

UPDATED STATEMENT BY GLENCORE AND KATANGA TO THE
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Background

In June 2007, Glencore acquired an interest in Nikanor Plc (Nikanor). Nikanor was a publicly listed company on the Alternative Investment Market (AIM) in London. Glencore's shareholding in Nikanor prior to the merger with Katanga Mining Limited (Katanga) was an equity interest of 13.88%.

In January 2008, Nikanor and Katanga merged. The merger resulted in Glencore's 13.88% equity stake in Nikanor being converted into an 8.52% stake in the combined group.

The main operating company of Nikanor in the Democratic Republic of Congo (DRC) was DRC Copper and Cobalt Project (DCP) and the main operating company of Katanga was Kamoto Copper Company (KCC). Gécamines, the state owned mining company, owned 25% in KCC and DCP. At the time of the merger, DCP owned various exploitation permits and mining rights in the DRC which had been transferred to DCP in February 2006. KCC was created in 2005 and leased exploitation permits and mining rights from Gécamines pursuant to a joint venture agreement concluded in February 2004.

Joint Venture Agreement

In late 2007, Katanga commenced negotiations with Gécamines, the state owned mining company, regarding consolidating DCP into the KCC joint venture.

In February 2008, Katanga reached an agreement with Gécamines regarding the transfer of certain exploitation permits and mining rights from Gécamines to KCC, a subsidiary of Katanga. The February 2008 agreement provided for the payment of a *Pas De Porte* (access premium) to Gécamines which was to be calculated based on the reserves of copper of KCC identified in a feasibility study. Katanga announced in February 2008 that the amount payable pursuant to the agreed principle was approximately USD 135 million. Katanga also agreed to release significant copper and cobalt reserves to Gécamines with an estimated value of USD 825 million. Gécamines agreed to contribute replacement reserves or to pay compensation to Katanga if it was unable to replace such reserves.

Katanga thereafter commenced negotiations with Gécamines to implement the February 2008 agreement. The Katanga board resolved in June 2008 to mandate Mr

Gertler, who had a significant interest in Katanga, to negotiate with the DRC authorities on the basis of the February 2008 agreement. In the course of negotiations, Gécamines and Katanga debated the extent of the reserves at KCC which were to be taken into account in calculating the *Pas De Porte* pursuant to the February 2008 agreement. During the negotiations, Gécamines put forward various positions regarding the *Pas De Porte* it believed was payable by KCC, including amounts of USD 585 million and USD 200 million. Katanga successfully maintained its position that the sum it had previously announced was essentially correct and reflected the principle agreed in February 2008 before Mr Gertler was mandated which was that the *Pas de Porte* should only apply to the exploitation permits and mining rights that were actually transferred to KCC. In July 2009, a joint venture agreement was concluded between Katanga and Gécamines which provided for the payment of a *Pas De Porte* of USD 140 million.

Financing

In November 2007 Glencore granted a convertible loan of USD 150 million to Katanga. In January 2009, during the financial crisis, Glencore agreed to increase the amount of the convertible loan to USD 265 million.

In February 2009, Glencore Finance (Bermuda) Ltd made a loan to Lora Enterprises Limited (Lora), an entity affiliated with Mr Gertler, which was effected through a transfer of a participation in the convertible loan facility which Glencore had provided to Katanga. The loan to Lora was made on commercial terms negotiated at arm's length. The loan benefited from an appropriate security package (including a pledge over the associated Katanga shares) in respect of which filings were made with relevant registrars. The loan was fully repaid by Lora in 2010.

In May 2009, Katanga announced a USD 250 million rights issue in which Glencore participated.

In June 2009, Glencore converted its convertible loan in Katanga and acquired a controlling interest in Katanga. Following the conversion of the convertible loan and the Katanga rights issue which completed in July 2009, Glencore held approximately 77.9% of Katanga.