during H2 2012 with a modest recovery on the back of healthy coal consumption across most European markets, due to positive coal versus natural gas spreads and limited availability of hydro and other renewables alternatives.

End of year API2 and API4 prices were down 20% and 15% respectively in 2012, compared to 2011.

Pacific markets

Increased exports from Australia and Indonesia, coupled with some customer non-performance, induced downward pressure on prices at the beginning of 2012. However, strong overall demand from the traditional Chinese and Indian markets, together with improved economic expectations, allowed markets to recover in H2 2012, with Australia's Newcastle index making significant gains towards the end of the year.

Metallurgical markets were relatively depressed throughout the year due to the macroeconomic concerns and slowing steel demand in most markets. Signs of a recovery appeared towards the end of the year, with significant increases in spot prices.

Oil

Nearby Brent started 2012 at $ 107 per barrel and finished at $ 111 per barrel, but this belied a yearly range of $ 89 to $ 126, slightly wider than the equivalent range for 2011. In particular, H1 2012 saw significant price volatility, wide day ranges and fast price moves, reminiscent of the darker days of the financial crisis. Uncertainty over Greece and the Eurozone, combined with unclear fiscal and monetary policy backdrops were all contributory factors. At the same time, reasonable refining margins and a renewed focus on emerging market demand provided trading opportunities. H2 2012 experienced less volatility, reflecting the broad trend in capital markets and seemingly more market optimism in a managed outcome for the economic crisis.

The growing supply of domestic crude oil in the US, the visible manifestation of the shale oil revolution, provoked an increasing dislocation of WTI from other global benchmarks. The WTI/Brent spread started the year at $ 9 per barrel and closed at $ 19 per barrel. Brent term structure tended to backwardation during the year.

MARKETING

Highlights

Generally low volatility across the oil and coal markets in H2 2012 and the protracted weak freight environment provided fewer arbitrage opportunities, contributing to a reduced performance from energy marketing compared to 2011. A direct, but declining, long wet freight (tanker) exposure continued to provide headwinds during 2012, however, as we look at 2013, light can be seen at the end of this tunnel.

Adjusted marketing EBITDA and EBIT for 2012 were $ 494 million and $ 435 million respectively, a decrease, compared to 2011, of 32% and 38%.

Financial information

US $ million	2012	2011	Change
Revenue	133 296	114 756	16%
Adjusted EBITDA	494	724	– 32%
Adjusted EBIT	435	697	– 38%

Selected marketing volumes sold

million	2012	2011	Change
Thermal coal (MT)	78.3	91.0	– 14%
Metallurgical coal (MT)	4.1	4.1	–
Coke (MT)	0.2	0.3	– 33%
Crude oil (bbls)	421.4	271.4	55%
Oil products (bbls)	742.2	577.8	28%

Coal

Thermal coal volumes were lower year on year due to reduced price volatility and lower freight rates, thereby limiting price and geographical arbitrage opportunities between markets and accordingly third party volumes sold. Volumes for the more specialised metallurgical products were stable year-on-year with a focus on maintaining existing relationships.

Oil

Traded volumes, on an overall basis, increased significantly (by 39%) from 2.3 million barrels per day in 2011 to 3.2 million barrels per day in 2012. Higher volumes of crude oil, with Russian origin barrels amongst others a key driving factor, contributed half the gain. The remainder of the gain was derived from our marine bunker fuels affiliate Chemoil, into the Oil group figures.

INDUSTRIAL ACTIVITIES

Highlights

Energy products' industrial performance delivered a significantly stronger performance during 2012 mainly driven by the growth in oil production volumes and the associated strong profit margins from the Aseng oil field.

Own sourced coal production volumes were also up significantly during 2012, following the acquisitions of Optimum and Umcebo in South Africa, and a modest increase at Prodeco, despite a three month strike at its La Jagua mine. Notwithstanding the volume growth, realised coal prices were substantially lower in 2012, resulting in a decline in overall coal EBITDA of 5%.

Total industrial revenues for energy products were $ 3,641 million, up 58% from $ 2,309 million in 2011. Adjusted EBITDA and Adjusted EBIT for 2012 were $ 983 million and $ 594 million, up 72% and 58% compared to $ 571 million and $ 375 million in 2011.

Financial information

US $ million	2012	2011	Change
Revenue			
Prodeco	1 216	1 344	– 10%
South African Coal	1 123	323	248%
Coal	**2 339**	**1 667**	**40%**
Oil	**1 302**	**642**	**103%**
Total	3 641	2 309	58%
Adjusted EBITDA			
Prodeco	150	418	– 64%
South African Coal	316	75	321%
Coal	**466**	**493**	**– 5%**
Oil	**488**	**23**	**2 022%**
Share of income from associates and dividends	29	55	– 47%
Total	983	571	72%
Adjusted EBITDA margin (%)	**27%**	**25%**	**–**
Adjusted EBIT			
Prodeco	– 4	281	n.m.
South African Coal	162	49	231%
Coal	**158**	**330**	**– 52%**
Oil	**407**	**– 10**	**n.m.**
Share of income from associates and dividends	29	55	– 47%
Total	594	375	58%
Capex			
Prodeco	295	510	–
South African Coal	279	29	–
Coal	**574**	**539**	**–**
Oil	**311**	**706**	**–**
Total	885	1 245	–

Production data

thousand MT[1]	Own	Buy-in Coal	2012 Total	Own	Buy-in Coal	2011 Total	Own production change
Thermal coal							
Prodeco	14 762	142	14 904	14 586	195	14 781	1%
Shanduka (Export)	440	–	440	498	–	498	– 12%
Shanduka (Domestic)	6 017	1 084	7 101	5 422	802	6 224	11%
Umcebo (Export)	205	–	205	–	–	–	n.m.
Umcebo (Domestic)	6 798	31	6 829	–	–	–	n.m.
Optimum (Export)	7 347	–	7 347	–	–	–	n.m.
Optimum (Domestic)	6 266	495	6 761	–	–	–	n.m.
Total	**41 835**	**1 752**	**43 587**	**20 506**	**997**	**21 503**	**104%**

[1] Controlled industrial assets only. Production on a 100% basis.

thousand bbls[1]	2012 Total	2011 Total	Change
Oil			
Block I	22 570	2 785	710%
Total	**22 570**	**2 785**	**710%**

[1] On a 100% basis. Glencore's ownership interest in the Aseng field is 23.75%.

OPERATIONAL HIGHLIGHTS

Prodeco (Glencore interest: 100%)

Own production for 2012 was 14.8 million tonnes, up 1% on 2011. The significant growth at Calenturitas was offset by lower production at the La Jagua mine, due to a three month strike that concluded in October 2012.
Prodeco's expansion project is progressing to plan, excluding the short term impact of the La Jagua strike, and remains on track to deliver annualised production of 20 million tonnes by 2014.

The construction of the new direct loading port, Puerto Nuevo, is also on track and to budget, with commissioning expected in H1 2013. Puerto Nuevo will provide substantially higher annual throughput capacity with a lower operating cost per tonne.

South African Coal (Glencore interest: Shanduka Coal: 49.99%, Umcebo Mining: 43.66% and Optimum Coal: 67.01%)

2012 own production was 27.1 million tonnes, reflecting a significant increase compared to 2011. This increase largely resulted from the consolidation of production from Optimum and Umcebo from 1 January 2012.

South African Coal is currently focused on a number of expansion and development projects which are progressing well. At Umcebo, the Wonderfontein project started production and railed its first coal during December 2012. At Shanduka and Umcebo, the definitive feasibility studies relating to the Springboklaagte and Argent projects remain on track to be completed in April 2013. At Optimum, construction has started at the Pullenshope underground brownfield project with first coal expected in Q2 2013, while licensing for the Koornfontein project has been delayed slightly to Q1 2013, with construction expected to start in Q2 2013. In addition, South African Coal, along with the other shareholders, has recently taken an active role in the management of the Kusipongo project at Kangra Coal (30% owned by Shanduka Coal).

Oil Exploration & Production (Glencore interest: Block I: 23.75%/Block O: 25.0%)

The Aseng field (Block I) in Equatorial Guinea has continued to perform well during 2012, producing 22.57 million barrels of cumulative gross production at an average gross rate of approximately 61,700 barrels per day.

Development of the Alen field (Block O) in Equatorial Guinea remains on budget with first production scheduled for Q3 2013. All of the development wells have been drilled and completed and construction of the production platform continues as planned. Glencore's first operated exploration well on the Oak prospect in the Bolongo Block, offshore Cameroon, was successfully drilled and declared an oil discovery in July 2012. The appraisal programme is planned for H2 2013.

2.4 | Agricultural products

"2012 saw the division produce a resilient performance with a healthy recovery in marketing supported by an increase in the profitability of industrial due to higher processing volumes. Looking ahead, the integration of Viterra's Canadian and Australian operations in 2013 should significantly enhance the division. Furthermore, the recent softseed oilseed crushing acquisitions, new-build activities in Central Europe, and the newly constructed soyabean facility at Timbues in Argentina should also begin to contribute to the division."

Chris Mahoney

Highlights

Grain and oilseed marketing performed satisfactorily in 2012. Cotton's contribution was a small positive following the challenges of 2011. The acquisition of Viterra closed on 17 December 2012 and Glencore has since moved rapidly to streamline and fully integrate Viterra operations.

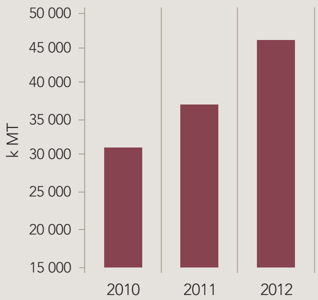
Outlook

Crop production recoveries are expected in 2013, led by a record Brazilian crop. Baring weather problems in the Northern Hemisphere, prices and trade patterns are likely to normalise. 2013 results are expected to benefit from the incorporation of Viterra's Canadian and Australian operations. Drought in South Australia reduced the 2012 crop which will adversely impact the 2013 grain handling business in that region. 2013 will also see a full year contribution from our recent softseed oilseed crushing acquisitions and newbuild in Central Europe and the newly constructed soyabean facility at Timbues in Argentina. Activity in Russia, including at the recently acquired port of Taman, will be limited until the new crop is harvested in July 2013.

Adjusted EBIT

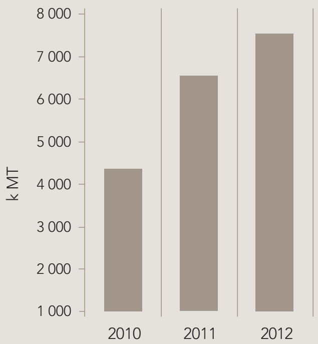
	2010	2011	2012
Marketing activities	659	– 8	371
Industrial activities	58	– 39	– 10

Marketing activities



	2010	2011	2012
Volumes	31 042	37 214	45 875

Industrial activities



	2010	2011	2012
Volumes	4 312	6 563	7 428

US $ million	Marketing activities	Industrial activities	2012	Marketing activities	Industrial activities	2011
Revenue	17 751	3 074	20 825	13 744	3 359	17 103
Adjusted EBITDA	394	59	453	– 8	23	15
Adjusted EBIT	371	– 10	361	– 8	– 39	– 47
Adjusted EBITDA margin (%)	2%	2%	–	n.m.	1%	–
Allocated average CE [1]	6 046 [2]	2 188 [2]	8 234 [2]	3 323	1 631	4 954
Adjusted EBIT return on average CE	6% [3]	0%	4%	0%	– 2%	– 1%

[1] The simple average of segment current and non current capital employed (see note 2 of the financial statements), adjusted for production related inventories, is applied as a proxy for marketing and industrial activities respectively.
[2] For the purposes of this calculation, capital employed has been adjusted to move the Viterra related property, plant and equipment from industrial activities into marketing activities.
[3] Adjusted EBIT return on average capital employed includes the relevant elements of Viterra's balance sheet, but given the mid-December acquisition date, negligible Viterra EBIT has been recorded. This distorts the return ratio in 2012, which otherwise would have exceeded 10%.

MARKET CONDITIONS

Selected average commodity prices

	2012	2011	Change
S&P GSCI Agriculture Index	459	490	– 6%
CBOT corn no.2 price (US¢/bu)	695	680	2%
ICE cotton price (US¢/lb)	80	137	– 42%
CBOT soya beans (US¢/bu)	1 466	1 317	11%
NYMEX sugar # 11 price (US¢/lb)	22	27	– 19%
CBOT wheat price (US¢/bu)	751	709	6%

The year was characterised by severe drought in the US in the May to July 2012 period which resulted in a more than 20% decline in the US corn crop from initial expectations. US soyabean production also suffered but not to the extent of corn or to the extent initially feared. The drought, combined with poor growing conditions in the FSU and Central Europe, led a significant price rally of more than 30%, with grain markets reaching their peak in mid-August 2012 and oilseeds in early September 2012. Between September and mid-December 2012, prices consolidated before weakening towards year-end on the prospect of record South American new crop production.

Cotton prices, which fell sharply early in 2012, were particularly subdued compared to 2011 and tightly range bound in the second half of the year.

MARKETING/INDUSTRIAL

Highlights

Grain and oilseed volumes all exceeded 2011 by more than 20%, in part due to the overall increase in non-US seaborne trade as US exports, a market in which Glencore only has a small presence, were particularly curtailed by the drought. Marketing Adjusted EBIT/EBITDA for 2012 saw a healthy recovery compared to 2011, a year significantly impacted by the exceptional cotton market disruptions.

2012 Industrial EBITDA, admittedly off a low base, was sharply up on 2011, reflecting higher processing volumes, on the back of the three recent plant acquisitions and organic expansion initiatives. 2013 should benefit from a full year of crushing at Timbues, following its start-up in Q4 2012, increased sugarcane processing in Brazil and the addition of various industrial facilities emanating from the Viterra acquisition.

Financial information

US $ million	2012	2011	Change
Revenue	17 751	13 744	29%
Adjusted EBITDA	394	– 8	n.m.
Adjusted EBIT	371	– 8	n.m.

Selected marketing volumes sold

million MT	2012	2011	Change
Grains	30.9	25.3	22%
Oil/oilseeds	13.6	10.8	26%
Cotton	0.5	0.5	–
Sugar	0.9	0.7	29%

INDUSTRIAL ACTIVITIES

Financial information

US $ million	2012	2011	Change
Revenue	3 074	3 359	– 8%
Adjusted EBITDA[1]	59	23	157%
Adjusted EBIT[1]	– 10	– 39	n.m.
Adjusted EBITDA margin (%)	2%	1%	–
Capex	260	221	–

[1] Includes share of income from associates and dividends of $ 15 million (2011: $ 18 million).

Production data

thousand MT	2012 Total	2011 Total	Change
Farming	674	827	– 19%
Oilseed crushing	2 779	2 008	38%
Oilseed crushing long term toll agreement	876	948	– 8%
Biodiesel	534	569	– 6%
Rice milling	248	304	– 18%
Wheat milling	1 061	1 001	6%
Sugarcane processing	1 256	906	39%
Total	**7 428**	**6 563**	**13%**

OPERATIONAL HIGHLIGHTS

Viterra (Glencore interest: 100%)

On 17 December 2012, Glencore completed the acquisition of Viterra, bringing immediate critical mass in the key grain markets of North America, via Viterra's Canadian operations, as well as materially expanding Glencore's existing operations in Australia.

Rio Vermelho (Glencore interest: 100%)

1.3 million tonnes of sugarcane were crushed in 2012, a 39% increase compared to 2011, which in turn produced 108,400 tonnes of Very High Pol ('VHP') sugar and 34,000 cubic metres of hydrous ethanol. The on-going expansion plan at Rio Vermelho continues to progress on schedule. The first phase of the cogeneration plant, eventually capable of supplying 200,000 megawatt hours per annum of surplus electricity to the power grid at maturity of the project in 2015, will become operational during H2 2013.

Other Agricultural Products

Oilseed crushing

In 2012, oilseed crushing volumes increased 38%, reflecting the additional volumes crushed at the three acquired plants (Czech Republic, Poland and Ukraine) and the completion of the new plant constructed in Hungary.

Following the successful commissioning of Timbues (Argentina) in October 2012, the plant commenced crushing in December 2012.

2.5 | Reserves and resources

The reserves and resources data in the following tables is presented on a 100% asset basis, unless otherwise stated. All tonnage and volume information has been rounded to reflect the relative uncertainty in the estimates; there may therefore be small differences in the totals. The Measured and Indicated Mineral and Coal Resources are reported inclusive of those resources modified to produce reserves.

Ore reserves and mineral resources are reported in accordance with the 2004 edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') or the 2007 edition (as amended 2009) of the South African Code for Reporting of Mineral Resources and Mineral Reserves (the 'SAMREC Code').

METALS AND MINERALS

KAZZINC[1, 2]

				Ore reserves			Mineral resources			
Mining method	Attributable interest to Glencore			Proved	Probable	Total	Measured	Indicated	Measured and indicated	Inferred
OPERATING MINES										
Vasilkovskoye[3]										
Open Cut ('OC')	69.6%	Ore	'000 MT	124 740	28 960	153 700	163 600	100 630	264 230	40 820
		Gold	Content, g/t	1.88	1.48	1.80	1.78	1.33	1.61	1.72
		Gold	Amount, '000 toz	7 540	1 378	8 918	9 363	4 303	13 666	2 257
Maleevsky[4]										
Underground ('UG')	69.6%	Ore	'000 MT	11 710	4 950	16 660	14 430	5 240	19 670	5 170
		Gold	Content, g/t	0.54	0.42	0.51	0.64	0.56	0.62	0.25
		Silver	Content, g/t	69.55	49.53	63.53	81.51	65.14	77.15	50.11
		Copper	Content, %	2.10	1.43	1.90	2.46	1.79	2.28	1.16
		Lead	Content, %	1.00	0.97	0.99	1.16	1.23	1.18	1.79
		Zinc	Content, %	6.04	5.71	5.94	6.86	7.08	6.92	5.82
Ridder-Sokolny[5]										
UG	69.6%	Ore	'000 MT	9 070	27 850	36 920	24 450	67 780	92 230	32 940
		Gold	Content, g/t	1.25	2.15	1.93	1.58	2.16	2.01	1.56
		Silver	Content, g/t	5.96	8.80	8.22	10.23	9.27	9.52	9.26
		Copper	Content, %	0.64	0.52	0.55	0.72	0.64	0.66	0.47
		Lead	Content, %	0.24	0.25	0.25	0.37	0.33	0.34	0.32
		Zinc	Content, %	0.60	0.52	0.54	0.87	0.68	0.73	0.72
Tishinsky[6]										
UG	69.6%	Ore	'000 MT	18 200	4 900	23 100	19 920	7 900	27 820	5 010
		Gold	Content, g/t	0.53	0.47	0.52	0.48	0.42	0.46	0.27
		Silver	Content, g/t	7.99	9.36	8.28	7.65	6.92	7.44	8.45
		Copper	Content, %	0.52	0.40	0.49	0.48	0.40	0.46	0.50
		Lead	Content, %	0.91	0.88	0.91	0.83	0.72	0.80	1.41
		Zinc	Content, %	4.19	4.13	4.18	3.72	3.66	3.70	3.77
Shubinsky[7]										
UG	69.6%	Ore	'000 MT	1 452	523	1 975	1 980	870	2 850	1 310
		Gold	Content, g/t	0.22	0.22	0.22	0.52	0.41	0.49	0.41
		Silver	Content, g/t	9.71	8.30	9.34	18.19	12.87	16.57	11.59
		Copper	Content, %	0.83	0.80	0.82	1.51	1.05	1.37	0.95
		Lead	Content, %	0.24	0.23	0.24	0.42	0.37	0.40	0.36
		Zinc	Content, %	1.44	1.29	1.40	2.44	2.07	2.33	1.77

Mining method	Attributable interest to Glencore			Ore reserves Proved	Ore reserves Probable	Ore reserves Total	Mineral resources Measured	Mineral resources Indicated	Mineral resources Measured and indicated	Mineral resources Inferred
Staroye Tailings Dam										
OC	69.6%	Ore	'000 MT	–	2 950	2 950	–	3 790	3 790	2 790
		Gold	Content, g/t	–	1.13	1.13	–	1.14	1.14	0.96
		Silver	Content, g/t	–	11.83	11.83	–	12.36	12.36	10.96
		Copper	Content, %	–	0.04	0.04	–	0.04	0.04	0.04
		Lead	Content, %	–	0.34	0.34	–	0.34	0.34	0.29
		Zinc	Content, %	–	0.74	0.74	–	0.74	0.74	0.62
Shaimerden Stockpiles										
OC	69.6%	Ore	'000 MT	–	2 180	2 180	–	2 270	2 270	–
		Zinc	Content, %	–	21.60	21.60	–	21.71	21.71	–

KAZZINC[1, 2]

Mining method	Attributable interest to Glencore			Ore reserves Proved	Ore reserves Probable	Ore reserves Total	Mineral resources Measured	Mineral resources Indicated	Mineral resources Measured and indicated	Mineral resources Inferred
DEVELOPMENT PROJECTS										
Dolinnoye										
UG	69.6%	Ore	'000 MT	3 660	960	4 620	4 010	3 040	7 050	3 830
		Gold	Content, g/t	3.93	2.38	3.61	4.47	2.51	3.62	2.11
		Silver	Content, g/t	53.76	29.82	48.77	61.83	34.03	49.84	29.54
		Copper	Content, %	0.20	0.14	0.19	0.24	0.14	0.20	0.20
		Lead	Content, %	0.75	0.50	0.70	0.92	0.51	0.74	0.68
		Zinc	Content, %	1.41	1.02	1.33	1.76	1.01	1.44	1.26
Obruchevskoye										
UG	69.6%	Ore	'000 MT	890	3 250	4 140	1 150	7 780	8 930	5 500
		Gold	Content, g/t	1.73	0.90	1.08	1.62	0.67	0.79	0.50
		Silver	Content, g/t	42.80	33.21	35.26	40.68	25.36	27.34	24.97
		Copper	Content, %	0.81	0.83	0.82	0.88	0.73	0.75	0.41
		Lead	Content, %	4.27	2.66	3.01	4.02	1.78	2.07	0.64
		Zinc	Content, %	8.98	6.50	7.03	8.87	4.64	5.19	1.75
Chashinskoye Tailings Dam										
OC	69.6%	Ore	'000 MT	–	55 500	55 500	–	57 800	57 800	30 000
		Gold	Content, g/t	–	0.67	0.67	–	0.67	0.67	0.50
		Silver	Content, g/t	–	5.13	5.13	–	5.16	5.16	4.57
		Copper	Content, %	–	0.05	0.05	–	0.05	0.05	0.06
		Lead	Content, %	–	0.15	0.15	–	0.15	0.15	0.19
		Zinc	Content, %	–	0.38	0.38	–	0.38	0.38	0.45
Tishinsky Tailings Dam										
OC	69.6%	Ore	'000 MT	–	1 100	1 100	–	1 150	1 150	–
		Gold	Content, g/t	–	0.38	0.38	–	0.38	0.38	–
		Silver	Content, g/t	–	5.10	5.10	–	5.13	5.13	–
		Copper	Content, %	–	0.23	0.23	–	0.23	0.23	–
		Lead	Content, %	–	0.44	0.44	–	0.44	0.44	–
		Zinc	Content, %	–	2.25	2.25	–	2.26	2.26	–
Novo-Leninogorsky										
OC	34.8%	Ore	'000 MT	–	–	–	–	–	–	38 900
		Gold	Content, g/t	–	–	–	–	–	–	1.70
		Silver	Content, g/t	–	–	–	–	–	–	33.39
		Copper	Content, %	–	–	–	–	–	–	0.19
		Lead	Content, %	–	–	–	–	–	–	1.29
		Zinc	Content, %	–	–	–	–	–	–	3.78

[1] The information in the table above, in relation to mineral resources and ore reserves, has been estimated in accordance with the guidelines of the JORC Code and is dated as of 31 December 2012.

[2] Remaining mine life: different for each mine, ranging from seven to 21 years. Expiry date of relevant mining/concession licences: different for each mine, ranging from 19 June 2013 to 7 July 2028. There is a routine licence extension procedure in Kazakhstan which Kazzinc undertakes as required.

[3] **Vasilkovskoye**
Vasilkovskoye is a gold deposit of epigenetic (stockwork) type and beresite subtype of deposits hosting ores of gold-quartz formation. Gold ore mineralisation is confined to a steeply dipping zone of beresite alteration (quartz-potassium feldspar metasomatosis) which forms a conic stockwork thinning out with depth and located in the near-contact part of granodiorite and gabbro-diorite intrusions.

[4] **Maleevsky**
Maleevsky is a typical syngenetic VMS deposit hosting ores of sulphide-polymetallic formation (with associated gold and silver). Maleevsky comprises seven major (10-150m thick, 80-400m wide and 500-1,750m long) gently dipping stratified massive sulphides of lenticular and tabular morphology occurring in volcanogenic-sedimentary deposits changing with depth into steeply dipping linear zones with vein-disseminated ore mineralisation in underlying sequences of brecciated quartzites. In terms of mineral composition the ores express the following vertical zoning: in the hanging wall pyrite impregnation is consecutively underlain by massive barite-galena-sphalerite, sphalerite and pyrite-galena with barite, pyrite-chalcopyrite-sphalerite and chalcopyrite-pyrite ores in the lower part; the footwall contains pyrite vein-disseminated mineralisation.

[5] **Ridder-Sokolny**
Ridder-Sokolny gold-polymetallic deposit is also VMS type of syngenetic deposits hosting ores of gold bearing sulphide-polymetallic formation. Ridder-Sokolny comprises over thirty ore bodies of lenticular, vein-stockwork and veined morphology confined to three stratigraphic levels of volcanogenic-sedimentary deposits. Gently dipping massive sulphide ores of the upper stratigraphic layer are mostly mined out with the main part of Ridder-Sokolny unmined ore bodies being small pitching and steeply dipping veins and vein-stockwork zones. The ores of the upper stratigraphic level are mainly gold-barite-galena-sphalerites, with gold-galena-pyrite, chalcopyrite-sphalerite-pyrite and chalcopyrite within the middle level and gold-quartz, pyrite and pyrite-chalcopyrite-vein-disseminated mineralisation within the lower level.

[6] **Tishinsky**
The Tishinsky deposit is a syngenetic VMS deposit of Au- and Ag-bearing sulfide polymetallic ores. Tishinsky resources mainly occur in the Main ore shoot, which extends in EW direction over a strike length of 1,250m with almost vertical dip to the north. Originally the stratified ore body was flat but eventually became steep dipping due to intensive dynamic metamorphism and shearing. The mineralisation was delineated by drilling along the stratified mineralised formation of strongly fissile volcanogenic carbonate-sericite-quartz shale rock to the depth of 1,460m. The vein-disseminated polymetallic mineralisation prevails at the deposit though the central part of the Main Orebody contains three subvertical lenses of massive sulfides with 60m width, 500m length and thickness varying from 6.5 to 17m. There are two prevalent mineral associations: A polymetallic (chalcopyrite-galena-pyrite-sphalerite) association, and (2) A copper-zinc (chalcopyrite-sphalerite-pyrite) association. Pb content decreases with the depth while Cu content gradually increases eastward and Au content significantly decreases at the western flank of the deposit.

[7] **Shubinsky**
Shubinsky polymetallic deposit is a syngenetic VMS deposit hosting ores of sulphide-polymetallic formation (with associated gold and silver). Stratified vein-disseminated polymetallic ores in the near-contact part of volcanomictous chlorite-sericite-quartz shales with clayey siltstones underwent folded dislocation and occur at 65-80 dip extending down to the 580-725m depth as thin boudinaged lenses changing into subvertical ore shoots. Primary sulphide mineralisation includes four associations: pyrite, chalcopyrite-pyrite, chalcopyrite-sphalerite-pyrite and pyrite-galena-sphalerite. Oxidised copper, lead and zinc in the form of chalcosine, covelline, bornite, goslarite and chalcanthite are found down to the depth of 90m.

Competent Persons: the mineral resource and ore reserve estimates set out above were reviewed and approved by Phil Newall of Wardell Armstrong International. The mineral resource and ore reserve estimates have been prepared in accordance with the JORC Code. Mr Newall is a Competent Person as defined by the JORC Code and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking.

KATANGA[1,2]

				Ore reserves			Mineral resources			
Mining method	Attributable interest to Glencore[3]			Proved	Probable	Total	Measured	Indicated	Measured and indicated	Inferred
Kamoto										
UG	56.4%	Ore	'000 MT	11 200	19 400	30 600	30 400	32 900	63 300	11 000
		Copper	%	3.40	3.70	3.59	4.36	4.78	4.58	5.00
		Cobalt	%	0.50	0.53	0.52	0.58	0.58	0.58	0.59
T17										
OC and UG	56.4%	Ore	'000 MT	–	2 500	2 500	4 500	9 400	13 900	5 200
		Copper	%	–	3.51	3.51	2.71	4.44	3.88	4.21
		Cobalt	%	–	0.56	0.56	0.54	0.65	0.61	0.98
Mashamba East										
OC	56.4%	Ore	'000 MT	–	5 900	5 900	–	75 000	75 000	65 300
		Copper	%	–	3.00	3.00	–	1.80	1.80	0.76
		Cobalt	%	–	0.36	0.36	–	0.38	0.38	0.10
KOV										
OC	56.4%	Ore	'000 MT	–	51 900	51 900	2 200	114 600	116 800	69 700
		Copper	%	–	4.76	4.76	4.07	5.42	5.39	3.58
		Cobalt	%	–	0.42	0.42	0.22	0.42	0.42	0.32
Kananga										
	56.4%	Ore	'000 MT	–	–	–	–	4 100	4 100	4 000
		Copper	%	–	–	–	–	1.61	1.61	2.00
		Cobalt	%	–	–	–	–	0.79	0.79	0.98
Tilwezembe										
	56.4%	Ore	'000 MT	–	–	–	–	9 500	9 500	13 800
		Copper	%	–	–	–	–	1.89	1.89	1.75
		Cobalt	%	–	–	–	–	0.60	0.60	0.60

[1] As at December 31 2012. The information in the table above, in relation to mineral reserves and resources, is in compliance with the JORC Code and has been extracted without material adjustment from the Competent Person's Report compiled for Katanga.
[2] Remaining life of mine: expected to be in excess of 20 years. Expiry date of relevant permits: 7 May 2022 for the Kananga Extension and 3 April 2024 for all remaining permits (KTO and Mashamba East Open Pit, T-17 Open Pit, KOV Open Pit, Kananga Mine), renewable in accordance with the DRC mining code for a period of 15 years.
[3] Glencore owns 75.2% of Katanga, which in turn owns 75% of Kamoto Copper Company SARL ('KCC'). KCC owns the material assets, including the mining and exploration rights related to the mining assets. La Generale des Carrieres et des Mines and La Société Immobilière du Congo, which are state-owned mining companies in the DRC, own the other 25% of KCC.

With the exception of Tilwezembe, primary mineralisation, in the form of sulphides, within the Lower Roan is associated with the Stratified Dolomite and Silicified Rocks for the Ore Body Inferior and the Basal Schists and Upper Dolomitic Shales for the Ore Body Superior and is thought to be sys-sedimentary in origin. Typical primary copper sulphide minerals are bornite, chalcopyrite, chalcocite and occasional native copper while cobalt is in the form of carrolite. The mineralisation occurs as disseminations or in association with hydrothermal carbonate alteration and silicification.

The mineralisation at Tilwezembe Mine is atypical being hosted by the Mwashya or R4 Formation. The mineralisation generally occurs as infilling of fissures and open fractures associated with the brecciation. The typical copper minerals are mainly chalcopyrite, malachite and pseudomalachite while cobalt is in the form of heterogenite, carrolite and spherocobaltite. Manganese minerals are psilomelane and manganite.

Competent Persons: the mineral resources and ore reserve estimates set out above were reviewed and approved by Cornelius Willem Ries and Jacobus Lotheringen of Golder Associates. The mineral resources and ore reserve estimates have been prepared in accordance with the JORC Code. Mr Ries and Mr Lotheringen are Competent Persons as defined by JORC and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration.

MUTANDA[1, 2]

Mining method	Attributable interest to Glencore			Ore reserves Proved	Probable	Total	Mineral resources Measured	Indicated	Measured and indicated	Inferred
Mutanda pits										
OC	60%	Ore	'000 MT	39 100	6 800	45 900	96 500	28 400	124 900	166 600
		Copper	%	3.30	3.06	3.27	2.05	1.52	1.93	1.00
		Cobalt	%	0.82	1.20	0.88	0.64	0.77	0.67	0.47
Stockpiles										
	60%	Ore	'000 MT	7 100	–	7 100	–	–	–	–
		Copper	%	2.30	–	2.30	–	–	–	–
		Cobalt	%	1.76	–	1.76	–	–	–	–

[1] As at 31 December 2012. The information in the table above, in relation to mineral reserves and resources, is in compliance with the JORC Code and has been extracted without material adjustment from the Competent Person's Report compiled for Mutanda.
[2] Remaining mine life: estimated in excess of 15 years. Expiry date of relevant permits: 26 May 2022 for Mutanda and 6 April 2022 for Ki-kolwezi, renewable in accordance with the DRC mining code for periods of 15 years.

The main copper oxide minerals present are malachite and pseudomalachite and the main cobalt mineral is heterogenite. Carollite is the main Cobalt Sulphide mineral.

Competent Persons: the mineral resources and ore reserve estimates set out above were reviewed and approved by Cornelius Willem Ries and Jacobus Lotheringen of Golder Associates. The mineral resources and ore reserve estimates have been prepared in accordance with the JORC Code. Mr Ries and Mr Lotheringen are Competent Persons as defined by JORC and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration.

KANSUKI[1, 2]

Mining method	Attributable interest to Glencore			Ore reserves Proved	Probable	Total	Mineral resources Measured	Indicated	Measured and indicated	Inferred
Area 3										
	37.5%	Ore	'000 MT	–	–	–	16 700	400	17 100	–
		Copper	%	–	–	–	1.72	0.93	1.70	–
		Cobalt	%	–	–	–	0.17	0.14	0.17	–
Area 1										
	37.5%	Ore	'000 MT	–	–	–	–	63 900	63 900	–
		Copper	%	–	–	–	–	1.13	1.13	–
		Cobalt	%	–	–	–	–	0.37	0.37	–
Area 2 East										
	37.5%	Ore	'000 MT	–	–	–	–	–	–	38 800
		Copper	%	–	–	–	–	–	–	0.44
		Cobalt	%	–	–	–	–	–	–	0.08
Area 2 West										
	37.5%	Ore	'000 MT	–	–	–	48 100	29 100	77 200	13 900
		Copper	%	–	–	–	0.73	0.51	0.64	0.47
		Cobalt	%	–	–	–	0.34	0.14	0.27	0.11
Kabwimia										
	37.5%	Ore	'000 MT	–	–	–	–	–	–	6 200
		Copper	%	–	–	–	–	–	–	0.75
		Cobalt	%	–	–	–	–	–	–	0.02

[1] As at 31 December 2012. The information in the table above, in relation to mineral resources and ore reserves, is in compliance with the JORC Code and has been extracted without material adjustment from the Competent Person's Report compiled for Kansuki.
[2] Expiry date of relevant permit: 1 July 2022 for Kansuki, renewable in accordance with the DRC mining code for periods of 15 years.

Drilling undertaken in Area 2 West during 2012 provided an increased level of geological knowledge and confidence in the resource, resulting in both an increase in the resource and a movement between resource categories.

Similar to Mutanda, the main copper oxide minerals present are malachite and pseudomalachite and the main cobalt mineral is heterogenite. Carollite is the main Cobalt Sulphide mineral.

Competent Person: the mineral resources estimates set out above were reviewed and approved by Cornelius Willem Ries of Golder Associates. The mineral resources estimates have been prepared in accordance with the JORC Code. Mr Ries is a Competent Person as defined by JORC and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration.

MOPANI[1, 2]

				Ore reserves			Mineral resources			
Mining method	Attributable interest to Glencore			Proved	Probable	Total	Measured	Indicated	Measured and indicated	Inferred
Nkana Sulphides										
UG	73.1%	Ore	'000 MT	94 400	17 800	112 200	140 100	42 200	182 300	38 200
		Copper	%	1.88	1.84	1.88	2.01	1.79	1.96	1.66
		Cobalt	%	0.09	0.11	0.09	0.11	0.12	0.11	0.11
Nkana Oxides										
OC and UG	73.1%	Ore	'000 MT	2 200	5 400	7 600	8 600	7 400	16 000	1 100
		Total copper	%	3.30	0.73	1.46	2.85	1.00	1.99	1.26
		Acid soluble copper	%	2.27	0.49	0.99	1.95	0.66	1.35	0.86
		Cobalt	%	0.14	0.07	0.09	0.12	0.07	0.10	0.07
Mufulira Sulphides										
UG	73.1%	Ore	'000 MT	12 800	3 600	16 400	21 500	8 700	30 200	35 700
		Copper	%	2.15	2.21	2.16	2.48	2.62	2.52	2.52
Mufulira Oxides										
UG	73.1%	Ore	'000 MT	2 000	300	2 300	4 500	2 000	6 500	1 200
		Total copper	%	1.38	1.25	1.36	1.58	1.37	1.52	1.53
		Acid soluble copper	%	0.90	0.65	0.87	1.01	0.79	0.94	0.93
Mufulira Surface										
OC	73.1%	Ore	'000 MT	–	–	–	3 000	1 800	4 800	1 300
		Total copper	%	–	–	–	1.81	1.80	1.81	1.76
		Acid soluble copper	%	–	–	–	0.50	0.48	0.49	0.39

[1] As at 31 December 2012. The information in the table above, in relation to mineral reserves and resources, is in compliance with the JORC Code and has been extracted without material adjustment from the Competent Person's Report compiled for Mopani.
[2] Remaining life of mine: 26 years for Nkana and twelve years for Mufulira. Expiry date of relevant mining/concession licences: 31 March 2025 for both of these mines.

Within the Nkana mining area there are four underground mines and a series of open pits with only one being operational (Area J). All open pits and Mindola Mines operations are situated on the eastern limb of the Nkana Syncline. Central and SOB operations are in other structures within the Nkana Syncline. Cupriferous Oxide zones are present in the nose and southwest limb of the syncline. The ore bodies are stratiform and are mainly confined to a recognisable ore formation, which occurs near the base of the Katangan sequence within the Lower Roan Group of the Mine Series. In the underground workings, the principal copper ore minerals are chalcopyrite and bornite with subordinate chalcocite. There is a zoning in the geographical distribution of these minerals. Cobalt occurs as carrollite and cobaltiferious pyrite. In the open pits, the principal ore minerals are malachite, pseudomalchite, chrysocolla, native copper, cuprite and libethenite in the zone of oxidation closer to the surface. In some places however, vermiculite, malachite pseudomalachite and accessory wad are more important. At deeper levels chalcopyrite, bornite and chalcocite are predominantly present.

In the Mufulira mining area, the Basement Complex topography appears to have exerted a significant structural control during deformation. The distribution of ore minerals in all three ore bodies is stratigraphically controlled, occurring dominantly as disseminations, blebs and irregular masses. The principal copper minerals are chalcopyrite (60%), bornite (40%), and minor/trace chalcocite. Oxide minerals are confined to near surface occurrences, and supergene enrichment zones. Generally the deposit is structurally simple being characterised by three main folds that are in part overturned with a plunge and dip approximately 10° the northeast. The basin is open and untested at depth.

Competent Persons: the mineral resources and ore reserve estimates set out above were reviewed and approved by Cornelius Willem Ries and Jacobus Lotheringen of Golder Associates. The reserve and resources estimates have been prepared in accordance with the JORC Code. Mr Ries and Mr Lotheringen are Competent Persons as defined by JORC and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking.

LOS QUENUALES [1, 2]

Mining method	Attributable interest to Glencore			Ore reserves Proved	Probable	Total	Mineral resources Measured	Indicated	Measured and indicated	Inferred
Iscaycruz [3]										
UG/OC	97.6%	Ore	'000 MT	1 449	4 165	5 614	1 663	4 682	6 345	9 710
		Zinc	%	9.21	5.83	6.70	10.80	6.18	7.39	4.44
		Lead	%	0.44	0.53	0.51	0.50	0.55	0.54	0.35
		Copper	%	0.24	0.25	0.24	0.29	0.36	0.34	0.62
		Silver	g/t	14.34	27.76	24.29	16.58	30.01	26.49	22.75
Yauliyacu [4]										
UG	97.6%	Ore	'000 MT	1 066	2 917	3 983	1 727	8 062	9 789	12 754
		Zinc	%	2.12	2.14	2.13	3.57	3.61	3.60	3.52
		Lead	%	0.89	0.90	0.90	1.24	1.48	1.44	1.33
		Copper	%	0.22	0.20	0.20	0.37	0.39	0.39	0.36
		Silver	g/t	96.04	99.96	98.91	145.52	204.50	194.10	178.23

[1] As at 31 December 2012.

[2] Remaining mine life: the expected life of Iscaycruz is four years based on reserves and twelve years based on resources. The expected life of Yauliyacu is three years based on reserves and 17 years based on resources. Expiry date of relevant mining/concession licences: permanent. Iscaycruz shows a +100% increase in the reserve year on year due to the approval of the community surface access agreement for Santa Este and the conversion of the indicated resource to a probable reserve.

[3] Iscaycruz
Zinc, lead and copper mineralisation are exposed as subvertical massive sulphide ore bodies; described as skarn, breccias and carbonate replacement type along 12km corridor hosted in clay-rich limestone and dolomite rocks. Hydrothermal mineralisation assemblages are mainly composed of sphalerite, galena, pyrite, chalcopyrite distributed in five production zones named Limpe Centro, Chupa, Tinyag II, Tinyag I and Santa Este from North to South.

[4] Yauliyacu
Main mineralisation occurs as sphalerite, galena, tetrahedrite and chalcopyrite in 60° to 80° northwest dipping narrow veins, stockwork and minor replacement massive ore bodies exposed in about five kilometers length extension and +2 km depth extension. This hydrothermal mineralisation is strongly structurally controlled and hosted in folded rock units as calcareous sandstones (red beds), conglomerates, volcanic tuffs, andesites and limestones.

Competent Person: the mineral resources and ore reserve estimates set out above were reviewed and approved by Glencore Competent Person, Chris Emerson, and have been prepared in accordance with the JORC Code. Mr Emerson is a Competent Person as defined by the JORC Code. Mr Emerson is a fellow of the Geological Society of London and a member of the Australasian Institute of Mining and Metallurgy and has more than ten years experience in underground polymetallic deposits, predominantly in Latin America.

SINCHI WAYRA [1, 2]

Mining method	Attributable interest to Glencore	Commodity	Unit	Ore reserves			Mineral resources			
				Proved	Probable	Total	Measured	Indicated	Measured and indicated	Inferred
Bolivar										
UG	50%	Ore	'000 MT	194	423	617	815	677	1 492	2 306
		Zinc	%	7.78	7.44	7.54	9.52	9.49	9.51	8.12
		Lead	%	1.10	1.05	1.07	1.27	0.84	1.07	0.69
		Silver	g/t	204.07	230.32	222.07	290.15	301.34	295.23	274.37
Porco										
UG	100%	Ore	'000 MT	109	658	767	682	438	1 120	1 218
		Zinc	%	7.06	6.60	6.66	8.53	9.15	8.77	8.53
		Lead	%	0.40	0.43	0.42	0.51	0.74	0.60	0.80
		Silver	g/t	123.61	95.53	99.52	108.52	120.67	113.27	84.54
Poopo										
UG	100%	Ore	'000 MT	48	173	221	251	400	651	1 730
		Zinc	%	5.18	6.15	5.94	6.86	5.93	6.29	5.21
		Lead	%	0.14	0.39	0.33	0.35	0.49	0.44	0.49
		Silver	g/t	77.76	137.51	124.53	138.60	213.32	184.51	217.12
Caballo Blanco										
UG	100%	Ore	'000 MT	32	378	410	423	446	869	1 339
		Zinc	%	9.00	7.12	7.27	8.81	8.55	8.68	7.24
		Lead	%	0.39	2.01	1.88	2.28	2.29	2.29	1.78
		Silver	g/t	61.45	151.79	144.74	176.06	189.65	183.03	156.16

[1] As at 31 December 2012.
[2] Remaining mine life: the expected life of the mines as a group, considering current production capacities, is an average of two years based on reserves and ten years based on resources. Expiry date of relevant mining concessions/authorisations or contracts is different for each mine: Porco – June 2014 (lease agreement entered into in 1999), Poopo – January 2027 (lease agreement with a local co-operative entered into in 2002), Bolivar – May 2023 (joint venture agreement entered into in 1993) and permanent in respect of Caballo Blanco. Exploration drilling in the Poopo mine has resulted in the addition of 0.9 million metric tonnes of additional inferred resource base over 2011. The Colquiri mine was nationalised on 22 June 2012 and is no longer reported in Sinchi Wayra's reserves and resources.

According to the new Bolivian Constitution enacted in 2009, natural resources belong to the Bolivian people. The Bolivian State can enter into mining contracts with private investors to operate them. As with all private investors in Bolivia, Sinchi Wayra does not hold property rights over mining resources in the country, but holds the right to exploit them pursuant to Bolivian legislation.

The majority of the deposits within the Sinichi Wayra portfolio are epigenetic-hydrothermal base metal type vein and fault filled mineralisation hosted within a variety of lithologies from volcanic tuffs to sedimentary packages. The main mineral assemblages are composed of sphalerite, marmatite, galena, silver rich galena and silver sulfosalts. The resources are usually based on multiple structures with Porco containing over 100 different veins. The typical dimensions of these structures is +500m in length and +450m depth profile with mineralisation open at depth; average vein widths from 0.2-4.0m.

Competent Person: the mineral resources and ore reserve estimates set out above were reviewed and approved by Glencore Competent Person, Chris Emerson, and have been prepared in accordance with the JORC Code. Mr Emerson is a Competent Person as defined by the JORC Code. Mr Emerson is a fellow of the Geological Society of London and a member of the Australasian Institute of Mining and Metallurgy and has more than ten years experience in underground polymetallic deposits, predominantly in Latin America.

AR ZINC[1, 2]

Mining method	Attributable interest to Glencore			Ore reserves Proved	Ore reserves Probable	Ore reserves Total	Mineral resources Measured	Mineral resources Indicated	Mineral resources Measured and indicated	Mineral resources Inferred
Aguilar										
UG/OC	100%	Ore	'000 MT	2 741	982	3 723	4 281	1 070	5 351	1 072
		Zinc	%	6.61	6.77	6.65	5.79	7.32	6.10	8.61
		Lead	%	7.95	8.23	8.02	6.53	8.73	6.97	9.74
		Silver	g/t	169.78	174.40	171.00	149.05	186.51	156.54	197.79

[1] As at 31 December 2012.

[2] Remaining mine life: approximately six years based on reserves and nine years based on resources. AR Zinc plans to continue exploration with the aim of extending the life of mine. Expiry date of relevant mining/concession licences: permanent. The resource tonnage has remained at the same levels with continued exploration replacing the 2012 production. An extensive sampling programme has enabled a large portion of indicated resource to be converted to measured and subsequently increase the proved reserve.

Mineralisation is classified as sedex type with sulphide layers in between siliciclastic and shale rocks with a post secondary metasomatic over print between two intrusive stocks. Galena-rich, sphalerite, marmatite pyrite ore bodies as lenses shape, locally brittle-style hydrothermal breccias, minor veinlets-stockworks and dissemination defines the economic portion of mineral inventories. Strike length extension of mineral geometries is variable and reaches up to 300m on North-South extension, about 55m width and reaches up to 160m in depth.

Competent Person: the mineral resources and ore reserve estimates set out above were reviewed and approved by Glencore Competent Person, Chris Emerson, and have been prepared in accordance with the JORC Code. Mr Emerson is a Competent Person as defined by the JORC Code. Mr Emerson is a fellow of the Geological Society of London and a member of the Australasian Institute of Mining and Metallurgy and has more than ten years experience in underground polymetallic deposits, predominantly in Latin America.

COBAR[1, 2]

Mining method	Attributable interest to Glencore			Ore reserves Proved	Ore reserves Probable	Ore reserves Total	Mineral resources Measured	Mineral resources Indicated	Mineral resources Measured and indicated	Mineral resources Inferred
Cobar										
UG	100%	Ore	'000 MT	2 606	3 395	6 001	2 257	3 181	5 438	5 974
		Copper	%	4.78	4.40	4.56	6.11	5.87	5.97	5.79
		Silver	g/t	17.8	18.4	18.1	22.0	26.0	24.3	21.0

[1] As at 31 December 2012.

[2] Remaining mine life: current expected life of mine is approximately five years based on reserves and approximately 10 years based on resources, although Cobar has previously been able to extend its expected life of mine through exploratory drilling in the area covered by its concession. Expiry date of relevant mining/concession licences: 5 December 2028.

Economic mineralisation at Cobar occurs mostly as narrow lenses with short strike lengths that are depth extensive. Lenses consist of vein or semi massive to massive chalcopyrite hosted by sub-vertical quartz-chlorite shear zones within a siltstone unit. The Cobar mineral resource is reported within four 'systems': Western, Eastern, QTS North and QTS South.

Competent Person: the ore reserves estimates set out above were reviewed and approved by Glencore Competent Person, Aaron Nankivell. The mineral resources estimates set out above were reviewed and approved by Glencore Competent Person, Jason Hosken. The ore reserves and mineral resources estimates have been prepared in accordance with the JORC Code. Mr Nankivell has been a member of the Australasian Institute of Mining and Metallurgy since 2011 and has more than seven years of experience in underground polymetallic deposits in Australia. Mr Hosken has been a member of the Australasian Institute of Mining and Metallurgy for more than 13 years and has more than 17 years of experience in underground polymetallic deposits in Australia.

PUNITAQUI [1, 2]

				Ore reserves			Mineral resources			
Mining method	Attributable interest to Glencore			Proved	Probable	Total	Measured	Indicated	Measured and indicated	Inferred
Punitaqui										
UG	100%	Ore	'000 MT	1 891	1 510	3 401	3 734	3 311	7 045	2 081
		Copper	%	1.47	1.37	1.43	1.41	1.24	1.33	1.42
		Silver	g/t	8.85	5.78	7.49	6.05	4.05	5.11	3.03

[1] As at 31 December 2012.
[2] Remaining mine life: approximately three and a half years based on reserves and nine years based on resources. Punitaqui plans to continue exploration with the aim of extending the life of mine. Expiry date of relevant mining/concession licences: permanent. The total resource for the Punitaqui mine has increased by two million metric tonnes due to the inclusion of the Dalmacia satellite deposit.

Several epigenetic stratabound copper mineralisation (manto type) bodies with variable thicknesses between 20 to 40m are distributed along 900m strike length mineralised corridor named Cinabrio zone. Mineralisation is composed of crisocole, brochantite and malaquite in upper oxide levels turning into a mixed zone composed of malaquite, crisocole and chalcopyrite. Main sulphide zones are composed of pyrite, bornite and chalcopyrite. All mineralisation is distributed in calcareous shales also within minor pre-existing faults.

Competent Person: the mineral resources and ore reserve estimates set out above were reviewed and approved by Glencore Competent Person, Chris Emerson, and have been prepared in accordance with the JORC Code. Mr Emerson is a Competent Person as defined by the JORC Code. Mr Emerson is a fellow of the Geological Society of London and a member of the Australasian Institute of Mining and Metallurgy and has more than ten years experience in underground polymetallic deposits, predominantly in Latin America.

PERKOA [1, 2]

				Ore reserves			Mineral resources			
Mining method	Attributable interest to Glencore			Proved	Probable	Total	Measured	Indicated	Measured and indicated	Inferred
Perkoa										
UG/OC	50.1%	Ore	'000 MT	–	6 300	6 300	1 400	5 660	7 060	5 010
		Zinc	%	–	13.90	13.90	13.08	10.48	11.00	9.14
		Lead	%	–	–	–	0.09	0.18	0.16	0.17
		Silver	g/t	–	–	–	38.4	57.9	54.0	54.2

[1] As at 31 December 2012 for 100% of the Perkoa Project. Reserve information produced July 2009, Resource information produced June 2012.
[2] Remaining mine life: current expected life of mine is approximately 9.5 years based on reserves and approximately 12.1 years based on resources. Expiry date of relevant mining/concession licences: 20 March 2027.

The information in the table above in relation to resources and reserves is in compliance with the JORC Code.

Economic mineralisation at Perkoa occurs mainly as volcanic massive sulfide lenses of sphalerite, galena, pyrite, and pyrrhotite. These massive sulphide lenses vary in width from 1m to 30m thick in places. These massive sulfide lenses dip at an average of 75°, striking NorthEast – South-West and consist of two main ore bodies. Igneous intrusives have also caused endothermic and exothermic skarn like disseminated mineralisation of remobilised galena, pyrite, and to a lesser extent pyrrhotite and sphalerite.

Competent Person: The ore reserves estimates set out above were reviewed and approved by Mr John Miles. The mineral resources estimates set out above were reviewed and approved by Mr Danny Kentwell. Both Mr Miles and Mr Kentwell are Members of the Institute of Materials, Minerals and Mining which is a 'Recognised Overseas Professional Organisation' ('ROPO'), and both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code. Mr Kentwell is a Fellow of the Australian Institute of Mining and Metallurgy and is a Principal Consultant of SRK Consulting (Australasia) Pty Ltd. Mr Miles is a Principal Associate of SRK Consulting (UK).

ROSH PINAH [1, 2]

Mining method	Attributable interest to Glencore			Ore reserves Proved	Probable	Total	Mineral resources Measured	Indicated	Measured and indicated	Inferred
Rosh Pinah										
UG	80.08%	Ore	'000 MT	2 268	1 962	4 230	3 711	4 488	8 199	7 707
		Zinc	%	8.46	7.29	7.91	8.44	6.73	7.50	7.92
		Lead	%	1.89	2.43	2.14	1.95	2.33	2.16	1.12
		Silver	g/t	34.1	34.3	34.2	52.2	45.4	48.5	32.1

[1] As at 31 December 2012.
[2] Remaining mine life: expected life of mine is 6.2 years based on reserves. Rosh Pinah has previously been able to extend its expected life of mine through exploratory drilling in the area covered by its concession. Potential Life of Mine based on resources and expected continuity of mineralisation is 20.2 years. The expiry date of ML 39+AW (Mining Licence and Accessory Works) is 11 February 2020.

Mineralisation style: Sedimentary exhalative (SEDEX) type Zinc and lead sulphide ores are contained within the so-called Ore Equivalent Horizon, a stratiform horizon that is extensively folded, resulting in discreet, subvertical ore bodies that vary in size from 0.4–2.0 million tonnes.

Competent Persons: The mineral resources estimates have been reviewed and approved by Eric Mouton, Technical Service Manager, employed on a full time basis by Rosh Pinah Zinc Corporation, a Professional Natural Scientist affiliated to the South African Council for Natural Scientific Professions ('SACNASP'). Eric Mouton has twelve years of experience in the style of mineralisation of the Rosh Pinah deposit. The ore reserve estimates were compiled by Phil Crowther, Long term Planning Consultant employed on a part-time basis with Rosh Pinah Zinc Corporation and a South African Council for Professional Land Surveyors and Technical Surveyors ('PLATO') affiliated professional. Phil Crowther has 21 years of experience in the type of deposit being mined as well as the mining method. The resources and reserve estimates have been prepared in accordance with the SAMREC Code.

MURRIN MURRIN [1, 2]

Mining method	Attributable interest to Glencore			Ore reserves Proved[3]	Probable	Total	Mineral resources Measured[3]	Indicated	Measured and indicated	Inferred
Murrin Murrin										
OC	100%	Ore	'000 MT	153 814	34 378	188 192	183 448	73 932	257 380	10 827
		Nickel	Content, % [4]	0.98	0.98	0.98	0.99	0.99	0.99	0.94
		Cobalt	Content, % [4]	0.069	0.071	0.069	0.070	0.078	0.072	0.057
		Nickel Cut Off Grade	%				0.8	0.8		0.8

[1] As at 31 December 2012. The position has been determined using survey information as at 31 October 2012 with adjustments applied for November actuals and December forecast performance. The above Resources and Reserves have been prepared in accordance with the JORC Code.
[2] Remaining mine life: at the forecast throughput capacity of 4.0 million tonnes per annum, the project's operating life is in excess of 30 years. Expiry dates for relevant tenements differ for each tenement and range from 2013 to 2032. The Murrin Murrin 31 December 2012 Ore Reserve estimate is based on the optimised Base Case pit shells for Measured and Indicated Mineral Resources.
[3] Includes scats and stockpiles.
[4] Ore Reserve grades have been subject to the application of grade modifying factors. These have been derived from analysis of the previous two years mine-to-mill grade performance and result in grade modifying factors of 94% and 88% for nickel and cobalt respectively. The estimated Ore Reserve tonnage has had the depletion of 0.6 Mt taken out of the Proved category for Measured and Indicated Mineral Resources.

Competent Persons: The information in this report relating to mineral resources is based on information compiled by Mr Rob Embry (drill design, drilling, assay compilation and assay QA/QC) and Mr Stephen King (geostatistical analysis, modelling/estimation and resource classification), the information relating to ore reserves is based on information compiled by Ms Kellie Gill and the information relating to Metallurgical Results is based on information compiled by Mr Bradley Adamson. Mr Embry, Mr King, Ms Gill and Mr Adamson are all Members of the Australasian Institute of Mining and Metallurgy and are all full time employees of Minara Resources Ltd. Mr Embry, Mr King, Ms Gill and Mr Adamson all have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking in order to qualify as Competent Persons as defined in the JORC Code and all consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

ENERGY PRODUCTS

EQUATORIAL GUINEA

	Reserves (MMstb)					
	Gross field[1]			Glencore working interest[2]		
	1P	2P	3P	1P	2P	3P
Aseng field[3, 4]	75	84	98	18	20	23
Alen field[5]	47	72	101	12	18	25

[1] As at 31 December 2012. The reserves information set out above were reviewed and approved by Gaffney, Cline & Associates ('GCA'), has been prepared in accordance with the Petroleum Resources Management System (PRMS) and has been extracted without material adjustment from the GCA Report.
[2] Glencore working interest in Block O is 25 per cent and Glencore working interest in Block I is 23.75 per cent.
[3] Includes oil and condensate.
[4] Aseng is in Block I.
[5] Alen is 95% in Block O and 5% in Block I.

EQUATORIAL GUINEA

	Contingent Resources[1]					
	Gross field			Glencore working interest[2]		
	1C	2C	3C	1C	2C	3C
Liquids (MMstb)[3]	39	65	99	10	16	24
Gas (Bscf)	1 707	2 469	3 376	415	601	820

[1] As at 31 December 2012. The resources information set out above were reviewed and approved by Gaffney, Cline & Associates ('GCA'), has been prepared in accordance with PRMS and has been extracted without material adjustment from the GCA Report, save for the aggregation, which has been performed by Glencore.
[2] Glencore working interest in Block O is 25 per cent and Glencore working interest in Block I is 23.75 per cent.
[3] Includes oil and condensate.

EQUATORIAL GUINEA

	Prospective Resources (Unrisked)[1]					
	Gross			Glencore working interest[2]		
	P90	P50	P10	P90	P50	P10
Liquids (MMstb)[3]	65	176	338	16	42	81
Gas (Bscf)	451	1 039	1 767	111	254	432

[1] As at 31 December 2012. The resources information set out above were reviewed and approved by Gaffney, Cline & Associates ('GCA'), has been prepared in accordance with PRMS and has been extracted without material adjustment from the GCA Report, save for the aggregation, which has been performed by Glencore.
[2] Glencore working interest in Block O is 25 per cent and Glencore working interest in Block I is 23.75 per cent.
[3] Includes oil and condensate.

PRODECO[1]

Mining method	Attributable interest to Glencore	Commodity	Unit	Coal resources			Coal reserves		Marketable coal reserves		
				Measured	Indicated	Inferred	Proved	Probable	Proved	Probable	Total
Calenturitas[2]											
OC	100%	Thermal coal	'000 MT	160 000	190 000	60 000	107 100	101 000	107 000	101 000	208 000
		CV	kcal/kg	6 400	6 300	6 200	6 250	6 150	6 250	6 150	6 200
La Jagua[3]											
OC	100%	Thermal coal	'000 MT	100 000	20 000	–	92 000	22 000	92 000	22 000	114 000
		CV	kcal/kg	7 100	7 100	–	6 750	6 650	6 750	6 650	6 700

[1] As at 31 December 2012.
[2] Remaining mine life: expected to be 20 years. Expiry date of relevant mining/concession licenses: 2035.
[3] Remaining mine life: expected to be 18 years. Expiry date of relevant mining/concession licenses: Carbones El Tesoro and Carbones de La Jagua expiring between 2027 and 2038, and Consorcio Minero Unido expiring in 2014 with renewal considered probable due to the fact that the integrated La Jagua mine plan has already been approved.

Coal reserves and resources reported in accordance with the JORC Code. Tonnes and quality are reported at in situ moisture basis for coal resources and as received basis for coal reserves. Coal resource tonnages were estimated within a 'geoshell' defined by the limits of geological information within the geological model. As a result, there is minimal extrapolation of resources beyond the areal and vertical limits of the data.

Competent Persons: Mr Grant Walker of Xenith Consulting and Mr Kerry Whitby of McElroy Bryan Geological Services are each Competent Persons as defined by JORC and have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. The coal reserve and coal resource estimates set out above were reviewed and approved for publication by Mr Walker and Mr Whitby respectively.

SHANDUKA[1, 2]

Mining method	Attributable interest to Glencore	Commodity	Unit	Coal resources			Extractable coal reserves		Saleable coal reserves		
				Measured	Indicated	Inferred	Proved	Probable	Proved	Probable	Total saleable
Graspan											
OC	49.99%	Thermal coal	'000 MT	16 477	–	–	13 683	–	9 966	–	9 966
		CV	kcal/kg	5 340	–	–	5 340	–	6 300	–	6 300
Townlands											
OC	49.99%	Thermal coal	'000 MT	19 419	–	–	17 355	–	12 051	–	12 051
		CV	kcal/kg	4 860	–	–	4 860	–	5 600	–	5 600
Steelcoal											
OC	49.99%	Thermal coal	'000 MT	10 542	–	–	9 866	–	6 995	–	6 995
		CV	kcal/kg	4 637	–	–	4 637	–	5 600	–	5 600
Lakeside Opencut											
OC	49.99%	Thermal coal	'000 MT	1 680	–	–	–	–	–	–	–
		CV	kcal/kg	4 652	–	–	–	–	–	–	–
Lakeside Underground											
UG	49.99%	Thermal coal	'000 MT	3 470	–	–	–	–	–	–	–
		CV	kcal/kg	4 430	–	–	–	–	–	–	–
Leeuwfontein											
OC	49.99%	Thermal coal	'000 MT	5 260	–	–	–	–	–	–	–
		CV	kcal/kg	4 621	–	–	–	–	–	–	–
Springlake Opencut											
OC	49.99%	Thermal coal	'000 MT	1 151	–	–	982	–	656	–	656
		CV	kcal/kg	6 091	–	–	6 091	–	6 800	–	6 800
Springlake Underground											
UG	49.99%	Thermal coal	'000 MT	17 562	10 196	6 419	16 916	–	8 277	–	8 277
		CV	kcal/kg	6 306	6 306	6 306	6 306	–	6 800	–	6 800

				Coal resources			Extractable coal reserves		Saleable coal reserves		
Mining method	Attributable interest to Glencore	Commodity	Unit	Measured	Indicated	Inferred	Proved	Probable	Proved	Probable	Total saleable
Argent											
OC	49.99%	Thermal coal	'000 MT	29 125	–	–	–	24 830	–	24 830	24 830
		CV	kcal/kg	6 056	–	–	–	6 056	–	6 000	6 000
Springboklaagte Opencut [3]											
OC	49.99%	Thermal coal	'000 MT	13 249	–	–	–	3 350	–	2 445	2 445
		CV	kcal/kg	5 182	–	–	–	5 182	–	6 000	6 000
Springboklaagte Underground [3]											
UG	49.99%	Thermal coal	'000 MT	66 561	103 930	5 530	–	44 608	–	32 563	32 563
		CV	kcal/kg	4 886	4 886	4 886	–	4 886	–	6 000	6 000

[1] As at 31 December 2012.

[2] Remaining mine life: individual mining operations have expected lives ranging from three to twelve years, based on their reserves. However, the Springboklaagte deposit extends Shanduka's expected life by approximately 20 to 25 years. Expiry date of relevant mining/concession licenses: different for each mine, ranging from October 2015 to March 2027 in respect of Graspan, Townlands, Steelcoal reserve, Lakeside and Springlake. Leeuwfontein is still what is known as an 'old order right' or mining license, with applications pending for conversion into a 'new order right' or mining license (only upon conversion will the expiry date be known). Springboklaagte is still a prospecting right, which are granted for five year periods and are renewable for a further three year period. The main prospecting right expired on 3 August 2011 and an application for the renewal of the prospecting right was lodged on 3 June 2011. Further to this an application for a mining right was also lodged in April 2011. Argent has a prospecting right valid until 29 June 2013.

[3] Springboklaagte is held as a Joint Venture between Shanduka and Umcebo, 100% of the Springboklaagte reserves and resources is included in the table above and also presented in the Umcebo table.

Competent Persons: the mineral resource estimates set out above were compiled and approved by Karin van der Merwe (MSc Geochemistry; GSSA 965 295) and the mineral reserve estimates set out above were compiled and approved by Mark Cunney (BEng Hons Mining Engineering, MCC; Pr Cert ENg 2007 0114), both of whom are employed by Shanduka Coal (Pty) Ltd. The reserves and resources estimates have been prepared in accordance with the SAMREC Code. Both are Competent Persons as defined by SAMREC and each have sufficient experience (16 years each respectively) which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking.

UMCEBO [1, 2]

				Coal resources			Extractable coal reserves		Saleable coal reserves		
Mining method	Attributable interest to Glencore	Commodity	Unit	Measured	Indicated	Inferred	Proved	Probable	Proved	Probable	Total saleable
Middelkraal											
OC	43.66%	Thermal coal	'000 MT	13 265	–	–	11 093	–	9 756	–	9 756
		CV	kcal/kg	4 544	–	–	4 544	–	5 000	–	5 000
Kleinfontein											
OC	43.66%	Thermal coal	'000 MT	1 583	–	–	1 145	–	686	–	686
		CV	kcal/kg	5 230	–	–	5 230	–	5 600	–	5 600
Klippan Opencut											
OC	43.66%	Thermal coal	'000 MT	3 071	600	–	694	–	486	–	486
		CV	kcal/kg	5 815	5 815	–	5 815	–	6 300	–	6 300
Klippan Underground											
UG	43.66%	Thermal coal	'000 MT	1 198	–	–	531	–	385	–	385
		CV	kcal/kg	5 803	–	–	5 803	–	6 300	–	6 300
Kleinfontein Jicama											
OC	43.66%	Thermal coal	'000 MT	12 700	–	5 638	1 908	–	1 427	–	1 427
		CV	kcal/kg	5 182	–	5 182	5 182	–	6 300	–	6 300
Wonderfontein Opencast											
OC	43.66%	Thermal coal	'000 MT	63 118	–	–	45 788	–	35 155	–	35 155
		CV	kcal/kg	5 571	–	–	5 571	–	6 300	–	6 300
Wonderfontein Underground											
UG	43.66%	Thermal coal	'000 MT	35 180	–	–	544	–	423	–	423
		CV	kcal/kg	5 571	–	–	5 571	–	6 300	–	6 300

Mining method	Attributable interest to Glencore	Commodity	Unit	Coal resources Measured	Indicated	Inferred	Extractable coal reserves Proved	Probable	Saleable coal reserves Proved	Probable	Total saleable
Norwesco											
OC	43.66%	Thermal coal	'000 MT	792	–	–	300	–	195	–	195
		CV	kcal/kg	4 991	–	–	4 991	–	5 600	–	5 600
Doornrug											
OC	43.66%	Thermal coal	'000 MT	4 000	–	–	–	–	–	–	–
		CV	kcal/kg	5 015	–	–	–	–	–	–	–
Hendrina											
UG	43.66%	Thermal coal	'000 MT	177 000	181 600	8 500	–	–	–	–	–
		CV	kcal/kg	4 239	4 239	4 239	–	–	–	–	–
Belfast											
UG	21.83%	Thermal coal	'000 MT	107 710	–	6 640	–	–	–	–	–
		CV	kcal/kg	5 110	–	5 110	–	–	–	–	–
Springboklaagte Opencut [3]											
OC	43.66%	Thermal coal	'000 MT	13 249	–	–	–	3 350	–	2 445	2 445
		CV	kcal/kg	5 182	–	–	–	5 182	–	6 000	6 000
Springboklaagte Underground [3]											
UG	43.66%	Thermal coal	'000 MT	66 561	103 930	5 530	–	44 608	–	32 563	32 563
		CV	kcal/kg	4 886	4 886	4 886	–	4 886	–	6 000	6 000

[1] As at 31 December 2012.
[2] Remaining mine life: individual mining operations have expected lives ranging up to ten years, based on their reserves. However, the Springboklaagte deposit extends Umcebo's expected life by approximately 20 to 25 years. Expiry date of relevant mining/concession licenses: different for each mine, ranging from October 2015 to December 2021 in respect of Middelkraal, Kleinfontein, Klippan and Doornrug. Norwesco mining right lapsed on 28 September 2011, however a renewal has been lodged. Springboklaagte is still a prospecting right, which are granted for five year periods and are renewable for a further three year period. The main prospecting right expired on 3 August 2011 and an application for the renewal of the prospecting right was lodged on 3 June 2011. Further to this an application for a mining right was also lodged in April 2011. Wonderfontein prospecting right lapsed on 17 November 2011 however a renewal was lodged on 28 July 2011. A mining right application has been submitted and was granted in February 2012, but is not yet executed.
[3] Springboklaagte is held as a Joint Venture between Shanduka and Umcebo. 100% of the Springboklaagte reserves and resources is included in the table above and also presented in the Shanduka table.

Competent Persons: the mineral resource estimates set out above were compiled and approved by Gerrit Cronjé (BSc Hons Geology; Pr Sc Nat 400128/86) and the mineral reserve estimates set out above were compiled and approved by Thys de Bruin (BEng Mining Engineering, MCC; Pr Cert Eng 2008 900 31), both of whom are employed by Shanduka Coal (Pty) Ltd. The reserves and resources estimates have been prepared in accordance with the SAMREC Code. Both are Competent Persons as defined by SAMREC and each have sufficient experience (34 and 17 years respectively) which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking.

OPTIMUM [1, 2]

Mining method	Attributable interest to Glencore	Commodity	Unit	Coal resources Measured	Indicated	Inferred	Extractable coal reserves Proved	Probable	Saleable coal reserves Proved	Probable	Total saleable
Overvaal											
UG	67.01%	Thermal coal	'000 MT	23 490	21 120	28 470	3 980	15 730	2 360	8 736	11 096
		CV	kcal/kg	6 272	6 272	6 272	6 272	6 272	6 500	6 500	6 500
Vlakfontein											
OC	67.01%	Thermal coal	'000 MT	35 500	4 200	1 400	24 741	1 150	15 339	713	16 052
		CV	kcal/kg	5 087	5 087	5 087	5 087	5 087	5 900	5 900	5 900
Koornfontein mines											
UG	67.01%	Thermal coal	'000 MT	182 730	25 390	–	53 543	7 237	28 795	3 986	32 781
		CV	kcal/kg	4 653	4 653	–	4 653	4 653	5 400	5 400	5 400
TNC											
OC	67.01%	Thermal coal	'000 MT	29 320	41 110	–	–	40 981	–	23 475	23 475
		CV	kcal/kg	5 331	5 331	–	–	5 331	–	5 900	5 900

				Coal resources			Extractable coal reserves		Saleable coal reserves		
Mining method	Attributable interest to Glencore	Commodity	Unit	Measured	Indicated	Inferred	Proved	Probable	Proved	Probable	Total saleable
Kwagga Opencast											
OC	67.01%	Thermal coal	'000 MT	158 170	47 281	–	88 122	2 099	53 716	1 256	54 972
		CV	kcal/kg	5 237	5 237	–	5 237	5 237	6 020	6 020	6 020
Pullenshope Opencast											
OC	67.01%	Thermal coal	'000 MT	11 704	39 576	3 037	2 296	–	1 217	–	1 217
		CV	kcal/kg	4 641	4 641	4 641	4 641	–	6 020	–	6 020
Zevenfontein Opencast											
OC	67.01%	Thermal coal	'000 MT	21 587	12 370	9 241	3 167	–	1 708	–	1 708
		CV	kcal/kg	3 939	3 939	3 939	3 939	–	6 020	–	6 020
Kromdraai Opencast											
OC	67.01%	Thermal coal	'000 MT	11 815	55 170	–	13 642	17 420	7 761	11 730	19 491
		CV	kcal/kg	4 378	4 378	–	4 378	4 378	6 020	6 020	6 020
Eikeboom											
OC	67.01%	Thermal coal	'000 MT	3 419	18 238	–	1 905	6 665	1 005	3 955	4 960
		CV	kcal/kg	5 485	5 485	–	5 485	5 485	6 020	6 020	6 020
Boschmanspoort Underground											
UG	67.01%	Thermal coal	'000 MT	45 389	50 739	–	12 643	20 538	6 783	11 018	17 801
		CV	kcal/kg	4 729	4 729	–	4 729	4 729	6 020	6 020	6 020
Pullenshope Underground											
UG	67.01%	Thermal coal	'000 MT	61 928	40 037	–	14 847	15 977	9 869	10 620	20 489
		CV	kcal/kg	4 775	4 775	–	4 775	4 775	6 020	6 020	6 020
Schoonoord											
UG/OC	67.01%	Thermal coal	'000 MT	19 179	34 667	–	–	–	–	–	–
		CV	kcal/kg	4 738	4 738	–	–	–	–	–	–
BMP Expl.											
UG	67.01%	Thermal coal	'000 MT	–	25 910	–	–	–	–	–	–
		CV	kcal/kg	–	4 527	–	–	–	–	–	–

[1] As at 31 December 2012.

[2] Remaining mine life. Individual mining operations have expected lives ranging from one to 17 years, based on their reserves. The Kwagga reserve is made up of different sub areas which includes Kwagga North, Kwagga Central, Kwagga Rail and Kwagga Mini Pits. The various number of years available to mine in the mentioned sub-areas range from two to twelve years. Pullenshope, Zevenfontein and Kromdraai reserves have an estimated nine years of mining left combined, as several overlapping of the reserves are done during the life of mine – in other words the reserves are at some points mined simultaneously. The Eikeboom reserve is planned to be mined over a total period (mining years) of 15 years – not in one continuous period though. The reserve is divided up into a portion of in situ coal and a portion of pillar areas. There is a planned period in-between when dewatering of the old underground mining areas will be done, prior to commencing with pillar mining. The Boschmanspoort Underground reserve has got eleven years remaining to be mined, and the Pullenshope Underground reserve is currently plan to be mined out in 17 years (at the current rates). The BMP Expl. reserve block serves as an extension to the Boschmanspoort Underground reserve and more detailed work needs to be done around the block prior to inclusion in the life of mine. The Schoonoord reserve currently has not been included in the life of mine due to marginal economics associated with the specific project. Expiry date of relevant mining/concession licences: June 2028 for Optimum and October 2032 for Koornfontein.

Competent Persons (Koornfontein Mines and TNC): the mineral resource estimates set out above were compiled and approved by Kobus Dippenaar (BSc Hons Geology; Pr Sc Nat 400079/94) and the mineral reserve estimates set out above were compiled and approved by Willem Heyneke (B Tech Mining Engineering, MCC; Pr Cert Eng 2008 900 44), both of whom are employed by subsidiary company of Optimum Coal (Pty) Ltd. The reserves and resources estimates have been prepared in accordance with SAMREC. Both are Competent Persons as defined by SAMREC and each have sufficient experience (22 and 30 years respectively) which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking.

Competent Persons (all other mines): the mineral reserve and resource estimates set out above were compiled and approved by Victor Nkambule (MSc Geology; Pr Sc Nat 400110/91) with support from Theunis van der Linde (B Tech Mining Engineering; MCC) and Hlayiseka Chauke (B Tech Mining Engineering; MCC), all of whom are employed by Optimum Coal (Pty) Ltd. The reserve and resource estimates have been prepared in accordance with the SAMREC Code. All are Competent Persons as defined by SAMREC and each have sufficient experience (33, eight and twelve years respectively) which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking.

Kazzinc, Kazakhstan

CORPORATE GOVERNANCE

3 | Corporate Governance

3.1 | Chairman's introduction

Welcome to our second Corporate Governance report.

In preparing this report we have been mindful of the conflicting challenges of governance reporting – the objective on the one hand of keeping the report concise and the aim on the other of providing a full and complete report.

Throughout 2012 the Company believes that it has been fully compliant with the UK Corporate Governance Code (as published in June 2010) (the 'Code') except in respect of board evaluation as stated below.

We have sought to report on our governance in a user friendly and direct a manner as possible, giving a clear summary of the considered leadership which the Board and its Committees provides to the Group.

We would welcome feedback on this report.

Simon Murray
Chairman

3.2 | Officers

BOARD OF DIRECTORS

All of the Directors were appointed in March or April 2011, shortly before the Company's IPO.

SIMON MURRAY [4]
Chairman (age 72)

Appointed to the Board as Non-Executive Chairman in April 2011. He is the founder and current chairman of GEMS Limited, a private equity investment group operating across Asia. Previously, Mr Murray led Jardine Matheson's engineering and trading operations from 1966 to 1980, after which he set up Davenham Investments, a project advisory company. From 1984 until 1993, Mr Murray was group managing director of Hutchison Whampoa, leading its entry into the mobile telecommunication business, developing its energy business and expanding its container and port operations. Mr Murray served as a member of the Hutchison Whampoa Board until May 2007. From 1994 to 1997, Mr Murray was the executive chairman of Deutsche Bank group for the Asia Pacific region.

Mr Murray is currently a member of the Board of Directors of a number of public companies including IRC, Essar Energy, Orient Overseas, Wing Tai Properties, Greenheart and Compagnie Financiere Richemont. Mr Murray was a non-executive director of Vodafone between July 2007 and July 2010. In 1993, Mr Murray was appointed a CBE in honour of his contribution to the Hong Kong community. Mr Murray has also been awarded the Order of Merit of the French Republic and is a Chevalier de la Legion d'honneur. He holds an honorary B.A. degree in law from Bath University and has attended the Stanford Executive Programme (SEP) in the U.S.

IVAN GLASENBERG [2, 4]
Chief Executive Officer (age 56)

Ivan Glasenberg joined Glencore in April 1984 and has been Chief Executive Officer since January 2002. Mr Glasenberg initially spent three years working in the coal/coke commodity department in South Africa as a marketer, before spending two years in Australia as head of the Asian coal/coke commodity division. Between 1988 and 1989, he was based in Hong Kong as head of Glencore's Hong Kong and Beijing offices, as well as head of coal marketing in Asia, where his responsibilities included overseeing the Asian coal marketing business of Glencore and managing the administrative functions of the Hong Kong and Beijing offices. In January 1990, he was made responsible for the worldwide coal business of Glencore for both marketing and industrial assets, and remained in this role until he became Chief Executive Officer in January 2002.

Mr Glasenberg is a Chartered Accountant of South Africa and holds a Bachelor of Accountancy from the University of Witwatersrand. Mr Glasenberg also holds an M.B.A. from the University of Southern California. He is currently a director of Xstrata plc, United Company Rusal plc and JSC Zarubezhneft. Before joining Glencore, Mr Glasenberg worked for five years at Levitt Kirson Chartered Accountants in South Africa.

STEVEN KALMIN
Chief Financial Officer (age 42)

Steven Kalmin joined Glencore in September 1999 as general manager of finance and treasury functions at Glencore's coal industrial unit (now part of Xstrata). Mr Kalmin moved to Glencore's Baar head office in October 2003 to oversee Glencore's accounting and reporting functions, becoming Chief Financial Officer in June 2005.

Mr Kalmin holds a Bachelor of Business (with distinction) from the University of Technology, Sydney and is a member of the Institute of Chartered Accountants of Australia and the Financial Services Institute of Australasia. He is currently a director of Century Aluminum Co. Before joining Glencore, Mr Kalmin worked for nine years at Horwath Chartered Accountants in Sydney, leaving the firm as a director.

ANTHONY HAYWARD [2, 3, 4*]

Senior Independent Director (age 55)

He is CEO of Genel Energy plc, a partner and member of the European advisory Board of AEA Capital and a Member of the Advisory Board of Numis Corporation plc. He was group chief executive of BP plc from 2007 to 2010, having joined BP in 1982 as a rig geologist in the North Sea. Following a series of technical and commercial roles in Europe, Asia and South America, he returned to London in 1997 as a member of the upstream executive committee. He became group treasurer in 2000, chief executive for BP upstream activities and member of the main Board of BP in 2003. Dr. Hayward studied geology at Aston University in Birmingham and completed a PhD at Edinburgh University. He is also a fellow of the Royal Society of Edinburgh and holds honorary doctorates from the University of Edinburgh, Aston University and the University of Birmingham.

LI NING [4]

Non-Executive Director (age 56)

Li Ning has been an executive director of Henderson Land Development Company Limited since 1992. He was also an executive director of Henderson Investment Company Limited from 1990 to 2010. He has also been an executive director of Hong Kong (Ferry) Holdings Company Limited since 1989. Prior to joining the Henderson group, he began his career in the banking industry with Chekiang First Bank Limited.

Mr Li holds a B.Sc. degree from Babson College. Mr Li also graduated in 1983 from the University of Southern California with an M.B.A. degree.

PETER COATES [1, 2*]

Non-Executive Director (age 67)

Currently a non-executive director and chairman of Santos Ltd., and a non-executive director of Amalgamated Holdings. Until April 2011, he was a non-executive director and chairman of Minara Resources Ltd, a position he had held since May 2008. Mr Coates has occupied many senior positions in a diverse range of resource companies, including those mining silver, lead, zinc, nickel, iron ore, bauxite and coal. Mr Coates was previously the chief executive of Xstrata's coal business, having joined the company in 2002 when Glencore sold its Australian and South African coal assets to Xstrata. Mr Coates is a past chairman of the Minerals Council of Australia, the NSW Minerals Council and the Australian Coal Association.

He was appointed to the Office of the Order of Australia in June 2009 and awarded the Australasian Institute of Mining and Metallurgy Medal for 2010. He holds a Bachelor of Science degree in Mining Engineering from the University of New South Wales.

LEONHARD FISCHER [1*, 3]

Non-Executive Director (age 50)

Leonhard Fischer was appointed chief executive officer of RHJ International S.A. in January 2009, having been co-chief executive officer from May 2007. He has been a member of the board of directors of RHJ International S.A. since 18 September, 2007. He is also chief executive officer of Kleinwort Benson Group and chairman of the board of directors at Kleinwort Benson Bank Ltd. He is also a member of the board of directors at Julius Baer Gruppe AG (formerly Julius Bär Holding AG).

Mr Fischer was chief executive officer of Winterthur Group from 2003 to 2006 and a member of the executive board of Credit Suisse Group from 2003 to March 2007. He joined Credit Suisse Group from Allianz AG, where he had been a member of the management board and head of the Corporates and Markets Division. Prior to this, he had been a member of the executive boards of Dresdner Bank AG in Frankfurt.

Mr Fischer holds an M.A. in Finance from the University of Georgia.

WILLIAM MACAULAY [1, 3*]

Non-Executive Director (age 67)

He is the chairman and chief executive officer of First Reserve Corporation, a private equity investment firm focused on the energy industry, and has been with the company since its founding in 1983. Prior to joining First Reserve he was a co-founder of Meridien Capital Company, a private equity buyout firm. From 1972 to 1982, he was with Oppenheimer & Co., where he served as director of corporate finance with direct responsibility for the firm's buyout business. He also served as president of Oppenheimer Energy Corporation.

Mr Macaulay is chairman of the Board of Dresser-Rand and is a director of Weatherford International. He also serves on numerous private energy company Boards. In addition, he is chairman of the advisory Board of the City University of New York.

Mr Macaulay holds a B.B.A. degree (with honours) in Economics from City College of New York, and an M.B.A. from the Wharton School of the University of Pennsylvania. He has also received an Honorary Doctor of Humane Letters degree from Baruch College.

Committee membership for 2012 is designated as follows:
[1] Audit
[2] Health, Safety, Environment and Communities (HSEC)
[3] Remuneration
[4] Nomination
* denotes Committee chair

COMPANY SECRETARY

JOHN BURTON

Company Secretary (age 48)

John Burton was appointed Company Secretary in September 2011. He was formerly Company Secretary and General Counsel of Informa plc and before that a partner at CMS Cameron McKenna in London specialising in corporate law. Mr Burton holds a B.A. degree in Law from Durham University. He was admitted as a Solicitor in England and Wales in 1990.

3.3 | Corporate governance report

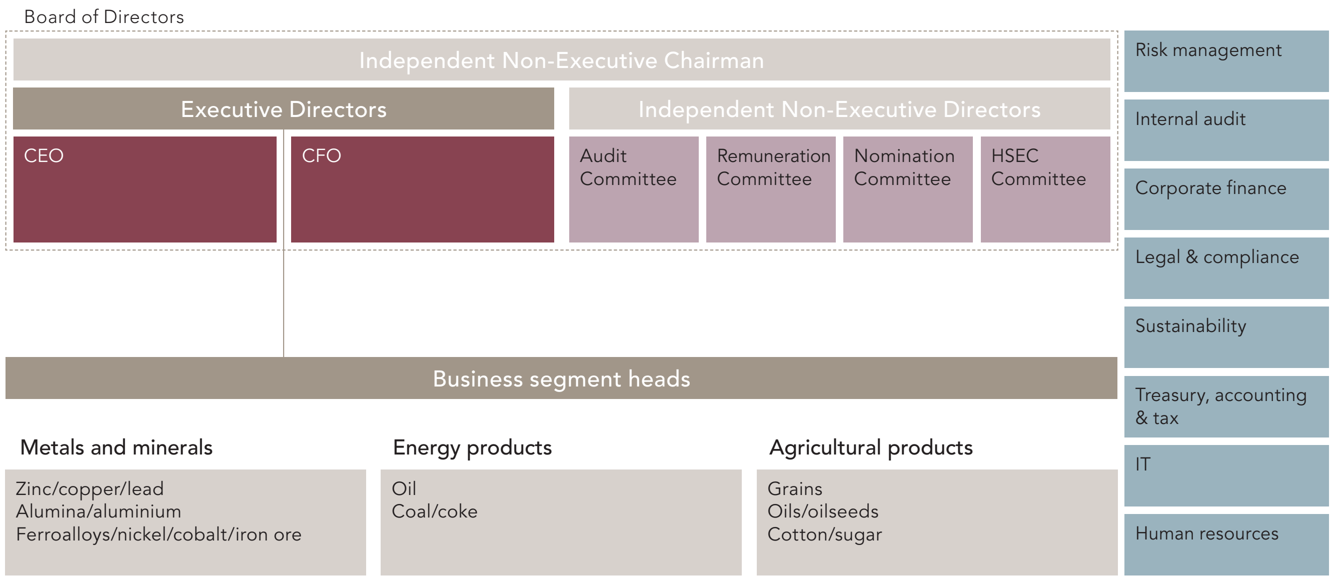
BOARD GOVERNANCE

Overview

The Board believes that the Company has throughout the year complied with all relevant provisions contained in the Code except with regard to the implementation of an evaluation process as described below. The governance section sets out how Glencore has applied the main principles of the Code in a manner which enables shareholders to evaluate how these principles have been applied.

The disclosures in this report relate to our responsibilities for preparing the annual report (including compliance with the Code to the extent required), our report on the effectiveness of the Group's risk management and internal control systems, the functioning of our Audit Committee and our going concern statement.

Details of the Company's significant shareholders, voting rights, Directors' powers and rules concerning the appointment and replacement of Directors and amendments to the articles of association are either contained in this section 3.3 or section 3.4. Glencore's Board comprises six Non-Executive Directors (including the Chairman) and two Executive Directors. A list of the Directors, with brief biographical details, is provided in section 3.2. For the Chairman, those details include his other significant commitments.



NB: All board committees are chaired by Independent Non-Executive Directors

Chairman and Chief Executive Officer

Glencore has established a clear division between the respective responsibilities of the Non-Executive Chairman of the Board, and the Chief Executive Officer, which are set out in a schedule of responsibilities that has been approved by the Board. While the Non-Executive Chairman is responsible for leading the Board's discussions and decision-making, the Chief Executive Officer is responsible for leading Glencore's operating performance and day-to-day management. This, coupled with the schedule of reserved matters described below, ensures that no individual has unfettered powers of decision.

Non-Executive Directors

The Company's Non-Executive Directors provide a broad range of skills and experience to the Board which assists in their roles in formulating the Company's strategy and in providing constructive challenge to the Executive Directors. All of them are regarded by the Company as independent Non-Executive Directors within the meaning of ''independent'' as defined in the Code and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. This view has been taken having regard to all facts including the following:

William Macaulay is chairman and chief executive of First Reserve Corporation (First Reserve). First Reserve was, on Mr Macaulay's appointment to the Board, the holder of a tranche of $ 2.3 billion Convertible Bonds due 2014 issued by Glencore Finance (Europe) S.A. (First Reserve subsequently sold these bonds and now holds shares, or economic interests in respect of shares, totalling 160,909,810 in number, as further detailed in section 3.5).

Peter Coates was until April 2011 the independent non-executive chairman of Minara Resources Ltd., while that company was 70.6% owned by Glencore, and was until August 2009 a non-executive chairman of Xstrata Australia and a former chief executive of Xstrata Coal, part of Xstrata plc, a listed entity in which Glencore then held a 34.5% interest. Mr Coates joined Xstrata in 2002 with Glencore's coal assets in Australia and South Africa when they were sold to Xstrata, simultaneous with its primary listing and capital raising in London.

Board Committees

There are in place the following Committees to assist the Board in exercising its functions: Audit, Nomination, Remuneration and Health, Safety, Environmental and Communities (HSEC). A report from each Committee is set out in section 3.3.

Each Committee reports to, and has its terms of reference approved by, the Board and the minutes of the Committee meetings are reviewed by the Board. These terms of reference are available at www.glencore.com/corporate-governance.php.

Board Meetings

The Board has approved a formal schedule which sets out those matters which are reserved for its decision making alone such as strategy, the annual budget and material acquisitions and disposals.

The Board held 5 scheduled meetings during the year together with numerous additional meetings as required. All of the Board's scheduled meetings were held at the Company's headquarters in Baar, Switzerland.

The Board and its Committees have standing agenda items to cover their proposed business at their scheduled meetings. The Chairman seeks to ensure that the very significant work of the Committees feeds into, and benefits as to feedback from, the full Board. Most Board meetings also benefit from a presentation by the head of a division and some technical and investor relations updates.

The Chairman holds meetings with the Non-Executive Directors without the Executive Directors present, and at least once a year the Senior Non-Executive Director chairs a meeting of the Non-Executive Directors without the Chairman present.

Attendance during the year for all scheduled Board and Board Committee meetings is given in the table below:

	Board of 5	Audit of 4	Nomination of 1	Remuneration of 3	HSEC of 5
Simon Murray	5	–	1	–	–
Ivan Glasenberg	5	–	1	–	5
Steven Kalmin	5	–	–	–	–
Peter Coates	5	4	–	–	5
Leonhard Fischer	4	4	–	3	–
Anthony Hayward	5	–	1	3	5
William Macaulay	5	4	–	3	–
Li Ning	5	–	1	–	–

In addition, two unscheduled meetings of the Audit Committee took place and numerous unscheduled meetings of the Board took place, mainly concerning the Xstrata Merger.

Appointment and re-election of Directors

The work of the Nomination Committee in respect of the appointment and reappointment of Directors is contained in the Committee's report below.

As previously announced, changes to the composition of the Board and its Committes are due to take place upon completion of the Merger with Xstrata. Specific details will be set out in the Notice of the 2013 Annual General Meeting (AGM). All continuing members of the Board as described above (including the Xstrata appointees) will be offering themselves for election or re-election at the 2013 AGM.

All of the Directors have service agreements or letters of appointment and the details of their terms are set out in the Remuneration Report. No other contract with the Company or any subsidiary undertaking of the Company in which any Director was materially interested subsisted during or at the end of the financial year.

Information and professional development

It is considered of great importance that the Non-Executive Directors (1) attain a good knowledge of the Company and its business and (2) allocate sufficient time to Glencore to discharge those responsibilities effectively. New Directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and advisers and visits to the Group's operational locations. The Board calendar is planned to ensure that Directors are briefed on a wide range of topics. Directors are also given the opportunity to visit the Group's industrial assets and discuss aspects of the business with employees, and regularly meet the heads of the Group's main departments. As well as internal briefings, Directors attend appropriate external seminars and briefings.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring the Board procedures are complied with, and have access to independent and professional advice at the Company's expense, where they judge this to be necessary to discharge their responsibilities as Directors.

Board performance evaluation

We have reviewed the interests declared by the Directors which could conflict with those of the Company, and we are satisfied that the Board's powers to authorise potential conflicts is operating effectively.

Given that a majority of new Directors has been proposed to be appointed as part of the Xstrata Merger, the Board concluded that a full evaluation process should not be carried out in respect of 2012.

Remuneration

Remuneration is covered in the Remuneration report in section 3.4 which includes a description of the work of the Remuneration Committee.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Group has in place a comprehensive financial review cycle, which includes a detailed annual budgeting process where business units prepare budgets for approval by the Board. The Group uses a large number of performance indicators to measure both operational and financial activity in the business. Depending on the measure these are reported and reviewed on a daily, weekly or monthly basis. In addition, management in the business receive weekly and monthly reports of indicators which are the basis of regular operational meetings, where corrective action is taken if necessary. At a Group level a well-developed management accounts pack, including income statement, balance sheet, cash flow statement as well as key ratios is prepared and reviewed monthly by management. As part of the monthly reporting process a forecast of the current year numbers is carried out. To ensure consistency of reporting, the Group has a global consolidation system as well as a common accounting policies and procedures manual. Management monitors the publication of new reporting standards and work closely with their external auditors in evaluating the impact of these standards.

Risk management and internal control

The Board has applied Principle C.2 of the Code by establishing a continuous process for identifying, evaluating and managing the risks that are considered significant by the Group in accordance with the revised Turnbull Guidance on Internal Control published by the Financial Reporting Council. This process has been in place for the period under review and up to the date of approval of the Annual Report and Accounts. The process is designed to manage rather than eliminate risk, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors confirm that they have reviewed the effectiveness of the risk management and internal control systems. This review excludes associates of the Group as Glencore does not have the ability to dictate or modify the internal controls of these entities. This report describes how the effectiveness of the Group's structure of internal controls including financial, operational and compliance controls and risk management systems is reviewed.

1) Approach to risk management

Effective risk management is crucial in helping the Group to achieve its objectives of preserving its overall financial strength for the benefit of all shareholders and other stakeholders and safeguarding its ability to continue as a going concern while generating sustainable long term profitability. Spanning the organisational structure, Glencore's disciplined approach to risk management and control originates with strategic responsibility in the hands of the Board, which also retains operational authority on matters exceeding agreed thresholds of materiality. The Board retains final authority for assessing and approving the Group's overall risk appetite and sets overall limits which are subject for review annually. Through delegation to the Audit Committee for oversight and to senior management for day-to-day operational issues, an effective risk management governance apparatus has been established for the Group.

The Audit Committee retains responsibility for reviewing the overall effectiveness of Glencore's risk management approach and systems.

As a primary oversight and control, the CEO engages in a regular and ongoing interrogatory exchange with the management team. He is supported in this challenge process by the Group's organisational structure with its concentration of major decision making, as well as by the alignment of the economic interest of key senior staff with the medium term performance of the company through shareholdings. The significant dilution of these shareholdings upon completion of the likely merger with Xstrata, implying a meaningful reduction in the proportionality of the existing senior management's alignment (although no change to the dollar size of stakes) and the addition of new senior figures from outside the existing shareholder model, look set to, over time, render the existing operational governance structure of the combined Group more generically that of a PLC. The CRO, the Group Risk Management Team and the multi-sourced reporting available to them, help to equip the CEO and senior management with appropriate analysis in order to allow them to conduct appropriate risk management of the group.

The CRO and Group Risk Management Team act as facilitators of the control process with elements of consolidated reporting including counterparty credit exposure, the co-ordination of Group and departmental Value at Risk ("VaR"), stress and scenario testing amongst others. The departments and Group risk team are engaged in an ongoing dialogue concerning general aspects of risk management policy and the central team provide oversight and input on those aspects of risk management and risk mitigation that remain the functional responsibility of the Group's individual departments. The internal audit, compliance and business ethics committees also play key roles in managing Group operational risk and verifying process controls.

Glencore recognises the need for continuous focus on this key area in the context of both the evolution of its business risks, and the unpredictable and volatile global economic environment. The Group continues to maintain and expand the resources and information systems used in its centralised risk management, whilst also adopting and following policies which are intended to mitigate and manage market price and credit risks.

2) Risk assessment and control tools

Glencore's finance and risk professionals, working in coordination with the Group's departments, monitor and report regularly to management on the financial risks and exposures Glencore is facing. The Group monitors its commodity price risk exposure by using a VaR computation assessing open commodity positions which are subject to price risk. The credit quality of its counterparties is actively and continuously monitored by the Group through internal reviews and a credit scoring process which includes, where available, public credit ratings. The Group makes active and widespread use of credit enhancement through the use of products such as letters of credit and credit insurance to help manage and mitigate credit risk exposures.

VaR is a risk measurement technique which Glencore uses to monitor and limit its primary market exposure related to its physical marketing exposures and related derivative positions. VaR estimates the potential loss in value of open positions that could occur as a result of adverse market movements over a defined time horizon, given a specific level of confidence. The methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification benefits by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be compared across all markets and commodities and risk exposures can be aggregated to derive a single risk value.

The Board has maintained a one day, 95% VaR limit of $ 100 million which is typically subject to review and approval on an annual basis, and will be reviewed again following the proposed Xstrata Merger. The purpose of this Group limit is to assist senior management in controlling the Group's overall risk profile. During 2012 Glencore's average VaR was approximately $ 40 million, a similar amount to 2011.

Glencore's VaR computation covers the key base metals, coal, oil/natural gas and the main risks in the Agricultural products department (grain, oil seeds, sugar and cotton). It assesses open priced positions and those which are subject to price risk, but due to a lack of liquid terminal market, Glencore does not extend its VaR calculation to a number of business lines where price transparency is less dependable. Glencore reports VaR across the Group and also by commodity department, as well as at a variety of more detailed levels.

VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by Glencore, nor does Glencore claim that these VaR results are indicative of future market movements or representative of any actual impact on its future results. VaR should always be viewed in the context of its limitations; notably, the use of historical data as a proxy for estimating future events, market illiquidity risks and risks associated with longer time horizons as well as tail risks. The Group recognises these limitations and so complements and refines its risk analysis through the use of stress and scenario analysis. Glencore regularly backtests its VaR to establish adequacy of accuracy and to facilitate analysis of breaks.

Whilst it is Glencore's policy to actively make use of hedging strategies to manage unwanted commodity price risk associated with its marketing businesses, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk. The hedging instruments available to the marketing businesses may differ in specific characteristics to the risk exposure to the hedged, resulting in an ongoing and unavoidable basis risk exposure. Residual basis risk exposures represent a key focus point for Glencore's commodity department teams who actively engage in the management of such.

Internal and External Audit

Glencore has a dedicated Internal Audit function reporting directly to the Audit Committee. The role of Internal Audit is to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit reviews areas of potential risk within the business and suggests control solutions to mitigate exposures identified. The Audit Committee is regularly informed on audits performed and relevant findings, as well as the progress on implementing the actions agreed with management.

During each financial year the Audit Committee reviews the external and internal audit work programmes and considers reports from internal and external auditors on the system of internal control and any material control weaknesses. It also receives responses from management regarding the actions taken on issues identified in audit reports.

The Group's policy on non-audit services provided by the external auditors is designed to ensure the external auditor's independence and objectivity is safeguarded. A specified wide range of services may not be provided as they have the potential to impair the external auditor's independence (Excluded Services). The Audit Committee's approval is required for (1) any Excluded Service (2) and other engagement where either (i) the fee is contingent, (ii) the fee may exceed \$ 500,000, or (iii) where the fees for all non-audit work may exceed \$ 15 million. The external auditors are requested to provide certain non-audit services when it is concluded that they are the most appropriate supplier due to efficiency and status as a leading firm for the specific services being requested. For 2012 the total non-audit fees paid to the auditors were \$ 15 million, \$ 4 million of which related to the auditors' role as Reporting Accountant in connection with the pending Xstrata merger; further details are contained in note 27 to the financial statements.

Relationships with shareholders

The Board aims to present a balanced and clear view of the Group in communications with shareholders and believes that being transparent in describing how we see the market and the prospects for the business is extremely important.

We communicate with shareholders in a number of different ways. The formal reporting of our full and half year results and interim management statements are a combination of presentations, group calls and one on one meetings. The full and half year reporting is then followed by investor meetings in a variety of locations where we have institutional shareholders. We also regularly meet with existing and prospective shareholders to update or to introduce them to the Company and periodically arrange visits to the business to give analysts and major shareholders a better understanding of how we manage our operations. These visits and meetings are principally undertaken by the CEO, CFO and Head of Investor Relations. In addition, many major shareholders have meetings with the Chairman and appropriate senior personnel of the Group including other Non-Executive Directors, the Company Secretary and Head of Sustainability.

The Board receives regular updates on the views of shareholders through a briefing, which is a standing agenda item for all Board meetings, from the Company's Head of Investor Relations, which is supplemented by input from the Chairman, CEO and CFO. In addition, the Senior Independent Director is available to meet shareholders if they wish to raise issues separately from the arrangements as described above.

The Company's next AGM is due to be held in Zug on 16 May 2013. Full details of the meeting are set out in the letter from the Chairman and Notice of Meeting. Shareholders unable to attend are encouraged to vote using the proxy card mailed to them or electronically as detailed in the Notice of Meeting. All documents relating to the AGM are available on the Company's website at: www.glencore.com.

AUDIT COMMITTEE REPORT

Chairman

Leonhard Fischer

Other members

Peter Coates
William Macaulay

All members of the Committee served throughout the year. Each is considered to be an independent Non-Executive Director and deemed to be financially literate by virtue of their business experience. Each of Leonhard Fischer and William Macaulay is considered by the Board to have recent and relevant financial experience and has competence in accounting. The Committee met five times (two meetings being unscheduled) during the year and all the Committee members attended all of the scheduled meetings. John Burton is Secretary to the Committee.

Role and responsibilities

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities with regard to financial reporting, external and internal audit, risk management and controls. This includes:

- monitoring and reviewing the Group's financial and accounting policies and practices;
- monitoring the integrity of the annual and half yearly financial statements and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgments relating to them;
- considering the reappointment of the external auditors;
- considering the scope of the annual external audit and the work undertaken by external auditors;
- reviewing and monitoring the independence of the external auditor and the provision of additional services by it;
- monitoring matters that influence or could distort the presentation of accounts and key figures;
- reviewing Glencore's internal financial, operational and compliance controls and internal controls and risk management systems;
- monitoring and reviewing the effectiveness of Glencore's internal audit function;
- overseeing the Group's procedures for detecting fraud and handling allegations from whistleblowers; and
- making recommendations to the Board for a resolution to be put to the shareholders for their approval on the appointment of the external auditors and to authorise the Board to fix the remuneration and terms of engagement of the external auditors.

Governance processes

The Audit Committee usually invites the CEO, CFO, Group Financial Controller, Head of Risk and Head of Internal Audit and the lead partner from the external auditors to attend each meeting. Other members of management may attend as and when required. The Committee also holds private sessions with the external auditors and the Head of Internal Audit without members of management being present. The Committee has adopted guidelines allowing non-audit services to be contracted with the external auditors on the basis as set out above.

Main Activities

During the year, the Committee's principal work included the following:

- reviewed the Company's policy for the provision of non-audit services by the external auditors;
- reviewed material engagements with the auditors in respect of non-audit services;
- reviewed the policies detecting, reporting and preventing fraud and serious breaches of business conduct and whistle-blowing procedures;
- reviewed the Internal Audit Department's annual audit plan and the performance assessment of the Internal Audit function;
- evaluated the effectivness of the external auditors;
- reviewed and agreed the global audit plan, scope and fees of the audit work to be undertaken by the external auditors;
- considered the output from the Group-wide process used to identify, evaluate and mitigate risks;
- monitored and reviewed the effectiveness of Glencore's internal controls;
- reviewed and discussed the full year (audited), and half-year (unaudited), financial statements with management and the external auditors;
- discussed various material accounting issues with management and the external auditors, particularly those involving key judgements and estimates primarily in relation to business combinations, fair value measurements, taxation and impairment considerations; and
- reviewed and agreed the preparation and scope of the year-end reporting process.

Reappointment of external Auditor

The Committee has recommended to the Board that a proposal be put to shareholders at the 2013 AGM for the reappointment of Deloitte LLP as external auditor. There are no contractual restrictions on the Company's choice of external auditor, and in making our recommendation we took into account, amongst other matters, the objectivity and independence of Deloitte LLP and their continuing effectiveness and cost.

Leonhard Fischer
Chairman of the Audit Committee
22 March 2013

NOMINATION COMMITTEE

Chairman
Anthony Hayward

Other members
Simon Murray
Ivan Glasenberg
Li Ning

As part of the deliberations concerning the Xstrata Merger, the Board agreed with the Xstrata Board the composition of the enlarged Board upon the Merger taking effect. Accordingly, there were no meetings of the Committee during 2012 other than to consider the composition of the Board prior to the 2012 AGM. It was agreed that the Board operated in a satisfactory manner and the Board agreed with the Committee's view that all current serving Directors be recommended to shareholders for re-election at that following meeting, subject to the changes contemplated in connection with the proposed Xstrata Merger.

Anthony Hayward
Chairman of the Nomination Committee
22 March 2013

HEALTH, SAFETY, ENVIRONMENT & COMMUNITIES (HSEC) COMMITTEE

Chairman
Peter Coates

Other members
Ivan Glasenberg
Anthony Hayward
Michael Fahrbach

The Committee met five times during the year and each Committee member attended all of the meetings. Every meeting had a substantial agenda, reflecting the Committee's objective of providing leadership for the Group to achieve higher HSEC standards over time.

Role and responsibilities
The main responsibilities of the Committee are, in respect of the Group, to:

- Evaluate the effectiveness of policies and systems for identifying and managing environmental, health, safety and community risks;
- Assess the policies and systems for ensuring compliance with environmental, health and safety regulatory requirements;
- Assess performance with regard to the impact of HSEC related decisions and actions upon employees, communities and other third parties;
- Receive reports concerning all fatalities and serious accidents and actions taken as a result of such incidents;
- Evaluate and oversee the quality and integrity of any reporting to external stakeholders concerning HSEC matters; and
- Review the results of any independent reviews of performance in regard to HSEC matters and strategies and action plans developed by management in response to issues raised.

Main Activities
During the year, the Committee

- Reviewed the current corporate practice framework for the Group, approved ongoing changes and reviewed their implementation and practice;
- Reviewed and oversaw the Group's sustainability report for 2011;
- Undertook site visits;
- Set a clear objective to reduce fatalities. For this purpose it received a report on, reviewed and made recommendations in respect of, each fatality;
- Received and considered baseline assessments of the Group's health, safety and environmental standards for the Group's main zinc/copper assets in South America, Africa and Kazakhstan; and
- Considered a variety of other material HSEC issues such as resettlement programmes, incident reporting and emergency response preparedness.

Peter Coates
Chairman of the Health, Safety, Environmental and Communities Committee
22 March 2013

3.4 | Directors' remuneration report

REMUNERATION COMMITTEE

Chairman
William Macaulay

Other members
Anthony Hayward
Leonhard Fischer

Secretary
John Burton

LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder

On behalf of the Remuneration Committee, I am providing an introduction to our Directors' Remuneration Report for the year ending 31 December 2012. As with last year, we have sought to make this report as short, simple and straightforward as possible.

I would like to highlight the following:

- We received strong shareholder support for our remuneration arrangements for 2011, reflected in a 99% vote in favour of the 2011 Directors' Remuneration Report at the 2012 AGM.
- There was no change to the structure of executive remuneration for 2012 and no change to base salaries. In addition, in 2012 the CEO again waived entitlement to both bonus and long term incentive awards (LTIs). The CFO also waived any entitlement to any LTIs.
- In recognition of his performance against a number of criteria in 2012 the Committee determined that the CFO should be awarded a bonus of 200% of salary, half of which will be deferred into shares for three years.
- There was also no increase during 2012 in the fees paid to the Chairman and the other Non-Executive Directors over their fees paid for 2011.
- We have prepared this 2012 Directors' Remuneration Report taking into account the UK Government's proposals on executive remuneration disclosure. Given, however, that the final regulations were not published at the time that this report was compiled, it was not considered feasible to reflect all of the UK Government's current proposals.

A resolution to approve this report will be put to shareholders at the Company's 2013 AGM

William Macaulay
Chairman of Remuneration Committee

OUR PHILOSOPHY ON REMUNERATION

We have the same philosophy as any other Remuneration Committee, namely to set the Company's remuneration policies and practices so that they facilitate the attraction, retention and motivation of the Executive Directors and other senior executives of appropriately high calibre to implement the Group's strategy while aligning the interests of the Executive Directors and executives with those of shareholders generally. This policy has consistently underpinned our entire approach to executive remuneration at Glencore.

One exceptional aspect of our Executive Directors' remuneration is that, with their agreement and reflecting their status as major shareholders, the Executive Directors do not currently participate in our long term incentive arrangements, while the CEO has also agreed not to participate in our bonus arrangements. As a result, we are currently able to set overall remuneration for our Executive Directors at significantly lower levels than in comparable companies and for comparable performance. The Committee believes that the Executive Directors' significant personal shareholdings create sufficient alignment of interest with shareholders in the absence of participation in a long term incentive arrangement.

Since 2012 there have been no changes to the structure of the Executive Directors' remuneration or any increase in base salary. Similarly, there have been no changes to the fees payable to the Chairman and the other Non-Executive Directors.

GOVERNANCE

This Remuneration Report has been prepared on behalf of the Board by the Remuneration Committee. The Committee adopts the principles of good governance as set out in the UK Corporate Governance Code and complies with the Listing Rules of the Financial Services Authority and the relevant schedules of the UK Companies Act 2006 and the UK Directors' Remuneration Report Regulations in Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These regulations require the Company's auditors to report on the 'Audited Information' in the report and to state that this section has been properly prepared in accordance with these regulations. As such, the report is divided into audited and unaudited information.

Membership and experience of the Remuneration Committee

We believe that the members of the Committee provide a useful balance of abilities, experience and perspectives to provide the critical analysis required in carrying out the Committee's function. In particular:

- William Macaulay has had a long tenure in private equity which has involved exposure to compensation issues many times and in a variety of situations;
- Leonhard Fischer is a career banker who similarly has had considerable exposure to issues of pay and incentives; and

• Tony Hayward has for many years been a senior employee and executive in the resources industry, most notably as CEO of BP, and therefore brings considerable experience as a senior executive to the Committee's deliberations.

All members of the Remuneration Committee are considered to be independent.

Role of the Remuneration Committee

The terms of reference of the Committee set out its role. They are available on the Company's website at www.glencore.com/corporate-governance.php.

Its principal responsibilities are, on behalf of the Board, to:
- Set the Company's executive remuneration policy (and review its ongoing relevance and appropriateness);
- Establish the remuneration packages for the Executive Directors including the scope of pension payments;
- Determine the remuneration package for the Chairman, in consultation with the Chief Executive;
- Have responsibility for overseeing schemes of performance related remuneration (including share incentive plans) for, and determine awards for, the Executive Directors;
- Ensure that the contractual terms on termination for the Executive Directors are fair and not excessive; and
- Monitor senior management remuneration.

The Committee considers corporate performance on HSEC and governance issues when setting remuneration for the Executive Directors. The Committee seeks to ensure that the incentive structure for the Group's senior management does not raise HSEC or governance risks by inadvertently motivating irresponsible behaviour.

Remuneration Committee activities in 2012

The Committee met three times and considered, amongst other matters, the following:
- The remuneration policy applicable to the Executive Directors;
- Senior management remuneration policy, including its level and structure;
- The form and structure of the inaugural grants to employees under the Company's Deferred Bonus Plan and Performance Share Plan;
- The amount of bonus payable to the CFO in respect of his performance in 2011; and
- Monitoring the CFO's bonus plan for 2012.

Internal advisers to the Remuneration Committee

The Chairman, CEO and CFO are usually invited to attend some or all of the proceedings of Remuneration Committee meetings. They do not participate in any decisions concerning their own remuneration. In addition, the Committee received advice from John Burton, the Company Secretary.

External advisers to the Remuneration Committee

The remuneration consultancy practice of Deloitte LLP remained the provider of independent advice to the Committee during 2012. Deloitte LLP is a member of the Remuneration Consultants Group and as such, voluntarily operates the Code of Conduct in relation to executive remuneration in the UK. Deloitte LLP is the Company's retained auditor and also provided other services to the Company. The Committee considers Deloitte to be independent. The Remuneration Committee adviser's terms of reference are in accordance with APB Ethical Standard 5 and restrict the provision of certain services in order to maintain auditor independence. The scope and value of services to the Company is kept under review. Advice is provided with use of established methodologies and the advisers are not involved in the decision making process. Advisory partners and staff have no involvement in audit, and are not involved in the preparation of audited information.

SHAREHOLDER VOTING

The table below shows the percentage and number of votes for, against and abstentions for the 2011 Directors' Remuneration Report at the 2012 AGM:

Votes "For"	Votes "Against"	Votes "Abstentions"
99.0% (5,027,476,872)	0.2% (12,038,368)	0.8% (41,185,667)

EXECUTIVE DIRECTORS' REMUNERATION

All emoluments to the Directors are paid in UK Pounds Sterling except for pension contributions and insurance benefits provided to the Executive Directors. As noted in the emoluments table below, these are presented in UK Pounds Sterling. In addition, as the financial statements are denominated in U.S. Dollars, we have also provided the total remuneration figures for each Director in U.S. Dollars.

Remuneration Framework

The key elements of the current Executive Directors' remuneration framework are shown in the table below. Each component is discussed in more detail on the pages that follow.

Executive Directors

	Component	Purpose and link to strategy	Overview	Policy for 2013
Fixed	Base salary	• Provides market competitive fixed remuneration that rewards individual skills, responsibilities and contribution	• Salaries are positioned within a market competitive range for companies of a similar size and complexity • Reviewed annually with the next review due to take place in December 2013	• CEO: £ 925,000[1] ($ 1,470,750) • CFO: £ 700,00[1] ($ 1,113,000) • No changes for 2013
	Pension	• Provides basic retirement benefits which reflects local market practice	• Defined contribution scheme for all Swiss employees • Contributions are based on age • Both Executive Directors participate	• Annual contribution of 15 – 19% of up to $ 296,170 (CHF 278,400) • No change for 2013
	Other Benefits	• Provides appropriate insurance cover benefits which contribute to a market competitive package	• Provision of standard company Swiss insurances	• No change for 2013
Variable	Annual bonus	• Supports delivery of short term operational, financial & strategic goals	• Award of maximum of 200% of salary • Performance criteria described below	• The CEO continues not to participate in the plan • The CFO continues to participate in the plan
	Deferred Bonus Plan	• Incentivises the creation of shareholder value over the longer-term	• Applicable to CFO and certain senior employees • Provides for deferral of annual bonus into Glencore shares above an agreed amount for a period of up to 3 years • Malus clauses apply	• No changes for 2013 – half of CFO bonus for 2012 was deferred into shares
	Performance Share Plan	• Incentivises the creation of shareholder value over the longer-term	• Overall plan limit of 500% of salary • Executive Directors do not participate in the plan; accordingly, no performance conditions have yet been established for Executive Directors • Malus clauses apply	• Both Executive Directors will continue not to participate
Significant Personal Shareholdings		• Aligns the interests of executives and shareholders	• No formal shareholding requirements are needed given the size of shareholdings	• The CEO has a beneficial ownership of c.15.5% • The CFO has a beneficial ownership of c.1%

[1] These amounts are set in UK Pounds Sterling and have been converted to U.S. Dollars using the exchange rates stated in the currency table on page 47.

Non-Executive Directors

Component	Purpose and link to strategy	Overview	Policy for 2013
Fees	• Reflects time commitment, experience and size of the Company	• Non-Executive Directors and the Senior Independent Director receive a base fee. • Additional fees are paid for chairing or membership to a Board committee • Chairman receives a single inclusive fee for the role • Non-Executive Directors are not eligible to participate in the Company's share incentive or pension scheme and do not receive any other remuneration or benefits • Reviewed every year with the next review due to take place in December 2013	• Refer to Audited section below for details of fees.

The Role of Variable Pay at Glencore

Throughout the organisation, a significant proportion of the remuneration of our senior employees is based on performance during the year and, through partial deferral, including into shares, to incentivise the creation of shareholder value over the long term. These principles have served the Company well over a number of years and remain firmly in place.

Our Executive Directors have significant personal shareholdings. They, and the Committee, believe that this currently provides sufficient alignment between their interests and those of shareholders, regarding long term Company performance and shareholder value. As a result, the CEO does not currently participate in the annual or long term incentive arrangements and receives just a base salary and pension/benefits which are set at a lower level than for comparable companies. The CFO participates in the annual bonus plan but does not currently participate in any long term incentive arrangements.

Although this results in a higher proportion of fixed remuneration (as a percentage of total remuneration) than would be the case in comparable companies the Committee believes this is appropriate given the current alignment created through the significant share ownership described above.

The Committee also notes that it results in a lower level of overall remuneration for the Executive Directors than would be the case in similar companies, which is beneficial to shareholders.

Base Salary

In 2012, the annual base salaries for the Executive Directors remained unchanged from the prior year at £ 925,000 and £ 700,000 for the CEO and CFO respectively, which the Committee considers to be within the market competitive range and appropriate.

When the Committee originally set the remuneration for the Executive Directors in early 2011, it took into account market data from listed companies of a similar financial size, and pay and conditions in the wider Glencore group to ensure that pay for our most senior employees is consistent with, and aligned to, the rest of the organisation.

When reviewed in December 2012 for the following year, it was decided that the base salaries for the Executive Directors would also remain unchanged for 2013.

Annual bonus

The maximum bonus opportunity for Executive Directors in 2012 was 200% of base salary and will remain unchanged for 2013. This opportunity is conservatively positioned against market practice in UK-listed resources companies of a similar size, which the Committee believes is appropriate at the current time.

As described above, the CEO did not participate in the annual bonus arrangements in 2012 while the CFO did. This will remain the case for 2013.

In respect of 2012, the Committee considered the performance of the CFO against a number of performance criteria including refinancing of the Group's sizeable borrowings, management of the Group's credit ratings/capital structure, ongoing input into development and improvement of the Group's risk systems and having a pivotal role in the execution of major transactions. On this basis, the Committee determined that the CFO should be awarded a bonus of £ 1.4m, 200% of salary (the maximum opportunity) for the 2012 financial year. Half of this will be deferred into shares over a three year period under the Deferred Bonus Plan (discussed below).

The Glencore Deferred Bonus Plan (DBP)

Under the DBP, all or part of a participant's bonus is deferred as an award of ordinary shares (Bonus Awards) which vests at the end of a specified period subject to continued employment (for an Executive Director) and forfeiture for malus events. The use of a deferral plan strengthens the link between executive reward and long-term shareholder value. The award period of deferral may be up to three years depending on quantum. There will be no change in the structure of the plan for 2013.

Half of the CFO's 2012 bonus payment was deferred into shares which shall vest in three equal tranches on each of the three anniversaries following grant.

Long term incentives

As described above, the Executive Directors do not currently participate in any long term incentive arrangements, reflecting the significant alignment achieved through large personal shareholdings.

The Committee will keep this under review to ensure it remains appropriate. In the event that long term incentive awards are made to Executive Directors, they would normally be made under the Glencore Performance Share Plan (described below) and would include performance targets measured over a period of at least three years.

The Glencore Performance Share Plan (PSP)

The PSP was adopted on Admission. The table below sets out the key features of the plan, which the Committee believes to be aligned with UK best practice.

Key features	Details
Form of award	• Conditional shares or nil-cost options
Individual limits	• 500% of base salary
Aggregate limits	• The Company's share plans include best practice dilution limits: 10% in ten years under all share plans and 5% in ten years under discretionary plans.
Malus clauses	• Awards can be reduced or extinguished in the event that a participant's actions or behaviour results in a material loss, or detriment, to the Company.
Change of control	• Participants may be required or permitted to exchange awards for equivalent awards over shares in the acquiring company; and • Alternatively, the Committee has discretion to determine that awards vest immediately, subject to time and (if applicable) performance proration.
Leaver conditions	• Awards generally lapse except for death, disability and when the Committee exercises its discretion otherwise; • On death, awards generally vest in full, unless the Committee decides otherwise; and • In other circumstances the terms of vesting will be determined by the Committee.

Shareholding

The Remuneration Committee believes that a significant shareholding by Executive Directors aligns their long-term economic interests with those of our shareholders and demonstrates their commitment to the business.

Given the status of our current Executive Directors as major shareholders (see the Directors' share interests table in section 3.5), the Committee considers formal shareholding requirements unnecessary at this time. However, the Committee will keep this under review and may introduce a shareholding requirement if it becomes appropriate to do so in the future.

Pensions

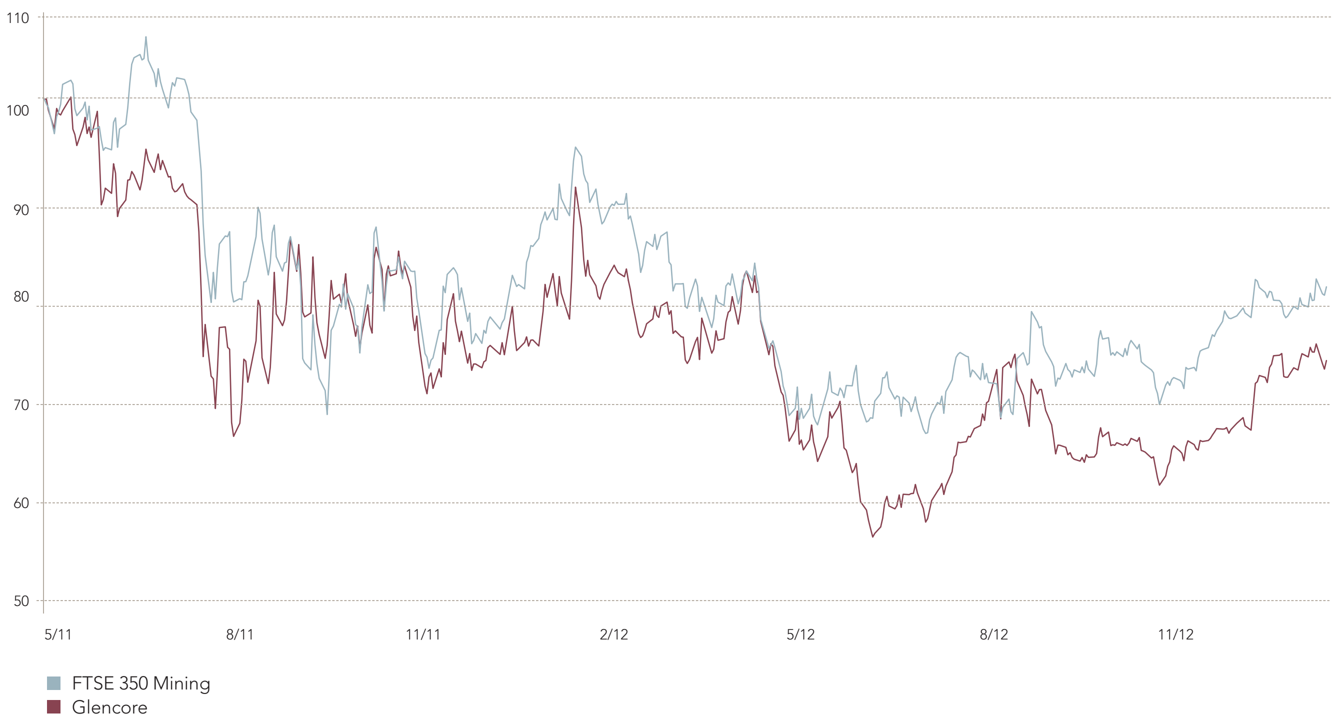
The Executive Directors participate in the Group's defined contribution pension scheme which is operated for all staff at its Baar office. Contributions are paid in CHF and represented amounts equivalent to c.15–19% (contributions are age related) of CHF 278,400 for each Executive Director.

Other benefits

The Executive Directors benefit from the same insurance arrangements provided to all its Swiss employees being salary loss (long term sickness) and accident insurance cover.

Total shareholder return relative performance

The graph below shows the Company's performance, measured by total shareholder return, compared with the performance of the FTSE Mining Sector index. The Company is a constituent of this index and it has been chosen as it is the widely recognised performance comparison for large UK-listed mining companies. The time line on the graph starts on 24 May 2011, the date of Admission. In drawing up this graph it has been assumed that all dividends paid have been reinvested, which the Company believes is a fair method of calculation.



Executive Directors’ Contracts

The table below summarises the key features of the Executive Directors’ service contracts.

Provision	Service contract terms
Notice period	• 12 months’ notice by either party
Contract date	• Employment contracts for the CEO and CFO are dated 28 April 2011
Expiry date	• Rolling service contract
Termination payment	• No special arrangements or entitlements on termination
Change in control	• In the event of a change of control of the Company, the contracts of the Executive Directors do not provide for any enhanced payments, nor for any liquidated damages

External appointments

The Executive Directors each held external appointments (being directorships of non-subsidiary companies) during 2012. These are referred to at the end of their respective biographical summaries in section 3.2. The Executive Directors assign to the Group any compensation which they receive from such external Board directorships.

AUDITED SECTION

Directors’ emoluments

The total emoluments, including contributions made in respect of pension plans, for the Directors for the 2012 financial year were:

GBP thousand	Base salary/fees	Annual bonus	Pension and other benefits [1]	2012 Total	2011 Total [2]	Total US $ thousand [3]
Executive Directors						
Ivan Glasenberg	925	–	39	964	964	1 533
Steven Kalmin	700	1 400	30	2 130	1 431 [4]	3 387
	1 625	1 400	69	3 094	2 395	4 920
Non-Executive Directors						
Simon Murray	675	–	–	675	456	1 073
Peter Coates	179	–	–	179	128	285
Leonhard Fischer	129	–	–	129	92	205
Anthony Hayward	159	–	–	159	113	253
William Macaulay	127	–	–	127	90	202
Li Ning	91	–	–	91	65	145
	1 360	–	–	1 360	944	2 163
Total	2 985	1 400	69	4 454	3 339	7 083

[1] This constitutes the cost to the Company of the provision of the benefits referred to under *Pension* and *Other Benefits* above. These costs have been borne in Swiss Francs and have been converted to UK Pounds Sterling using the exchange rates stated in the currency table on page 47.
[2] For the period from incorporation of Glencore International plc to 31 December 2011. The same methodology applies in the next table.
[3] These amounts are paid in a foreign currency and have been converted to U.S. Dollars using the exchange rates stated in the currency table on page 47.
[4] For the 2011 financial year, Mr Kalmin was awarded the same bonus as 2012, however he chose to waive half the award, which explains the difference between 2012 and 2011.

Directors’ contracts

All Directors’ contracts will be available for inspection on the terms to be specified in the Notice of the 2013 AGM.

Single number for total remuneration

This table presents a single figure of remuneration earned by the Executive Directors in respect of 2012, taking into account the draft UK government remuneration regulations.

GBP thousand	Base salary/ fees [1]	Benefits [2]	Pension [2]	Annual bonus [3]	Long term incentives [4]	2012 Total	2011 Total	2012 Total US $ [5]
Executive Directors								
Ivan Glasenberg	925	2	36	–	–	964	964	1 533
Steven Kalmin	700	2	28	1 400	–	2 130	1 431	3 387

[1] Base salary/fees paid during the year.
[2] This constitutes the cost to the Company of the provision of the benefits referred to under *Pension* and *Other Benefits* above. These costs have been borne in Swiss Francs and have been converted to UK Pounds Sterling using the exchange rates stated in the currency table on page 47.
[3] Value of annual bonus awarded to the CFO, including any deferral amounts, in respect of 2012. For the 2011 financial year, Mr Kalmin was awarded the same bonus as 2012, however he chose to waive half the award, which explains the difference between 2012 and 2011. The CEO did not participate in the annual bonus plan in 2011 on 2012.
[4] Executive Directors did not participate in the Company's Performance Share Plan or in any other form of LTI.
[5] These amounts are paid in a foreign currency and have been converted to U.S. Dollars using the exchange rates stated in the currency table on page 47.

Non-Executive Directors

Letters of appointment and re-election – all Non-Executive Directors have letters of appointment with the Company for an initial period of three years from their date of appointment, subject to reappointment at each AGM. Each letter is dated 28 April 2011. The Company may terminate each appointment by immediate notice and there are no special arrangements or entitlements on termination.

Policy for determining Non-Executive Directors (NED) fees – the initial remuneration of the NEDs was determined by the Board prior to the IPO in 2011 within the limits set by the Articles of Association. NEDs are only remunerated through fees. No increases in fees were made in respect of 2012 and none have been made for 2013. Further details are provided below. In particular, they are not eligible to participate in any of the Company's share incentive schemes or join any Company pension scheme.

The Board's policy is to review NED remuneration levels periodically to ensure that they remain aligned with those of other major listed companies.

Annual fees for 2012 were paid in accordance with a Non-Executive Director's role and responsibilities as follows:

2012	GBP thousand	US $ thousand [1]
Directors		
Chairman	675	1 073
Senior Independent Director	109	173
Non-Executive Director	79	126
Remuneration Committee		
Chairman	28	44
Member	15	24
Audit Committee		
Chairman	35	56
Member	20	32
Nomination Committee		
Chairman	23	37
Member	12	19
HSEC Committee		
Chairman	80	127
Member	12	19

[1] These amounts are set in UK Pounds Sterling and have been converted to U.S. Dollars using the exchange rates stated in the currency table on page 47.

DIRECTORS' PENSION ENTITLEMENTS

Non-Executive Directors have no entitlement in respect of any pension arrangements. The Executive Directors have never been members of defined benefit schemes provided by the Group and accordingly they have no accrued entitlements under these schemes.

For the Executive Directors, the following contributions have been made in 2012 to the Group's defined contribution pension scheme which it operates for its Swiss based employees (which amounts have been included in the third numeric column in the table above):

2012	GBP thousand	US $ thousand
Ivan Glasenberg	36 [1]	51
Steven Kalmin	28 [1]	39

[1] These payments have been converted from Swiss Francs to UK Pounds Sterling and US dollars using the exchange rates stated in the Currency table on page 47.

DIRECTORS' SHARE INTERESTS

The Directors who held office at 31 December 2012 have the beneficial interests in the issued share capital of the Company shown in the Directors' share interests table in section 3.5.

Approval

Approved by the Board of Directors and signed on its behalf by:

William Macaulay
Chairman of the Remuneration Committee

22 March 2013

3.5 | Directors' report

Introduction

This Annual Report is presented by the Directors on the affairs of Glencore International plc (the Company) and its subsidiaries (the Group or Glencore), together with the financial statements and auditors' report, for the year ended 31 December 2012. The Directors' Report including details of the business, the development of the Group and likely future developments as set out in the Overview and Business review section, which together forms the management report for the purposes of the UK Financial Services Authority's Disclosure and Transparency Rule (DTR) 4.1.8R. The notice concerning forward looking statements is set out at the end of the Annual Report. References to the Company may also include references to the Group or part of the Group.

Corporate structure

Glencore International plc is a public company limited by shares, incorporated in Jersey and domiciled in Baar, Switzerland and its shares are listed on the London and Hong Kong Stock Exchanges.

Principal activities

Glencore is one of the world's leading integrated producers and marketers of commodities. It has worldwide activities in the production, sourcing, processing, refining, transporting, storage, financing and supply of metals and minerals, energy products and agricultural products.

Financial results and dividends

The Group's financial results are set out in the financial statements and in the Financial review section of this annual report.

The Board recommends a final dividend of $ 0.1035 per share; including the interim dividend of $ 0.054 per share which has already been paid, this provides for a total dividend for the 2012 financial year of $ 0.1575 per share. Shareholders will be asked to approve the final dividend at the Annual General Meeting due to be held on 16 May 2013, for payment on 7 June 2013 to ordinary shareholders whose names are on the register on 24 May 2013.

Review of business, future developments and post balance sheet events

A review of the business and the future developments of the Group is presented in the Overview and the Business review.

A full description of acquisitions, disposals, and material changes to Group companies undertaken during the year, including post balance sheet events, is included in the Financial review and in note 24 of the financial statements.

Financial instruments

Descriptions of the use of financial instruments and Glencore financial risk management objectives and policies, including hedging activities and exposure to price risk, credit risk, liquidity risk and cash flow risk are included in section 1.7 Principal risks and uncertainties and in notes 25 and 26 of the financial statements.

Corporate Governance

A report on corporate governance and compliance with the UK Corporate Governance Code is set out in sections 3.1 to 3.4 and forms part of this report by reference.

Creditor payment policy and practice

In view of the international nature of the Group's operations there is no specific Group-wide policy in respect of payments to suppliers. Individual operating entities are responsible for agreeing terms and conditions for their business transactions and ensuring that suppliers are aware of the terms of payment. It is Group policy that payments are made in accordance with those terms, provided that all trading terms and conditions have been met by the supplier.

Glencore International plc is a holding company with no business activity other than the holding of investments in the Group and therefore had no trade creditors at 31 December 2012.

Health, safety, environment & communities (HSEC)

An overview of health, safety and environmental performance and community participation is provided in section 1.5 Sustainability.

Exploration and research and development

The Group business units carry out exploration and research and development activities that are necessary to support and expand their operations.

Charitable donations

In addition to our large-scale community programmes, Glencore makes donations and provides sponsorship to various causes. Guidance on Glencore's policy towards charitable contributions is set out in the Glencore Corporate Practice programme. For the year ended 31 December 2012, the Group spent a total of $ 95 million (2011: $ 140 million), a large part of this difference due to the conclusion of an extensive investment project at Kazzinc on both purely philanthropic and community investment initiatives.

Employee policies and involvement

Glencore operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate on the basis of sex, race, ethnic origin, disability or on any other basis. Applications for employment and promotion are fully considered on their merits, and employees are given appropriate training and equal opportunities for career development and promotion.

Where disability occurs during employment, the Group seeks to accommodate that disability where reasonably possible, including with appropriate training.

The Group places considerable value on the involvement of its employees which is reflected in the principles of Glencore Corporate Practice and its related guidance, which requires regular, open, fair and respectful communication, zero tolerance for human rights violations, fair remuneration and, above all, a safe working environment.

Employee communication is mainly provided by the Group's intranet and corporate website. A range of information is made available to employees including all policies applicable to them as well as information on the Group's financial performance and the main drivers of its business. Employee consultation depends upon the type and location of operation or office. The Group made its first grants under its Performance Share Plan in 2012.

Directors' conflicts of interest

Under Jersey law and the Company's Articles of Association (which mirror section 175 of the UK Companies Act 2006), a Director must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. The duty is not infringed if the matter has been authorised by the Directors. Under the Articles, the Board has the power to authorise potential or actual conflict situations. The Board maintains effective procedures to enable the Directors to notify the Company of any actual or potential conflict situations and for those situations to be reviewed and, if appropriate, to be authorised by the Board. Directors' conflict situations are reviewed annually. A register of authorisations is maintained.

Directors' liabilities and indemnities

The Company has granted third party indemnities to each of its Directors against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by the Jersey Law. In addition, Directors and Officers of the Company and its subsidiaries are covered by Directors & Officers liability insurance.

Directors

The names of the Company's Directors who served during the year, together with their biographical details and other information, are shown in section 3.2.

Directors' interests

Details of interests in the ordinary shares of the Company of those Directors who held office at 31 December 2012 are given below:

Name of Director	Ordinary shares held as at 31 December 2012	Percentage of issued share capital
Executive		
Ivan Glasenberg	1 101 848 752	15.52%
Steven Kalmin	70 523 154	1.0%
Non executive		
Simon Murray	0	0.0%
Peter Coates	82 700	0.0%
Leonhard Fischer	0	0.0%
Anthony Hayward	0	0.0%
William Macaulay[1]	139 996 976	1.97%
Li Ning	123 000	0.0%

[1] Of these shares, 129,372,165 ordinary shares are held by FR Galaxy Holdings S.a.r.l. (FR) and 10,624,811 by ECP Galaxy Holdings S.a.r.l. (ECP). The Company has been notified that (1) FR is a connected person of William Macaulay and (2) ECP is an affiliate of FR. In addition, FR has an economic interest under swap arrangements in 19,787,834 shares and ECP in 1,125,000 shares (being an aggregate 20,912,834 shares, which is approximately 0.3% of the issued share capital of the Company).

No Director has any other interest in the share capital of the Company whether pursuant to any share plan or otherwise.

No changes in Directors' interests have occurred between 31 December 2012 and 22 March 2013.

Each of Mr Glasenberg and Mr Kalmin has executed a Lock-Up Deed, pursuant to which they have agreed, subject to certain customary exceptions, that during the period from 24 May 2011 to 24 May 2016 they will not dispose of the ordinary shares held by them at 24 May 2011. The percentage of Executive Director's Ordinary Shares held at 24 May 2011 that is subject to restrictions on disposal decreases on each anniversary date by 20 per cent of the original holding.

Share capital and shareholder rights

At the date of this report, the ordinary share capital of the Company was $ 70,994,560.31 represented by 7,099,456,031 ordinary shares of $ 0.01 each.

Major interests in shares

As at 22 March 2013 Glencore had been notified of the following interests representing 3% or more of the issued ordinary share capital of the Company:

Name of holder	Number of shares	Percentage of issued share capital
Ivan Glasenberg	1 101 848 752	15.52%
Daniel Francisco Maté Badenes	417 468 330	5.88%
Aristotelis Mistakidis	414 730 597	5.84%
Tor Peterson	366 074 885	5.16%
Alex Beard	320 260 410	4.51%

Share capital

The rights attaching to the Company's ordinary shares, being the only share class of the Company, are set out in the Company's Articles of Association (the 'Articles'), which can be found at www.glencore.com. Subject to Jersey law, any share may be issued with or have attached to it such preferred, deferred or other special rights and restrictions as the Company may by special resolution decide or, if no such resolution is in effect, or so far as the resolution does not make specific provision, as the Board may decide. No such resolution is currently in effect. Subject to the recommendation of the Board, holders of ordinary shares may receive a dividend. On liquidation, holders of ordinary shares may share in the assets of the Company.

Holders of ordinary shares are also entitled to receive the Company's Annual Report and Accounts (or a summarised version) and, subject to certain thresholds being met, may requisition the Board to convene a general meeting ('GM') or the proposal of resolutions at AGMs. None of the ordinary shares carry any special rights with regard to control of the Company.

Holders of ordinary shares are entitled to attend and speak at GMs of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, a corporate representative. On a show of hands, each holder of ordinary shares who (being an individual) is present in person or (being a corporation) is present by a duly appointed corporate representative, not being himself a member, shall have one vote and on a poll, every holder of ordinary shares present in person or by proxy shall have one vote for every share of which he is the holder. Electronic and paper proxy appointments and voting instructions must be received not later than 48 hours before a GM. A holder of ordinary shares can lose the entitlement to vote at GMs where that holder has been served with a disclosure notice and has failed to provide the Company with information concerning interests held in those shares. Except as (1) set out above and (2) permitted under applicable statutes, there are no limitations on voting rights of holders of a given percentage, number of votes or deadlines for exercising voting rights.

The Directors may refuse to register a transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis or where the Company has a lien over that share. The Directors may also refuse to register a transfer of a certificated share unless the instrument of transfer is: (i) lodged, duly stamped (if necessary), at the registered office of the Company or any other place as the Board may decide accompanied by the certificate for the share(s) to be transferred and/or such other evidence as the Directors may reasonably require as proof of title; or (ii) in respect of only one class of shares.

Transfers of uncertificated shares must be carried out using CREST and the Directors can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST.

The Directors may decide to suspend the registration of transfers, for up to 30 days a year, by closing the register of shareholders. The Directors cannot suspend the registration of transfers of any uncertificated shares without obtaining consent from CREST.

There are no other restrictions on the transfer of ordinary shares in the Company except: (1) certain restrictions may from time to time be imposed by laws and regulations (for example insider trading laws); (2) pursuant to the Company's share dealing code whereby the Directors and certain employees of the Company require approval to deal in the Company's shares; and (3) where a shareholder with at least a 0.25% interest in the Company's issued share capital has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares. There are no agreements between holders of ordinary shares that are known to the Company which may result in restrictions on the transfer of securities or on voting rights.

The rules for appointment and replacement of the Directors are set out in the Articles. Directors can be appointed by the Company by ordinary resolution at a GM or by the Board upon the recommendation of the Nomination Committee. The Company can remove a Director from office, including by passing an ordinary resolution or by notice being given by all the other Directors.

The powers of the Directors are set out in the Articles and provide that the Board may exercise all the powers of the Company including to borrow money. The Company may by ordinary resolution authorise the Board to issue shares, and increase, consolidate, sub-divide and cancel shares in accordance with its Articles and Jersey law.

The Company may amend its Articles by special resolution approved at a GM.

Purchase of Own Shares

At the end of the year, the Directors had authority, under a shareholders' resolution passed on 9 May 2012, to purchase through the market up to 10% of the Company's issued ordinary shares immediately following the IPO. This authority expires at the conclusion of the AGM of the Company to be held in 2013. No shares have been purchased by the Company since its IPO.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Overview and the Business review sections. Furthermore, note 25 of the consolidated financial statements includes the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit and liquidity risk. Significant financing activities that took place during the year are detailed in the Business review section. As a consequence, the Directors believe that the Group is well placed to manage its business despite the current highly uncertain economic environment.

The Directors believe, having made appropriate enquiries that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The Directors have made this assessment after consideration of the Group's budgeted cash flows and related assumptions, which incorporate the acquired operations of Viterra Inc. (see note 24), including appropriate stress testing thereof, key risks and uncertainties, undrawn debt facilities, debt maturity review, the likely impact on the Group of the proposed merger with Xstrata plc (see Note 28) and in accordance with the Going Concern and Liquidity Guidance for Directors of UK Companies 2009 published by the UK Financial Reporting Council.

AUDITORS

Each of the persons who is a Director at the date of approval of this annual report confirms that:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming AGM.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and International Financial Reporting Standards as adopted for use in the European Union (together 'IFRS'). The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991. International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'.

In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the board:

John Burton
Company Secretary
22 March 2013

Viterra, outer harbour, South Australia

FINANCIAL STATEMENTS

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CONFIRMATION OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards and interpretations as adopted by the European Union, International Financial Reporting Standards and interpretations as issued by the International Accounting Standards Board and the Companies (Jersey) Law 1991, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated in the Overview and Business review sections, includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Ivan Glasenberg	Steven Kalmin
Chief Executive Officer	Chief Financial officer

22 March 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENCORE INTERNATIONAL PLC

We have audited the group financial statements (the "financial statements") of Glencore International plc for the year ended 31 December 2012 which comprise the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by European Union.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:
- give a true and fair view of the state of the group's affairs as at 31 December 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by European Union;
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Separate opinion in relation to IFRS as issued by the IASB

As explained in the accounting policies to the financial statements, the Group, in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB). In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:
- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Other matters

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the UK Companies Act 2006 as if that Act had applied to the company.

We have reviewed the directors' statement, contained within the Directors' Report, in relation to going concern as if the company had been incorporated in the UK and have nothing to report to you in that respect.

David Quinlin
for and on behalf of Deloitte LLP
Chartered Accountants and Recognized Auditor
London, UK

22 March 2013

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED 31 DECEMBER

US $ million	Notes	2012	2011
Revenue		214 436	186 152
Cost of goods sold		– 210 435	– 181 938
Selling and administrative expenses		– 997	– 857
Share of income from associates and jointly controlled entities		367	1 972
(Loss)/gain on sale of investments	3	– 128	9
Other expense – net	4	– 1 214	– 511
Dividend income		17	24
Interest income		401	339
Interest expense		– 1 371	– 1 186
Income before income taxes		**1 076**	**4 004**
Income tax credit	6	76	264
Income for the year		**1 152**	**4 268**
Attributable to:			
Non controlling interests		148	220
Equity holders		1 004	4 048
Earnings per share			
Basic (US $)	16	0.14	0.72
Diluted (US $)	16	0.14	0.69

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

US $ million	Notes	2012	2011
Income for the year		1 152	4 268
Exchange loss on translation of foreign operations		– 170	– 59
Loss on cash flow hedges		– 93	– 15
Loss on available for sale financial instruments		0	– 1 206
Share of other comprehensive income/(loss) from associates and jointly controlled entities		221	– 25
Income tax relating to components of other comprehensive income		0	– 2
Net loss recognised directly in equity		**– 42**	**– 1 307**
Loss on available for sale financial instruments transferred to the statement of income	5	1 181	0
Cash flow hedges transferred to the statement of income		297	6
Effect of foreign currency exchange differences transferred to the statement of income		– 23	0
Other comprehensive income/(loss)		**1 413**	**– 1 301**
Total comprehensive income		**2 565**	**2 967**
Attributable to:			
Non controlling interests		94	214
Equity holders		2 471	2 753

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

US $ million	Notes	2012	2011
Assets			
Non current assets			
Property, plant and equipment	7	23 238	14 639
Intangible assets	8	2 664	210
Investments in associates and jointly controlled entities	9	18 767	18 858
Other investments	9	1 589	1 547
Advances and loans	10	3 758	4 141
Deferred tax assets	6	1 462	1 039
		51 478	**40 434**
Current assets			
Inventories	11	20 682	17 129
Accounts receivable	12	24 882	21 895
Other financial assets	26	2 650	5 065
Prepaid expenses and other assets		235	297
Marketable securities		38	40
Cash and cash equivalents	13	2 782	1 305
		51 269	**45 731**
Assets held for sale	14	2 790	0
		54 059	**45 731**
Total assets		**105 537**	**86 165**
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	15	71	69
Reserves and retained earnings		31 195	29 196
		31 266	**29 265**
Non controlling interests		3 034	3 070
Total equity		**34 300**	**32 335**
Non current liabilities			
Borrowings	19	19 028	19 844
Deferred income	20	601	158
Deferred tax liabilities	6	2 955	1 399
Provisions	21	1 504	953
		24 088	**22 354**
Current liabilities			
Borrowings	19	16 498	8 224
Viterra asset acquirer loans	14	2 580	0
Accounts payable	23	23 501	18 136
Deferred income	20	116	24
Provisions	21	62	98
Other financial liabilities	26	3 388	4 804
Income tax payable		257	190
		46 402	**31 476**
Liabilities held for sale	14	747	0
		47 149	**31 476**
Total equity and liabilities		**105 537**	**86 165**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

US $ million	Notes	2012	2011
Operating activities			
Income before income taxes		1 076	4 004
Adjustments for:			
Depreciation and amortisation		1 473	1 066
Share of income from associates and jointly controlled entities		– 367	– 1 972
Loss/(gain) on sale of investments	3	128	– 9
Impairments	5	1 650	32
Other non cash items – net		– 148	133
Interest expense – net		970	847
Cash generated by operating activities before working capital changes		**4 782**	**4 101**
Working capital changes			
Decrease/(increase) in accounts receivable[1]		720	– 1 797
(Increase)/decrease in inventories		– 1 611	239
Increase/(decrease) in accounts payable[2]		1 618	– 1 616
Total working capital changes		**727**	**– 3 174**
Income tax paid		– 344	– 472
Interest received		206	121
Interest paid		– 990	– 919
Net cash generated/(used) by operating activities		**4 381**	**– 343**
Investing activities			
Payments of non current advances and loans		– 203	– 320
Acquisition of subsidiaries, net of cash acquired	24	– 6 463	– 350
Disposal of subsidiaries	24	281	4
Purchase of investments		– 633	– 919
Proceeds from sale of investments		23	155
Purchase of property, plant and equipment		– 2 970	– 2 606
Payments for exploration and evaluation		– 147	– 204
Proceeds from sale of property, plant and equipment		112	184
Dividends received from associates		461	366
Net cash (used) by investing activities		**– 9 539**	**– 3 690**
Financing activities			
Share issuance, net of issue costs	15	0	7 616
Repayment of Perpetual bonds	19	0	– 681
Repayment of Euro bonds	19	0	– 700
Proceeds from Xstrata secured bank loans	19	0	384
Proceeds from issuance of Sterling, Swiss Franc and Euro bonds	19	2 951	237
Proceeds from other non current borrowings	19	303	200
Repayment of other non current borrowings	19	– 594	– 169
Margin receipts in respect of financing related hedging activities		176	21
Viterra asset acquirer loans	24	2 580	0
Net proceeds from/(repayment of) current borrowings	19	3 463	– 1 493
Acquisition of additional interest in subsidiaries		– 669	– 315
Disposal of interest in subsidiaries		45	0
Payment of profit participation certificates	19	– 554	– 861
Dividend paid to non controlling interests		0	– 18
Dividend paid to equity holders of the parent	17	– 1 066	– 346
Net cash generated by financing activities		**6 635**	**3 875**
Increase/(decrease) in cash and cash equivalents		1 477	– 158
Cash and cash equivalents, beginning of year		1 305	1 463
Cash and cash equivalents, end of year		**2 782**	**1 305**

[1] Includes movements in other financial assets, prepaid expenses, other assets and other non cash current assets.
[2] Includes movements in other financial liabilities, liabilities held for sale and current provisions.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER

US $ million	Retained earnings	Share premium[1]	Other reserves[1]	Total reserves and retained earnings	Share capital	Total equity attribut-able to equity holders	Non control-ling interests	Total equity
At 1 January 2011	**5 659**	**0**	**– 272**	**5 387**	**37**	**5 424**	**2 894**	**8 318**
Income for the year	4 048	0	0	4 048	0	4 048	220	4 268
Other comprehensive loss	– 25	0	– 1 270	– 1 295	0	– 1 295	– 6	– 1 301
Total comprehensive income	**4 023**	**0**	**– 1 270**	**2 753**	**0**	**2 753**	**214**	**2 967**
Conversion of HPPS and PPS profit participation plans[1]	0	13 821	0	13 821	16	13 837	0	13 837
Conversion of LTS and LTPPS profit participation plans[1]	– 5 701	5 694	0	– 7	7	0	0	0
Issue of share capital[1]	0	7 607	0	7 607	9	7 616	0	7 616
Tax on Listing related expenses[2]	0	21	0	21	0	21	0	21
Equity settled share-based payments[3]	58	0	0	58	0	58	0	58
Change in ownership interest in subsidiaries	0	0	– 98	– 98	0	– 98	– 235	– 333
Acquisition of subsidiaries[4]	0	0	0	0	0	0	215	215
Dividends paid[5]	0	– 346	0	– 346	0	– 346	– 18	– 364
At 31 December 2011	**4 039**	**26 797**	**– 1 640**	**29 196**	**69**	**29 265**	**3 070**	**32 335**
At 1 January 2012	**4 039**	**26 797**	**– 1 640**	**29 196**	**69**	**29 265**	**3 070**	**32 335**
Income for the year	1 004	0	0	1 004	0	1 004	148	1 152
Other comprehensive income	221	0	1 246	1 467	0	1 467	– 54	1 413
Total comprehensive income	**1 225**	**0**	**1 246**	**2 471**	**0**	**2 471**	**94**	**2 565**
Issue of share capital[1]	0	957	0	957	2	959	0	959
Equity settled share-based payments[3]	111	0	0	111	0	111	0	111
Put option relating to additional interest in subsidiary[4]	0	0	0	0	0	0	– 419	– 419
Change in ownership interest in subsidiaries	0	0	– 474	– 474	0	– 474	– 971	– 1 445
Acquisition of subsidiaries[4]	0	0	0	0	0	0	1 260	1 260
Dividends paid[5]	0	– 1 066	0	– 1 066	0	– 1 066	0	– 1 066
At 31 December 2012	**5 375**	**26 688**	**– 868**	**31 195**	**71**	**31 266**	**3 034**	**34 300**

[1] See note 15.
[2] See note 6.
[3] See note 18.
[4] See note 24.
[5] See note 17.

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Corporate information

The Glencore Group (Glencore) is a leading integrated marketer and producer of natural resources, with worldwide activities in the marketing of metals and minerals, energy products and agricultural products and the production, refinement, processing, storage and transport of these products. Glencore operates on a global scale, marketing and distributing physical commodities sourced from third party producers and own production to industrial consumers, such as those in the automotive, steel, power generation, oil and food processing industries. Glencore also provides financing, logistics and other services to producers and consumers of commodities. Glencore's long experience as a commodity merchant has allowed it to develop and build upon its expertise in the commodities which it markets and cultivate long-term relationships with a broad supplier and customer base across diverse industries and in multiple geographic regions. Glencore's marketing activities are supported by investments in industrial assets operating in Glencore's core commodities.

These consolidated financial statements were authorised for issue in accordance with a Directors' resolution on 22 March 2013.

Listing/Restructuring of the Group

On 24 May 2011, Glencore International plc (the "Company") was admitted to the Official List of the UK Listing Authority and commenced trading on the London Stock Exchange's premium listed market and on the Hong Kong Stock Exchange on 25 May 2011 via a secondary listing (the "Listing"). The Company is incorporated in Jersey, domiciled in Switzerland, and is the ultimate parent company of Glencore and owner of 100% of the issued share capital of Glencore International AG, following a restructuring of the ownership interests in Glencore International AG immediately prior to admission (the "Restructuring") (see note 15). The Company's registered office is at Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES.

The following accounting treatment was applied to account for the Restructuring in 2011:

- the consolidated assets and liabilities of the subsidiary Glencore International AG were recognised and measured at the pre-Restructuring carrying amounts, without restatement to fair value; and
- the retained earnings and other equity balances recognised in the consolidated statement of financial position reflect the consolidated retained earnings and other equity balances of Glencore International AG, as at 24 May 2011, immediately prior to the Restructuring, and the results of the period from 1 January 2011 to 24 May 2011, the date of the Restructuring, are those of Glencore International AG as the Company was not active prior to the Restructuring. Subsequent to the Restructuring, the equity structure reflects the applicable movements in equity of Glencore International plc, including the equity instruments issued to effect the Restructuring and the Listing.

Statement of compliance

The accounting policies adopted are in accordance with:

- International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union (EU) effective as of 31 December 2012; and
- IFRS and interpretations as issued by the International Accounting Standards Board (IASB) effective as of 31 December 2012.

Basis of preparation

The financial statements are prepared under the historical cost convention except for the revaluation to fair value of certain financial assets, liabilities and marketing inventories and have been prepared on a going concern basis. The Directors have made this assessment after consideration of the Group's budgeted cash flows and related assumptions, which incorporate the acquired operations of Viterra Inc. (see note 24), including appropriate stress testing thereof, key risks and uncertainties, undrawn debt facilities, debt maturity review, the likely impact on the Group of the proposed merger with Xstrata plc (see Note 28) and in accordance with the Going Concern and Liquidity Guidance for Directors of UK Companies 2009 published by the Financial Reporting Council. Further information on Glencore's business activities, cash flows, liquidity and performance are set out in the Business review and its objectives, policies and processes for managing its capital and financial risks are detailed in note 25.

All amounts are expressed in millions of United States Dollars, unless otherwise stated, consistent with the predominant functional currency of Glencore's operations.

Under Article 105(11) of the Companies (Jersey) Law 1991 the directors of a holding company need not prepare separate accounts (i.e. company only accounts) if consolidated accounts for the company are prepared, unless required to do so by the members of the company by ordinary resolution. The members of the Company have not passed a resolution requiring separate accounts and, in the Directors' opinion, the Company meets the definition of a holding company. As permitted by the law, the Directors have elected not to prepare separate accounts.

Changes in accounting policies and comparability

The following relevant amendments to the existing standards and interpretations were adopted as of 1 January 2012:

- Amendments to IFRS 7 – Financial Instruments: Disclosures;
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets.

The adoption of these revised standards and interpretations did not have a material impact on the recognition, measurement or disclosure of reported amounts.

At the date of authorisation of these financial statements, the following standards and interpretations applicable to Glencore were issued but not yet effective:

- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 19 – Employee Benefits (2011)
- IAS 27 – Separate Financial Statements (2011)
- IAS 28 – Investments in Associates and Joint Ventures (2011)
- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

The Directors are currently evaluating the impact these new standards and interpretations will have on the financial statements of Glencore. An outline of the significant impacts identified to date is set out below.

IFRS 10, IFRS 11 and IFRS 12 (the "Consolidation Standards")

Glencore will adopt the Consolidation Standards on 1 January 2013 with retrospective application. IFRS 10 provides a single basis for consolidation with a new definition of control based on having the power to direct the relevant activities of the investee. IFRS 11 impacts the accounting for joint arrangements, defined as investments or arrangements which are subject to joint control through contractual agreed sharing of control between two or more parties. A joint arrangement is classified as either a joint operation or a joint venture, and the option to proportionately consolidate joint ventures has been removed, consistent with current Group policy under which joint ventures are accounted for using the equity method. IFRS 12 combines the disclosure requirements previously covered by existing standards and includes additional disclosure requirements. To date, Glencore has not identified any material changes in the accounting that is currently being applied to the Group's subsidiaries, investments or joint arrangements as a result of the Consolidation Standards.

IAS 19 (2011)

Glencore will adopt the amendments to IAS 19 on 1 January 2013 with modified retrospective application. The amendments require all actuarial gains and losses to be recognised immediately in other comprehensive income (which differs from Glencore's current policy which applies the corridor method) and require the expected return on plan assets (recognised in the statement of income) to be calculated based on the rate used to discount the defined benefit obligation. Upon adoption, Glencore will recognise $ 164 million of unrecognised actuarial losses as at 1 January 2012, increasing the post retirement benefits provision (Note 21) with a corresponding adjustment to shareholders' equity and associated deferred tax impact.

Amendments to IAS 1

Glencore will adopt the amendments to IAS 1 on 1 January 2013 with retrospective application. The amendments to IAS 1 will not impact Glencore's financial statement balances however they will impact the presentation within the Statement of Comprehensive Income as Glencore will classify components of other comprehensive income based on whether they may eventually be recycled into income (e.g. currency translation adjustments) versus those items that will never be recycled into income (e.g. actuarial gains and losses on pension plans).

IFRIC 20

Glencore will adopt IFRIC 20 on 1 January 2013 with retrospective application. IFRIC 20 provides a model for accounting for costs associated with the removal of waste during the production phase of a surface mine, including guidance on the apportionment of the costs incurred for obtaining a current and future benefit and how capitalised costs are depreciated.

Principles of consolidation

The consolidated financial statements of Glencore include the accounts of the Company and its subsidiaries. A subsidiary is an entity that is ultimately controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is usually assumed where Glencore ultimately owns or controls more than 50% of the voting rights, unless evidence exists to the contrary. The results of subsidiaries acquired or disposed of during the year are consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intercompany balances, transactions and unrealised profits are eliminated.

Non controlling interests in subsidiaries are identified separately from Glencore's equity and are initially measured either at fair value or at the non controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non controlling interests is the amount of those interests at initial recognition plus the non controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non controlling interests even if this results in the non controlling interests having a deficit balance.

Changes in Glencore's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions with any difference between the amount by which the non controlling interests are adjusted and the fair value of the consideration paid or received being recognised directly in equity and attributed to equity holders of Glencore.

Investments in associates, jointly controlled entities and joint venture operations

Associates and jointly controlled entities (together Associates) in which Glencore exercises significant influence or joint control are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. Significant influence is presumed if Glencore holds between 20% and 50% of the voting rights, unless evidence exists to the contrary. Joint control is the contractually agreed sharing of control over an economic entity where strategic and/or key operating decisions require unanimous decision making.

Equity accounting involves Glencore recording its share of the Associate's net income and equity. Glencore's interest in an Associate is initially recorded at cost and is subsequently adjusted for Glencore's share of changes in net assets of the Associate, less any impairment in the value of individual investments. Where Glencore transacts with an Associate, unrealised profits and losses are eliminated to the extent of Glencore's interest in that Associate.

Changes in Glencore's interests in Associates are accounted for as a gain or loss on disposal with any difference between the amount by which the carrying value of the Associate is adjusted and the fair value of the consideration received being recognised directly in the statement of income.

Where Glencore undertakes activities under joint venture operation or asset arrangements, Glencore reports such interests using the proportionate consolidation method. Glencore's share of the assets, liabilities, income, expenses and cash flows of jointly controlled operations or asset arrangements are consolidated with the equivalent items in the consolidated financial statements on a line by line basis.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting, whereby the identifiable assets, liabilities and contingent liabilities (identifiable net assets) are measured on the basis of fair value at the date of acquisition. Acquisition related costs are recognised in the statement of income as incurred.

Where a business combination is achieved in stages, Glencore's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date Glencore attains control) and the resulting gain or loss, if any, is recognised in the statement of income.

Where the fair value of consideration transferred for a business combination exceeds the fair values attributable to Glencore's share of the identifiable net assets, the difference is treated as purchased goodwill, which is not amortised but is reviewed annually for impairment and when there is an indication of impairment. Any impairment identified is immediately recognised in the statement of income. If the fair value attributable to Glencore's share of the identifiable net assets exceeds the consideration transferred, the difference is immediately recognised in the statement of income.

Similar procedures are applied in accounting for the purchases of interests in Associates. Any goodwill arising from such purchases is included within the carrying amount of the investment in Associates, but not amortised thereafter. Any excess of Glencore's share of the net fair value of the Associate's identifiable net assets over the cost of the investment is included in the statement of income in the period of the purchase.

The main operating and finance subsidiaries and investments of Glencore are listed in note 32.

Non current assets held for sale and disposal groups

Non current assets and assets and liabilities included in disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, they are available for immediate disposal and the sale is highly probable. Non current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Revenue recognition

Revenue is recognised when the seller has transferred to the buyer all significant risks and rewards of ownership of the assets sold. Revenue excludes any applicable sales taxes and is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to Glencore and the revenues and costs can be reliably measured. In most instances sales revenue is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises.

For certain commodities, the sales price is determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing, normally ranging from 30 to 90 days after initial booking. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Interest and dividend income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to Glencore and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

Foreign currency translation

Glencore's reporting currency and the functional currency of the majority of its operations is the U.S. Dollar as this is assessed to be the principal currency of the economic environment in which they operate.

Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency of each entity using the exchange rate prevailing at the transaction date. Monetary assets and liabilities outstanding at year end are converted at year end rates. The resulting exchange differences are recorded in the consolidated statement of income.

Translation of financial statements

For the purposes of consolidation, assets and liabilities of group companies whose functional currency is in a currency other than the U.S. Dollar are translated into U.S. Dollars using year end exchange rates, while their statements of income are translated using average rates of exchange for the year. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Translation adjustments are included as a separate component of shareholders' equity and have no statement of income impact to the extent that no disposal of the foreign operation has occurred.

Borrowing costs

Borrowing costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets in which case they are capitalised up to the date when the qualifying asset is ready for its intended use.

Retirement benefits

Glencore operates various pension schemes in accordance with local requirements and practices of the respective countries. The annual costs for defined contribution plans that are funded by payments to separate trustee administered funds or insurance companies equal the contributions that are required under the plans and are accounted for as an expense. Glencore uses the projected unit credit actuarial method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

Actuarial gains and losses are accounted for using the corridor method. Under this method, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that excess is recognised in income over the expected average remaining working lives of the employees participating in the plan. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

Share-based payments

Equity-settled share-based payments

Equity-settled share-based payments are measured at the fair value of the awards based on the market value of the shares at the grant date. Fair value excludes the effect of non market-based vesting conditions. The fair value is charged to the statement of income and credited to retained earnings on a straight-line basis over the period the estimated number of awards are expected to vest.

At each balance sheet date, Glencore revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

Cash-settled share-based payments

For cash-settled share-based payments, a liability is initially recognised at fair value based on the estimated number of awards that are expected to vest, adjusting for market and non market based performance conditions. Subsequently, at each reporting period until the liability is settled, the liability is remeasured to fair value with any changes in fair value recognised in the statement of income.

Income taxes

Income taxes consist of current and deferred income taxes. Current taxes represent income taxes expected to be payable based on enacted or substantively enacted tax rates at the period end and expected current taxable income, and any adjustment to tax payable in respect of previous years. Deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, using enacted or substantively enacted income tax rates which will be effective at the time of reversal of the underlying temporary difference. Deferred tax assets and unused tax losses are only recognised to the extent that their recoverability is probable. Deferred tax assets are reviewed at reporting period end and amended to the extent that it is no longer probable that the related benefit will be realised. To the extent that a deferred tax asset not previously recognised fulfils the criteria for recognition, an asset is recognised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and Glencore has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis. The tax effect of certain temporary differences is not recognised principally with respect to the initial recognition of an asset or liability (other than those arising in a business combination or in a manner that initially impacted accounting or taxable profit) and temporary differences relating to investments in subsidiaries and associates to the extent that Glencore can control the timing of the reversal of the temporary difference and it is probable the temporary difference will not reverse in the foreseeable future. Deferred tax is provided in respect of fair value adjustments on acquisitions. These adjustments may relate to assets such as extraction rights that, in general, are not eligible for income tax allowances.

Royalties, extraction taxes and other levies/taxes are treated as taxation arrangements when they have the characteristics of an income tax including being imposed and determined in accordance with regulations established by the respective government's taxation authority.

Current and deferred tax are recognised as an expense or income in the statement of income, except when they relate to items that are recognised outside the statement of income (whether in other comprehensive income or directly in equity) or where they arise from the initial accounting for a business combination.

Exploration and evaluation expenditure

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral and petroleum resources and includes costs such as researching and analysing historical exploration data, exploratory drilling, trenching, sampling and the costs of pre-feasibility studies. Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another company, is charged to the statement of income as incurred except when the expenditure is expected to be recouped from future exploitation or sale of the area of interest and it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the expenditure is capitalised. Purchased exploration and evaluation assets are recognised at their fair value at acquisition.

Capitalised exploration and evaluation expenditure is recorded as a component of mineral and petroleum rights in property, plant and equipment.

All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalised expenditure is not expected to be recovered it is charged to the statement of income.

Development expenditure

When commercially recoverable reserves are determined and such development receives the appropriate approvals, capitalised exploration and evaluation expenditure is transferred to construction in progress. Upon completion of development and commencement of production, capitalised development costs are transferred as required to either mineral and petroleum rights or deferred mining costs and depreciated using the unit of production method (UOP).

Property, plant and equipment and intangible assets

Property, plant and equipment, port allocation rights and intangible assets are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses. Intangible assets include goodwill, future warehousing fees and trademarks.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned, or the estimated remaining life of the associated mine, field or lease. Depreciation commences when the asset is available for use. Identifiable intangible assets with a finite life are amortised on a straight-line basis and/or UOP basis over their expected useful life. Goodwill is not depreciated.

The major categories of property, plant and equipment and intangible assets are depreciated/amortised on a UOP and/or straight-line basis as follows:

Buildings	10–45 years
Land	not depreciated
Plant and equipment	3–30 years/UOP
Mineral rights and development costs	UOP
Deferred mining costs	UOP
Port allocation rights	25 – 40 years

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalised and amortised over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which, are charged against income over the accounting periods covered by the lease term.

Biological assets

Biological assets are carried at their fair value less estimated selling costs. Any changes in fair value less estimated selling costs are included in the statement of income in the period in which they arise.

Deferred stripping costs

Stripping costs incurred in the development of a mine (or pit) before production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a unit of production basis. Production stripping costs are deferred when the actual stripping ratio incurred significantly exceeds the expected long term average stripping ratio and are subsequently amortised when the actual stripping ratio falls below the long term average stripping ratio. Where the ore is expected to be evenly distributed, waste removal is expensed as incurred.

Mineral and petroleum rights

Mineral and petroleum reserves, resources and rights (together Mineral Rights) which can be reasonably valued, are recognised in the assessment of fair values on acquisition. Mineral Rights for which values cannot be reasonably determined are not recognised. Exploitable Mineral Rights are amortised using the UOP over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner.

Restoration, rehabilitation and decommissioning

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the time such an obligation arises. The costs are charged to the statement of income over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision.

Costs for restoration of subsequent site disturbance, which is created on an ongoing basis during production, are provided for at their net present values and charged to the statement of income as extraction progresses.

Other investments

Equity investments, other than investments in Associates, are recorded at fair value unless such fair value is not reliably determinable in which case they are carried at cost. Changes in fair value are recorded in the statement of income unless they are classified as available for sale, in which case fair value movements are recognised in other comprehensive income and are subsequently recognised in the statement of income when realised by sale or redemption, or when a reduction in fair value is judged to be a significant or prolonged decline.

Impairment

Glencore conducts, at least annually, an internal review of asset values which is used as a source of information to assess for any indications of impairment. Formal impairment tests are carried out, at least annually, for cash generating units containing goodwill and for all other non current assets when events or changes in circumstances indicate the carrying value may not be recoverable.

A formal impairment test involves determining whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs to sell and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the income statement to reflect the asset at the lower amount.

An impairment loss is reversed in the statement of income if there is a change in the estimates used to determine the recoverable amount since the prior impairment loss was recognised. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of depreciation or amortisation which would have arisen if the prior impairment loss had not been recognised. Goodwill impairments and impairments of available for sale equity investments are not subsequently reversed.

Provisions

Provisions are recognised when Glencore has a present obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits that can be reliably estimated will be required to settle the liability.

Inventories

The majority of marketing inventories are valued at fair value less costs to sell with the remainder valued at the lower of cost or net realisable value. Unrealised gains and losses from changes in fair value are reported in cost of goods sold.

Production inventories are valued at the lower of cost or net realisable value. Cost is determined using the first in first out (FIFO) or the weighted average method and comprises material costs, labour costs and allocated production related overhead costs. Financing and storage costs related to inventory are expensed as incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank, cash in hand and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Financial instruments

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale financial assets depending upon the purpose for which the financial assets were acquired. Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently, financial assets are carried at fair value (other investments, derivatives and marketable securities) or amortised cost less impairment (accounts receivable and advances and loans). Financial liabilities other than derivatives are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost.

Convertible bonds

At the date of issue, the fair value of the liability component is determined by discounting the contractual future cash flows using a market rate for a similar non convertible instrument. The liability component is recorded as a liability on an amortised cost basis using the effective interest method. The equity component is recognised as the difference between the fair value of the proceeds as a whole and the fair value of the liability component and it is not subsequently remeasured. On conversion, the liability is reclassified to equity and no gain or loss is recognised in the statement of income and upon expiry of the conversion rights, any remaining equity portion will be transferred to retained earnings.

Derivatives and hedging activities

Derivative instruments, which include physical contracts to sell or purchase commodities that do not meet the own use exemption, are initially recognised at fair value when Glencore becomes a party to the contractual provisions of the instrument and are subsequently remeasured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices for the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognised in cost of goods sold.

Those derivatives qualifying and designated as hedges are either (i) a Fair Value Hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment, or (ii) a Cash Flow Hedge of the change in cashflows to be received or paid relating to a recognised asset or liability or a highly probable transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognised as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognised in the statement of income when the committed or forecast transaction is ultimately recognised in the statement of income. However, if a forecast or committed transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

Glencore has identified the following areas as being critical to understanding Glencore's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

Valuation of derivative instruments (Note 26)

Derivative instruments are carried at fair value and Glencore evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 7. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring Glencore to make market based assumptions (Level 3).

Depreciation and amortisation of mineral and petroleum rights, project development costs and plant and equipment (Note 7)

Mineral and petroleum rights, project development costs and certain plant and equipment are depreciated/amortised using UOP. The calculation of the UOP rate of depreciation/amortisation, and therefore the annual charge to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used in estimating mineral or petroleum reserves, notably changes in the geology of the reserves and assumptions used in determining the economic feasibility of the reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight line basis, where those lives are limited to the life of the project, which in turn is limited to the life of the proven and probable mineral or petroleum reserves. Estimates of proven and probable reserves are prepared by experts in extraction, geology and reserve determination. Assessments of UOP rates against the estimated reserve and resource base and the operating and development plan are performed regularly.

Impairments (Notes 5, 7, 8 and 9)

Investments in Associates and other investments, advances and loans and property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised. Future cash flow estimates which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating, rehabilitation and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

Provisions (Note 21)

The amount recognised as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Restoration, rehabilitation and decommissioning costs (Note 21)

A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the statement of income could be impacted. The provisions including the estimates and assumptions contained therein are reviewed regularly by management.

Recognition of deferred tax assets (Note 6)

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable income available to offset the tax assets when they do reverse. These judgements are subject to risk and uncertainty and hence, to the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in income in the period in which the change occurs. The recoverability of deferred tax assets including the estimates and assumptions contained therein are reviewed regularly by management.

Fair value measurements (Notes 9, 11, 18, 24, 25 and 26)

In addition to recognising derivative instruments at fair value, as discussed above, an assessment of fair value of assets and liabilities is also required in accounting for other transactions, most notably, business combinations and disclosures related to fair values of marketing inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cashflow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market based transactions rarely exist.

2. SEGMENT INFORMATION

Glencore is organised and operates on a worldwide basis in three core business segments – metals and minerals, energy products and agricultural products, with each business segment responsible for the marketing, sourcing, hedging, logistics and industrial investment activities of their respective products and reflecting the structure used by Glencore's management to assess the performance of Glencore.

The business segments' contributions to the Group are primarily derived from the net margin or premium earned from physical marketing activities (net sale and purchase of physical commodities), provision of marketing and related value-add services and the margin earned from industrial asset activities (net resulting from the sale of physical commodities over the cost of production and/or cost of sales) and comprise the following underlying key commodities:

- Metals and minerals: Zinc, copper, lead, alumina, aluminium, ferro alloys, nickel, cobalt and iron ore, including smelting, refining, mining, processing and storage related operations of the relevant commodities;

- Energy products: Crude oil, oil products, steam coal and metallurgical coal supported by investments in coal mining and oil production operations, ports, vessels and storage facilities;

- Agriculture products: Wheat, corn, canola, barley, rice, oil seeds, meals, edible oils, biofuels, cotton and sugar supported by investments in farming, storage, handling, processing and port facilities.

Corporate and other: statement of income amounts represent Glencore's share of income related to Xstrata and other unallocated Group related expenses (including variable pool bonus accrual). Statement of financial position amounts represent Group related balances.

The financial performance of the segments is principally evaluated with reference to Adjusted EBIT/EBITDA which is the net result of revenue less cost of goods sold and selling and administrative expenses plus share of income from associates and jointly controlled entities and dividend income as disclosed on the face of the consolidated statement of income.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Glencore accounts for inter-segment sales and transfers where applicable as if the sales or transfers were to third parties, i.e. at arm's length commercial terms.

2012 US $ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue from third parties	**56 674**	**136 937**	**20 825**	**0**	**214 436**
Marketing activities					
Adjusted EBIT	1 363	435	371	– 39	2 130
Depreciation and amortisation	16	59	23	0	98
Adjusted EBITDA	**1 379**	**494**	**394**	**– 39**	**2 228**
Industrial activities					
Adjusted EBIT	708	594	– 10	1 048	2 340
Depreciation and amortisation	917	389	69	0	1 375
Adjusted EBITDA	**1 625**	**983**	**59**	**1 048**	**3 715**
Total adjusted EBITDA	**3 004**	**1 477**	**453**	**1 009**	**5 943**
Depreciation and amortisation	– 933	– 448	– 92	0	– 1 473
Total adjusted EBIT	**2 071**	**1 029**	**361**	**1 009**	**4 470**
Significant items [1]					
Other expense – net [2]					– 1 214
Share of Associates' exceptional items [3]					– 875
Mark to market loss on certain natural gas contracts [4]					– 123
Unrealised intergroup profit elimination adjustments [5]					– 84
Interest expense – net					– 970
Loss on sale of investments					– 128
Income tax credit					76
Income for the year					**1 152**

[1] Significant items of income and expense which, due to their financial impacts, nature or the expected infrequency of the events giving rise to them, have been separated for internal reporting and analysis of Glencore's results.
[2] See note 4.
[3] Share of Associates' exceptional items comprise Glencore's share of exceptional charges booked directly by Xstrata relating mainly to various impairment charges including that associated with its platinum investments and operations in South Africa and nickel operations in Australia which were impacted by the challenging market environments and costs incurred by Xstrata in connection with the proposed merger with Glencore (see note 28).
[4] Represents movements in fair value of certain fixed price forward natural gas purchase contracts entered into to hedge the price risk of this cost exposure in our alumina production activities. These contracts were initially concluded in 2008 with mark to market movements accounted for in equity (cash flow hedge reserves). Consistent with Glencore's current policy not to hedge future operating expenditures there are no such contracts covering periods beyond 2012.
[5] Represents the required adjustment to eliminate unrealised profit or losses arising on intergroup transactions. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial operations to its Marketing arm and management assesses segment performance prior to any such adjustments, as if the sales were to third parties.

2012 US $ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Current assets	20 024	18 256	9 520	649	48 449
Current liabilities	– 9 500	– 13 941	– 3 746	– 137	– 27 324
Allocatable current capital employed	**10 524**	**4 315**	**5 774**	**512**	**21 125**
Property, plant and equipment	14 134	5 347	3 757	0	23 238
Intangible assets	180	1 098	1 386	0	2 664
Investments in Associates and other investments	2 881	799	461	16 215	20 356
Non current advances and loans	921	2 688	149	0	3 758
Allocatable non current capital employed	**18 116**	**9 932**	**5 753**	**16 215**	**50 016**
Other assets[1]				7 072	7 072
Other liabilities[2]				– 43 913	– 43 913
Total net assets	**28 640**	**14 247**	**11 527**	**– 20 114**	**34 300**
Additions to non current assets	5 761	3 311	4 262	0	13 334

[1] Other assets include deferred tax assets, marketable securities, cash and cash equivalents and assets held for sale.
[2] Other liabilities include borrowings, non current deferred income, deferred tax liabilities, non current provisions, Viterra asset acquirer loans and liabilities held for sale.

2011 US $ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue from third parties	**51 984**	**117 065**	**17 103**	**0**	**186 152**
Marketing activities					
Adjusted EBIT	1 242	697	– 8	– 20	1 911
Depreciation and amortisation	5	27	0	11	43
Adjusted EBITDA	**1 247**	**724**	**– 8**	**– 9**	**1 954**
Industrial activities					
Adjusted EBIT	1 357	375	– 39	1 794	3 487
Depreciation and amortisation	765	196	62	0	1 023
Adjusted EBITDA	**2 122**	**571**	**23**	**1 794**	**4 510**
Total adjusted EBITDA	**3 369**	**1 295**	**15**	**1 785**	**6 464**
Depreciation and amortisation	– 770	– 223	– 62	– 11	– 1 066
Total adjusted EBIT	**2 599**	**1 072**	**– 47**	**1 774**	**5 398**
Significant items[1]					
Other expense – net[2]					– 511
Share of Associates' exceptional items[3]					– 45
Interest expense – net					– 847
Gain on sale of investments					9
Income tax credit					264
Income for the year					**4 268**

[1] Significant items of income and expense which, due to their financial impacts, nature or the expected infrequency of the events giving rise to them, have been separated for internal reporting and analysis of Glencore's results.
[2] See note 4.
[3] Share of Associates' exceptional items comprise Glencore's share of exceptional charges booked directly by Xstrata ($ 25 million) and Century ($ 20 million).

2011 US $ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Current assets	18 506	17 605	5 110	3 165	44 386
Current liabilities	– 7 676	– 11 312	– 1 589	– 2 675	– 23 252
Allocatable current capital employed	**10 830**	**6 293**	**3 521**	**490**	**21 134**
Property, plant and equipment	9 367	4 210	1 062	0	14 639
Intangible assets	169	29	12	0	210
Investments in Associates and other investments	2 950	1 060	206	16 189	20 405
Non current advances and loans	1 280	2 723	138	0	4 141
Allocatable non current capital employed	**13 766**	**8 022**	**1 418**	**16 189**	**39 395**
Other assets[1]				2 384	2 384
Other liabilities[2]				– 30 578	– 30 578
Total net assets	24 596	14 315	4 939	– 11 515	32 335
Additions to non current assets	1 508	1 921	406	0	3 835

[1] Other assets include deferred tax assets, marketable securities and cash and cash equivalents.
[2] Other liabilities include borrowings, non current deferred income, deferred tax liabilities and non current provisions.

Geographical information

US $ million	2012	2011
Revenue from third parties[1]		
The Americas	42 295	45 836
Europe	108 904	70 323
Asia	44 274	47 759
Africa	16 910	20 538
Oceania	2 053	1 696
	214 436	**186 152**
Non current assets[2]		
The Americas	6 918	4 535
Europe	17 707	17 293
Asia	5 652	5 838
Africa	11 255	4 555
Oceania	3 137	1 486
	44 669	**33 707**

[1] Revenue by geographical destination is based on the country of incorporation of the sales counterparty however this may not necessarily be the country of the counterpart's ultimate parent and/or final destination of product.
[2] Non current assets are non current operating assets other than other investments, advances and loans, and deferred tax assets.

3. (LOSS)/GAIN ON SALE OF INVESTMENTS – NET

US $ million	2012	2011
Loss on sale on investment in associates – net	– 133	– 10
Gain on sale of subsidiaries – net	5	19
Total	– 128	9

The net loss on sale of investments in 2012 comprised primarily an accounting dilution loss of $ 121 million following Xstrata's share issuance in March 2012, which saw Glencore's effective ownership reduce from 34.5% to 34.2%.

4. OTHER EXPENSE – NET

US $ million	Notes	2012	2011
Changes in mark to market valuations on investments held for trading – net		2	– 92
Changes in mark to market valuation of certain coal forward contracts [1]		179	25
Changes in mark to market valuation of certain foreign currency forward contracts		65	0
Revaluation of previously held interest in newly acquired businesses		497	0
Acquisition related expenses		– 120	– 2
Impairments	5	– 1 650	– 32
Phantom equity awards granted on Listing	18	– 109	– 58
Listing related expenses		0	– 286
Foreign exchange loss		– 4	– 5
Other [2]		– 74	– 61
Total		**– 1 214**	**– 511**

[1] This item, if classified by function of expense would be recognised in cost of goods sold. All other amounts in Other expense – net are classified by function.
[2] Includes $ 7 million loss on disposal of property, plant and equipment (2011: $ nil million).

Together with foreign exchange gains/(losses) and mark to market movements on investments held for trading, other expense – net includes other significant items of income and expense which due to their non operational nature or expected infrequency of the events giving rise to them are reported separately from operating segment results. Other expense – net includes, but is not limited to, impairment charges, revaluation of previously held interests in business combinations, restructuring and closure costs.

Changes in mark to market valuation of certain coal forward contracts
Represents movements in fair value of certain fixed price forward coal sales contracts relating to Prodeco Group's (Prodeco) future production, into which it plans to physically deliver. Following the legal reacquisition of Prodeco in March 2010, from an accounting perspective, these forward sales contracts could not technically be classified as 'own use' or as cashflow hedges, which would have deferred the income statement effect until performance of the underlying future sale transactions. As at year end, approximately 4.6 million tonnes (2011: 8.4 million tonnes) of such coal had been sold forward at a fixed price in respect of quarterly periods to the end of 2013.

Changes in mark to market valuation of certain foreign currency forward contracts
Represents the realised gain on the settlement of CAD 2.7 billion forward foreign currency purchase contracts entered into to partially hedge foreign currency price risk associated with the Viterra transaction (see note 24).

Revaluation of previously held interest in newly acquired businesses
In March 2012, Glencore purchased an additional 31.8% interest in Optimum Coal Holdings Limited ("Optimum") and in April 2012, acquired an additional 20% interest in Mutanda Group (Mutanda) (see note 24). At the date of the acquisitions, the previously held interests were revalued to their fair value and as a result, a $ 20 million loss and $ 517 million gain, respectively, were recognised.

Acquisition related expenses
Professional advisor and other costs relating mainly to the Viterra (see note 24) and Xstrata (see note 28) transactions.

Listing related expenses
Expenses incurred in connection with the Listing including the Restructuring and/or change in the employee shareholder profit attribution model, rather than the costs incurred solely in relation to the issuance of the new (primary) equity (see note 15), comprising $ 91 million of stamp duty costs, $ 42 million of professional advisors' costs and $ 153 million of compensation related costs.

5. IMPAIRMENTS

US $ million	Notes	2012	2011
Available for sale instruments previously recognised in other comprehensive income		– 1 181	0
Non current loans	10	– 213	0
Property, plant and equipment		– 210	– 6
Non current inventory and other [1]		– 46	– 26
Total impairments [2]		**– 1 650**	**– 32**

[1] These items, if classified by function of expense would be recognised in cost of goods sold.
[2] The impairment charges incurred during the year are allocated to the operating segments as follows: Metals and minerals $ 1,337 (2011: $ 32 million), Energy products $ 248 million (2011: $ nil million) and Agricultural products $ 65 million (2011: $ nil million).

Available for sale instruments

Glencore accounts for its interest in United Company Rusal plc ("UC Rusal") as an available for sale investment at fair value with mark to market movements recognised in other comprehensive income ("OCI"). IAS 39 requires an entity to assess whether the cumulative loss recognised in OCI is of a significant and prolonged nature and if so, it shall be reclassified from OCI to the statement of income. As a result of the continuing challenging macro economic environment impacting the global aluminium market, UC Rusal's share price has remained below Glencore's acquisition fair value for what has now been determined to be of a prolonged nature and therefore, as at 31 December 2012, $ 1.2 billion of previously recognised negative fair value adjustments have been reclassified from OCI to the statement of income. This reclassification had no impact on the balance sheet value which continues to be carried at fair value (see note 9).

Property, plant and equipment

During the regular assessment of whether there is an indication of an asset impairment or whether a previously recorded impairment may no longer be required (as part of our regular portfolio review), the continuing challenging European biodiesel margin environment, the change in legal status of certain of our operations, particularly in Bolivia, and evaluation of below expectation exploration programs, resulted in impairment charges (none of which were individually material) of $ 110 million, $ 35 million and $ 65 million being recognised in our Metals and minerals, Energy and Agricultural products segments respectively. The recoverable amounts, where applicable, of the underlying assets were determined based on the fair value less costs to sell using discounted cash flow techniques.

6. INCOME TAXES

Income taxes consist of the following:

US $ million	2012	2011
Current income tax expense	– 295	– 417
Deferred income tax credit	371	681
Total tax credit	**76**	**264**

The effective Group tax rate is different from the statutory Swiss income tax rate applicable to the Company for the following reasons:

US $ million	2012	2011
Income before income tax and attribution	**1 076**	**4 004**
Less: Share of income from associates	– 367	– 1 972
Parent company's and subsidiaries' income before income tax and attribution	**709**	**2 032**
Income tax expense calculated a the Swiss income tax rate	– 106	– 312
Effect of different tax rates from the standard Swiss income tax rate	– 233	– 102
Tax exempt income, net of non-deductible expenses and other permanent differences	– 50	14
Tax implications of restructuring, including deductions/losses triggered[1]	544	687
Effect of available tax losses not recognised, and other changes in the valuation of deferred tax assets	– 76	– 19
Effect of change in tax rate on deferred tax balances	– 4	– 2
Other	1	– 2
Income credit	**76**	**264**

[1] The 2012 credit amounting to $ 544 million resulted primarily from recognition of crystallised tax benefits (resulting in losses carried forward), following an internal reorganisation of our existing ownership interest in Xstrata. All of the resulting tax losses have been brought to account as a deferred tax asset. The 2011 tax benefit of $ 687 million resulted from income tax deductions and losses arising in Switzerland and other countries following settlement of various profit participation plans. $ 305 million (2011: $ 381 million) of deferred tax assets related to future deductible amounts and tax losses from the settlement have not been brought to account.

The tax credit/(expense) relating to components of other comprehensive income/(loss) and share premium is as follows:

US $ million	2012	2011
Cash flow hedges[1]	0	– 2
Listing related expenses[2]	0	21
Income tax relating to components of other comprehensive loss and share premium	**0**	**19**

[1] Recognised in other comprehensive income.
[2] Recognised in share premium.

Deferred taxes as at 31 December 2012 and 2011, are attributable to the items detailed in the table below:

US $ million	Notes	2012	2011
Deferred tax assets [1]			
Tax losses carried forward		1 345	892
Mark to market valuations		27	12
Other		90	135
Total		**1 462**	**1 039**
Deferred tax liabilities [1]			
Depreciation and amortisation		– 2 606	– 1 217
Mark to market valuations		– 29	– 19
Other		– 320	– 163
Total		**– 2 955**	**– 1 399**
Deferred tax – net		**– 1 493**	**– 360**
Reconciliation of deferred tax – net			
Opening balance		**– 360**	**– 939**
Recognised in income for the year		371	681
Recognised in other comprehensive loss and share premium		0	19
Business combination	24	– 1 571	– 121
Disposal of subsidiaries	24	7	0
Other		60	0
Closing balance		**– 1 493**	**– 360**

[1] Asset and liability positions in the same category reflect the impact of tax assets and liabilities arising in local tax jurisdictions that cannot be offset against tax assets and liabilities arising in other tax jurisdictions.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. As at 31 December 2012, $ 1,816 million (2011: $ 1,445 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which $ 1,345 million (2011: $ 892 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same respective entity. $ 1,373 million (2011: $ 889 million ($ 861 million relating to tax losses and $ 28 million relating to temporary differences)) of net deferred tax assets arise in entities that have been loss making for tax purposes in 2012 and/or 2011. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including approved budgets, forecasts and business plans and, in certain cases, analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets.

Available gross tax losses carried forward and deductible temporary differences, for which no deferred tax assets have been recognised in the consolidated financial statements are detailed below and will expire as follows:

US $ million	2012	2011
1 year	114	11
2 years	165	28
3 years	253	127
Thereafter	1 786	956
Unlimited	590	978
Total	**2 908**	**2 100**

As at 31 December 2012, unremitted earnings of $ 19,952 million (2011: $ 18,573 million) have been retained by subsidiaries and associates for reinvestment. No provision is made for income taxes that would be payable upon the distribution of such earnings.

7. PROPERTY, PLANT AND EQUIPMENT

US $ million	Notes	Land and buildings	Plant and equipment	Mineral and petroleum rights	Deferred mining costs	Total
Gross carrying amount:						
1 January 2012		**1 521**	**12 045**	**4 617**	**675**	**18 858**
Business combination	24	953	3 429	3 284	48	7 714
Disposal of subsidiaries	24	0	– 301	– 7	0	– 308
Additions		92	2 054	866	89	3 101
Disposals		– 21	– 200	0	0	– 221
Effect of foreign currency exchange movements		– 5	– 65	– 92	0	– 162
Other movements		69	2	6	– 69	8
31 December 2012		**2 609**	**16 964**	**8 674**	**743**	**28 990**
Accumulated depreciation and impairment:						
1 January 2012		**323**	**2 997**	**770**	**129**	**4 219**
Depreciation		87	1 087	233	31	1 438
Disposal of subsidiaries	24	0	– 29	0	0	– 29
Disposals		– 10	– 74	1	– 19	– 102
Impairments	5	0	151	59	0	210
Effect of foreign currency exchange movements		0	– 4	– 5	0	– 9
Other movements		– 3	– 98	119	7	25
31 December 2012		**397**	**4 030**	**1 177**	**148**	**5 752**
Net book value 31 December 2012		**2 212**	**12 934**	**7 497**	**595**	**23 238**

US $ million	Notes	Land and buildings	Plant and equipment	Mineral and petroleum rights	Deferred mining costs	Total
Gross carrying amount:						
1 January 2011		**1 281**	**9 187**	**4 484**	**542**	**15 494**
Business combination	24	108	591	76	0	775
Additions		36	2 411	416	148	3 011
Disposals		– 17	– 431	0	– 2	– 450
Other movements		113	287	– 359	– 13	28
31 December 2011		**1 521**	**12 045**	**4 617**	**675**	**18 858**
Accumulated depreciation and impairment:						
1 January 2011		**239**	**2 556**	**548**	**63**	**3 406**
Depreciation		36	710	260	56	1 062
Disposals		– 6	– 263	2	0	– 267
Impairments	5	7	15	0	10	32
Other movements		47	– 21	– 40	0	– 14
31 December 2011		**323**	**2 997**	**770**	**129**	**4 219**
Net book value 31 December 2011		**1 198**	**9 048**	**3 847**	**546**	**14 639**

Plant and equipment includes expenditure for construction in progress of $ 2,294 million (2011: $ 1,389 million) and a net book value of $ 281 million (2011: $ 317 million) of obligations recognised under finance lease agreements. Mineral and petroleum rights include expenditures for exploration and evaluation of $ 277 million (2011: $ 306 million) and biological assets of $ 66 million (2011: $ 3 million). Depreciation expenses included in cost of goods sold are $ 1,421 million (2011: $ 1,049 million) and in selling and administrative expenses $ 17 million (2011: $ 13 million).

During 2012, $ 37 million (2011: $ 44 million) of interest was capitalised within property, plant and equipment. With the exception of project specific borrowings, the rate used to determine the amount of borrowing costs eligible for capitalisation was 4% (2011: 4%).

8. INTANGIBLE ASSETS

US $ million	Notes	Port allocation rights	Goodwill	Other	Total
Cost:					
1 January 2012		**0**	**169**	**45**	**214**
Business combination	24	1 182	1 251	104	2 537
Addition		21	0	33	54
Effect of foreign exchange differences		– 102	0	0	– 102
31 December 2012		**1 101**	**1 420**	**182**	**2 703**
Accumulated amortisation and impairment:					
1 January 2012		**0**	**0**	**4**	**4**
Amortisation expense [1]		16	0	19	35
31 December 2012		**16**	**0**	**23**	**39**
Net carrying amount 31 December 2012		**1 085**	**1 420**	**159**	**2 664**

[1] Recognised in cost of goods sold.

US $ million	Notes	Goodwill	Other	Total
Cost:				
1 January 2011		**0**	**0**	**0**
Business combination	24	36	13	49
Reclassified from held for sale		133	32	165
31 December 2011		**169**	**45**	**214**
Accumulated amortisation and impairment:				
1 January 2011		**0**	**0**	**0**
Amortisation expense [1]		0	4	4
31 December 2011		**0**	**4**	**4**
Net carrying amount 31 December 2011		**169**	**41**	**210**

[1] Recognised in cost of goods sold.

Port allocation rights

Port allocation rights represent contractual entitlements to export certain amounts of coal on an annual basis from Richard Bay Coal Terminal in South Africa and have been recognised as part of the acquisitions of Optimum and Umcebo, see note 24. The rights are being amortised on a straight line basis over the estimated economic life of the port of 40 years.

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the CGUs, or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management will monitor and manage the goodwill.

Goodwill is tested annually for impairment for all CGUs containing goodwill with exception of goodwill acquired in a business combination in the current year which is tested at the date of acquisition, and when there is an indicator that the goodwill may be impaired.

The carrying amount of goodwill has been allocated to cash generating units (CGUs), or groups of CGUs as follows:

US $ million	2012	2011
Grain marketing business	1 251	0
Metals warehousing business	133	133
Other	36	36
Total	1 420	169

Grain marketing business

Goodwill of $ 1,251 million has been recognised as part of the acquisition of Viterra, see note 24. The goodwill is primarily related to the Viterra grain marketing and merchandising business and is substantively attributable to synergies which are expected to arise in conjunction with the grain marketing division's increased geographic coverage and scale of activities. As at 31 December 2012, the purchase price allocation, including the allocation of the goodwill to CGUs, has not been finalised, as the acquisition completed close to year end.

Metals warehousing business

Goodwill of $ 133 million relates to the Pacorini metals warehousing business and is attributable to synergies which arise in conjunction with the metals marketing division's expected increased activities. In assessing whether goodwill has been impaired, the carrying amount of the cash generating unit was compared with its recoverable amount. The recoverable amount was determined by reference to the value in use which utilises pre-tax cash flow projections based on the approved financial budgets for 5 years which includes factors, such as inventory levels, volumes and operating costs (key assumptions are based on past experience and, where available, observable market data), discounted to present value at a rate of 10%. The cash flows beyond the 5 year period have been extrapolated using a declining growth rate of 10% per annum which is the projected long term reduction in average inventory levels for the warehousing business. Glencore believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to exceed the recoverable amount.

Other goodwill

Goodwill held by other CGUs is $ 36 million (2011: $ 36 million), representing less than 1% of net assets at 31 December 2012 (2011: less than 1%). The goodwill has been allocated across a number of CGUs in the Energy products segment, with no CGU accounting for more than $ 30 million of total goodwill. This goodwill has been tested for impairment and concluded to be recoverable.

Other intangible assets

Other intangible assets primarily consist of trademarks, licences, software and future warehousing fees.

9. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

A list of the principal operating, finance and industrial subsidiaries and Associates and other investments is included in note 32.

US $ million	2012	2011
Xstrata plc	16 215	16 187
Other listed Associates	888	1 337
Listed Associates	**17 103**	**17 524**
Non listed Associates	1 664	1 334
Investments in Associates	**18 767**	**18 858**

Listed associates

As at 31 December 2012, the fair value of listed Associates using published price quotations was $ 17,876 million (2011: $ 16,157 million). Following the recognition of Glencore's share of impairments booked by its Associates, Glencore completed a detailed assessment of the recoverable amount of investments where indicators of impairment were identified and concluded that the recoverable value supports the carrying value of these investments and that no further impairment is required.

During the year, Glencore acquired controlling interests in two companies which had been accounted for as Associates, Mutanda and Optimum. Refer to note 24 for further details.

US $ million	2012	2011
Available for sale		
United Company Rusal ("UCR")	840	842
	840	**842**
Fair value through profit and loss		
Volcan Compania Minera S.A.A.	410	359
Nyrstar N.V.	78	105
Century Aluminum Company cash settled equity swaps	80	78
Jurong Aromatics Corporation Pte Ltd	55	55
Blackthorn Resources Ltd	34	8
Other	92	100
	749	**705**
Other investments	**1 589**	**1 547**

Summarised financial information in respect of Glencore's Associates, reflecting 100% of the underlying Associate's relevant figures, are set out below.

US $ million	2012	2011
Current assets	15 979	12 129
Non current assets	77 226	69 884
Current liabilities	– 10 109	– 8 919
Non current liabilities	– 32 401	– 24 620
Net assets	**50 695**	**48 474**
Revenue	42 647	39 940
Net profit	1 491	6 194

The amount of corporate guarantees in favour of joint venture entities as at 31 December 2012 was $ 22 million (2011: $ 50 million). Glencore's share of joint venture entities' capital commitments amounts to $ 34 million (2011: $ 301 million).

10. ADVANCES AND LOANS

US $ million	2012	2011
Loans to Associates	347	840
Other non current receivables and loans	3 411	3 301
Total	**3 758**	**4 141**

Loans to Associates generally bear interest at applicable floating market rates plus a premium. The decrease in loans to Associates during the year is due to the acquisition of Mutanda (see note 24) which, at the time of acquisition, had outstanding loans to Glencore of $ 698 million (2011: $ 653 million).

Other non current receivables and loans comprise the following:

US $ million	2012	2011
Counterparty		
OAO Russneft Interest bearing loan at 7.75% per annum (see note below)	2 080	2 211
Atlas Petroleum International Limited ("Atlas") Interest bearing loans at LIBOR plus 3% [1]	0	246
Secured marketing related financing arrangements [2]	549	451
PT Bakrie & Brothers Tbk Interest bearing secured loans at LIBOR plus 9%	200	80
Funds deposited in respect of rehabilitation and restoration obligations	248	74
Other	334	239
Total	**3 411**	**3 301**

[1] Primarily relates to carried interest loans associated with the development of the Aseng oil project in Equatorial Guinea, where Atlas is one of the equity partners. The operator of the field and project is Noble Energy, based in Houston. The Aseng project commenced oil production in Q4 2011, and loans are being repaid from oil proceeds.

[2] Various marketing related financing facilities, generally secured against certain assets and/or payable from the future sale of production of the counterparty. The weighted average interest rate of the loans is 10% and on average are to be repaid over a 3 year period.

Russneft loans

In November 2012, as part of a comprehensive agreement between OAO Russneft ("Russneft"), Glencore and Russneft's other major creditor, Sberbank, Glencore agreed to amend the terms of its $ 2,080 million, 9% per annum loan. The revised terms lower the interest rate to 7.75% interest per annum and extend the expected maturity of the loan from 2020 to 2024. In exchange for this amendment, Glencore will receive additional annual payments of $ 50 million until substantial repayments of the loan will then commence, once Russneft's debt reduces to certain thresholds and/or existing debt is refinanced. The loan is accounted for at amortised cost using the effective rate method with an effective interest rate of 8.4%.

The new carrying amount of the loan was required to be recalculated as the present value of the estimated future cash flows under the revised terms using the loan's original effective interest rate. In estimating the expected cash flows to be received over the life of the loan, a comprehensive cash flow forecast was prepared utilising Russneft's current budget and strategic plan and an economic analysis of Russneft's oil fields prepared by an independent petroleum engineering firm. The difference between the recalculated carrying value of $ 2,093 million and the pre-amendment carrying value of $ 2,306 million resulted in an income statement charge of $ 213 million (see note 5).

11. INVENTORIES

US $ million	2012	2011
Production inventories	3 153	3 150
Marketing inventories	17 529	13 979
Total	**20 682**	**17 129**

Production inventories consist of materials, spare parts and work in process. Marketing inventories are saleable commodities held primarily by the marketing entities as well as finished goods and certain other readily saleable materials held by the industrial assets. Marketing inventories of $ 16,027 million (2011: $ 13,785 million) are carried at fair value less costs to sell.

Glencore has a number of dedicated financing facilities, which finance a portion of its marketing inventories. In each case, the inventory has not been derecognised as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 19). As at 31 December 2012, the total amount of inventory secured under such facilities was $ 2,946 million (2011: $ 1,834 million). The proceeds received and recognised as current borrowings were $ 2,248 million (2011: $ 1,670 million).

12. ACCOUNTS RECEIVABLE

US $ million	2012	2011
Trade receivables [1]	18 386	15 903
Trade advances and deposits [1]	3 270	3 022
Associated companies [1]	1 031	643
Other receivables	2 195	2 327
Total	**24 882**	**21 895**

[1] Collectively referred to as receivables presented net of allowance for doubtful debts.

The average credit period on sales of goods is 29 days (2011: 28 days).

As at 31 December 2012, 8% (2011: 8%) of receivables were between 1–60 days overdue, and 5% (2011: 3%) were greater than 60 days overdue. Such receivables, although contractually past their due dates, are not considered impaired as there has not been a significant change in credit quality of the relevant counterparty, and the amounts are still considered recoverable taking into account customary payment patterns and in many cases, offsetting accounts payable balances.

The movement in allowance for doubtful accounts is detailed in the table below:

US $ million	2012	2011
Opening balance	**129**	**155**
Released during the year	– 7	– 28
Charged during the year	112	43
Utilised during the year	– 22	– 41
Closing balance	**212**	**129**

Glencore has a number of dedicated financing facilities, which finance a portion of its receivables. In each case, the receivables have not been derecognised, as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 19). As at 31 December 2012, the total amount of trade receivables secured was $ 4,398 million (2011: $ 2,934 million) and proceeds received and classified as current borrowings amounted to $ 3,146 million (2011: $ 2,265 million).

13. CASH AND CASH EQUIVALENTS

US $ million	2012	2011
Bank and cash on hand	2 496	981
Deposits and treasury bills	286	324
Total	2 782	1 305

As at 31 December 2012, $ 4 million (2011: $ 80 million) was restricted. As at 31 December 2011, $ 47 million was placed in escrow for the acquisition of Rosh Pinah (see note 24).

14. ASSETS AND LIABILITIES HELD FOR SALE

As part of Glencore's acquisition of Viterra, Glencore entered into agreements with Agrium Inc ("Agrium") and Richardson International Limited ("Richardson") which provide for the 'back-to-back' sale of certain operations of Viterra. Upon closing, Agrium and Richardson advanced the agreed consideration for these operations amounting to CAD 1,775 million ($ 1,781 million) and CAD 796 million ($ 799 million) respectively (the "Asset Acquirer Loans"). Upon future closing of these divestitures, the relevant net assets will be transferred to Agrium and Richardson in satisfaction of the Asset Acquirer Loans advanced. See note 24.

As a result of these agreed disposals, the corresponding assets of $ 2,790 million and liabilities of $ 747 million as at 31 December 2012 have been classified as held for sale.

15. SHARE CAPITAL AND RESERVES

	Number of shares (thousand)	Share capital (US $ million)	Share premium (US $ million)
Authorised:			
31 December 2012 Ordinary shares with a par value of $ 0.01 each	50 000 000	–	–
Issued and fully paid up:			
1 January 2011 – Ordinary shares	**3 716 495**	**37**	**0**
Ordinary shares issued in exchange for HPPS and PPS profit participation obligations	1 617 268	16	13 821
Ordinary shares issued in exchange for LTS and LTPPS profit participation obligations	666 237	7	5 694
Ordinary shares issued at Listing ("primary issuance")	922 714	9	7 887
Share issue costs associated with the primary issuance	–	–	– 280
Tax on Listing related expenses	–	–	21
Dividends paid	–	–	– 346
31 December 2011 – Ordinary shares	**6 922 714**	**69**	**26 797**
Ordinary shares issued on acquisition of an 18.91% interest in Kazzinc	176 742	2	957
Dividends paid	–	–	– 1 066
31 December 2012 – Ordinary shares	**7 099 456**	**71**	**26 688**

Restructuring

Prior to the Listing, Glencore's articles of incorporation authorised the issuance of non voting profit participation certificates ("PPC") with no nominal value to its employees enabling them to participate in four profit sharing arrangements: Hybrid Profit Participation Shareholders (HPPS), Ordinary Profit Participation Shareholders (PPS), Glencore L.T.E. Profit Participation Shareholders (LTS) and Long Term Profit Participation Shareholders (LTPPS). The profit sharing arrangements entitled the employees to a portion of Glencore shareholders' funds accumulated during the period that such employees held the PPCs. The PPCs attributed Glencore International AG's consolidated net income pro rata based on the 150,000 Class B shares issued as at 31 December 2010.

Immediately prior to the Listing, Glencore implemented a Restructuring whereby amounts owing to the then shareholder employees under the various active profit participation plans were settled in exchange for new ordinary shares and the ultimate ownership interests in Glencore International AG were assumed via Glencore International plc. The accounting outcome of these transactions is outlined below:

Settlement of the profit participation plans

The accounting for the settlement of the four profit participation plans was similar, whereby the outstanding balances under each plan prior to Listing were exchanged for an equivalent number of ordinary shares at the Listing price of 530 pence ($ 8.56) per share. The difference between the nominal and fair value of the new ordinary shares issued was recognised as a share premium.

Listing

On 24 May 2011, Glencore International plc issued 922,713,511 ordinary shares which comprised 891,463,511 shares to institutional investors (the "International Offer") at a price of 530 pence ($ 8.56) per share on the London Stock Exchange, and 31,250,000 shares to professional and retail investors in Hong Kong (the "Hong Kong Offer") at a price of HK$ 66.53 ($ 8.56) per ordinary share. The gross proceeds raised were $ 7,896 million and total transaction (Restructuring and Listing) and related expenses incurred were $ 566 million. $ 280 million of the transaction costs were attributable to the issue of new (primary) equity and have been deducted against share premium while $ 286 million were attributable to stamp duty and other expenses associated with the above noted Restructuring as well as an allocation of transaction costs that jointly related to the issuing of the new (primary) equity and the listing of the Company and as such have been charged to income during the year (see note 4). Joint transaction costs were allocated based on the ratio of new shares issued, in relation to total shares outstanding.

Ordinary shares issued on acquisition of an 18.91% interest in Kazzinc

In October 2012, Glencore completed the acquisition of an additional 18.91% interest in Kazzinc from Verny Investments, for a cash consideration of $ 400 million and the issue of 176,742,520 new ordinary shares of the Company (closing transaction date value of $ 959 million), thereby increasing its ultimate ownership in Kazzinc to 69.61%.

Acquiring an additional interest in a subsidiary is considered to be a transaction between owners rather than an acquisition of a business. Therefore, this was accounted for as an equity transaction with the resulting difference of $ 506 million between the change in the Kazzinc non-controlling interest and the consideration paid charged to equity as a reserve.

Other reserves

US $ million	Translation adjustment	Equity portion of Convertible bonds	Cash flow hedge reserve	Net unrealised gain/ (loss)	Net ownership changes in subsidiaries	Other reserves	Total
At 1 January 2011	**1**	**89**	**– 263**	**25**	**– 134**	**10**	**– 272**
Exchange gain on translation of foreign operations	– 53	0	0	0	0	0	– 53
Loss on cash flow hedges, net of tax	0	0	– 17	0	0	0	– 17
Loss on available for sale financial instruments	0	0	0	– 1 206	0	0	– 1 206
Cash flow hedges transferred to the statement of income, net of tax	0	0	6	0	0	0	6
Change in ownership interest in subsidiaries	0	0	0	0	– 98	0	– 98
At 31 December 2011	**– 52**	**89**	**– 274**	**– 1 181**	**– 232**	**10**	**– 1 640**
At 1 January 2012	**– 52**	**89**	**– 274**	**– 1 181**	**– 232**	**10**	**– 1 640**
Exchange loss on translation of foreign operations	– 116	0	0	0	0	0	– 116
Loss on cash flow hedges, net of tax	0	0	– 93	0	0	0	– 93
Cash flow hedges transferred to the statement of income, net of tax	0	0	297	0	0	0	297
Change in ownership interest in subsidiaries	0	0	0	0	– 474	0	– 474
Loss on available for sale financial instruments transferred to the statement of income, net of tax	0	0	0	1 181	0	0	1 181
Effect of foreign currency differences transferred to the statement of income	– 23	0	0	0	0	0	– 23
At 31 December 2012	**– 191**	**89**	**– 70**	**0**	**– 706**	**10**	**– 868**

16. EARNINGS PER SHARE

US $ million	Notes	2012	2011
Profit attributable to equity holders for basic earnings per share		1 004	4 048
Interest in respect of Convertible bonds [1]		0	135
Profit attributable to equity holders for diluted earnings per share		1 004	4 183
Weighted average number of shares for the purposes of basic earnings per share (thousand)		6 961 936	5 657 794
Effect of dilution:			
Equity settled share-based payments	18	26 847	22 790
Convertible bonds [1]	19	0	406 738
Weighted average number of shares for the purposes of diluted earnings per share (thousand)		6 988 783	6 087 322
Basic earnings per share (US $)		0.14	0.72
Diluted earnings per share (US $)		0.14	0.69

[1] In 2012, the convertible bonds have been anti-dilutive and therefore have been excluded from the diluted earnings per share calculation.

17. DIVIDENDS

US $ million	2012	2011
Paid during the year:		
Final dividend for 2011 – $ 0.10 per ordinary share (2010 – $ nil per class B share)	692	0
Interim dividend for 2012 – $ 0.054 per ordinary share (2011 – $ 0.05 per ordinary share)	374	346
Total	**1 066**	**346**
Proposed final dividend for 2012 – $ 0.1035 per ordinary share (2011 – $ 0.10 per ordinary share)	735	692

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Dividends declared in respect of the year ended 31 December 2012 will be paid on 7 June 2013. The 2012 interim dividend was paid on 13 September 2012.

18. SHARE-BASED PAYMENTS

2011 Phantom Equity Awards

In April and May 2011 in connection with the Listing, 24,024,765 phantom equity awards were made to certain employees in lieu of interests in Glencore's existing equity ownership schemes. At grant date, each phantom equity award is equivalent to one ordinary share of Glencore. The phantom equity awards vest on or before 31 December 2013, subject to the continued employment of the award holder. Phantom equity awards may be satisfied, at Glencore's option, in shares by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market or in cash (with a value equal to the market value of the award at vesting, including dividends paid between Listing and vesting). Glencore currently intends to settle these awards in shares. The aggregate number of ordinary shares underlying the awards was 24,024,765. The fair value of the awards at the issue date was $ 8.56 per award for an aggregate fair value of $ 206 million determined by reference to the Listing price at the grant date. As at 31 December 2012, the number of shares underlying the awards was 20,141,592 (2011: 22,789,924). The total expense recognised in the period was $ 109 million (2011: $ 58 million).

2012 Deferred Bonus Plan

Under the Glencore Deferred Bonus Plan (DBP), the payment of a portion of a participant's annual bonus is deferred for a period of one to two years as an award of either ordinary shares (a ''Bonus Share Award'') or cash (a "Bonus Cash Award"). The awards are vested at grant date with no further service condition however they are subject to forfeiture for malus events. In May 2012, awards were made under Glencore's annual bonus arrangements. Bonus Cash Awards amounted to $ 15 million and will be paid on 30 June 2013. Bonus Share Awards equivalent to 3,710,652 ordinary shares will be settled on either 30 June 2013 or 30 June 2014. The share price at the issue date of the Bonus Share Awards settling on 30 June 2013 was $ 4.82 per award for an aggregate fair value of $ 9 million and the share price at the issue date of the Bonus Share Awards settling on 30 June 2014 was $ 5.40 per award for an aggregate fair value of $ 11 million. The Bonus Share Awards may be satisfied, at Glencore's option, in shares by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market or in cash, with a value equal to the market value of the award at settling, including dividends paid between award and settling. Glencore currently intends to settle these awards in shares.

As at 31 December 2012, the number of shares underlying the awards was 3,442,057 (2011: nil). The associated expense was recorded in the statement of income as part of the regular accrual for performance bonuses.

2012 Performance share plan

Under the Glencore Performance Share Plan (PSP), participants are awarded PSP awards which vest in annual tranches over a specified period, subject to continued employment and forfeiture for malus events. At grant date, each PSP award is equivalent to one ordinary share of Glencore.

In 2012, 3,262,938 awards were granted that will vest in three equal tranches on 30 June 2013, 30 June 2014 and 30 June 2015 respectively. The fair value of the awards (determined by reference to the market price of Glencore's ordinary shares at grant date) was $ 5.40 per award for an aggregate fair value of $ 18 million. The PSP awards may be satisfied, at Glencore's option, in shares by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market or in cash, with a value equal to the market value of the award at vesting, including dividends paid between award and vesting. Glencore currently intends to settle these awards in shares.

As at 31 December 2012, the number of shares underlying the awards was 3,262,938 (2011: nil). The expense recognised in the period was $ 2 million (2011: $ nil million).

19. BORROWINGS

US $ million	Notes	2012	2011
Non current borrowings			
144A Notes		948	947
Xstrata secured bank loans		0	2 688
Convertible bonds		2 172	2 152
Euro, Sterling and Swiss Franc bonds		7 530	5 490
Perpetual notes		348	347
Ordinary profit participation certificates		332	750
Committed syndicated revolving credit facilities		5 881	5 907
Viterra senior unsecured notes	24	592	0
Finance lease obligations	28	233	278
Other bank loans		992	1 285
Total non current borrowings		**19 028**	**19 844**
Current borrowings			
Committed secured inventory/receivables facilities		3 702	2 640
Uncommitted secured inventory/receivables facilities		1 692	1 295
U.S. commercial paper		726	512
Xstrata secured bank loans		2 696	0
Eurobonds		1 061	0
Viterra acquisition financing facility		1 503	0
Ordinary profit participation certificates		418	533
Finance lease obligations	28	48	39
Other bank loans [1]		4 652	3 205
Total current borrowings		**16 498**	**8 224**

[1] Comprises various uncommitted bilateral bank credit facilities and other financings.

144A Notes
$ 950 million 6% coupon Notes due April 2014. The Notes are recognised at amortised cost at an effective interest rate of 6.15% per annum.

Xstrata secured bank loans
In June 2011, Glencore refinanced the $ 2.8 billion facilities with 2 year $ 2.7 billion equivalent facilities. The facilities have been accounted for as secured bank loans which bear interest at a rate of U.S. $ LIBOR plus 95 basis points per annum. As at 31 December 2012, shares representing $ 5,397 million (2011: $ 5,343 million) of the carrying value of Glencore's investment in Xstrata were pledged as security.

Convertible bonds
$ 2,300 million 5% coupon convertible bonds due December 2014. The bonds are convertible at the option of the investors into 417,491,096 ordinary shares of Glencore International plc. The bonds consist of a liability component and an equity component. The fair values of the liability component ($ 2,211 million) and the equity component ($ 89 million) were determined, using the residual method, at issuance of the bonds. The liability component is measured at amortised cost at an effective interest rate of 5.90% per annum.

Euro, Sterling and Swiss Franc bonds

The Group has issued bonds denominated in Euro, Sterling and Swiss Franc where upon issuance, the principal amounts and the future interest payments were swapped (using instruments which qualify as cash flow hedges) into their U.S. Dollar equivalent. The details of amounts issued and outstanding are as follows:

US $ million	Maturity	Initial US $ equivalent	US $ fixed interest rate in %	2012	2011
Euro 850 million 5.250% coupon bonds	Oct 2013	–	–	0	1 045
Euro 750 million 7.125% coupon bonds	April 2015	1 200	6.86	982	944
Euro 1 250 million 5.250% coupon bonds	March 2017	1 708	6.07	1 648	1 623
Euro 1 250 million 4.125% coupon bonds	April 2018	1 667	4.46	1 626	0
Eurobonds		**4 575**		**4 256**	**3 612**
GBP 650 million 6.50% coupon bonds	Feb 2019	1 266	6.58	1 045	996
GBP 500 million 5.50% coupon bonds	April 2022	800	5.50	837	0
Sterling bonds		**2 066**		**1 882**	**996**
CHF 825 million 3.625% coupon bonds	April 2016	828	4.87	903	882
CHF 450 million 2.625% coupon bonds	Dec 2018	492	4.33	489	0
Swiss Franc bonds		**1 320**		**1 392**	**882**
Total non current		**7 961**		**7 530**	**5 490**
Euro 850 million 5.250% coupon bonds	Oct 2013	1 078	6.60	1 061	0
Total current		**1 078**		**1 061**	**0**

In April 2012, Glencore issued EUR 1,250 million ($ 1,667 million) 4.125% interest bearing bonds due April 2018 and GBP 300 million ($ 480 million) 5.5% interest bearing bonds due April 2022. In November 2012, Glencore issued a further GBP 200 million ($ 320 million) bonds under the same terms as the April issuance.

In July 2012, Glencore issued CHF 450 million ($ 492 million) 2.625% interest bearing bonds due December 2018.

Perpetual notes

$ 350 million of 7.5% Perpetual bonds outstanding. The bonds are callable at par every quarter starting October 2015.

Ordinary profit participation certificates

Profit participation certificates bear interest at 6 month U.S. $ LIBOR, are repayable over 5 years (with final payments due in 2016) and in the event of certain triggering events, which include any breach of a financial covenant, would be subordinated to unsecured lenders.

Committed syndicated revolving credit facility

In April 2012 Glencore signed new committed revolving credit facilities, which renewed existing revolving credit facilities. Funding terms are essentially unchanged in comparison to the previous facilities. The facilities comprise a $ 4,435 million 14 month revolving credit facility with a borrower's 10 month term-out option and a 10 month extension option, that refinanced Glencore's existing $ 3,535 million 364-day revolving credit facility. The facility has two tranches of $ 3,725 million and $ 710 million respectively. In addition, the maturity of $ 8,030 million of the existing $ 8,370 million 3-year revolving credit facility has been extended for a further year to May 2015.

Viterra senior unsecured notes

As part of the acquisition of Viterra, Glencore assumed $ 596 million senior unsecured notes, of which $ 400 million mature in August 2020 and CAD 200 million ($ 196 million) in February 2021. The notes bear interest at 6.19% and 7.45% respectively.

Committed secured inventory/receivables facilities

US $ million	Maturity	Borrowing base	Interest	2012	2011
Metals inventory/receivables facility	Oct 2013	2 220	U.S. $ LIBOR + 120 bpa	2 220	1 700
Agricultural products inventory/receivables facility	Nov 2013	300	U.S. $ LIBOR + 130 bpa	232	–
Oil receivables facilities	Jun/Aug 2013	1 250	U.S. $ LIBOR/EURIBOR + 105 to 115 bpa	1 250	940
Total		3 770		3 702	2 640

U.S. commercial paper

Glencore has in place a stand alone U.S. commercial paper program for $ 1,000 million rated A2 and P2 respectively by S&P's and Moody's rating agencies. The notes issued under this program carry interest at floating market rates and mature not more than 270 days from the date of issue.

Viterra acquisition financing facility

In June 2012, Glencore signed a $ 1.5 billion multi-currency committed one year credit facility with a one year term-out option at Glencore's discretion. Funds drawn under the facility bear interest at U.S. $ LIBOR plus 200 basis points per annum.

20. DEFERRED INCOME

US $ million	Notes	Unfavourable contract	Prepayment	Total
1 January 2011		–	190	190
Utilised in the year		–	– 8	– 8
31 December 2011		–	182	182
1 January 2012		–	182	182
Assumed in business combination	24	688	0	688
Utilised in the year		– 72	– 19	– 91
Effect of foreign currency exchange difference		– 62	0	– 62
31 December 2012 [1]		554	163	717

[1] Includes the current portion of $ 92 million in respect of the unfavourable contract and $ 24 million in respect of the prepayment.

Unfavourable contract

Upon acquisition of Optimum in March 2012 (see note 24), Glencore recognised a liability of $ 688 million related to an acquired contractual agreement to deliver 44 million tonnes of coal over a period ending 31 December 2018 at fixed prices lower than the prevailing market price for coal of equivalent quality. This amount will be released to revenue as the underlying tonnes of coal are delivered to the buyer over the life of the contract at the rate consistent with the implied forward price curve at the time of the acquisition. As at year end, approximately 39 million tonnes of coal remain to be delivered.

Prepayment

During 2006, Glencore entered into an agreement to deliver, depending on mine production, up to 4.75 million ounces per year of silver, a by-product from its mining operations, for a period of 15 years at a fixed price for which Glencore received a partial upfront payment of $ 285 million. The outstanding balance represents the remaining portion of the upfront payment. The upfront payment is released to revenue at a rate consistent with the implied forward price curve at the time of the transaction and the actual quantities delivered. As at 31 December 2012, 17.9 million ounces (2011: 15 million ounces) have been delivered.

21. PROVISIONS

US $ million	Notes	Post retirement benefits[1]	Employee entitlement	Rehabilitation costs	Onerous contracts	Demurrage and related claims	Other[2]	Total
1 January 2011		**60**	**98**	**379**	**93**	**61**	**200**	**891**
Provision utilised in the year		– 1	– 17	– 14	– 89	– 10	– 64	– 195
Accretion in the year		0	0	24	0	0	0	24
Assumed in business combination	24	0	0	43	0	0	14	57
Additional provision in the year		2	35	142	0	23	72	274
31 December 2011		**61**	**116**	**574**	**4**	**74**	**222**	**1 051**
1 January 2012		**61**	**116**	**574**	**4**	**74**	**222**	**1 051**
Provision utilised in the year		– 1	– 2	– 41	– 4	– 60	– 80	– 188
Accretion in the year		0	0	33	0	0	0	33
Assumed in business combination	24	19	19	325	0	0	49	412
Additional provision in the year		14	14	83	0	0	170	281
Effect of foreign currency exchange difference		0	0	– 23	0	0	0	– 23
31 December 2012[3]		**93**	**147**	**951**	**0**	**14**	**361**	**1 566**

[1] See note 22.
[2] Other includes provisions in respect of mine concession obligations of $ 54 million (2011: $ 52 million), construction related contractual provisions of $ 79 million (2011: $ 27 million), export levies of $ 37 million (2011: $ 45 million) and deferred purchase consideration of $ 8 million (2011: $ 33 million).
[3] Includes $ nil million (2011: $ 4 million) in respect of onerous contracts, $ 14 million (2011: $ 74 million) in respect of demurrage and related claims and $ 48 million (2011: $ 20 million) in respect of other disclosed as current.

Employee entitlement
The employee entitlement provision represents the value of governed employee entitlements due to employees upon their termination of employment. The associated expenditure will occur in a pattern consistent with when employees choose to exercise their entitlements.

Rehabilitation costs
Rehabilitation provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of extraction activities. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project's life, which ranges from 2 to 50 years.

22. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Total personnel costs, which includes salaries, wages, social security, other personnel costs and share-based payments, incurred for the years ended December 31, 2012 and 2011, were $ 2,013 million and $ 1,723 million, respectively. Personnel costs related to consolidated industrial subsidiaries of $ 1,368 million (2011: $ 1,203 million) are included in cost of goods sold. Other personnel costs, including the 2012 deferred bonus and performance share plans, are included in selling and administrative expenses and the 2011 phantom equity awards are included in other expense.

The Company and certain subsidiaries sponsor various pension schemes in accordance with local regulations and practices. Eligibility for participation in the various plans is either based on completion of a specified period of continuous service, or date of hire. The plans provide for certain employee and employer contributions, ranging from 5% to 16% of annual salaries, depending on the employee's years of service. Among these schemes are defined contribution plans as well as defined benefit plans. The main locations with defined benefit plans are Switzerland, the UK, Canada and the US.

Defined contribution plans
Glencore's contributions under these plans amounted to $ 28 million in 2012 and $ 21 million in 2011.

Defined benefit plans

The amounts recognised in the statement of income are as follows:

US $ million	2012	2011
Current service cost	24	19
Interest cost	22	19
Expected return on plan assets	– 15	– 15
Net actuarial losses recognised in the year	15	13
Past service cost	5	2
Exchange differences	1	– 2
Total	**52**	**36**

The actual return on plan assets amounted to a gain of $ 40 million (2011: gain of $ 4 million).

The amounts recognised in the statement of financial position are determined as follows:

US $ million	Notes	2012	2011
Present value of defined benefit obligations		617	513
Less: fair value of plan assets		– 347	– 284
Unrecognised actuarial losses		– 176	– 164
Restrictions of assets recognised		– 1	– 4
Liability in the statement of financial position	**21**	**93**	**61**

Movement in the present value of the defined benefit obligation is as follows:

US $ million	Notes	2012	2011
Opening defined benefit obligation		**513**	**422**
Current service cost		24	19
Interest cost		22	19
Past service cost		5	2
Benefits paid		– 15	– 26
Actuarial loss		32	67
Exchange differences on foreign plans		– 1	1
Business combination	21	19	0
Other movements		18	9
Closing defined benefit obligation		**617**	**513**

Movement in the present value of the plan assets is as follows:

US $ million	2012	2011
Opening fair value of plan assets	**284**	**267**
Expected return on plan assets	15	15
Contribution from the employer	24	26
Actuarial gain/(loss)	17	– 20
Exchange differences on foreign plans	– 3	3
Other movements	10	– 7
Closing fair value of plan assets	**347**	**284**

The plan assets consist of the following:

US $ million	2012	2011
Cash and short term investments	4	10
Fixed income	161	109
Equities	132	120
Other	50	45
Total	**347**	**284**

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. Glencore's assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset class in the next twelve months.

The principal actuarial assumptions used were as follows:

	2012	2011
Discount rate	3 – 6%	3 – 7%
Expected return on plan assets	3 – 7%	3 – 8%
Future salary increases	2 – 5%	2 – 5%
Future pension increases	3 – 4%	3 – 4%

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. These tables imply expected future lifetimes (in years) for employees aged 65 as at the 31 December 2012 of 18 to 24 for males (2011: 18 to 24) and 20 to 25 (2011: 20 to 25) for females. The assumptions for each country are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations.

The Group expects to make a contribution of $ 24 million (2011: $ 26 million) to the defined benefit plans during the next financial year.

Summary historical information:

US $ million	Present value of defined benefit obligation	Fair value of plan assets
2010	422	267
2009	363	232
2008	324	190

23. ACCOUNTS PAYABLE

US $ million	2012	2011
Trade payables	19 890	14 523
Trade advances from buyers	546	828
Associated companies	1 552	1 511
Other payables and accrued liabilities	1 513	1 274
Total	**23 501**	**18 136**

24. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

2012

Acquisitions

US $ million	Viterra [1]	Mutanda [1]	Optimum [1]	Rosh Pinah [1]	European Manganese [1]	Other [1]	Total
Non current assets							
Property, plant and equipment	2 505	3 496	1 311	231	72	259	7 874
Intangible assets	102	0	1 096	0	0	0	1 198
Investments in Associates	76	0	0	1	0	0	77
Loans and advances [2]	6	11	175	0	0	0	192
Deferred tax asset	1	0	0	0	5	0	6
	2 690	**3 507**	**2 582**	**232**	**77**	**259**	**9 347**
Current assets							
Inventories	1 572	223	50	13	127	44	2 029
Accounts receivable [2]	1 063	99	57	8	85	11	1 323
Cash and cash equivalents	1 097	38	25	8	16	11	1 195
Assets held for sale	2 677	0	0	0	0	0	2 677
	6 409	**360**	**132**	**29**	**228**	**66**	**7 224**
Non controlling interest	**0**	**– 807**	**– 460**	**– 28**	**0**	**– 28**	**– 1 323**
Non current liabilities							
Non current borrowings	– 592	– 5	– 99	– 1	0	– 1	– 698
Other non current liabilities	0	– 6	– 9	0	0	0	– 15
Non current deferred income	0	0	– 591	0	0	0	– 591
Non current provisions	– 114	– 7	– 235	– 10	0	– 40	– 406
Deferred tax liabilities	– 279	– 882	– 335	– 56	0	– 25	– 1 577
	– 985	**– 900**	**– 1 269**	**– 67**	**0**	**– 66**	**– 3 287**
Current liabilities							
Current borrowings	– 1 222	0	– 6	0	– 2	0	– 1 230
Accounts payable	– 1 496	– 152	– 100	– 16	– 113	– 43	– 1 920
Current deferred income	0	0	– 97	0	0	0	– 97
Current provision	– 6	0	0	0	0	0	– 6
Liabilities held for sale	– 461	0	0	0	0	0	– 461
	– 3 185	**– 152**	**– 203**	**– 16**	**– 115**	**– 43**	**– 3 714**
Total fair value of net assets acquired	**4 929**	**2 008**	**782**	**150**	**190**	**188**	**8 247**
Goodwill arising on acquisition [3]	1 251	0	0	0	0	0	1 251
Less: Amounts previously recognised through investments and loans	0	1 528	381	0	0	51	1 960
Less: cash and cash equivalents acquired	1 097	38	25	8	16	11	1 195
Acquisition related costs [4]							120
Net cash used in acquisition of subsidiaries	**5 083**	**442**	**376**	**142**	**174**	**126**	**6 463**
Less: Asset acquirer loans	2 580	0	0	0	0	0	2 580
Net cash outflow	**2 503**	**442**	**376**	**142**	**174**	**126**	**3 883**

[1] The fair values are provisional due to the complexity of the valuation process. The finalisation of the fair value of the assets and liabilities acquired will be completed within 12 months of the acquisition.
[2] There is no material difference between the gross contractual amounts for loans and advances and accounts receivable and their fair value.
[3] The goodwill arising on acquisition is not deductible for tax purposes.
[4] Includes $ 58 million related to the Xstrata acquisition, see note 28.

Viterra

On 17 December 2012, Glencore completed the acquisition of a 100% interest in Viterra Inc., a leading global agricultural commodity business for a cash consideration of $ 6.2 billion ($ 3.6 billion net of asset acquirer loans).

As part of the acquisition, Glencore entered into agreements with Agrium and Richardson which provide for the on-sale of certain assets of Viterra.

Agrium has agreed to acquire assets which comprise a majority of Viterra's retail agri-products business including its 34% interest in Canadian Fertilizer Limited ("CFL") for CAD 1,775 million ($ 1,781 million) in cash, subject to any final specified purchase price adjustments such as payment for working capital and required regulatory approvals. Richardson has agreed to acquire 23% of Viterra's Canadian grain handling assets, certain agri-centres and certain processing assets in North America for CAD 796 million ($ 799 million) in cash, subject to any final specified purchase price adjustments such as payment for working capital. Upon closing of the Viterra acquisition, Agrium and Richardson advanced the agreed consideration. The businesses which they will acquire have been presented in single line items as assets and liabilities held for sale (see note 14). Upon closing of these divestitures, the relevant net assets will be transferred to Agrium and Richardson and set off against the asset acquirer loans.

The acquisition of Viterra brings Glencore critical mass in the key grain markets of North America through Viterra's substantial Canadian operations and greatly expands Glencore's existing operations in Australia. This acquisition is consistent with Glencore's strategy to enhance its position as a leading participant in the global grain and oil seeds markets. It has been accounted for as a business combination.

If the acquisition had taken place effective 1 January 2012, the operation would have contributed additional revenue of $ 12,816 million and an increase in attributable income of $ 264 million. From the date of acquisition the operation contributed $ 5 million and $ 898 million to Glencore's attributable income and revenue, respectively.

Glencore incurred acquisition related costs of $ 54 million and a realised foreign currency gain of $ 65 million on Canadian dollar hedges entered into in May in expectation of the acquisition (both items included within other expense – net, see note 4).

Optimum

In March 2012, Glencore acquired an additional 31.8% interest in Optimum, a South African coal mining company, for a total consideration of $ 401 million thereby increasing its ultimate ownership in Optimum from 31.2% to 63.0% and enhancing its existing South African coal market presence. Prior to acquisition, Glencore owned a 31.2% interest in Optimum which, in accordance with IFRS 3, at the date of acquisition was revalued to its fair value of $ 381 million and as a result, a loss of $ 20 million was recognised in other expense – net (see note 4). The acquisition has been accounted for as a business combination with the non controlling interest being measured at its percentage of net assets acquired.

If the acquisition had taken place effective 1 January 2012, the operation would have contributed additional revenue of $ 196 million and additional attributable income of $ 19 million. From the date of acquisition the operation contributed $ 27 million and $ 541 million to Glencore's attributable income and revenue, respectively.

Mutanda

In April 2012, Glencore concluded its agreement to acquire an additional 20% interest in Mutanda, a copper and cobalt mining company located in the Democratic Republic of the Congo, for a total cash consideration of $ 480 million (equity of $ 420 million and shareholder debt of $ 60 million) thereby increasing its ultimate ownership in Mutanda from 40% to 60% and enhancing its attributable copper production base. Prior to acquisition, Glencore owned a 40% interest in Mutanda which, in accordance with IFRS 3, at the date of acquisition was revalued to its fair value of $ 837 million and as a result, a gain of $ 517 million was recognised in other expense – net (see note 4). The acquisition has been accounted for as a business combination with the non controlling interest being measured at its percentage of net assets acquired.

If the acquisition had taken place effective 1 January 2012, the operation would have contributed additional revenue of $ 236 million and additional attributable income of $ 9 million. From the date of acquisition the operation contributed $ 23 million and $ 533 million to Glencore's attributable income and revenue, respectively.

In addition to the acquisition of the 20% interest in Mutanda noted above, Glencore concurrently entered into a put and call option arrangement, whereby Glencore has the right to acquire and the seller has the ability to force Glencore to acquire an additional 20% interest in Mutanda for a total cash consideration of $ 430 million. The put and call options are exercisable in the period between 15 December 2013 and 31 December 2013. The present value of the put option ($ 419 million) has been accounted for as an other financial liability with the corresponding amount recognised against non controlling interest.

Rosh Pinah

In June 2012, Glencore completed the acquisition of an 80.1% interest in Rosh Pinah, a Namibian zinc and lead mining operation, for a cash consideration of $ 150 million increasing our zinc and lead production footprint. The acquisition has been accounted for as a business combination with the non controlling interest being measured at its percentage of net assets acquired.

If the acquisition had taken place effective 1 January 2012, the operation would have contributed additional revenue of $ 78 million and a decrease in attributable income of $ 2 million. From the date of acquisition the operation contributed $ 1 million and $ 51 million to Glencore's attributable income and revenue, respectively.

European Manganese

In November 2012, Glencore completed the acquisition of a 100% interest in Vale's European manganese ferro alloys operations, located in Dunkirk, France and Mo I Rana, Norway, for a cash consideration of $ 190 million. This is the first time that Glencore has expanded into manganese production, strengthening its marketing offer and complementing existing production of steel-making products. The acquisition has been accounted for as a business combination.

If the acquisition had taken place effective 1 January 2012, the operation would have contributed additional revenue of $ 303 million and a decrease in attributable income of $ 18 million. From the date of acquisition the operation contributed $ 49 million to revenue and a reduction in attributable income of $ 7 million.

Other

Other comprises primarily an acquisition of a 100% interest in a sunseed crushing operation in Ukraine for a cash consideration of $ 80 million. If the acquisitions had taken place effective 1 January 2012, the operations would have contributed additional revenue of $ 2 million and a decrease in attributable income of $ 1 million. From the date of acquisition the operation contributed $ 1 million and $ 16 million to Glencore's attributable income and revenue, respectively.

2012

Disposals

In December 2012, Glencore disposed of its 100% interest in Chemoil Storage Limited (part of Chemoil Group), which owned and operated the Helios Terminal, for a cash consideration of $ 287 million.

US $ million	Total
Property, plant and equipment	279
Accounts receivable	1
Cash and cash equivalents	2
Non current borrowings	– 7
Deferred tax liabilities	– 7
Current borrowings	– 1
Total net assets disposed	**267**
Net gain on disposal	20
Net cash proceeds	**287**
Less: cash and cash equivalents disposed of	– 2
Net cash received on disposal of subsidiary	**285**

2011

Acquisitions

During 2011, Glencore acquired interests in various businesses, the most significant being Umcebo Mining (Pty) Ltd ("Umcebo"). The net cash used in the acquisition of subsidiaries and the fair value of the assets acquired and liabilities assumed at the date of acquisition are detailed below:

US $ million	Umcebo			Other	Total
	Provisional as previously reported	Fair value adjustments[1]	Final fair value at acquisition	Fair value at acquisition	
Property, plant and equipment	555	– 160	395	220	615
Intangible assets	0	88	88	13	101
Investments in Associates	10	0	10	0	10
Loans and advances[2]	30	0	30	6	36
Inventories	10	0	10	13	23
Accounts receivable[2]	34	0	34	19	53
Cash and cash equivalents	4	0	4	14	18
Non controlling interest	– 208	63	– 145	– 7	– 152
Non current borrowings	– 57	0	– 57	– 12	– 69
Deferred tax liabilities	– 118	9	– 109	– 3	– 112
Provisions	– 53	0	– 53	– 4	– 57
Accounts payable	– 84	0	– 84	– 28	– 112
Current borrowings	0	0	0	– 7	– 7
Total fair value of net assets acquired	**123**	**0**	**123**	**224**	**347**
Goodwill arising on acquisition[3]	0	0	0	36	36
Less: cash and cash equivalents acquired	4	0	4	14	18
Less: contingent consideration[4]	0	0	0	15	15
Net cash used in acquisition of subsidiaries	**119**	**0**	**119**	**231**	**350**

[1] The accounting was provisional at 31 December 2011 due to the timing and complexity of the transaction. These adjustments arose due to the revisions to the valuations of property, plant and equipment, the recognition of port allocation rights, the recognition of tax liabilities and the resulting impact on minority interests. In 2012, the acquisition accounting was finalised.
[2] Represents the gross contractual amount for loans and advances and accounts receivable.
[3] None of the goodwill arising on acquisition is deductible for tax purposes.
[4] The contingent consideration of $ 15 million related to the purchase of assets of OceanConnect has been settled in 2012 for $ 10 million and a gain of $ 5 million has been realised.

Umcebo

In December 2011, in order to increase its South African coal market presence, Glencore completed the acquisition of a 43.7% stake in Umcebo, an unlisted South African coal mining company, for $ 123 million cash consideration. Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Umcebo as the shareholder agreements allow Glencore to control the Board of Directors through the ability to appoint half of the Directors and the CEO, who has the casting vote in respect of the financial and operating policies of Umcebo. The acquisition was accounted for as a business combination with the non controlling interest being measured at its percentage of net assets acquired.

If the acquisition had taken place effective 1 January 2011, the operation would have contributed additional revenue of $ 309 million and a decrease in attributable income of $ 3 million. From the date of acquisition the operation contributed $ nil million and $ nil million to Glencore's income and revenue, respectively, due to the fact that the acquisition was completed in late December 2011.

Other

Other comprises primarily acquisitions of crushing operations in the Czech Republic and a 90.7% interest of crushing operations in Poland for cash consideration of $ 82 million and $ 71 million, respectively, a 100% interest in Sable Zinc Kabwe Limited, a Zambian metal-processing operation for cash consideration of $ 29 million and certain assets related to the business of OceanConnect for total consideration of $ 30 million. The goodwill recognised in connection with these acquisitions principally related to Ocean-Connect.

If these acquisitions had taken place effective 1 January 2011, the operations would have contributed revenue of $ 104 million and a decrease in attributable income of $ 19 million. From the date of acquisition the operations contributed $ 1,321 million and – $ 9 million to Glencore's revenue and income, respectively.

Disposals

In 2011, there were no material disposals of subsidiaries.

25. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial risks arising in the normal course of business from Glencore's operations comprise market risk (including commodity price risk, interest rate risk and currency risk), credit risk (including performance risk) and liquidity risk. It is Glencore's policy and practice to identify and, where appropriate and practical, actively manage such risks to support its objectives in managing its capital and future financial security and flexibility. Glencore's overall risk management program focuses on the unpredictability of financial markets and seeks to protect its financial security and flexibility by using derivative financial instruments where possible to substantially hedge these financial risks. Glencore's finance and risk professionals, working in coordination with the commodity departments, monitor, manage and report regularly to senior management, the Audit Committee and ultimately the Board of Directors on the approach and effectiveness in managing financial risks along with the financial exposures facing the Group.

Glencore's objectives in managing capital attributable to equity holders include preserving its overall financial health and strength for the benefit of all stakeholders, maintaining an optimal capital structure in order to provide a high degree of financial flexibility at an attractive cost of capital and safeguarding its ability to continue as a going concern, while generating sustainable long term profitability. Paramount in meeting these objectives is Glencore's policy to maintain an investment grade rating status. Following the Xstrata merger and Viterra acquisition announcements, Glencore's current credit ratings are Baa2 (stable) from Moody's and BBB (stable) from S&P.

Dividend policy

The Company intends to pursue a progressive dividend policy with the intention of maintaining or increasing its total ordinary dividend each year. Dividends are expected to be declared by the Board semi-annually (with the half-year results and the preliminary full year results). Interim dividends are expected to represent approximately one-third of the total dividend for any year. Dividends will be declared and paid in U.S. dollars, although Shareholders will be able to elect to receive their dividend payments in pounds sterling, Euros or Swiss Francs based on the exchange rates in effect around the date of payment. Shareholders on the Hong Kong branch register will receive their dividends in Hong Kong dollars.

Commodity price risk

Glencore is exposed to price movements for the inventory it holds and the products it produces which are not held to meet priced forward contract obligations and forward priced purchase or sale contracts. Glencore manages a significant portion of this exposure through futures and options transactions on worldwide commodity exchanges or in over the counter (OTC) markets, to the extent available. Commodity price risk management activities are considered an integral part of Glencore's physical commodity marketing activities and the related assets and liabilities are included in other financial assets from and other financial liabilities to derivative counterparties, including clearing brokers and exchanges. Whilst it is Glencore's policy to substantially hedge its commodity price risks, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk. The hedging instruments available to the marketing businesses may differ in specific characteristics to the risk exposure to be hedged, resulting in an ongoing and unavoidable basis risk exposure. Residual basis risk exposures represent a key focus point for Glencore's commodity department teams who actively engage in the management of such.

In previous years Glencore entered into futures transactions (designated as cash flow hedges) to hedge the price risk of specific future operating expenditure with a notional sell amount of $ 181 million and a recognised fair value liability of $ 101 million as at 31 December 2011. These cash flow hedges matured and were closed in 2012. As at 31 December 2012, there were no open cash flow hedge positions related to future operating expenditure.

Value at risk

One of the tools used by Glencore to monitor and limit its primary market risk exposure, namely commodity price risk related to its physical marketing activities, is the use of a value at risk (VaR) computation. VaR is a risk measurement technique which estimates the potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across all markets and commodities and risk measures can be aggregated to derive a single risk value. Glencore's Board has set a consolidated VaR limit (1 day 95%) of $ 100 million representing less than 0.5% of total equity.

Glencore uses a VaR approach based on Monte Carlo simulations and is computed at a 95% confidence level with a weighted data history using a combination of a one day and one week time horizon.

Position sheets are regularly distributed and monitored and weekly Monte Carlo simulations are applied to the various business groups' net marketing positions to determine potential future exposures. As at 31 December 2012, Glencore's 95%, one day market risk VaR was $ 49 million (2011: $ 28 million). Average market risk VaR (1 day 95%) during 2012 was $ 40 million compared to $ 39 million during 2011.

VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by Glencore, nor does Glencore claim that these VaR results are indicative of future market movements or representative of any actual impact on its future results. VaR should always be viewed in the context of its limitations; notably, the use of historical data as a proxy for estimating future events, market illiquidity risks and tail risks. Glencore recognises these limitations, and thus complements and continuously refines its VaR analysis by analysing forward looking stress scenarios and back testing calculated VaR against actual movements arising in the next business day and week.

Glencore's VaR computation currently covers its business in the key base metals (aluminium, nickel, zinc, copper, lead, etc), coal, iron ore, oil/natural gas and the main risks in the Agricultural products business segment (grain, oil seeds, sugar and cotton) and assesses the open-priced positions which are those subject to price risk, including inventories of these commodities. Due to the lack of a liquid terminal market, Glencore does not include a VaR calculation for products such as alumina or certain ferro alloy commodities as it does not consider the nature of these markets, nor the Group's underlying exposures to these products to be suited to this type of analysis. Alternative tools have been implemented and are used to monitor exposures related to these products.

Net present value at risk

Glencore's future cash flows related to its forecast energy, metals and minerals and agricultural production activities are also exposed to commodity price movements. Glencore manages this exposure through a combination of portfolio diversification, occasional shorter term hedging via futures and options transactions, insurance products and continuous internal monitoring, reporting and quantification of the underlying operations' estimated cashflows and valuations.

Interest rate risk

Glencore is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Matching of assets and liabilities is utilised as the dominant method to hedge interest rate risks. Floating rate debt which is predominantly used to fund fast turning working capital (interest is internally charged on the funding of this working capital) is primarily based on U.S. $ LIBOR plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

Assuming the amount of floating rate liabilities at the reporting period end were outstanding for the whole year, interest rates were 50 basis points higher/lower and all other variables held constant, Glencore's income and equity for the year ended 31 December 2012 would decrease/increase by $ 109 million (2011: $ 98 million).

Currency risk

The U.S. Dollar is the predominant functional currency of the Group. Currency risk is the risk of loss from movements in exchange rates related to transactions and balances in currencies other than the U.S. Dollar. Such transactions include operating expenditure, capital expenditure and to a lesser extent purchases and sales in currencies other than the functional currency. Purchases or sales of commodities concluded in currencies other than the functional currency, apart from certain limited domestic sales at industrial operations which act as a hedge against local operating costs, are hedged through forward exchange contracts. Consequently, foreign exchange movements against the U.S. Dollar on recognised transactions would have an immaterial financial impact. Glencore enters into currency hedging transactions with leading financial institutions.

Glencore's debt related payments (both principal and interest) are denominated in or swapped using hedging instruments into U.S. Dollars. Glencore's operating expenses, being a small portion of its revenue base, are incurred in a mix of currencies of which the U.S. Dollar, Swiss Franc, Pound Sterling, Canadian Dollar, Australian Dollar, Euro, Kazakhstan Tenge, Colombian Peso and South African Rand are the predominant currencies.

Glencore has issued Euro, Swiss Franc and Sterling denominated bonds (see note 19). Cross currency swaps were concluded to hedge the currency risk on the principal and related interest payments of these bonds. These contracts were designated as cash flow hedges of the foreign currency risks associated with the bonds. The fair value of these derivatives is as follows:

	Notional amounts		Recognised fair values		Average
US $ million	Buy	Sell	Assets	Liabilities	maturity[1]
Cross currency swap agreements – 2012	0	9 039	0	82	2017
Cross currency swap agreements – 2011	0	6 080	0	174	2015

[1] Refer to note 19 for details.

Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to Glencore within their agreed payment terms. Financial assets which potentially expose Glencore to credit risk consist principally of cash and cash equivalents, receivables and advances, derivative instruments and non current advances and loans. Glencore's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. Glencore's cash and cash equivalents are placed overnight with a diverse group of highly credit rated financial institutions. Credit risk with respect to receivables and advances is mitigated by the large number of customers comprising Glencore's customer base, their diversity across various industries and geographical areas, as well as Glencore's policy to mitigate these risks through letters of credit, netting, collateral and insurance arrangements where appropriate. Additionally, it is Glencore's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable offsetting of balances due to/from a common counterparty in the event of default by the counterparty. Glencore actively and continuously monitors the credit quality of its counterparties through internal reviews and a credit scoring process, which includes, where available, public credit ratings. Balances with counterparties not having a public investment grade or equivalent internal rating are typically enhanced to investment grade through the extensive use of credit enhancement products, such as letters of credit or insurance products. Glencore has a diverse customer base, with no customer representing more than 3% (2011: 3%) of its trade receivables (on a gross basis taking into account credit enhancements) or accounting for more than 2% of its revenues over the year ended 2012 (2011: 2%).

The maximum exposure to credit risk, without considering netting agreements or without taking account of any collateral held or other credit enhancements, is equal to the carrying amount of Glencore's financial assets plus the guarantees to third parties and Associates (see note 29).

Performance risk

Performance risk arises from the possibility that counterparties may not be willing or able to meet their future contractual physical sale or purchase obligations to/from Glencore. Glencore undertakes the assessment, monitoring and reporting of performance risk within its overall credit management process. Glencore's market breadth, diversified supplier and customer base as well as the standard pricing mechanism in the majority of Glencore's commodity portfolio which does not fix prices beyond three months, with the main exceptions being coal and cotton where longer term fixed price contracts are common, ensure that performance risk is adequately mitigated. The commodity industry has trended towards shorter fixed price contract periods, in part to mitigate against such potential performance risk, but also due to the development of more transparent and liquid spot markets, e.g. coal and iron ore and associated derivative products and indexes.

Liquidity risk

Liquidity risk is the risk that Glencore is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents through the availability of adequate committed funding facilities. Glencore has set itself an internal minimum liquidity target to maintain at all times, available committed undrawn credit facilities of $ 3 billion (2011: $ 3 billion). Glencore's credit profile, diversified funding sources and committed credit facilities, ensure that sufficient liquid funds are maintained to meet its liquidity requirements. As part of its liquidity management, Glencore closely monitors and plans for its future capital expenditure and proposed investments, as well as credit facility refinancing/extension requirements, well ahead of time.

Certain borrowing arrangements require compliance with specific financial covenants related to working capital, minimum current ratio and a maximum long term debt to tangible net worth ratio. During the period, the Company has complied with these requirements.

As at 31 December 2012, Glencore had available committed undrawn credit facilities, cash and marketable securities amounting to $ 9,018 million (2011: $ 6,831 million). The maturity profile of Glencore's financial liabilities based on the contractual terms is as follows:

2012 US $ million	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 year	Total
Borrowings	4 680	2 757	2 312	9 279	16 498	35 526
Expected future interest payments	417	684	662	927	1 067	3 757
Viterra assets acquirer loans	0	0	0	0	2 580	2 580
Accounts payable	0	0	0	0	23 501	23 501
Other financial liabilities	0	0	0	0	3 388	3 388
Total	**5 097**	**3 441**	**2 974**	**10 206**	**47 034**	**68 752**
Current assets					54 059	54 059

2011 US $ million	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 year	Total
Borrowings	3 285	2 178	9 985	4 396	8 224	28 068
Expected future interest payments	270	547	768	849	942	3 376
Accounts payable	0	0	0	0	18 136	18 136
Other financial liabilities	0	820	39	394	3 551	4 804
Total	**3 555**	**3 545**	**10 792**	**5 639**	**30 853**	**54 384**
Current assets					45 731	45 731

26. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The following table presents the carrying values and fair values of Glencore's financial instruments. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidated sale. Where available, market values have been used to determine fair values. When market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest and exchange rates. The estimated fair values have been determined using market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that Glencore could realise in the normal course of business.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate to the fair values. In the case of $ 35,526 million (2011: $ 28,029 million) of borrowings, the fair value at 31 December 2012 is $ 36,371 million (2011: $ 28,247 million).

2012 US $ million	Carrying value[1]	Available for sale	FVtPL[2]	Total
Assets				
Other investments[3]	0	840	749	1 589
Advances and loans	3 758	0	0	3 758
Accounts receivable	24 882	0	0	24 882
Other financial assets	0	0	2 650	2 650
Cash and cash equivalents and marketable securities	0	0	2 820	2 820
Total financial assets	**28 640**	**840**	**6 219**	**35 699**
Liabilities				
Borrowings	35 526	0	0	35 526
Viterra asset acquirer loans	2 580	0	0	2 580
Accounts payable	23 501	0	0	23 501
Other financial liabilities	0	0	3 388	3 388
Total financial liabilities	**61 607**	**0**	**3 388**	**64 995**

[1] Carrying value comprises investments, loans, accounts receivable, accounts payable and other liabilities measured at amortised cost.
[2] FVtPL – Fair value through profit and loss – held for trading.
[3] Other investments of $ 1,414 million are classified as Level 1 with the remaining balance of $ 175 million classified as Level 3. The change in the Level 3 other investments is a result of purchases made during the year.

2011 US $ million	Carrying value[1]	Available for sale	FVtPL[2]	Total
Assets				
Other investments[3]	0	842	705	1 547
Advances and loans	4 141	0	0	4 141
Accounts receivable	21 895	0	0	21 895
Other financial assets	0	0	5 065	5 065
Cash and cash equivalents and marketable securities	0	0	1 345	1 345
Total financial assets	**26 036**	**842**	**7 115**	**33 993**
Liabilities				
Borrowings	28 068	0	0	28 068
Accounts payable	18 160	0	0	18 160
Other financial liabilities	0	0	4 804	4 804
Total financial liabilities	**46 228**	**0**	**4 804**	**51 032**

[1] Carrying value comprises investments, loans, accounts receivable, accounts payable and other liabilities measured at amortised cost.
[2] FVtPL – Fair value through profit and loss – held for trading.
[3] Other investments of $ 1,429 million are classified as Level 1 with the remaining balance of $ 118 million classified as Level 3.

The following tables show the fair values of the derivative financial instruments including trade related financial and physical forward purchase and sale commitments by type of contract as at 31 December 2012 and 2011. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. Glencore classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

Level 1 unadjusted quoted inputs in active markets for identical assets or liabilities; or
Level 2 inputs other than quoted inputs included in Level 1 that are directly or indirectly observable in the market; or
Level 3 unobservable market inputs or observable but can not be market corroborated, requiring Glencore to make market based assumptions.

Level 1 classifications primarily include futures with a tenor of less than one year and options that are exchange traded. Level 2 classifications primarily include futures with a tenor greater than one year, over the counter options, swaps and physical forward transactions which derive their fair value primarily from exchange quotes and readily observable broker quotes. Level 3 classifications primarily include physical forward transactions which derive their fair value predominately from models that use broker quotes and applicable market based estimates surrounding location, quality and credit differentials. In circumstances where Glencore cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

It is Glencore's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default by the counterparty.

Other financial assets

2012 US $ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	564	141	0	705
Options	27	0	4	31
Swaps	75	304	0	379
Physical forwards	12	778	485	1 275
Financial contracts				
Cross currency swaps	5	147	0	152
Foreign currency and interest rate contracts	63	45	0	108
Total	**746**	**1 415**	**489**	**2 650**

2011 US $ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	2 521	528	0	3 049
Options	50	0	0	50
Swaps	67	239	0	306
Physical forwards	0	1 015	458	1 473
Financial contracts				
Cross currency swaps	0	76	0	76
Foreign currency and interest rate contracts	61	50	0	111
Total	**2 699**	**1 908**	**458**	**5 065**

Other financial liabilities

2012 US $ million	Notes	Level 1	Level 2	Level 3	Total
Commodity related contracts					
Futures		712	283	0	995
Options		96	1	37	134
Swaps		25	267	0	292
Physical forwards		14	439	393	846
Financial contracts					
Cross currency swaps		0	633	0	633
Foreign currency and interest rate contracts		48	21	0	69
Put option over non controlling interest	24	0	0	419	419
Total		**895**	**1 644**	**849**	**3 388**

2011 US $ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	1 643	758	0	2 401
Options	61	51	25	137
Swaps	31	372	0	403
Physical forwards	0	590	416	1 006
Financial contracts				
Cross currency swaps	0	766	0	766
Foreign currency and interest rate contracts	76	15	0	91
Total	**1 811**	**2 552**	**441**	**4 804**

The following table shows the net changes in fair value of Level 3 other financial assets and other financial liabilities:

US $ million	Notes	Physical forwards	Options	Total Level 3
1 January 2011		**355**	**– 99**	**256**
Total gain/(loss) recognised in cost of goods sold		– 269	1	– 268
Realised		– 44	73	29
31 December 2011		**42**	**– 25**	**17**
1 January 2012		**42**	**– 25**	**17**
Total gain/(loss) recognised in cost of goods sold		10	– 33	– 23
Put option over non controlling interest	24	0	– 419	– 419
Realised		44	21	65
31 December 2012		**96**	**– 456**	**– 360**

27. AUDITORS' REMUNERATION

US $ million	2012	2011
Remuneration in respect of the audit of Glencore's consolidated financial statements	4	3
Other audit fees, primarily in respect of audits of accounts of subsidiaries	13	13
Total audit fees	**17**	**16**
Audit-related assurance services	2	2
Corporate finance services [1]	6	12
Taxation compliance services	3	2
Other taxation advisory services	2	1
Other services	2	1
Total non-audit fees	**15**	**18**
Total professional fees	**32**	**34**

[1] Included within corporate finance services for the year ended 31 December 2012 is $ 4 million (2011 – $ nil million) of professional fees related directly to the auditors role as Reporting Accountant in connection with the merger with Xstrata plc (see note 28). Within corporate finance services for the year ended 31 December 2011 is $ 9 million of professional fees related directly to the auditors role as Reporting Accountant in connection with the Listing.

28. FUTURE COMMITMENTS

Capital expenditure for the acquisition of property, plant and equipment is generally funded through the cash flow generated by the respective industrial entities. As at 31 December 2012, $ 756 million (2011: $ 884 million), of which 63% (2011: 92%) relates to expenditure to be incurred over the next year, was contractually committed for the acquisition of property, plant and equipment.

Certain of Glencore's exploration tenements and licenses require it to spend a minimum amount per year on development activities, a significant portion of which would have been incurred in the ordinary course of operations. As at 31 December 2012, $ 343 million (2011: $ 549 million) of such development expenditures are to be incurred, of which 41% (2011: 57%) are for commitments to be settled over the next year.

Glencore procures seagoing vessels/chartering services to meet its overall marketing objectives and commitments. At year end, Glencore has committed to future hire costs to meet future physical delivery and sale obligations and expectations of $ 1,419 million (2011: $ 2,171 million) of which $ 596 million (2011: $ 570 million) are with associated companies. 55% (2011: 50%) of the total charters are for services to be received over the next 2 years.

As part of Glencore's ordinary sourcing and procurement of physical commodities and other ordinary marketing obligations, the selling party may request that a financial institution act as either a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or b) the guarantor by way of issuing a bank guarantee accepting responsibility for Glencore's contractual obligations. As at 31 December 2012, $ 10,509 million (2011: $ 8,642 million) of such commitments have been issued on behalf of Glencore, which will generally be settled simultaneously with the payment for such commodity.

Glencore has entered into various operating leases mainly as lessee for office and warehouse/storage facilities. Rental expenses for these leases totalled respectively $ 99 million and $ 77 million for the years ended 31 December 2012 and 2011. Future net minimum lease payments under non cancellable operating leases are as follows:

US $ million	2012	2011
Within 1 year	110	76
Between 2 and 5 years	213	147
After 5 years	160	120
Total	**483**	**343**

Glencore has entered into finance leases for various plant and equipment items, primarily vessels and machinery. Future net minimum lease payments under finance leases together with the future finance charges are as follows:

	Undiscounted minimum lease payments		Present value of minimum lease payments	
US $ million	2012	2011	2012	2011
Within 1 year	62	50	48	39
Between 2 and 5 years	188	197	146	164
After 5 years	109	136	87	114
Total minimum lease payments	**359**	**383**	**281**	**317**
Less: amounts representing finance lease charges	78	66		
Present value of minimum lease payments	**281**	**317**	**281**	**317**

Future development and related commitments

Xstrata

On 7 February 2012, the Glencore Directors and the Independent Xstrata Directors announced that they had reached an agreement on the terms of a recommended all-share merger (the "Merger") between Glencore and Xstrata to create a unique $ 90 billion natural resources group. The final terms of the Merger provide Xstrata shareholders with 3.05 newly issued shares in Glencore for each Xstrata share held. The Merger, which received shareholder approval in November 2012, is to be effected by way of a court sanctioned scheme of arrangement of Xstrata under Part 26 of the UK Companies Act, pursuant to which Glencore will acquire the entire issued and to be issued ordinary share capital of Xstrata not already owned by the Glencore Group. Completion of the Merger remains conditional upon the receipt of the outstanding regulatory approval in China and completion of the Xstrata court process as further set out in the New Scheme Document in connection with the Merger published by Xstrata on 25 October 2012 and Glencore giving effect to the commitments required by the European Commission. Glencore will be required to repay the Xstrata secured bank loans (see note 19) prior to completion of the Merger. Costs of $ 58 million (included within other expense – net, see note 4) have been expensed to date.

Kansuki

In August 2010, Glencore acquired an ultimate 37.5% interest in the Kansuki concession (Kansuki), a 185 square kilometre copper and cobalt pre-development project which borders Glencore's partly owned Mutanda concession in the DRC. In exchange, Glencore has a) an obligation to finance the first $ 400 million of development related expenditures, b) the right to operate the operations and c) a life of mine off-take agreement for all copper and cobalt produced by Kansuki. In addition, one of the partners in Kansuki has the right to sell an additional 18.75% ultimate interest to Glencore at the then calculated equity value of the operation, at the earlier of the date the operation produces a minimum annual 70,000 tonnes of copper and August 2013. A total of $ 507 million of capital expenditure for mine and plant development has been committed of which $ 413 million has been spent. Exploration of the Kansuki concession is ongoing. Discussions with respect to a potential combination of the Mutanda and Kansuki operations are ongoing, with a view to ultimately obtaining a majority stake in the merged entity.

Prodeco

Prodeco currently exports the majority of its coal through Puerto Prodeco which operates under a private concession awarded by the Colombian government. This concession expired in March 2009, however the Colombian government has continued to grant Prodeco the right to use the port under annual lease agreements, currently expiring around the time of the expected commissioning of Puerto Nuevo in the first half of 2013 as discussed below. To comply with new government regulations on loading methods, which became effective from July 2010, Prodeco commenced construction of a new, wholly owned, port facility (Puerto Nuevo) which is estimated to cost $ 553 million and be commissioned over the first half of 2013. As at 31 December 2012, $ 449 million of the estimated initial investment has been incurred and $ 38 million has been contractually committed and is included in the capital expenditure commitments disclosure above.

SNEL power project

In early 2012, a joint programme with Société Nationale d'Electricité (SNEL), the DRC's national electricity utility, was signed. Glencore's operations will contribute $ 284 million to a major electricity infrastructure refurbishment programme of transmission and distribution systems. This will facilitate a progressive increase in power availability to 450 megawatts by the end of 2015. Funding started in the second quarter of 2012 and will continue until the end of 2015. As at 31 December 2012, $ 13 million has been advanced under this joint agreement.

Chad oil investments

In December 2012, Glencore signed a farm-in agreement (the "FIA") with Griffiths Energy International Inc. and its subsidiaries ("Griffiths") to acquire a 33.3% participating interest stake in each of Griffiths' three production sharing contracts in the Republic of Chad (the "PSCs"). In addition, under the terms of the FIA, Glencore will acquire a 25% participating interest in the Mangara and Badila Exclusive Exploitation Authorizations (the "EXA's") from Griffiths.

In consideration for the 33.3% participating interests in Mangara and Badila, in addition to its own share of expenditure, Glencore will fund $ 300 million of Griffiths' share of joint venture expenditures in the Mangara and Badila oil fields up to a maximum of $ 100 million per year, starting from 1 July 2012 ("Effective Date").

In consideration for the assignment of the participating interests in the PSC's, Glencore will pay Griffiths approximately $ 31 million on closing of the FIA, representing 33.3% of Griffiths' unrecoverable costs related to the three PSCs as of the Effective Date.

The above transaction is subject to approval by the Government of Chad and waiver of certain pre-emption rights.

Rosneft

On 21 December 2012, Glencore and Vitol agreed heads of terms for long term crude and oil products offtake contracts with Rosneft under which Rosneft will deliver up to 67 million metric tonnes of crude oil and oil products (by mutual agreement) over a period of 5 years split 70/30 between Glencore and Vitol. This long term supply contract was finalised and signed on 4 March 2013. Additionally, Glencore and Vitol will jointly arrange up to a $ 10 billion prepayment facility in favor of Rosneft, in which Glencore expects to hold a participation of up to $ 500 million alongside a broad syndicate of banks. The closing of such facility is expected by the end of Q1 2013.

29. CONTINGENT LIABILITIES

The amount of corporate guarantees in favour of associated and third parties as at 31 December 2012, was $ 46 million (2011: $ 53 million). Also see note 9.

Litigation

Certain legal actions, other claims and unresolved disputes are pending against Glencore. Whilst Glencore cannot predict the results of any litigation, it believes that it has meritorious defenses against those actions or claims. Glencore believes the likelihood of any material liability arising from these claims to be remote and that the liability, if any, resulting from any litigation will not have a material adverse effect on its consolidated income, financial position or cashflows.

Environmental contingencies

Glencore's operations, mainly those arising from the ownership in industrial investments, are subject to various environmental laws and regulations. Glencore is in material compliance with those laws and regulations. Glencore accrues for environmental contingencies when such contingencies are probable and reasonably estimable. Such accruals are adjusted as new information develops or circumstances change. Recoveries of environmental remediation costs from insurance companies and other parties are recorded as assets when the recoveries are virtually certain. At this time, Glencore is unaware of any material environmental incidents at its locations.

Bolivian constitution

In 2009 the Government of Bolivia enacted a new constitution. One of the principles of the constitution requires mining entities to form joint ventures with the government. Glencore, through its subsidiary Sinchi Wayra, has, in good faith, entered into negotiations with the Bolivian government regarding this requirement. Whilst progress was being made, in June 2012 the Government of Bolivia nationalised Sinchi Wayra's Colquiri mine. Sinchi Wayra continues to negotiate joint venture arrangements for its other mines along with restitution in respect of its nationalised mine, the final outcome and the timing thereof cannot be determined at this stage.

Tax audits

Glencore assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. Whilst Glencore believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

30. RELATED PARTY TRANSACTIONS

In the normal course of business, Glencore enters into various arm's length transactions with related parties (including Xstrata and Century), including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts, agency agreements and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash (see notes 10, 12, 15 and 23). There have been no guarantees provided or received for any related party receivables or payables.

All transactions between Glencore and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries and Associates. Glencore entered into the following transactions with its Associates:

US $ million	2012	2011
Sales	1 661	1 666
Purchases	– 10 244	– 10 414
Interest income	24	42
Interest expense	– 1	– 1
Agency income	95	69

Information on post employment benefits that are classified as funded defined benefit plans in accordance with IAS 19 is included in note 22. There were no further material transactions with the defined benefit plans.

Note 15 provides details of the acquisition of an 18.91% further stake in Kazzinc. The seller of that interest, JSC Verny Capital ("Verny"), is a substantial shareholder in Kazzinc, which is a subsidiary undertaking of Glencore. Accordingly, the acquisition from Verny constitutes a "related party transaction" for the purposes of the UK FSA Listing Rules. Due to the amount of the consideration payable by Glencore pursuant to the transaction (being the issue of 176,742,520 new ordinary shares in Glencore and the payment of $ 400 million in cash), the UK Listing Authority confirmed on 24 September 2012 that the transaction falls within the modified requirements for a "smaller related party transaction" set out in Listing Rule 11.1.10.

Remuneration of key management personnel

The remuneration of Directors and other members of key management personnel recognised in the statement of income including salaries and other current employee benefits amounted to $ 7 million (2011: $ 175 million). Immediately prior to the Listing, Glencore implemented a Restructuring whereby $ 6,130 million of PPS and HPPS amounts owing to the Directors and other members of key management personnel were settled in exchange for new ordinary shares (see note 15). Further details on remuneration of Directors is set out in the Directors' Remuneration report in section 3.4.

31. SUBSEQUENT EVENTS

On 26 February 2013, Glencore-controlled Kazzinc purchased an 89.5% interest in two gold deposits in northern Kazakhstan with combined resources of 75,727 tonnes of gold for $ 179 million. The transaction was accomplished via the purchase of Kazakh company Orion Minerals which owns subsoil rights at the Raigorodok field in the Akmola Region and the Komarovskoye field in the Kostanai region. Due to the timing of the transaction, management is in the preliminary stages of determining the nature of the operations, the associated values of the assets and liabilities acquired and the accounting for the acquisition. Accordingly, certain disclosures relating to the business combination such as the provisional fair value of the net assets acquired have not been presented.

32. LIST OF PRINCIPAL OPERATING, FINANCE AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

	Method of consolidation in 2012[1]	Country of incorporation	% interest 2012	% interest 2011	Main activity
Glencore International plc	P	Jersey			
Glencore International AG	F	Switzerland	100.0	100.0	Operating
Glencore AG	F	Switzerland	100.0	100.0	Operating
Allied Alumina Inc. (Sherwin)	F	United States	100.0	100.0	Alumina production
Century Aluminum Company[2]	E	United States	46.6	46.4	Aluminium production
Glencore Funding LLC	F	United States	100.0	100.0	Finance
Glencore UK Ltd	F	U.K.	100.0	100.0	Operating
Glencore Commodities Ltd	F	U.K.	100.0	100.0	Operating
Glencore Energy UK Ltd	F	U.K.	100.0	100.0	Operating
Glencore Group Funding Limited	F	UAE	100.0	100.0	Finance
Glencore Finance (Bermuda) Ltd	F	Bermuda	100.0	100.0	Finance
AR Zinc Group	F	Argentina	100.0	100.0	Zinc/Lead production
Perkoa Group	F	Burkina Faso	55.7	55.7	Zinc development
Empresa Minera Los Quenuales S.A.	F	Peru	97.6	97.5	Zinc/Lead production
Glencore Exploration (EG) Ltd.	F	Bermuda	100.0	100.0	Oil production
Glencore Finance (Europe) S.A.	F	Luxembourg	100.0	100.0	Finance
Kansuki Group	E	DRC	37.5	37.5	Copper production
Minera Altos de Punitaqui	F	Chile	100.0	100.0	Copper production
Mopani Copper Mines plc	F	Zambia	73.1	73.1	Copper production
Mutanda Group	F	DRC	60.0	40.0	Copper production
Prodeco Group	F	Colombia	100.0	100.0	Coal production
Recylex S.A.	E	France	32.2	32.2	Zinc/Lead production
Rosh Pinah Zinc Corporation	F	Namibia	80.1	0.0	Zinc/Lead production
Sinchi Wayra Group	F	Bolivia	100.0	100.0	Zinc/Tin production
United Company Rusal Limited	O	Jersey	8.8	8.8	Aluminium production
Finges Investment B.V.	F	Netherlands	100.0	100.0	Finance
Biopetrol Industries AG[3]	F	Switzerland	67.5	60.3	Biodiesel production
Glencore Grain B.V.	F	Netherlands	100.0	100.0	Operating
Nyrstar N.V.	O	Belgium	7.8	7.8	Zinc/Lead production
Optimum Coal Holdings Limited	F	South Africa	67.0	31.2	Coal production
Pannon Vegetable Oil Manufacturing	F	Hungary	100.0	100.0	Vegetable oil production
Rio Vermelho	F	Brazil	100.0	100.0	Sugar cane/ethanol production
Sable Zinc Kabwe Limited	F	Zambia	100.0	100.0	Copper production
Umcebo Mining (Pty) Ltd[4]	F	South Africa	43.7	43.7	Coal production
Usti Oilseed Group	F	Czech Republic	100.0	100.0	Edible oil production
Xstrata plc	E	U.K.	34.2	34.5	Diversified production
Zaklady Tluszczowe w Bodaczowie	F	Poland	99.9	90.7	Edible oil production
Chemoil Energy Limited[5]	F	Hong Kong	89.2	51.5	Oil storage and bunkering
Cobar Group	F	Australia	100.0	100.0	Copper production
Glencore Manganese Group	F	France/Norway	100.0	0.0	Manganese furnace
Glencore Singapore Pte Ltd	F	Singapore	100.0	100.0	Operating
Kazzinc Ltd.	F	Kazakhstan	69.6	50.7	Zinc/Lead/Copper production
Vasilkovskoye Gold	F	Kazakhstan	100.0	100.0	Gold production

[1] P = Parent; F = Full consolidation; E = Equity method; O = Other investment
[2] Represents Glencore's economic interest in Century, comprising 41.8% (2011: 41.6%) voting interest and 4.8% (2011: 4.8%) non voting interest.
[3] Publicly traded on the Frankfurt Stock Exchange under the symbol A0HNQ5. Glencore owns 52,329,946 shares.
[4] Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Umcebo as a result of shareholder agreements which provide Glencore the ability to control the Board of Directors.
[5] Publicly traded on the Singapore Exchange under the symbol CHEL.SI. Glencore owns 1,150,933,594 shares.

	Method of consolidation in 2012	Country of incorporation	% interest 2012	% interest 2011	Main activity
Katanga Mining Limited[6]	F	Canada	75.2	75.2	Copper production
Murrin Murrin Group	F	Australia	100.0	100.0	Nickel production
Correcta Industria e Comercio Ltdo.	F	Brazil	100.0	100.0	Wheat flour milling
Moreno Group	F	Argentina	100.0	100.0	Edible oils production
Pacorini Group	F	Switzerland	100.0	100.0	Metals warehousing
Pasar Group	F	Philippines	78.2	78.2	Copper production
Polymet Mining Corp.	E	Canada	25.7	24.1	Copper production
Portovesme S.r.L.	F	Italy	100.0	100.0	Zinc/Lead production
Renova S.A.	E	Argentina	33.3	33.5	Vegetable oil production
Russneft Group (various companies)[7]	O	Russia	40.0–49.0	40.0–49.0	Oil production
Shanduka Coal (Pty) Ltd[8]	F	South Africa	49.9	70.0	Coal production
ST Shipping & Transport Pte Ltd	F	Singapore	100.0	100.0	Operating
Topley Corporation	F	B.V.I.	100.0	100.0	Ship owner
Viterra Group	F	Canada	100.0	0.0	Grain handling
Volcan Compania Minera S.A.A.	O	Peru	7.3	6.9	Zinc production

[6] Publicly traded on the Toronto Stock Exchange under the symbol KAT.TO. Glencore owns 1,433,702,634 shares.
[7] Although Glencore holds more than 20% of the voting rights, it has limited management influence and thus does not exercise significant influence.
[8] Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Shanduka as a result of shareholder agreements.

Murrin Murrin, Australia

ADDITIONAL INFORMATION

5 | Additional information

5.1 | Glossary

AVAILABLE COMMITTED LIQUIDITY

US $ million	2012	2011
Cash and cash equivalents and marketable securities	2 820	1 345
Headline committed syndicated revolving credit facilities	12 805	11 905
Amount drawn under syndicated revolving credit facilities	– 5 881	– 5 907
Amount drawn under U.S. commercial paper program	– 726	– 512
Total	**9 018**	**6 831**

ADJUSTED CURRENT RATIO

Current assets over current liabilities, both adjusted to exclude other financial liabilities.

ADJUSTED EBIT/EBITDA

US $ million	2012	2011
Revenue	214 436	186 152
Cost of goods sold	– 210 435	– 181 938
Selling and administrative expenses	– 997	– 857
Share of income from associates and jointly controlled entities	367	1 972
Share of Associates' exceptional items	875	45
Dividend income	17	24
Mark to market valuation of certain natural gas forward contracts	123	0
Unrealised intergroup profit elimination adjustments	84	0
Adjusted EBIT	**4 470**	**5 398**
Depreciation and amortisation	1 473	1 066
Adjusted EBITDA	**5 943**	**6 464**

CURRENT CAPITAL EMPLOYED

Current capital employed is current assets, presented before assets held for sale, less accounts payable, deferred income, provisions, other financial liabilities and income tax payable.

COPPER EQUIVALENT

Glencore has adopted a copper equivalent measure to assist in analysing and evaluating across its varied commodity portfolio. The copper equivalent measure is determined by multiplying the volumes of the respective commodity produced or marketed by the ratio of the respective commodity's average price over the average copper price in the prevailing period.

READILY MARKETABLE INVENTORIES

Readily marketable inventories are readily convertible into cash due to their very liquid nature, widely available markets and the fact that the price risk is or could be covered either by a physical sale transaction or hedge transaction on a commodity exchange or with a highly rated counterparty.

5.2 | Shareholder information

Glencore International plc is registered in Jersey, with headquarters in Switzerland and operations around the world.

Headquarters	Baarermattstrasse 3 P.O. Box 777 CH-6341 Baar Switzerland
Registered Office	Queensway House Hilgrove Street St Helier Jersey JE1 1ES

The Company has a primary quote on the London Stock Exchange (LSE) and a secondary quote on the Hong Kong Stock Exchange (HKEx).

London Stock Exchange (LSE)	Hong Kong Stock Exchange (HKEx)
Reuters Code: GLEN.L	Reuters Code: 0805.HK
Bloomberg Code: GLEN LN	Bloomberg Code: 805
ISIN: JE00B4T3BW64	ISIN: JE00B4T3BW64
Sedol Number: LON B4T3BW6	Sedol Number: XHKG B3NFYS8

Share registrar	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier, Jersey JE1 1ES Channel Islands Tel.: +44 (0) 870 707 4040 Computershare Hong Kong Investor Services Limited Hopewell Centre 46th Floor 183 Queen's Road East Wan Chai Hong Kong Tel.: +852 2862 8628
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Forward looking statements

This document contains statements that are, or may be deemed to be, "forward looking statements". These forward looking statements may be identified by the use of forward looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "will", "could", or "should" or in each case, their negative or other variations thereon or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts and include, but are not limited to, statements regarding Glencore's beliefs, opinions or current expectations concerning, among other things, the business, financial condition, results of operations, prospects, strategies and plans of Glencore.

By their nature, forward looking statements involve known and unknown risks and uncertainties, many of which are beyond Glencore'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 under "Principal risks and uncertainties" in section 1.7 of this document.

No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing Glencore. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward looking statements.

Forward looking statements speak only as of the date of this document. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited), Glencore is not under any obligation and Glencore and its affiliates expressly disclaim any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

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