GLENCORE

GLENCORE PLC

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NEWS RELEASE

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Half-Year Production Report 2020

Glencore Chief Executive Officer, Ivan Glasenberg:

"Glencore has delivered an overall strong first-half operating performance amid the unprecedented challenges presented by Covid-19, reflecting both the ability and dedication of our teams to adapt to these difficult conditions. As a responsible operator, our top priority has been to protect the health and safety of our people and the communities that host our businesses.

"Although some of our industrial operations were temporarily suspended in line with national and regional guidance, or where our risk assessment determined a suspension was appropriate, the majority of our assets continued to operate relatively normally. I am particularly pleased to report a strong operational performance at Katanga, with its ramp-up on track to achieve design capacity by the end of the year.

"Our Marketing business has also risen to the challenge, delivering robust counter-cyclical earnings. A very strong first-half performance allows us to now raise our full year 2020 EBIT expectations to the top end of our $2.2-$3.2 billion guidance range.

"In the near-term, we remain alert to the continuing challenges that Covid-19 presents. While we expect our operating cash flow to remain solid, we are ready to adapt to changing market conditions."

Production from own sources – Total[1]

		H1 2020	H1 2019	Change %
Copper	kt	588.1	663.0	(11)
Cobalt	kt	14.3	21.3	(33)
Zinc	kt	550.1	535.9	3
Lead	kt	127.9	147.5	(13)
Nickel	kt	55.2	55.4	–
Gold	koz	385	423	(9)
Silver	koz	14,185	15,490	(8)
Ferrochrome	kt	466	799	(42)
Coal - coking	*mt*	*3.7*	*4.3*	*(14)*
Coal - semi-soft	*mt*	*2.6*	*3.3*	*(21)*
Coal - thermal	*mt*	*51.8*	*60.6*	*(15)*
Coal	mt	58.1	68.2	(15)
Oil (entitlement interest basis)	kbbl	2,612	2,240	17

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except as stated later in this report.

Highlights
continued

Realised prices

US$ million	Realised ¢/lb	$/t	LME (average 6 months) $/t	Difference %
Copper	239	5,269	5,502	(4)
Zinc	94	2,072	2,049	1
Nickel	566	12,477	12,477	–

Realised prices differ from LME benchmarks, reflecting provisional pricing adjustments, commercial terms / qualities, etc.

The average spot Newcastle coal price for the period was $62/t. After applying a portfolio mix adjustment (component of our regular coal cash flow modelling guidance) of $1.70/t to reflect, amongst other factors, movements in pricing of non-NEWC quality coals, an average price of $60.30/t was realised across all coal sales volumes.

Highlights
continued

Covid-19 situation – update report

While the majority of our assets continued to operate through Q2 with minimal disruption, certain operations were temporarily suspended, on account of mandatory governmental lockdown provisions, or otherwise where a risk assessment determined such action appropriate. The curtailed operations have mostly restarted as follows:

Jurisdiction	Asset	Commodity	Date suspended	Date restarted	Comment
Canada (Quebec)	**Raglan**	**Nickel**	**Late March**	**Late April**	**Expect to make up the majority of lost tonnes over the balance of 2020**
Canada (Quebec)	**Matagami**	**Zinc**	**Late March**	**Late April**	**Production restarted in line with historical levels**
Chad	**Oilfields**	**Oil**	**April**	**Currently on care and maintenance**	**See "Operational update" below**
Colombia	**Cerrejon JV**	**Coal**	**Late March**	**Early May**	**Limited restart in May. FY 2020 attributable production expected in the 6.5-7.0mt range (2019: 8.6mt)**
Colombia	**Prodeco**	**Coal**	**Late March**	**Currently on care and maintenance**	**See "Operational update" below**
DRC	**Katanga**	**Copper/cobalt**	**n.a**	**n.a.**	**No material production disruption; acid plant commissioning delayed to H2 2020**
New Caledonia	**Koniambo**	**Nickel**	**n.a.**	**n.a.**	**Delays to planned maintenance from restrictions impacting availability of key maintenance teams. Will be operated as a single-line operation for the balance of 2020**
Peru	Antamina JV	Copper/zinc	Mid April	Late May	Operations restarted with a reduced workforce; expect a phased ramp-up through H2
South Africa	Ferroalloys	Chrome and vanadium	Late March	Early May	See "Operational update" below
South Africa	SA Coal	Coal	n.a.	n.a.	Major complexes operated relatively normally throughout the SA lockdown
South Africa	Astron Energy	Oil refining	Late March	Operations suspended	Post delayed turnaround, refinery restart disrupted by an incident requiring major repair and remediation. Fuel marketing and distribution operations unaffected throughout, although underlying demand has been weaker
Zambia	Mopani	Copper	n.a.	n.a.	See "Operational update" below

Marketing update

Marketing performance in H1 2020 was very strong, with full year EBIT expectations now raised to the top end of our long-term $2.2-$3.2 billion range. Contributing towards H1 2020's EBIT performance was a sizeable increase in carried inventory ("Carry Trades") transactions / quantities (although the overall dollar value of inventories was somewhat lower than December 2019, due to lower commodity prices) and also a build in non-RMI net working capital on account of the varying terms of trade in our respective business units. In particular, our oil department, which in recent years has managed its receivables portfolio days on hand to around 20 days and accounts payable around 45 days, saw a significant reduction in its net payables position (payables less receivables) via the sharp reduction in oil prices, as well as lower sales volumes due to weaker product demand in H1 2020. Together with the initial cash margining required to give effect to the additional Carry Trades, this has led to an increase in our Net Debt as at 30 June 2020.

Operational update

Mopani notified the Zambian government of its intention to place the mining operations on care and maintenance to preserve value and maintain the option to deliver its various growth projects when conditions further improve. Mopani was notified by the relevant authorities that its proposal was rejected. Mopani has appealed this decision. Mining operations will continue pending the outcome of the appeal and Mopani continues to engage with the relevant authorities.

The outlook for Prodeco's business remains challenging due to ongoing weakness in the Atlantic coal market, exacerbated by the impact of Covid-19. Prodeco is in the process of optimising its mine plans to account for the current market environment. This process requires consultation and approval by a number of external parties. An application has been made to the authorities for Prodeco to remain on care and maintenance, which will help preserve the value of the assets and the option to implement the revised plans when the appropriate approvals have been obtained and market conditions have improved.

Due to Covid-19 related disruptions to international mobility, transportation and supply chains, the Chad oil fields were placed on care and maintenance in April. These disruptions and prevailing market conditions are being monitored to determine when some restart of operations would be appropriate.

The Ferroalloys business has for some time experienced a structurally worsening competitive environment across the South African ferrochrome industry, including via substantial electricity price increases. In January 2020, a consultation process was initiated on the future of the Rustenburg smelter, and in June 2020, a further process commenced across the entire business, to seek a more competitive operating cost structure. This is an ongoing process with all alternatives being considered.

Production guidance and updated cost outlook

Full year 2020 production guidance, including accounting for the latest expected business interruptions due to Covid-19 noted above, is set out below, with further remarks on page 19.

		Q1 2020	Q2 2020	**Actual H1 2020**	ROY 2020	**Current guidance 2020**	Previous guidance 2020
Copper	kt	293	295	**588**	667 ± 35	**1,255 ± 35**	1,255 ± 45
Cobalt	kt	6	8	**14**	14 ± 2	**28 ± 2**	28 ± 2
Zinc	kt	296	255	**550**	610 ± 30	**1,160 ± 30**(1)	1,160 ± 30
Nickel	kt	28	27	**55**	59 ± 4	**114 ± 4**	122 ± 5
Ferrochrome	kt	388	78	**466**	534 ± 25	**1,000 ± 25**	1,000 ± 25
Coal	mt	32	26	**58**	56 ± 3	**114 ± 3**	132 ± 3

1 Excludes Volcan

Industrial Assets unit cost guidance updated for changes to production and current producer currency levels, energy costs and by-product pricing, is as follows:

		Actual FY 2019	Previous guidance 2020	**Current guidance 2020**	FYE 2020 split H1	FYE 2020 split H2
Copper	c/lb	**148**	105	**106**(1)	109	104
Zinc – excl. gold credit	*c/lb*	***47***	*58*	***48***(2)	*64*	*32*
Zinc	c/lb	**13**	14	**5**(2)	28	(20)
Nickel – excl. Koniambo	*c/lb*	***277***	*240*	***257***	*230*	*281*
Nickel	c/lb	**398**	382	**413**	395	437
Coal	$/t	**45**	42	**46**	46	47

1 Copper unit cost guidance excludes costs associated with non-operating or significantly curtailed assets, including those on care and maintenance. In this regard, an estimated combined approximately $350 million of net operating costs is expected to be incurred in relation to Mopani, Mutanda, Alumbrera and Polymet in 2020.
2 Excludes Volcan.

H1 production highlights

Own sourced copper production of 588,100 tonnes was 74,900 tonnes (11%) lower than H1 2019, mainly reflecting Mutanda being on care and maintenance in the current period, expected lower grades at Antapaccay and the short-term impact of Antamina's Covid-19 related demobilisation/remobilisation, partly offset by stronger milling throughput at Collahuasi.

Own sourced zinc production of 550,100 tonnes was in line with H1 2019, reflecting stronger grades at the Canadian mines and the various temporary Covid-19 related suspensions at Antamina and other South American operations.

Own sourced nickel production of 55,200 tonnes was in line with H1 2019, reflecting a strong period of operations at Murrin offsetting the delayed delivery of matte from the Sudbury smelter to the Nikkelverk refinery.

Attributable ferrochrome production of 466,000 tonnes was 333,000 tonnes (42%) lower than H1 2019, mainly reflecting the South African Covid-19 national lockdown during March/April. Smelting operations partly resumed on 1 May, with further capacity expected to be restarted towards the end of Q3.

Coal production of 58.1 million tonnes was 10.1 million tonnes (15%) lower than H1 2019, mainly reflecting the Covid-19 related asset suspensions in Colombia.

Entitlement interest production of 2.6 million barrels was 0.4 million barrels (17%) higher than H1 2019, due to new wells drilled in Equatorial Guinea and Cameroon, which helped to offset the Covid-19 related suspension of the Chad assets.

To view the full report please click

www.glencore.com/dam/jcr:73768468-8e04-4bcf-ae43-f16844720672/GLEN_2020-HY_ProductionReport.pdf

https://senspdf.jse.co.za/documents/2020/JSE/ISSE/GLN/H1PrRep20.pdf

Highlights
continued

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Notes for Editors

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 60 responsibly-sourced commodities that advance everyday life. The Group's operations comprise around 150 mining and metallurgical sites and oil production assets.

With a strong footprint in over 35 countries in both established and emerging regions for natural resources, Glencore's industrial activities are supported by a global network of more than 30 marketing offices.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, battery manufacturing and oil sectors. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 160,000 people, including contractors.

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

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