

GLENCORE



KAZZINC

Glencore

Operational update

28 May 2020



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A large group of workers, mostly men, are gathered in a spacious industrial hall. They are wearing high-visibility yellow and blue safety vests, dark trousers, and hard hats. Some are holding tools or equipment. The hall has a high ceiling with numerous long fluorescent light fixtures. In the background, there are large windows and a wall with various notices and signs, including 'IN' and 'OUT' signs. A fire extinguisher is visible on the right side of the frame. The overall atmosphere is professional and organized.

Operational update

Responding to COVID-19

Our people

- The COVID-19 pandemic is an unprecedented challenge for all of us
- As a responsible operator, our top priority is to protect the safety and health of our people and the communities that host our businesses
- We have introduced a number of precautionary measures across our offices and industrial assets
 - Our goal is to operate only when we can keep our people safe and healthy, while safeguarding jobs and providing support to our local communities
 - Our teams are working closely with governments, health agencies and other key organisations to provide effective local solutions: to support these efforts we have allocated \$25 million to help our local communities



- Commodity markets have responded quickly to the sharp reduction in demand, with pricing for many commodities falling into the upper end of their respective cost curves
- The full impact of the demand shock has been tempered by COVID-19 related supply disruptions/reductions to date, with cumulative losses contributing to closing the gap on demand losses
- Low above ground inventories at the start of the year (relative to previous economic cycles) should help limit the extent of potential inventory build likely to be seen in copper, zinc and nickel

Global estimated industry supply impacts year to date⁽¹⁾

Estimated losses as a share of pre-COVID 2020 supply forecast

4% **Cu** Excluding smelting/refining and direct use scrap losses

6% **Zn**

5% **Ni**

6% **Thermal Coal**

6% **Met Coal**

5% **Mn ore**

11% **Cr ore**

11% **Cr alloy**

Our assets

- Glencore operates more than 180 sites and offices in over 35 countries
- The majority of our industrial assets continue to operate relatively normally, accounting for the various precautionary measures
- A number of operations have been temporarily suspended, where national/regional lockdowns or other circumstances have required

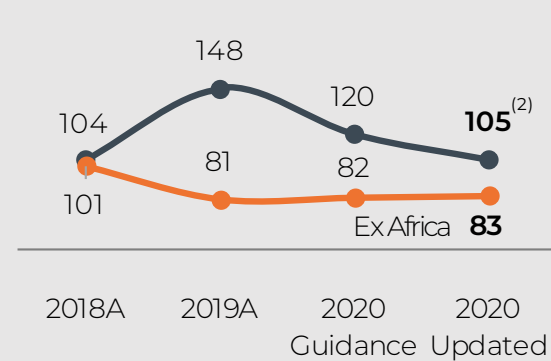
2020 production guidance revisions

		Previous guidance	Current ⁽¹⁾ Guidance	2020 weighting	
		2020	2020	H1	H2
Copper - excl. African Copper	kt	975 ± 25	975 ± 20	47%	53%
Copper - African Copper	kt	325 ± 25	280 ± 25	50%	50%
Copper	kt	1,300 ± 50	1,255 ± 45	48%	52%
Cobalt	kt	29 ± 4	28 ± 2	48%	52%
Zinc	kt	1,265 ± 30	1,160 ± 30	50%	50%
Nickel	kt	125 ± 5	122 ± 5	46%	54%
Ferrochrome	kt	1,340 ± 25	1,000 ± 25	47%	53%
Coal	mt	135 ± 4	132 ± 3 ²	47%	53%
Oil	mdbl	6.5 ± 0.2	Under review	n.a.	n.a.

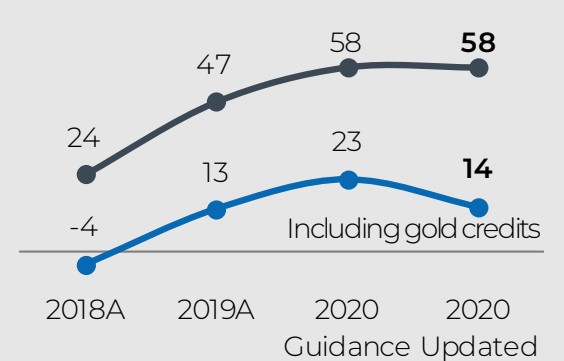
- **We have quickly moved to reposition the business for the changed macroeconomic environment**
- **Liquidity has been reinforced**
 - Refinancing and extension of our Revolving Credit Facilities on the same commercial terms as last year
 - Deferral of distribution decision to Q3 2020
- **Industrial asset capex has been cut**
 - Planned \$1 to \$1.5bn reduction (from \$5.5bn) from asset curtailments and associated capex savings, various deferrals and lower equivalent USD costs due to generally weaker producer currencies and lower input costs, particularly through oil price changes
- **Mine costs for key commodities have been reduced**
 - Focused cost control, lower energy costs, favourable FX and higher precious metal by-products underpin lower costs

Leading cost/margin positions in our key commodities⁽¹⁾

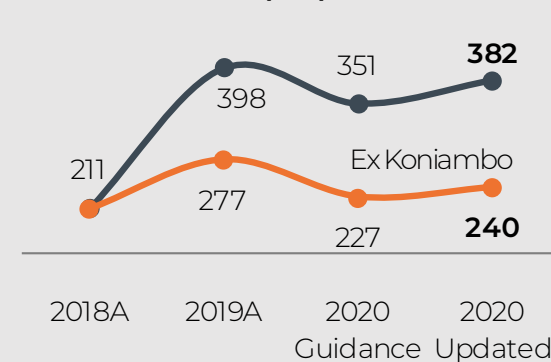
Copper mine costs (¢/lb)



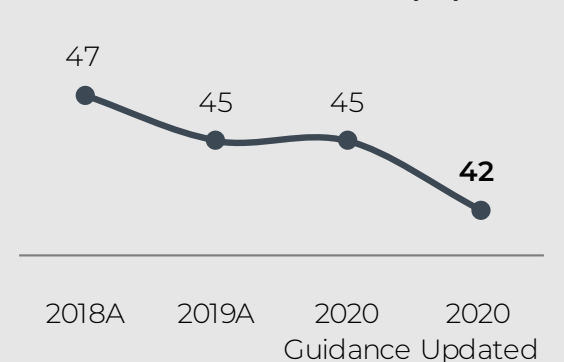
Zinc mine costs (¢/lb)



Nickel mine costs (¢/lb)



Thermal coal FOB cash costs (\$/t)



Well positioned to navigate the current challenges

- **Flexible business model that adapts quickly to changing conditions**
- **Unique combination of industrial assets and marketing**
 - Diversified portfolio of large-scale low-cost commodities that will underpin the energy and mobility transition and high quality thermal coal that provides access to affordable and reliable energy
 - Marketing business earnings resilience through the cycle
- **Resilient and flexible balance sheet, commitment to strong BBB/Baa rating**
- **Disciplined approach to value over volume**
- **Experienced management team focused on maximising value creation**