GLENCORE

NEWS RELEASE
Baar, 6 August 2020

2020 Half-Year Report

Highlights

Glencore's Chief Executive Officer, Ivan Glasenberg, commented:

"Every aspect of life in 2020 has been impacted by the Covid-19 crisis. Our teams have adapted to these difficult conditions and we are pleased to announce an overall strong financial performance from our various businesses, reflecting the countercyclical earnings power from our large scale Marketing activities, combined with a cash generative industrial asset base, which quickly adapted to the changed environment.

Marketing delivered a half-yearly record Adjusted EBIT performance of $2.0 billion, allowing us to raise full-year guidance to the top end of our long-term $2.2-3.2 billion range. There were consistently good contributions across the board, however oil in particular was able to capitalise on the presence of exceptional market conditions during the half.

Our Industrial activities faced numerous challenges, but for the most part were able to continue operating relatively normally. Unit costs are broadly stable (pre by-product credits), while capex is under close control. In the current economic environment, difficult decisions and actions have been considered for moving certain assets into extended care and maintenance to rebalance markets with oversupply risk and preserve the resources for a better market environment. Impairments of $3.2 billion (net of non-controlling interests and tax) were recognised.

The outlook remains uncertain in the short term. Notwithstanding our cash-generative business and secure liquidity positions, the Board has concluded that it would be inappropriate to make a distribution to shareholders in 2020, instead prioritising the acceleration of Net debt reduction to within our target range (<$16 billion), currently expected to occur by the end of 2020.

Over the longer term, our diversified commodity portfolio, positions us well to play a key role in the next upward economic cycle, benefiting in particular from the commodities required for the transition to a low-carbon economy. We remain focussed on creating sustainable long-term value for all stakeholders."

US$ million	**H1 2020**	H1 2019	Change %	2019
Key statement of income and cash flows highlights[1]:				
Net (loss)/income attributable to equity holders	(2,600)	226	n.m.	(404)
Adjusted EBITDA[◊]	4,833	5,582	(13)	11,601
Adjusted EBIT[◊]	1,472	2,229	(34)	4,151
(Loss)/earnings per share (Basic) (US$)	(0.20)	0.02	n.m.	(0.03)
Funds from operations (FFO)[2◊]	3,686	3,516	5	7,865
Cash generated by operating activities before working capital changes	4,317	5,409	(20)	10,346
Net purchase and sale of property, plant and equipment[2◊]	1,700	2,193	(22)	4,966

US$ million	**30.06.2020**	31.12.2019	Change %
Key financial position highlights:			
Total assets	111,952	124,076	(10)
Net funding[2,3◊]	36,361	34,366	6
Net debt[2,3◊]	19,695	17,556	12
Ratios:			
FFO to Net debt[2,3,4◊]	40.8%	44.8%	(9)
Net debt to Adjusted EBITDA[3,4◊]	1.81	1.51	20

1 Refer to basis of presentation on page 5.
2 Refer to page 9.
3 Includes $938 million (2019: $607 million) of Marketing related lease liabilities, excluding which, Net debt increased 11% period on period.
4 H1 2020 ratios based on last 12 months' FFO and Adjusted EBITDA, refer to APMs section for reconciliation.
◊ Adjusted measures referred to as Alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards; refer to APMs section on page 69 for definition and reconciliations and to note 3 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

Highlights
continued

H1 Marketing Adjusted EBIT of $2.0 billion; full year expectation revised to the top end of our long-term range

- Marketing Adjusted EBIT of $2.0 billion (H1 2019: $1.0 billion) reflected oil, in particular, benefiting from the volatile and structurally supportive marketing environment. Metals also contributed significantly, reflecting the relatively quick economic recovery in China
- Full year Adjusted EBIT guidance now expected at the top end of our long-term $2.2-3.2 billion range

Industrial Adjusted EBITDA, a solid $2.6 billion in a challenging operating environment

- Metals $2.2 billion (down 16%) and Energy $0.7 billion (down 65%). The majority of our assets operated relatively normally through the half-year, with the Energy assets disproportionately impacted by lower coal prices
- H1 unit costs were: Copper 109¢/lb, zinc 28¢/lb (64¢/lb ex-gold), nickel (ex Koniambo) 230¢/lb and thermal coal $46/t
- Full year estimated unit costs: Copper 106¢/lb, zinc 5¢/lb (48¢/lb ex-gold), nickel (ex Koniambo) 257¢/lb and thermal coal $46/t
- Current industrial metals' prices are substantially higher than H1 2020's averages; augurs well for an improved Metals' Industrial performance in H2
- H1 Industrial capex was $1.8 billion (H1 2019: $2.3 billion); full year expected around $4.0 billion (previous range of $4.0-4.5 billion)

Net loss attributable to equity holders of $2.6 billion

- Net loss includes impairments attributable to equity holders of $3.2 billion recognised during the period as a result of lower commodity prices related to the economic uncertainty arising from the Covid-19 pandemic (notably thermal coal, oil and zinc) and / or technical reassessments resulting in reduced life of mine or longer-term project realisation expectations
- Total comprehensive loss attributable to equity holders of $4.2 billion (2019: income of $0.4 billion) includes exchange losses on translation of foreign operations and negative mark-to-market movements on investments held at fair value

Net debt of $19.7 billion (including $0.9 billion of Marketing-related lease liabilities)

- Net debt to Adjusted EBITDA ratio of 1.81 times is within our <2x cap.
- Net debt currently above the upper end of our $10-$16 billion target range; given current healthy levels of operating cash flow before working capital changes, expect Net debt to be inside our target range by end of 2020 and down from the start of the year
- Available committed liquidity of $10.2 billion at 30 June 2020 (31 December 2019: $10.1 billion)

For further information please contact:

Investors			
Martin Fewings	t: +41 41 709 2880	m: +41 79 737 5642	martin.fewings@glencore.com
Maartje Collignon	t: +41 41 709 3269	m: +41 79 197 4202	maartje.collignon@glencore.com
Media			
Charles Watenphul	t: +41 41 709 2462	m: +41 79 904 3320	charles.watenphul@glencore.com

www.glencore.com

Glencore LEI: 2138002658CPO9NBH955

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.

Chief Executive Officer's Review

Operating safely and responsibly amid Covid-19

Glencore has delivered an overall strong first-half performance amid the challenges generated 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, safety and wellbeing 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.

Across the world, Covid-19's impact on our sector has been uneven. Key mining regions such as Australia and Canada were relatively unimpacted, while Peru, Chile and South Africa suffered significantly more disruption. Overall impacts on mine supply have grown incrementally since March and now represent a material offset to the demand shock created by the rapid lockdowns and corresponding collapse in global economic activity.

The sharp contractions in commodity prices in March/April were subsequently reversed by resurgent Chinese demand and the partial rebalancing of supply, but overall, average prices for our key commodities were lower year-on-year: copper -11%; API4 thermal coal -16%; Newcastle thermal coal -30%, zinc -25% and oil -36%. Safe haven commodities such as gold and silver finished the period 25% and 13% higher respectively, providing a favourable offset to our industrial asset mining unit costs. It should be noted that current industrial metals' prices are substantially higher than H1 2020's averages, which augurs well for an improved Metals' Industrial performance in the second half.

2020 Half-year financial scorecard

The strength of our unique business model, combining countercyclical earnings from our large scale marketing activities with a broadly diversified cash generative industrial asset base, helped to moderate the impacts of Covid-19 on our first-half performance. Adjusted EBITDA declined 13% to $4.8 billion. Due primarily to various impairments, Net loss attributable to equity holders was $2.6 billion in the current period, compared to a Net income of $226 million over the comparable period.

The targeted deployment of additional working capital (RMI and non-RMI) during this period of unprecedented market volatility, helped to increase Marketing's share of group EBITDA to 46% (2019: 19%). Marketing Adjusted EBIT increased 108% period-on-period to a record $2 billion half yearly result, which helped offset a large part of the impact of lower commodity prices and Covid-19 related production losses at our Industrial assets. Industrial Adjusted EBITDA declined 42% to $2.6 billion.

Marketing's first-half performance was underpinned by particularly supportive market conditions in oil, as well as a more normalised metals contribution, following last year's mainly non-cash cobalt mark-to-market losses. Marketing's very strong first-half result allows us to raise our full year 2020 Adjusted EBIT expectations to the top end of our $2.2-$3.2 billion long-term guidance range.

In our Industrial business, we previously highlighted the challenges faced at our ramp-up/development phase assets. In this regard, it is very pleasing to report an improving operational performance at Katanga over the last six months. Its ramp-up remains on track to achieve design capacity by year-end, with our copper team having achieved a c.$350 million turnaround in African Copper Adjusted EBITDA period-on-period from negative $319 million to $26 million. In Zambia, we have notified the government of our intention to place the Mopani mining operations on care and maintenance to help preserve the resource's value and maintain optionality for when conditions improve. While our proposal has been rejected, Mopani has appealed the decision and we continue to engage with the relevant authorities to identify solutions on the way forward. At Koniambo, Covid-19 related delays to the mobility of key technical teams, necessary for planned annual maintenance, has pushed back ramp-up. We now forecast that the operation will run on a single line basis through to the end of 2020.

Over H1 2020, our Net funding and Net debt increased by $2.0 billion and $2.1 billion respectively to $36.4 billion and $19.7 billion, which includes $1.8 billion of IFRS 16 lease liabilities. The major contributor to these increases were the significantly lower oil prices, which given the department's terms of trade, generated a greater reduction in accounts payable compared to accounts receivable during the period. Approximately $0.5 billion of additional initial margin calls was also required to be posted in support of hedging the Group's profitable carried inventory / storage transactions, while Marketing-related lease liabilities increased by $438 million. At an operational level, funds from operations of $3,686 million more than twice covered the $1,700 million of net capital expenditure during the period.

While period end Net debt to Adjusted EBITDA of 1.81x remains within our long-term through the cycle target of maximum 2x, due to the abovementioned oil working capital reset, we are currently above the upper end of our $10-$16 billion target range, excluding Marketing related leases of $0.9 billion. However given Glencore's current healthy levels of operating cash flow (evidenced by the H1 2020 FFO and c. $4.1 billion of illustrative annualised free cash flow generation at spot prices), we expect Net debt to be within our target range by the end of 2020, at a level below the start of the year. This should also see our Net debt/Adjusted EBITDA ratio return closer to 1.5x by year-end, compared to the 1.81x as at 30 June 2020.

Shareholder returns

In late March, our Board made its decision to defer consideration of a 2020 cash distribution, in order to strengthen the Group's capital structure, amid the extreme uncertainties presented by Covid-19. Notwithstanding the pleasing overall H1 2020 business performance, the Board has determined that no 2020 distribution will be made, in light of the continued uncertain pandemic / economic outlook, and as noted above, prioritising the acceleration of Net debt reduction to within our target range (<$16 billion), which is currently expected to occur by the end of 2020.

Chief Executive Officer's Review

continued

Corporate governance and sustainability

At Glencore, we are committed to operating in a responsible manner across all aspects of our business. The safety and security of our workforce is a priority recognised across all our operational activities. Sadly, in the year-to date, there have been six fatalities from five incidents at Glencore's managed operations. While this marks a period-on-period improvement, we remain determined to eliminate fatalities across the business. We are progressing a group-wide fatality reduction program to deliver the necessary step change in safety performance.

Progress on our ambition to fully integrate sustainability throughout our business is included in the publication of our 2019 Modern Slavery Statement, the release of our 2019 Sustainability report, as well as updated reports on Human Rights, Payments to Governments and Water.

Earlier this year, we provided an update on our commitments relating to the transition to a low-carbon economy. This included materially aligning our capital expenditure with the production of commodities essential to the energy and mobility transition. We are also one of the first major diversified miners to publish projections for our Scope 3 emissions, i.e. those arising from the sale and use of our own production. We forecast a 30% reduction in these emissions by 2035, which includes the natural depletion of our oil and coal resource base over time.

While the comprehensive measurement and inclusion of Scope 3 emissions has increasingly become the focus of assessing a business' carbon footprint, we recognise the importance of delivering continued emission reductions within our own operations. We will communicate our new longer-term Scope 1 and 2 emission reduction targets later this year.

In June we received notification from the Office of the Attorney General of Switzerland that it had opened a criminal investigation into Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption in the Democratic Republic of Congo. The Investigations Committee of the Board continues to oversee the Group's response to the investigations and our cooperation with the various investigating authorities.

Management changes and succession

The succession plans we outlined late last year have progressed, with the retirement of Daniel Mate at the end of July, after 32 years with Glencore. I look forward to working alongside the four recently appointed senior leadership executives across our zinc and nickel businesses, as we collectively nurture the next generation of talent and leadership at Glencore.

Outlook

The speed and size of the global policy response to tackle the impacts of Covid-19 is unprecedented. Fiscal support measures to date are estimated at more than 12% of GDP of the G20, while the major central banks have also responded with sizeable quantitative easing asset purchases and open-ended liquidity backstop facilities. Despite this unprecedented policy support, the outlook remains highly uncertain in the short-term, particularly from the risk of second wave infections in key economies. Our resilient, stress tested, diversified, cash-generative business leaves us well placed to navigate these challenges.

Over the longer-term, our broad commodity portfolio positions us well to play a key role in the next economic cycle, benefiting in particular from the commodities needed for the transition to a low-carbon economy. We remain focussed on creating sustainable long-term value for all our stakeholders.

Ivan Glasenberg

Chief Executive Officer

Financial and Operational Review

Basis of presentation

The financial information in the Financial and Operational Review is on a segmental measurement basis, including all references to revenue (see note 3) and has been prepared on the basis as outlined in note 2 of the condensed consolidated financial statements, with the exception of the accounting treatment applied to relevant material associates and joint ventures for which Glencore's attributable share of revenues and expenses are presented. In addition, the Peruvian listed Volcan, while a subsidiary of the Group, is accounted for under the equity method for internal reporting and analysis due to the relatively low economic interest (23%) held by the Group.

The Group's results are presented on an "adjusted" basis, using alternative performance measures (APMs) which are not defined or specified under the requirements of IFRS, but are derived from the financial statements, prepared in accordance with IFRS, reflecting how Glencore's management assess the performance of the Group. The APMs are provided in addition to IFRS measures to aid in the comparability of information between reporting periods and segments and to aid in the understanding of the activities taking place across the Group by adjusting for Significant items and by aggregating or disaggregating (notably in the case of relevant material associates and joint ventures accounted for on an equity basis) certain IFRS measures. APMs are also used to approximate the underlying operating cash flow generation of the operations (Adjusted EBITDA). Significant items (see reconciliation below) are items of income and expense, which, due to their nature and variable financial impact or the expected infrequency of the events giving rise to them, are separated for internal reporting, and analysis of Glencore's results, to aid in providing an understanding and comparative basis of the underlying financial performance.

Alternative performance measures are denoted by the symbol ◊ and are further defined and reconciled to the underlying IFRS measures in the APMs section on page 69.

Market conditions

Select average commodity prices

	H1 2020	H1 2019	Change %
S&P GSCI Industrial Metals Index	290	330	(12)
S&P GSCI Energy Index	133	203	(34)
LME (cash) copper price ($/t)	5,502	6,167	(11)
LME (cash) zinc price ($/t)	2,049	2,732	(25)
LME (cash) lead price ($/t)	1,763	1,960	(10)
LME (cash) nickel price ($/t)	12,477	12,318	1
Gold price ($/oz)	1,648	1,306	26
Silver price ($/oz)	17	15	13
Metal Bulletin cobalt standard grade, in-warehouse Rotterdam ($/lb)	16	17	(6)
Ferro-chrome 50% Cr import, CIF main Chinese ports, contained Cr (¢/lb)	70	81	(14)
Iron ore (Platts 62% CFR North China) price ($/DMT)	87	87	–
Coal API4 ($/t)	64	76	(16)
Coal Newcastle (6,000) ($/t)	62	88	(30)
Oil price – Brent ($/bbl)	42	66	(36)

Currency table

	Spot 30 June 2020	Spot 30 June 2019	**Average H1 2020**	Average H1 2019	Change in average %
AUD : USD	0.69	0.70	0.66	0.70	(6)
USD : CAD	1.36	1.31	1.36	1.33	2
USD : COP	3,758	3,211	3,697	3,189	16
EUR : USD	1.12	1.14	1.10	1.12	(2)
GBP : USD	1.23	1.27	1.27	1.30	(2)
USD : CHF	0.95	0.98	0.97	1.00	(3)
USD : KZT	406	381	406	379	7
USD : ZAR	17.35	14.09	16.67	14.20	17

Financial and Operational Review
continued

Financial results
Net income attributable to equity holders decreased from $226 million in H1 2019 to a loss of $2,600 million in H1 2020 and EPS decreased from $0.02 per share to negative $0.20 per share. Notwithstanding the stronger marketing performance, this was driven by lower average period-over-period commodity prices related to the economic uncertainty arising from the Covid-19 pandemic (notably thermal coal, oil and zinc) and impairment charges attributable to equity holders of $3,155 million recognised within our Colombian coal, Chad oil, African copper and Peruvian zinc portfolios, owing primarily to operations facing care and maintenance and / or a reassessment of life of mine and longer-term project realisation expectations.

Adjusted EBITDA was $4,833 million and Adjusted EBIT was $1,472 million in H1 2020, decreases of 13% and 34% respectively compared to H1 2019, though masking differing performances from Marketing and Industrial segments. The strength of our unique business model (combining large-scale marketing and industrial activities), with broad geographic and commodity diversification, proved its endurance during a period of extreme volatility and disruption. The Marketing activities segment increased its contribution to Group Adjusted EBITDA to 46% (2019: 19%) by delivering a record half-year Adjusted EBITDA of $2,215 million, an increase of 105% over the prior period, as it benefited from market volatility, dislocation and supportive pricing curve structures. Adjusted EBITDA from our Industrial activities segment was 42% lower at $2,618 million, predominantly impacted by lower commodity prices, and to a lesser extent, some production and cost impacts related to Covid-19 curtailments / constraints, partially offset by the strengthening U.S. dollar (on average) effect against many of our key producer country currencies, as noted in the tables above. Adjusted EBITDA mining margins were 26% (34%, excluding African Copper and Koniambo) in our metal operations and 22% in our energy operations, compared to 27% (39% excluding African Copper and Koniambo) and 40% respectively during H1 2019. See page 20.

Adjusted EBITDA/EBIT◊
Adjusted EBITDA by business segment is as follows:

	H1 2020			H1 2019			
US$ million	Marketing activities	Industrial activities	Adjusted EBITDA	Marketing activities	Industrial activities	Adjusted EBITDA	Change %
Metals and minerals	852	2,167	3,019	380	2,577	2,957	2
Energy products	1,399	742	2,141	740	2,135	2,875	(26)
Corporate and other[1]	(36)	(291)	(327)	(37)	(213)	(250)	31
Total	**2,215**	**2,618**	**4,833**	**1,083**	**4,499**	**5,582**	**(13)**

Adjusted EBIT by business segment is as follows:

	H1 2020			H1 2019			
US$ million	Marketing activities	Industrial activities	Adjusted EBIT	Marketing activities	Industrial activities	Adjusted EBIT	Change %
Metals and minerals	786	181	967	347	535	882	10
Energy products	1,265	(419)	846	659	947	1,606	(47)
Corporate and other[1]	(36)	(305)	(341)	(37)	(222)	(259)	32
Total	**2,015**	**(543)**	**1,472**	**969**	**1,260**	**2,229**	**(34)**

1 Corporate and other Marketing activities includes $118 million (2019: $13 million) of Glencore's equity accounted share of Glencore Agri.

Marketing activities
Marketing Adjusted EBITDA and EBIT increased by 105% and 108% to $2,215 million and $2,015 million respectively. As noted above, the scale and number of macro forces in H1 2020 (primarily Covid linked, but also OPEC+'s supply response deliberations, various geopolitical factors etc.), led to extreme levels of market volatility, amid rapidly and materially changing underlying supply and demand scenarios. This backdrop provided overall supportive physical commodity marketing conditions. Metals and minerals Adjusted EBIT was up 127%, or a more comparable 13%, adjusting for the $350 million of largely non-cash cobalt accounting losses recognised in the base period. Energy products Adjusted EBIT was up 92% over the comparable period, as exceptional price movements and dislocations across crude oil and refined products, combined with soaring demand for and prices of storage and logistics, enabled our oil department to deliver a record half-yearly performance. The contribution from our associate, Glencore Agri, was also substantially higher period over period.

Industrial activities
Industrial Adjusted EBITDA decreased by 42% to $2,618 million (Adjusted EBIT was negative $543 million, compared to $1,260 million in 2019). As noted above, the decrease was primarily driven by weaker average period-over-period commodity prices (notably copper, zinc, ferrochrome, coal and oil) and some generally Covid-19 induced production curtailments compared to prior period.

Financial and Operational Review
continued

Earnings

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

US$ million	H1 2020	H1 2019
Adjusted EBIT◊	1,472	2,229
Net finance and income tax expense in relevant material associates and joint ventures[1]	(167)	(152)
Proportionate adjustment Volcan[1]	(70)	(86)
Net finance costs	(794)	(862)
Income tax expense[2]	(18)	(210)
Non-controlling interests	402	384
Income attributable to equity holders of the Parent pre-significant items◊	**825**	**1,303**
Earnings per share (Basic) pre-significant items (US$)◊	0.06	0.09
Significant items◊		
Share of Associates' significant items[3]	(83)	(85)
Movement in unrealised inter-segment profit elimination[4]	(85)	504
Loss on disposals of non-current assets[5]	(5)	(19)
Other income/(expense) – net[6]	88	(122)
Impairments[7]	(5,531)	(888)
Income tax credit/(expense)[2]	675	(467)
Non-controlling interests' share of significant items[8]	1,516	–
Total significant items	**(3,425)**	**(1,077)**
(Loss)/income attributable to equity holders of the Parent	**(2,600)**	**226**
(Loss)/earnings per share (Basic) (US$)	(0.20)	0.02

1 Refer to note 3 of the interim financial statements and to APMs section for reconciliations.
2 Refer to other reconciliations section for the allocation of the total income tax expense between pre-significant and significant items.
3 Recognised within share of income from associates and joint ventures, see note 3 of the interim financial statements.
4 Recognised within cost of goods sold, see note 3 of the interim financial statements.
5 Refer to note 5 of the interim financial statements and to APMs section for reconciliations.
6 Recognised within other income/(expense) – net, see note 6 of the interim financial statements and to APMs section for reconciliations.
7 Refer to notes 7 and 11 of the interim financial statements and to APMs section for reconciliations.
8 Recognised within non-controlling interests, refer to APMs section.

Significant items

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

In H1 2020, Glencore recognised a net, after tax and non-controlling interest, $3,425 million (2019: $1,077 million) of significant item losses comprised primarily of:

- Expenses of $83 million (2019: $85 million) relating to Glencore's share of significant expenses recognised directly by our associates.
- Loss on disposals of non-current assets of $5 million (2019: $19 million).
- Income tax credit of $675 million (2019: expense of $467 million) – see income taxes below.
- Other net income/(expense) – net income of $88 million (2019: $122 million expense) see note 6. Balance primarily comprises:
  - $69 million (2019: loss of $16 million) of mark-to-market gains on equity investments / derivative positions accounted for as held for trading, included the commodity price linked deferred consideration related to the sale of Mototolo in 2018.
  - $59 million net gain (2019: loss of $56 million) of net foreign exchange movements.
  - $56 million (2019: $45 million) relating to various legal matters and the ongoing investigations (legal, expert and compliance) related costs (see note 25).
- Impairments of $5,531 million (2019: $888 million), see notes 7 and 11. The 2020 charge primarily relates to:
  - Chad oil operations ($673 million), due to lower oil price assumptions and operational impacts from Covid-19 restrictions to international mobility.
  - Prodeco coal operations ($710 million) owing to continued pressure on the API 2 European coal market and the decision to seek to place the operations on extended care and maintenance until market conditions improve. In addition, a $245 million impairment was recognised within share of income from associates relating to our investment in Cerrejón, our 33.3% interest in a Colombian coal operation (see note 11).
  - Mopani copper operations ($1,144 million), owing to persistent operational challenges, results from further technical analysis, delays in key development projects and cost increases and the decision to transition mining operations to care and maintenance, subject to government approval.
  - Volcan zinc operations ($2,285 million), resulting in a Glencore attributable amount of $366 million (after tax and non-controlling interest), reflecting revised confidence levels in deploying capital to longer-term greenfield projects / resources.
  - Lydenburg ferrochrome smelter ($116 million), owing to the challenging operating, cost and market environment across the South African ferrochrome industry, necessitating Glencore to make production and cost reductions.

  The 2019 charge primarily relates to writing-off the historical cost allocation to certain oil exploration licences in Chad upon the acquisition of Caracal in 2014, which have expired ($538 million) and revisions to Mutanda's mine plan ($300 million).

Net finance costs

Net finance costs were $794 million during H1 2020, a 8% decrease compared to $862 million in the comparable reporting period, primarily due to lower average base rates (mainly US$ Libor). Interest expense was $863 million, down 13 % compared to H1 2019 and interest income was $69 million, down from $126 million in H1 2019.

Income taxes

An income tax credit of $657 million was recognised during H1 2020, compared to an expense of $677 million during H1 2019. Adjusting for a $675 million income tax credit (2019: income tax expense of $467 million) relating to significant items (primarily impairments and tax losses not recognised), the H1 2020 pre-significant items income tax expense was $18 million (2019: $210 million). The 2020 effective tax rate, pre-significant items, was 30.4%, broadly consistent with the 28.5% in H1 2019.

Statement of financial position

Current and non-current assets

Total assets were $111,952 million as at 30 June 2020, compared to $124,076 million as at 31 December 2019. Current assets decreased from $41,838 million to $37,535 million, due to a reduction in receivables, on account of lower commodity prices, notably oil (down 38%) at period end relative to 31 December 2019. Non-current assets decreased from $82,238 million to $74,417 million, primarily due to the impairments to property, plant and equipment and intangible assets of $5,286 million, lower capital expenditure over the period (below depreciation and amortisation expense) and mark-to-market adjustments (loss of $429 million) with respect to our investments carried at fair value through other comprehensive income (see note 11).

Current and non-current liabilities

Total liabilities were $79,039 million as at 30 June 2020, compared to $84,840 million as at 31 December 2019. Current liabilities decreased from $39,448 million to $37,768 million, primarily due to a reduction in accounts payable, on account of lower commodity prices, notably oil (see above) and our derivative instruments (other financial liabilities), due to movements in commodity prices, offset by an increase in current borrowings (see note 19). Non-current liabilities decreased from $45,392 million to $41,271 million, primarily due to a decrease non-current borrowings (see note 19) and deferred tax liabilities resulting from the tax-effect of impairments noted above.

Movements relating to current and non-current borrowings are set out below in the net funding and net debt movement reconciliation and in note 19.

Equity

Total equity was $32,913 million as at 30 June 2020, compared to $39,236 million as at 31 December 2019, the movement owing primarily to the loss for the period of $4,518 million, including non-controlling interests, and the movements in other comprehensive income/(loss) noted below.

Other comprehensive income/(expense)

A loss of $1,681 million was recognised during H1 2020, compared to an income of $212 million during H1 2019, primarily relating to mark-to-market adjustments with respect to our investment in EN+ and Russneft (see note 11) and exchange losses on translation of foreign operations, primarily our South African ZAR-denominated subsidiaries.

Cash flow and net funding/debt

Net funding

US$ million	**30.06.2020**	31.12.2019
Total borrowings as per financial statements	38,854	37,043
Proportionate adjustment – net funding[2]	(1,068)	(778)
Cash and cash equivalents	(1,425)	(1,899)
Net funding◊	**36,361**	**34,366**

Cash and non-cash movements in net funding

US$ million	**H1 2020**	H1 2019	H2 2019
Cash generated by operating activities before working capital changes	4,317	5,409	4,937
Proportionate adjustment – Adjusted EBITDA[1]	701	696	826
Non-cash adjustments included within EBITDA	4	4	9
Net interest paid[1]	(586)	(784)	(584)
Tax paid[1]	(763)	(1,860)	(954)
Dividends received from associates[1]	13	51	115
Funds from operations◊	**3,686**	**3,516**	**4,349**
Net working capital changes[2]	(3,231)	1,853	322
Acquisition and disposal of subsidiaries – net[2]	–	(105)	(12)
Purchase and sale of investments – net[2]	(84)	35	(41)
Purchase and sale of property, plant and equipment – net[2]	(1,700)	(2,193)	(2,773)
Net margin receipts/(calls) in respect of financing related hedging activities	256	569	(40)
Acquisition of non-controlling interests in subsidiaries	(39)	(7)	(17)
Distributions paid and transactions of own shares – net	(122)	(2,820)	(2,507)
Cash movement in net funding	**(1,234)**	**848**	**(719)**
Net funding acquired in business combinations	–	(203)	(22)
Impact of adoption of IFRS 16	–	(865)	–
Change in lease obligations	(438)	(234)	(348)
Foreign currency revaluation of borrowings and other non-cash items	(323)	(646)	(39)
Total movement in net funding	**(1,995)**	**(1,100)**	**(1,128)**
Net funding◊, beginning of period	(34,366)	(32,138)	(33,238)
Net funding◊, end of period	**(36,361)**	**(33,238)**	**(34,366)**
Less: Readily marketable inventories[1]	16,666	16,930	16,810
Net debt◊, end of period	**(19,695)**	**(16,308)**	**(17,556)**

1 Refer to APMs section for definition and reconciliations.
2 Refer to Other reconciliations section.

Financial and Operational Review

continued

The reconciliation in the table above is the method by which management reviews movements in net funding and net debt and comprises key movements in cash and any significant non-cash movements on net funding items.

Net funding as at 30 June 2020 increased by $2.0 billion to $36,361 million and net debt (net funding less readily marketable inventories) increased by $2.1 billion over the period to $19,695 million. The major contributor to the increase in both metrics was the significant fall in oil prices over the period (38% down from 31 December 2019) and the resulting greater reduction in oil accounts payable (days on hand range: typically 40-50) over oil accounts receivable (days on hand range: typically 15-20) over the period, as such business reset its working capital levels in a substantially lower oil price and demand environment. In addition, circa $300 million of corporate taxes were settled in H1 2020 in respect of 2019 earnings, approximately $0.5 billion of additional initial margin calls were posted in support of hedging the Group's profitable carried inventory / storage transactions and Marketing-related lease liabilities increased by $438 million. Despite such effects, funds from operations of $3,686 million comfortably covered the $1,700 million of net capital expenditure and $123 million of net acquisitions of subsidiaries and investments.

Business and investment acquisitions and disposals

Net outflows from business acquisitions were $123 million (2019: $77 million) over the period, comprising primarily the finalisation of acquiring a 30% interest in PT CITA Mineral Investindo Tbk and the acquisition of the remaining 0.5% minority interest held in Katanga Mining Limited. The net outflow in 2019 was primarily the acquisitions of an additional 10% and 2.7% interest in the Ulan and Hail Creek coal operations.

Liquidity and funding activities

In 2020, the following significant financing activities took place:

- In March 2020 (effective May 2020), Glencore refinanced and extended its committed revolving credit facilities on the same commercial terms as 2019.

  As at 30 June 2020, the facilities comprise:

  - a $9,975 million 12-month revolving credit facility with a 12-month term-out option at Glencore's discretion, and a 12-month extension option; and
  - a $4,650 million 5-year revolving credit facility with a 12-month extension option.

These committed unsecured facilities contain no financial covenants, no rating triggers, no material adverse change clauses and no external factor clauses.

Credit ratings

In light of the Group's extensive funding activities, maintaining investment grade credit rating status is a financial priority. The Group's credit ratings are currently Baa1 (negative outlook) from Moody's and BBB+ (stable) from Standard & Poor's. Glencore's publicly stated objective, as part of its overall financial policy package, is to seek and maintain strong Baa/BBB credit ratings from Moody's and Standard & Poor's respectively. In support thereof, Glencore targets a maximum 2x Net debt/Adjusted EBITDA ratio through the cycle, augmented by an upper Net debt cap of c.$16 billion, excluding Marketing related lease liabilities ($0.9 billion as at 30 June 2020, representing primarily chartered vessels and various storage facilities, where the majority of such commitments expire within 2 years). Due to the abovementioned oil working capital reset, we were temporarily $2.8 billion above our Net debt cap of c.$16 billion, excluding Marketing related lease liabilities as at 30 June, however given Glencore's current healthy levels of operating cash flow (indicated by Funds from operations), we expect Net debt to be below the cap and within our target range by the end of 2020. This should also see our Net debt/Adjusted EBITDA ratio return closer to 1.5x by year end, compared to the 1.81x as at 30 June 2020.

Covid-19 reporting guidance

In March, a joint statement by the UK regulators, the FCA, FRC and PRA was issued concerning governance and financial reporting for London listed companies. The FRC provided further guidance in June on *Going concern, risk and viability*, and *Resources action, the future*, through its Financial Reporting Lab.

Reflecting this guidance, primarily relating to Covid-19, the Company has carefully considered, and where relevant, enhanced its reporting with regard to risks and uncertainties, going concern and its longer-term viability statement.

Principal risks and uncertainties

The Group is exposed to a number of risks and uncertainties in its business which could impact its ability to effectively execute its strategy over the remaining six months of the year and cause actual results to differ materially from expected and/or historical results. The Directors consider that the principal risks and uncertainties as summarised below and detailed in the Glencore 2019 Annual Report on pages 74 to 89, available at www.glencore.com, remain appropriate for the remainder of 2020, when read together with the information provided in this report, including the updates arising from Covid-19.

Principal risk	Impact on risk from Covid-19	Update
Supply, demand and prices of commodities	Increase	The demand shock to the global economy from Covid-19 initially led to significantly lower commodity prices, particularly in energy products. Notwithstanding a level of recovery in some commodities during Q2, markets continue to be uncertain and therefore potentially volatile.

Financial and Operational Review

continued

Principal risk	Impact on risk from Covid-19	Update
		Due primarily to statistical modelling outcomes, the Group temporarily increased its Value at Risk tolerance limit by $20 million, as discussed below. Industrial operations sought to reduce capital expenditure. For certain operations that are cash negative, difficult decisions are being taken to suspend some operations for extended periods of time.
Currency exchange rates	Stable	A level of producer country FX depreciation has occurred, providing some local currency cost relief over the short term relative to the US dollar.
Geopolitical, permits and licences to operate	Stable	Covid-19 has given rise to new or increased concerns with various stakeholders, including our workers, host communities and governments, in relation to public health and the broad economic impacts of reduced demand and potentially lower production levels. The Group has increased its engagement with employees, relevant governmental authorities, regulators and other stakeholders.
Laws and enforcement	Stable	On 19 June, the Company was notified by the Office of the Attorney General of Switzerland (OAG) that it had opened a criminal investigation into Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption in the DRC. Other material investigations are described in note 25.
Liquidity	Increase	Covid-19 has generally resulted in lower commodity prices for many of our key commodities. As noted in the *Liquidity and Funding Activities* section above, during the very volatile end of Q1 period, Glencore refinanced and extended its core revolving credit facilities, maintaining and lengthening our committed available liquidity levels around $10 billion. Given the ongoing uncertainty and range of potential outcomes on the demand side, the Board has concluded not to proceed with a 2020 cash distribution, in favour of prioritising the acceleration of debt reduction back below our c.$16 billion target cap, excluding Marketing related leases liabilities. Notwithstanding an easing in primary funding markets over the last few months, we have considered (stress tested) our liquidity position should funding conditions be constrained (not accessed by Glencore) until the end of 2021, whereby maturing bonds are satisfied out of existing liquidity and operating cash flows. See the discussion of *Going concern and Longer term Viability*, below.
Counterparty credit and performance	Increase	Many of our customers and suppliers are experiencing uncertainty and in some cases, financial hardship. We have regular contact with our key counterparties and, in the vast majority of cases, deliveries and payments have continued in the normal course of business. Further to the working capital points discussed under *Cash flow and net funding/debt*, above, our accounts receivable is approximately $4 billion lower than December 2019, reflecting steady collections. The Group's accounts receivable balance, including assessment of doubtful accounts, is set out in note 14.
Operating	Increase	Business continuity planning has been and remains challenging in many countries. The response to the pandemic has varied by jurisdiction, with authorities imposing different requirements, often changing as the crisis evolved. Almost all operations were impacted by changed protocols / working practises, while many were required to fully suspend production for a period of time. The Group engaged with relevant government authorities and advisors to seek / ensure that the responses and measures implemented, focused on the health of its workforce and communities, allowed its operations to continue, where reasonably practicable. Management ensured that Business Continuity Plans (BCP) were in place across its business. International shipping and handling continued to operate at reasonable levels.
Cyber	Increase	With more of our people working from home, we are more reliant than ever, not only on our own corporate network, but internet service providers to the home. In March, we initiated our BCP to facilitate a significant degree of remote working at our operations globally. Corporate applications and communications are secured with multiple layers of security including two-factor authentication and virtual private network (VPN) technology for remote access. Our IT security monitoring platforms detected a material increase in phishing fraud attempts linked to Covid-19. We have taken proactive steps by educating employees to be more vigilant and cautious in response to the heightened risks. Our Cyber Defence Centre and security incident response team continue to monitor the situation.

Financial and Operational Review

continued

Principal risk	Impact on risk from Covid-19	Update
Health, safety, environment	Increase	Working practices changed across the Group in response to the pandemic, including: • Home working for most Marketing employees during Q2 • Social distancing on the way to/from work and at work • Enhanced and more frequent cleaning • Changes to shift and roster patterns, where appropriate • Temporary shutdowns of assets where mandated by regional / national governments
Climate change	Stable	In the short term: lower power demand has impacted coal prices, particularly related to Europe and India. Long term: no significant update compared to the 2019 Annual Report. Also see Marketing activities section of this report.
Community relations and human rights	Stable	Please see relevant commentary in *Geopolitical, permits and licences to operate* and *Operating* risks above.

Going concern

As at 30 June 2020, Glencore had available committed undrawn credit facilities and cash amounting to $10.2 billion. Based on these available liquidity resources and the Group's financial forecasts and projections, which take into account reasonably possible changes in performance and consideration of the principal risks and uncertainties noted above and the scenarios outlined below, the Directors believe the Group can continue as a going concern for the foreseeable future, a period not less than 12 months from the date of this report.

Longer-term viability

While an update to the Company's longer-term viability statement made in the Annual Report is not required for this half-year report, the Directors note the importance to investors of understanding the prospects of the business in the longer term, given the current uncertainty caused by Covid-19 and the resulting economic uncertainty.

Accordingly, the Directors have reassessed the prospects of Glencore's viability over the same four-year period considered in the Annual Report 2019, being the years 2020-23. This period is consistent with the Group's established annual business planning and forecasting processes and cycle which is subject to review and approval each year by the Board. The four-year plan considers Glencore's EBITDA, Capital Expenditure, Funds From Operations ("FFO") and Net Debt, and the key financial ratios of Net Debt to EBITDA and FFO to Net Debt over the forecasted four year period and incorporates stress tests to simulate the potential adverse impacts of exposure to the Group's principal risks being realised (see above). These scenarios included:

- A prolonged downturn in the price and demand of commodities most impacting Glencore's operations. Prices and FX from April 2020 (lowest YTD calendar month in 2020, accounting for Covid-19) are assumed to prevail for the outlook period to 2023;
- A further sensitivity scenario whereby prices are lower in 2020-21 (by a further 15%), then recover to current (June 2020) levels from 2022, with partly offsetting relevant weaker local currencies relative to the US dollar (7.5% change relative to average April 2020 rates, returning to current levels from 2022). In such scenario, we might reasonably expect price upside (rather than downside) in countercyclical commodities (notably gold), however out of prudence, this has not been modelled;
- Adverse consequences resulting from the current regulatory investigations;
- Limitations on the Group's access to funding or increases in the cost of such funding;
- Actions at the Group's disposal to mitigate the adverse impacts of the above, principally the ability to defer or cancel capital expenditure, to manage the working capital cycle and to reduce or stop distributions to shareholders; and
- Our commitments to climate change related goals as set out in the 2019 Annual Report.

These scenarios were assessed taking into account the Group's current risk appetite and any additional mitigating actions Glencore could take, if required and appropriate, in response to the potential realisation of any of the stressed scenarios.

Based on the results of the related analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period of this assessment.

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 has historically had a consolidated VaR limit (1 day 95%) of $100 million, representing some 0.2% of equity. Given H1 2020's extreme implied market volatility, together with statistically elevated commodity correlations and increased Glencore Carry Trade transactions, the Board approved a temporary increase of the VaR limit to $120 million in May 2020. With markets having stabilised through June/July, the original $100 million limit has now been restored. These were no limit breaches during the period. Glencore uses a one-day VaR approach based on a Monte Carlo simulation with a weighted data history computed at a 95% confidence level.

Average market risk VaR (1 day 95%) during H1 2020 was $47 million, representing 0.1% of equity, while average equivalent VaR during H1 2019 was $32 million.

Distributions

On 31 March 2020, the Board deferred its decision as to whether to proceed with a proposed cash distribution in 2020, amid the prevailing period of exceptional economic uncertainty resulting from Covid-19. The Board has further considered such decision and, in light of the continued uncertain pandemic / economic outlook and in order to support the Group's overall financial position, has determined that no 2020 distribution will be made.

Marketing activities

Highlights

Marketing delivered a record six monthly performance. Adjusted EBITDA in H1 2020 was $2,215 million, an increase of 105% over the prior period and Adjusted EBIT increased by 108% to $2,015 million, as oil, in particular, benefited from the volatile and structurally supportive marketing environment.

The Covid-19 pandemic profoundly impacted almost all aspects of life and at extraordinary speed. Commodity markets saw a deep sell-off in March/April, followed by some level of recovery towards the end of the half. Industrial commodities, including copper and iron ore outperformed, basis the relatively quick and sharp economic recovery in China, however coal and oil remain subdued with fears of oversupply, should lockdown-style demand patterns prevail over the longer-term.

Metals and minerals Adjusted EBIT was up 127% or a more comparable 13%, adjusting for the $350 million of largely non-cash cobalt accounting losses recognised in the base period.

Oil markets experienced one of their most volatile periods in history, reflective of the wider economic panic and lack of timely effective supply response from OPEC+. Prices reached multi-year lows and even briefly traded negative in some markets. Faced with collapsing demand and increasing supply, significant oil overproduction was forced into storage, triggering the necessary market incentives. Such exceptional price movements and dislocations across crude oil and refined products, combined with soaring demand for and prices of storage and logistics, enabled our oil department to deliver a record half-yearly performance, accounting for the majority of the 92% increase in Adjusted EBIT from Energy products.

Corporate and other also reflects a substantially improved Glencore Agri performance, via Glencore's accounting for its share of earnings during the period.

US$ million	**Metals and minerals**	**Energy products**	**Corporate and other**	**H1 2020**	Metals and minerals	Energy products	Corporate and other	H1 2019 Restated[1]
Revenue◊	25,813	36,218	–	62,031	35,703	62,246	–	97,949
Adjusted EBITDA◊	852	1,399	(36)	2,215	380	740	(37)	1,083
Adjusted EBIT◊	786	1,265	(36)	2,015	347	659	(37)	969
Adjusted EBITDA margin	3.3%	3.9%	n.m.	3.6%	1.1%	1.2%	n.m.	1.1%

1 Adjusted to present mark-to-market movements on physical forward sales contracts within revenue (see note 4).

Selected marketing volumes sold

	Units	**H1 2020**	H1 2019	Change %
Copper metal and concentrates[1]	mt	1.8	2.1	(14)
Zinc metal and concentrates[1]	mt	1.4	1.5	(7)
Lead metal and concentrates[1]	mt	0.4	0.4	–
Gold	toz	968	965	–
Silver	toz	31,162	32,121	(3)
Nickel	kt	84	94	(11)
Ferroalloys (incl. agency)	mt	3.6	5.3	(32)
Alumina/aluminium	mt	3.5	5.6	(38)
Iron ore	mt	32.1	34.1	(6)
Thermal coal[2]	mt	35	44	(20)
Metallurgical coal[2]	mt	0.7	3.9	(82)
Crude oil	mbbl	437	482	(9)
Oil products	mbbl	340	366	(7)

1 Estimated metal unit contained.

2 Includes agency volumes.

Copper

During H1 2020, the copper price averaged $5,502/t, 11% lower than H1 2019, having starting the year above $6,000/t. The spread of Covid-19 and the associated deteriorating demand outlook resulted in copper prices reaching a low point of $4,372/t in March, at which stage, the impacts on mine and scrap supply had been limited.

Material supply disruptions began in late March when Peru, which produces around 12% of global mined copper supply, implemented measures to contain the spread of Covid-19. As supply disruptions from containment measures extended globally, particularly in South and Central America, combined with improving consumption in China due to significant monetary and fiscal stimulus, the outlook for copper began to improve. Refined copper inventories reduced at the fastest rate in recent years, following the Chinese new year period, reaching multiyear lows during H1, signalling a tight refined physical market. Cathode premiums increased markedly to their highest levels in 5 years. Increased competition for concentrates continued, driven by constrained mine supply and smelting capacity growth in China. Treatment and refining charges were volatile during the period, reaching multi-year lows towards the end of H1. The copper price ended H1 above $6,000 /t, marginally below where it started the year, primarily as a result of mine supply contraction and a vulnerable scrap supply chain in H1 related to Covid-19.

Marketing activities
continued

Looking forward, mine supply is likely to continue to be impacted by responses taken to contain the spread of Covid-19, projects under construction are likely to experience further delays and mine supply growth will be constrained by ageing assets, declining ore grades and a diminished project pipeline. The improving demand outlook for copper, particularly from China, is expected to continue, supported by significant economic stimulus measures being undertaken globally.

Cobalt
The cobalt metal price averaged $15.70/lb in H1 2020, rallying 13% at the beginning the year to $17.00/lb, before giving back gains as a result of Covid-19 to be $14.15/lb by the end of June. Metal demand sectors, notably aerospace, suffered a more pronounced impact, while the trajectory of European and North American demand recovery in a number of other sectors remains uncertain.

Cobalt hydroxide payables were relatively stable over the period, with the Metal Bulletin Payable indicator averaging 65%. African logistics disruptions associated with Covid-19 reduced availability of hydroxide from the DRC, which is responsible for c.70% of global supply and almost all cobalt in the form of hydroxide. While logistical bottlenecks have eased, the coronavirus situation in the DRC and the broader African logistics supply chain should be carefully monitored.

Lithium ion batteries for mobile phones and electric vehicles (“EVs”) are two key demand sectors for cobalt hydroxide. Prior to Covid-19, sentiment in the mobile phone market had improved with the onset of 5G handset sales. There are now indications that the originally anticipated pandemic related demand contraction in the mobile phone sector may be less than feared. Within the EV sector, the EU has introduced a range of subsidies designed to boost EV sales from H2 2020, underpinning expected EV sales growth. China’s EV sales are expected to stage a recovery in H2 2020, with the continued roll-out of models and the strategic status of the industry within China.

The growing momentum evident across the EV sector, together with a recovery in mobile phone demand, points to higher future cobalt demand, most notably in the form of hydroxide.

Zinc
Pre-Covid, 2020 had been expected to be a year of large increases in metal supply in both China and the Rest of World (“RoW”) due to large RoW increases in mine supply. However, the market has so far witnessed material Covid-19 disruptions in the supply of both concentrates and metal.

2020 RoW mine production was initially expected to grow by 0.6-0.7Mt vs 2019, but the identified Covid disruption is already of greater magnitude. As a consequence, both Chinese and Western smelters have hurried to secure replacement concentrates, leading to pressure on spot TCs: from Jan-Feb $310-$315/dmt down to $163/dmt in May, with a modest rebound to $170/dmt in June. Concentrates imports into China have risen 42% June YTD, though monthly imports decreased significantly in May-June, confirming supply tightness, likely to continue in the near term.

On the refined metal front, supply was initially expected to grow by 0.4Mt in 2020, with Chinese smelters continuing to ramp up and RoW smelters reversing their 2019 production losses. However, there have also been disruptions here, albeit smaller, with the market losing ~0.2Mt so far, mainly across India, Namibia and Peru. In China, however, given the increased concentrate imports, zinc metal production is up 7.7% YTD (~0.2Mt), offsetting the lower metal imports (down 33% May YTD or -100kt).

The largest uncertainty remains the final magnitude of the reduction in zinc demand and 2020’s resulting metal balance. LME/SHFE stocks have increased by ~140k to ~220k at end of June 2020, yet remain relatively low at less than a week of stocks relative to global consumption.

Looking ahead, we expect mine supply to recover as Covid prevention measures begin to ease. With metal production increasing and the final impact of the Covid crisis on demand uncertain, the level of metal surplus remains to be seen, however, in any case, such is needed to rebalance a metal market which has been in deficit since 2016.

In the case of lead, the Covid crisis supply impact has been less drastic than zinc, given the smaller primary market, losing ~0.2Mt of mined supply. The disruption has driven spot TCs down from $180/dmt in January to $140/dmt in June.

Iron ore
The iron ore market was tight going into Chinese new year due to slower than expected supply normalisation following the Brumadinho dam failure in 2019. When China went into lockdown due to Covid, iron ore sold off. As China’s lockdown eased, the market started to recover as steel mills anticipated government-led infrastructure spending. However, lockdowns in major steelmaking regions such as Japan, Korea and Europe, together with the market’s growing fear of the wider economic impact from the virus, led to a further sell-off. Nevertheless, Chinese steel production continued to surprise to the upside and inventory drawdowns indicated that Chinese steel demand was holding up.

Towards the end of H1 2020, the combination of positive demand indicators in China and Covid-related supply worries in Brazil led to higher prices, ending the half at $100/tonne. Looking towards H2, the market seems balanced, but with significant risks to both supply and demand.

Nickel
Consumption in the key stainless steel segment was down dramatically on the prior year despite a strong rebound of Chinese production (following the reopening of its economy, particularly for high-nickel containing 300-series), amid a collapse in output in practically all other regions. Furthermore, the deterioration of the overall economic environment has negatively affected demand in alloy, special steels and plating. Expected increased sales of EVs in Europe, on the back of favourable government support in various

Marketing activities
continued

countries, is mitigated by some short-term weakness in the Chinese EV market. Nevertheless, the long-term outlook for nickel consumption in this segment remains positive as demand for higher nickel-content batteries continues to grow.

Meanwhile, disruption in supply prompted by the pandemic, has not been material, with lost production from traditional nickel suppliers more than offset by the continued increase in nickel pig iron ("NPI") output from Indonesia.

Overall, as a result of demand weakness and Indonesian NPI production, fundamentally the primary nickel market is in surplus.

Ferroalloys

Owing to particularly stark supply interruptions in South Africa due to sustained cost pressures and a government-mandated Covid-19 lockdown, global ferrochrome production fell 17% during H1 2020. Supply interruptions in South Africa also reflected an estimated 22% year over year reduction in chrome ore export volumes.

Vanadium consumption from major carbon steel plants decreased considerably due to Covid-related shutdowns. This was partially offset by Chinese imports due to increased infrastructure spending. Vanadium demand in aerospace was hit particularly hard in H1 2020, which is expected to continue throughout the second half of the year.

Both chrome and vanadium markets remain under pressure due to ongoing oversupply and global demand headwinds.

Aluminium

Similar to other sectors, the aluminium market reflected reduced demand expectations in the middle of Q1, with the decline exacerbated by the global macro reaction to the pandemic one month later. With raw material prices and currency pairs following the downward trend, there was little cost support, and by May the LME price was down 19% on December 2019 levels.

From this low-point, the price progressively recovered with the LME 3-month price ending the half at $1,620/t. Apart from an improved macro sentiment, the rally was supported by the opening of the Chinese import arbitrage window, as well as support from the cost side, as smelting raw material prices increased.

A strong contraction of downstream demand caused the US Delivered Midwest premium to fall from 14.5c/lb to 9c/lb. Supported by an increased interest in cash and carry financing by traders and banks, the other global premiums largely withstood the same bearish pressure.

On the alumina side, Chinese buying interest, due to logistics disruptions, was the main price determinant resulting in elevated prices during February and early March. Once the logistics situation normalised, prices fell rapidly to a 3-year low. Attractive smelting margins in China and related buying interest supported a slow recovery during the last two months of H1, with FOB Australia pricing reaching around $260/t by the end of June 2020.

Coal

Thermal coal demand growth in the Pacific, to the end of March, offset Atlantic demand weakness with overall global thermal coal demand remaining stable. From April, responses to the challenges of Covid-19 had consequential economic and energy demand impacts, which shifted a balanced coal market to oversupply. Comparing H1 2020 with H1 2019, global thermal coal demand declined by 8.5%, with demand in Pacific markets 4.5% lower and Atlantic markets 34% lower, as low priced LNG in Europe continued to displace coal for power generation.

Despite the economic and health challenges, a number of countries purchased additional import thermal coal during H1 2020, including Malaysia, Vietnam, Bangladesh and Pakistan. There is more than 30GW of new coal-fired power generation currently under construction or planned before 2025, which will rely on seaborne thermal coal. Economic recovery and coal's ongoing competitiveness as a baseload fuel supply source, in import-dependent countries, is supportive of further coal demand growth.

Demand for imported coal in China during H1 2020 annualises in excess of 2019 levels. Chinese domestic and global economic factors saw Chinese domestic thermal coal prices fall below the domestic target price range, triggering supply management measures to ensure long term economic viability.

Relating to Covid-19, only Colombia experienced material coal production impacts as a consequence of government-imposed lockdown measures. As demand slowed and prices fell, producers looked to rationalise production and export levels. Exports from USA, Colombia and Russia, all of which are exposed to Atlantic markets, fell by 40%, 13% and 15% respectively during H1, with Russia's decline partly mitigated by an 8% increase to Pacific markets. Australian thermal exports are down just 1% year over year, while Indonesian producers, with greater exposure to spot markets, reduced exports by just over 6%.

Weak demand from April to June saw prices fall, in some markets, below the levels experienced in late 2015 / Q1 2016. The major index monthly average prices for NEWC, API4 and API2 fell 24%, 37% and 105% respectively between January and June, closing at $52/t, $55/t and $46/t, respectively. At these spot price levels, we believe more than 50% of global seaborne thermal coal supply is in a negative cash position, requiring further supply cuts through 2020 to return the market to balance. As in previous cycles, industry sustaining capital has been substantially cut to preserve cash, which will impact operational performance in the medium term, delay project pipeline developments and contribute to supply tightness in the medium to longer term.

To end of May, global pig iron production was down 2% YoY, with China and the CIS up 4.1% and 1.3% respectively. Metallurgical coal import countries, excluding China, reported a 15% reduction in pig iron production with declines in Europe, South America, India and Japan being most significant. The resulting reduction in global seaborne coking coal demand caused spot HCC prices to fall from above $160/t during February to $116/t at end of June. Recovery of global iron and steel production levels through the balance of 2020 is expected to support price recovery.

Marketing activities
continued

Oil

H1 2020 saw one of most dramatic periods in the history of oil markets, the implications of which are far-reaching and structural across many industries. The start of 2020 saw oil prices at their highs for the year, with Brent over $69 per barrel, driven largely by various geopolitical tensions. However, by the end of January, the fear of Covid-19 spreading and its anticipated impact on oil demand caused market panic, which started the rout in oil prices.

The collapse of the OPEC+ production cut agreement in early March, temporarily increasing supply, exacerbated the sell-off. Volatility surged to historical highs, with near dated Brent implied volatility topping 100%. Covid-19 became a global pandemic and most countries entered some form of lockdown at different stages. With transportation severely curtailed, in particular air travel, near term global oil demand destruction was expected to reach unprecedented levels, even as actual supply was increasing. With oil prices in free fall, OPEC+ finally came to an agreement for production cuts on a massive scale of close to 10 million barrels per day.

As local governments extended lockdowns, global oil storage edged towards capacity. Tanker freight rates surged and the oil price curve structure moved into deep contango, as the market forced more oil into storage. Brent dropped below $20 per barrel, its lowest level in more than 20 years. Oil in some parts of the world, in particular the US, was even pricing at negative levels for a short period.

In May, oil prices started to recover as more countries lifted lockdown restrictions. Oil inventories looked to have peaked, demand showed signs of recovery, speculators buying suggested the worst was over and OPEC+ extended production cuts. By the end of June, Brent recovered to over $40 per barrel in a trend that continued to respond to this gradual global recovery.

The oil market has been working to find price equilibrium in an extraordinarily disruptive period, creating material market imbalances and volatility. Physical oil traders, like ourselves, have seen the usage of storage and logistics soar, with the unprecedented price dislocations in markets for crude oil, refined products and freight generating material trading opportunities.

Industrial activities

Highlights

Industrial Adjusted EBITDA decreased by 42% to $2,618 million compared to $4,499 million in H1 2019. The decrease was primarily driven by lower commodity prices, and to a lesser extent, some production and cost impacts related to Covid-19 curtailments / constraints, partially offset by the strengthening U.S. dollar (on average) against many of our key producer country currencies.

Adjusted EBITDA contribution from Metals and minerals assets was $2,167 million, down 16% compared to the prior period, primarily due to lower average commodity prices (copper, zinc and ferrochrome), offset somewhat by the improving earnings contribution from Katanga as it ramps up copper and cobalt production.

Adjusted EBITDA contribution from Energy products assets was $742 million, down 65% compared to H1 2019, due predominantly to the significant reduction in average realised coal prices period over period (down 15-30%), as well as significantly lower oil prices impacting both upstream and downstream assets.

Reflecting the above and on an adjusted basis excluding the previously identified focus assets (African Copper and Koniambo), metals mining margins declined by five percentage points to a still healthy 34%. Including the focus assets, however, mining margins were broadly stable at 26% (27% in H1 2019), mainly representing a stronger period-over-period contribution from Katanga. Energy mining/extraction margins declined by 18 percentage points to 22%, led by the price and volume reductions described above.

Industrial capex at $1.8 billion was 23% lower than the comparable period, reflecting reduced input costs, the strengthening U.S. dollar effect, declining expansionary spend within Copper Africa as Katanga's ramp-up progresses and management's general focus on deferral/reduction of non-essential spend during the current uncertain period.

US$ million	**Metals and minerals**	**Energy products**	**Corporate and other**	**H1 2020**	Metals and minerals	Energy products	Corporate and other	H1 2019
Revenue◊	11,912	6,031	2	17,945	13,714	6,774	3	20,491
Adjusted EBITDA◊	2,167	742	(291)	2,618	2,577	2,135	(213)	4,499
Adjusted EBIT◊	181	(419)	(305)	(543)	535	947	(222)	1,260
Adjusted EBITDA mining margin	26%	22%			27%	40%		

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 for joint ventures, where the Group's attributable share of production is included.

Industrial activities
continued

Financial information

US$ million	H1 2020	H1 2019	Change %
Revenue◊			
Copper assets			
Collahuasi[1]	703	589	19
Antamina[1]	314	515	(39)
Other South America (Antapaccay, Lomas Bayas)	595	899	(34)
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)	834	845	(1)
Custom metallurgical (Altonorte, Pasar, Horne, CCR)	3,588	3,547	1
Africa (Katanga, Mutanda, Mopani)	1,105	1,543	(28)
Intergroup revenue elimination	(131)	(62)	n.m.
Copper	**7,008**	**7,876**	**(11)**
Zinc assets			
Kazzinc	1,270	1,346	(6)
Australia (Mount Isa, McArthur River)	553	567	(2)
European custom metallurgical (Portovesme, San Juan de Nieva, Nordenham, Northfleet)	433	477	(9)
North America (Matagami, Kidd, CEZ Refinery)	804	1,200	(33)
Other Zinc (Argentina, Bolivia, Peru)	122	219	(44)
Zinc	**3,182**	**3,809**	**(16)**
Nickel assets			
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)	678	707	(4)
Australia (Murrin Murrin)	294	261	13
Koniambo	120	129	(7)
Nickel	**1,092**	**1,097**	**–**
Ferroalloys	**630**	**932**	**(32)**
Metals and minerals revenue◊	**11,912**	**13,714**	**(13)**
Coking Australia	556	844	(34)
Thermal Australia	2,368	3,076	(23)
Thermal South Africa	498	683	(27)
Prodeco	291	349	(17)
Cerrejón[1]	145	275	(47)
Coal revenue (own production)	**3,858**	**5,227**	**(26)**
Coal other revenue (buy-in coal)	**238**	**464**	**(49)**
Oil E&P assets	79	170	(54)
Oil refining assets[2]	1,856	913	103
Energy products revenue◊	**6,031**	**6,774**	**(11)**
Corporate and other revenue	**2**	**3**	**(33)**
Total Industrial Activities revenue◊	**17,945**	**20,491**	**(12)**

1 Represents the Group's share of these JVs.

2 Controlling interest acquired in April 2019, see note 21.

Industrial activities

continued

US$ million	Adjusted EBITDA◊			Adjusted EBIT◊		
	H1 2020	H1 2019	Change %	**H1 2020**	H1 2019	Change %
Copper assets						
Collahuasi[1]	511	358	43	362	223	62
Antamina[1]	193	380	(49)	70	252	(72)
Other South America	291	495	(41)	58	235	(75)
Australia	125	241	(48)	(34)	81	n.m.
Polymet	(12)	(3)	n.m.	(12)	(3)	n.m.
Custom metallurgical	150	186	(19)	66	115	(43)
Copper, excluding African Assets	1,258	1,657	(24)	510	903	(44)
Adjusted EBITDA mining margin[2◊]	*45%*	*52%*				
Africa	26	(319)	n.m.	(245)	(739)	n.m.
Copper	**1,284**	**1,338**	**(4)**	**265**	**164**	**62**
Adjusted EBITDA mining margin[2◊]	*32%*	*26%*				
Zinc assets						
Kazzinc	475	512	(7)	273	297	(8)
Australia	89	217	(59)	(126)	81	n.m.
European custom metallurgical	92	82	12	21	29	(28)
North America	67	94	(29)	(13)	17	n.m.
Volcan	(27)	(19)	n.m.	(27)	(19)	n.m.
Other Zinc	(48)	28	n.m.	(135)	(24)	n.m.
Zinc	**648**	**914**	**(29)**	**(7)**	**381**	**n.m.**
Adjusted EBITDA mining margin[2◊]	*27%*	*36%*				
Nickel assets						
Integrated Nickel Operations	281	258	9	77	55	40
Australia	57	(20)	n.m.	45	(31)	n.m.
Koniambo	(130)	(106)	n.m	(178)	(163)	n.m.
Nickel	**208**	**132**	**58**	**(56)**	**(139)**	**n.m.**
Adjusted EBITDA mining margin◊	*19%*	*12%*				
Adjusted EBITDA mining margin excl. Koniambo◊	*35%*	*25%*				
Ferroalloys	**52**	**229**	**(77)**	**4**	**165**	**(98)**
Aluminium/Alumina	**(24)**	**(35)**	**n.m.**	**(24)**	**(35)**	**n.m.**
Iron ore	**(1)**	**(1)**	**n.m.**	**(1)**	**(1)**	**n.m.**
Metals and minerals Adjusted EBITDA/EBIT◊	**2,167**	**2,577**	**(16)**	**181**	**535**	**(66)**
Adjusted EBITDA mining margin[2◊]	*26%*	*27%*				
Adjusted EBITDA mining margin excl. African Copper and Koniambo[2◊]	*34%*	*39%*				
Coking Australia	215	456	(53)	92	341	(73)
Thermal Australia	590	1,309	(55)	(19)	690	n.m.
Thermal South Africa	66	179	(63)	(72)	31	n.m.
Prodeco	(16)	41	n.m.	(66)	(65)	n.m.
Cerrejón[1]	14	76	(82)	(53)	(11)	n.m.
Coal	**869**	**2,061**	**(58)**	**(118)**	**986**	**n.m.**
Adjusted EBITDA margin[3◊]	*23%*	*39%*				
Oil E&P assets	(8)	90	n.m.	(114)	–	n.m.
Oil refining assets	(119)	(16)	n.m.	(187)	(39)	n.m.
Energy products Adjusted EBITDA/EBIT◊	**742**	**2,135**	**(65)**	**(419)**	**947**	**n.m.**
Adjusted EBITDA margin[3◊]	*22%*	*40%*				
Corporate and other	**(291)**	**(213)**	**n.m.**	**(305)**	**(222)**	**n.m.**
Industrial activities Adjusted EBITDA/EBIT◊	**2,618**	**4,499**	**(42)**	**(543)**	**1,260**	**n.m.**

1 Represents the Group's share of these JVs.

2 Adjusted EBITDA mining margin for Metals and Minerals is Adjusted EBITDA excluding non-mining assets as described below ($1,909 million (H1 2019: $2,269 million)) divided by Revenue excluding non-mining assets and intergroup revenue elimination ($7,218 million (H1 2019: $8,553 million) i.e. the weighted average EBITDA margin of the mining assets. Non-mining assets are the Copper custom metallurgical assets, Zinc European custom metallurgical assets, Zinc North America (principally smelting/ processing), the Aluminium/Alumina group and Volcan (equity accounted with no relevant revenue) as noted in the table above.

3 Energy products EBITDA margin is Adjusted EBITDA for coal and Oil E&P (but excluding Oil refining) ($861 million (H1 2019: $2,151 million)), divided by the sum of coal revenue from own production and Oil E&P revenue ($3,937 million (H1 2019: $5,397 million)).

Industrial activities

continued

US$ million	H1 2020			H1 2019		
	Sustaining	Expansion	Total	Sustaining	Expansion	Total
Capital expenditure◊						
Copper assets						
Collahuasi[1]	117	16	133	103	9	112
Antamina[1]	66	4	70	101	1	102
Other South America	100	8	108	228	9	237
Australia	76	–	76	71	–	71
Polymet	5	–	5	–	–	–
Custom metallurgical	70	–	70	61	–	61
Africa	85	102	187	164	270	434
Copper	**519**	**130**	**649**	**728**	**289**	**1,017**
Zinc assets						
Kazzinc	95	108	203	97	109	206
Australia	86	–	86	62	–	62
European custom metallurgical	26	5	31	40	–	40
North America	22	–	22	40	2	42
Other Zinc	21	–	21	49	–	49
Zinc	**250**	**113**	**363**	**288**	**111**	**399**
Nickel assets						
Integrated Nickel Operations	50	143	193	73	127	200
Australia	7	–	7	9	–	9
Koniambo	30	–	30	16	–	16
Nickel	**87**	**143**	**230**	**98**	**127**	**225**
Ferroalloys	**29**	**6**	**35**	**55**	**1**	**56**
Metals and minerals capital expenditure◊	**885**	**392**	**1,277**	**1,169**	**528**	**1,697**
Australia (thermal and coking)	140	57	197	106	61	167
Thermal South Africa	58	16	74	99	12	111
Prodeco	40	–	40	161	–	161
Cerrejón[1]	13	–	13	38	–	38
Total Coal	**251**	**73**	**324**	**404**	**73**	**477**
Oil E&P assets	65	–	65	85	–	85
Oil refining assets	72	–	72	18	–	18
Energy products capital expenditure◊	**388**	**73**	**461**	**507**	**73**	**580**
Corporate and other	**–**	**39**	**39**	**–**	**33**	**33**
Industrial activities capital expenditure◊	**1,273**	**504**	**1,777**	**1,676**	**634**	**2,310**

1 Represents the Group's share of these JVs.

Production data

Production from own sources – Copper assets[1]

		H1 2020	H1 2019	Change %
African Copper (Katanga, Mutanda, Mopani)				
Copper metal	kt	141.1	183.8	(23)
Copper in concentrates	kt	–	4.0	(100)
Cobalt[2]	kt	12.5	19.5	(36)
Collahuasi[3]				
Copper in concentrates	kt	142.1	112.0	27
Silver in concentrates	koz	1,913	1,237	55
Antamina[4]				
Copper in concentrates	kt	50.9	74.7	(32)
Zinc in concentrates	kt	53.3	51.4	4
Silver in concentrates	koz	2,002	2,523	(21)
Other South America (Antapaccay, Lomas Bayas)				
Copper metal	kt	36.9	40.0	(8)
Copper in concentrates	kt	81.1	100.5	(19)
Gold in concentrates and in doré	koz	34	44	(23)
Silver in concentrates and in doré	koz	565	836	(32)
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)				
Copper metal	kt	64.4	64.0	1
Copper in concentrates	kt	22.8	22.0	4
Gold	koz	46	54	(15)
Silver	koz	564	831	(32)
Total Copper department				
Copper	**kt**	**539.3**	**601.0**	**(10)**
Cobalt	**kt**	**12.5**	**19.5**	**(36)**
Zinc	**kt**	**53.3**	**51.4**	**4**
Gold	**koz**	**80**	**98**	**(18)**
Silver	**koz**	**5,044**	**5,427**	**(7)**

Industrial activities
continued

Production from own sources – Zinc assets[1]

		H1 2020	H1 2019	Change %
Kazzinc				
Zinc metal	kt	84.9	89.0	(5)
Lead metal	kt	12.3	19.2	(36)
Lead in concentrates	kt	–	2.8	(100)
Copper metal[5]	kt	17.5	19.2	(9)
Gold	koz	294	311	(5)
Silver	koz	1,780	1,978	(10)
Silver in concentrates	koz	–	92	(100)
Australia (Mount Isa, McArthur River)				
Zinc in concentrates	kt	311.8	301.6	3
Lead in concentrates	kt	108.1	109.0	(1)
Silver in concentrates	koz	3,790	3,774	–
North America (Matagami, Kidd)				
Zinc in concentrates	kt	57.4	52.5	9
Copper in concentrates	kt	16.8	18.9	(11)
Silver in concentrates	koz	929	693	34
Other Zinc: South America (Argentina, Bolivia, Peru)[6]				
Zinc in concentrates	kt	42.7	41.4	3
Lead in concentrates	kt	7.5	16.5	(55)
Copper in concentrates	kt	0.6	1.8	(67)
Silver in concentrates	koz	2,418	3,247	(26)
Total Zinc department				
Zinc	**kt**	**496.8**	**484.5**	**3**
Lead	**kt**	**127.9**	**147.5**	**(13)**
Copper	**kt**	**34.9**	**39.9**	**(13)**
Gold	**koz**	**294**	**311**	**(5)**
Silver	**koz**	**8,917**	**9,784**	**(9)**

Industrial activities

continued

Production from own sources – Nickel assets[1]

		H1 2020	H1 2019	Change %
Integrated Nickel Operations (INO) (Sudbury, Raglan, Nikkelverk)				
Nickel metal	kt	27.6	28.8	(4)
Nickel in concentrates	kt	0.2	0.3	(33)
Copper metal	kt	6.3	7.0	(10)
Copper in concentrates	kt	7.6	15.1	(50)
Cobalt metal	kt	0.2	0.4	(50)
Gold	koz	11	14	(21)
Silver	koz	224	279	(20)
Platinum	koz	24	33	(27)
Palladium	koz	57	58	(2)
Rhodium	koz	2	2	–
Murrin Murrin				
Nickel metal	kt	17.8	16.1	11
Cobalt metal	kt	1.6	1.4	14
Koniambo				
Nickel in ferronickel	kt	9.6	10.2	(6)
Total Nickel department				
Nickel	**kt**	**55.2**	**55.4**	**–**
Copper	**kt**	**13.9**	**22.1**	**(37)**
Cobalt	**kt**	**1.8**	**1.8**	**–**
Gold	**koz**	**11**	**14**	**(21)**
Silver	**koz**	**224**	**279**	**(20)**
Platinum	**koz**	**24**	**33**	**(27)**
Palladium	**koz**	**57**	**58**	**(2)**
Rhodium	**koz**	**2**	**2**	**–**

Production from own sources – Ferroalloys assets[1]

		H1 2020	H1 2019	Change %
Ferrochrome[7]	kt	466	799	(42)
Vanadium Pentoxide	mlb	8.3	10.2	(19)

Total production – Custom metallurgical assets[1]

		H1 2020	H1 2019	Change %
Copper (Altonorte, Pasar, Horne, CCR)				
Copper metal	kt	247.1	223.1	11
Copper anode	kt	230.2	260.7	(12)
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)				
Zinc metal	kt	391.5	403.8	(3)
Lead metal	kt	99.3	96.0	3

Coal assets[1]

		H1 2020	H1 2019	Change %
Australian coking coal	mt	3.7	4.3	(14)
Australian semi-soft coal	mt	2.6	3.3	(21)
Australian thermal coal (export)	mt	29.4	31.0	(5)
Australian thermal coal (domestic)	mt	3.7	4.0	(8)
South African thermal coal (export)	mt	7.2	6.7	7
South African thermal coal (domestic)	mt	5.0	7.4	(32)
Prodeco	mt	3.8	7.3	(48)
Cerrejón[8]	mt	2.7	4.2	(36)
Total Coal department	**mt**	**58.1**	**68.2**	**(15)**

Oil assets

		H1 2020	H1 2019	Change %
Glencore entitlement interest basis				
Equatorial Guinea	kbbl	1,091	859	27
Chad	kbbl	1,112	1,381	(19)
Cameroon	kbbl	409	–	n.m.
Total Oil department	**kbbl**	**2,612**	**2,240**	**17**

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except for joint ventures, where the Group's attributable share of production is included.
2 Cobalt contained in concentrates and hydroxides.
3 The Group's pro-rata share of Collahuasi production (44%).
4 The Group's pro-rata share of Antamina production (33.75%).
5 Copper metal includes copper contained in copper concentrates and blister.
6 South American production excludes Volcan Compania Minera.
7 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.
8 The Group's pro-rata share of Cerrejón production (33.3%).

Operating highlights

Copper assets

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.

African Copper

Own sourced copper production of 141,100 tonnes was 46,700 tonnes (25%) down on H1 2019 and cobalt production of 12,500 tonnes was 7,000 tonnes (36%) down, in each case mainly reflecting the contribution of Mutanda (now on care and maintenance) in the prior period, partly offset by Katanga, which delivered a strong quarterly production performance.

Collahuasi

Attributable copper production of 142,100 tonnes was 30,100 tonnes (27%) higher than H1 2019, reflecting higher throughput at the concentrator, following investment over recent years to improve productivities at the plant.

Antamina

Mining operations were suspended from mid-April to late May as part of Peru's overall Covid-19 response. Operations restarted on a phased basis, initially targeting 80% of full production, rising to 100% over the course of Q3 2020.

Copper production of 50,900 tonnes was therefore down 32% on H1 2019. Zinc production was in line with H1 2019, despite the temporary suspension, reflecting expected higher zinc grades in the current phase of the mine plan.

Other South America

Copper production of 118,000 tonnes was 22,500 tonnes (16%) lower than H1 2019, mainly reflecting expected lower grades at Antapaccay.

Australia

Own sourced copper production of 87,200 tonnes was in line with H1 2019.

Custom metallurgical assets

Copper cathode production of 247,100 tonnes was 24,000 tonnes (11%) higher than H1 2019, reflecting stronger operations at CCR and Pasar.

Copper anode production of 230,200 tonnes was 30,500 tonnes (12%) lower than the comparable period, mainly reflecting planned maintenance shutdowns at Altonorte and Horne.

Zinc assets

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.

Kazzinc

Own sourced zinc production of 84,900 tonnes was 4,100 tonnes (5%) lower than H1 2019, mainly reflecting operating changes at the Tishinsky mine.

Own sourced lead production of 12,300 tonnes was 9,700 tonnes (44%) lower than H1 2019, reflecting maintenance on the lead smelter and reduced mining activities at Zhairem.

Own sourced copper production of 17,500 tonnes was 1,700 tonnes (9%) lower than H1 2019 and own sourced gold production was 5% down, in each case due to maintenance, resulting in lower ore milled from the Ridder-Sokolny mine.

Australia

Zinc and lead production of 311,800 tonnes and 108,100 tonnes, respectively, was in line with H1 2019.

Industrial activities

continued

North America

Zinc production of 57,400 tonnes was 4,900 (9%) higher than H1 2019, mainly reflecting higher grades at Matagami mine.

Copper production of 16,800 tonnes was 2,100 tonnes lower than H1 2019 mainly due to lower ore milled from Kidd mine.

South America

Zinc production of 42,700 tonnes was in line with H1 2019 as additional zinc units from the Iscaycruz mine in Peru (restarted in Q3 2019) offset the various temporary Covid-19 related suspensions in the portfolio. Lead production of 7,500 tonnes was 9,000 tonnes (55%) down, mainly due to the various temporary Covid-19 related suspensions.

All material operations have since restarted.

European custom metallurgical assets

Zinc and lead metal production of 391,500 tonnes and 99,300 tonnes respectively were in line with H1 2019.

Nickel assets

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.

Integrated Nickel Operations (INO)

Own sourced nickel production of 27,800 tonnes was 1,300 tonnes (4%) lower than H1 2019, mainly reflecting delayed delivery of matte from the Sudbury smelter to the Nikkelverk refinery. Additional custom feed material was processed in the meantime. The temporary suspension of mining operations at Raglan mine due to Covid-19 did not have a significant impact on H1 2020.

Own sourced copper production of 13,900 tonnes was 8,200 tonnes (37%) lower than H1 2019, mainly reflecting the expected decline in copper grade at the Sudbury mines.

Murrin Murrin

Own sourced nickel production of 17,800 tonnes was 1,700 tonnes (11%) higher than H1 2019, reflecting a strong period of operations, following plant maintenance in February.

Koniambo

One of two furnaces was undergoing annual maintenance when Covid-19 restrictions were introduced in March. The restrictions in movement of staff and contractors resulted in this shutdown being prolonged. The furnace is expected to be recommissioned in Q3, albeit Koniambo is expected to run as a single-line operation for the balance of 2020 in line with required maintenance on the currently operating furnace. Additional process improvements to aid operational stability will also be implemented during this period. Nickel production of 9,600 tonnes was 600 tonnes (6%) lower than in H1 2019, owing to these disruptions.

Ferroalloys assets

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 assets

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.

Australian coking

Coking coal production of 3.7 million tonnes was 0.6 million tonnes (14%) below H1 2019, mainly reflecting the timing of coal extraction at Hail Creek, which is expected to be made up later in the year.

Australian thermal and semi-soft

Production of 35.7 million tonnes was 2.6 million tonnes (7%) lower than H1 2019 due to various maintenance factors and increased haul distances at some sites.

South African thermal

The larger complexes continued to operate at somewhat reduced capacity during the South African Covid-19 national lockdown in March/April. H1 2020 production of 12.2 million tonnes was 1.9 million tonnes (13%) lower than H1 2019.

Prodeco

Mining operations were suspended in late March and remain on care and maintenance. Accordingly, H1 2020 production of 3.8 million tonnes was 3.5 million tonnes (48%) lower than H1 2019.

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.

Cerrejón

Mining operations were suspended in late March and restarted on a limited basis from early May. Accordingly, H1 2020 attributable production of 2.7 million tonnes was 1.5 million tonnes (36%) lower than H1 2019.

Industrial activities
continued

Oil assets

Exploration and production

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.

Due to the 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.

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed and adopted by the European Union;
- the interim report includes a fair review of the information required by DTR 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year, and their impact on the interim report and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the interim report includes a fair review of the information required by DTR 4.2.8R (being disclosure of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year).

By order of the Board,

Steven Kalmin
Chief Financial Officer

5 August 2020

Independent review report to Glencore plc

We have been engaged by Glencore plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 (the "2020 Half-Year Report"), which comprises the condensed consolidated statement of income, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 28. We have read the other information contained in the 2020 Half-Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The 2020 Half-Year Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the 2020 Half-Year Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and as issued by the International Accounting Standards Board ("IASB"). The condensed set of financial statements included in the 2020 Half-Year Report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the 2020 Half-Year Report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements in the 2020 Half-Year Report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Recognised Auditor

London, United Kingdom

5 August 2020

Condensed consolidated statement of income

For the six months ended 30 June (unaudited)

US$ million	Notes	**2020**	2019 Restated[1]
Revenue	4	70,961	107,429
Cost of goods sold		(69,214)	(104,651)
Selling and administrative expenses		(950)	(649)
Share of income from associates and joint ventures	11	13	253
Loss on disposals of non-current assets	5	(5)	(19)
Other income/(expense) – net	6	88	(122)
Impairments of non-current assets	7	(5,032)	(888)
Impairments of financial assets	7	(254)	–
Dividend income	11	12	28
Interest income		69	126
Interest expense		(863)	(988)
(Loss)/income before income taxes		**(5,175)**	**519**
Income tax credit/(expense)	8	657	(677)
Loss for the period		**(4,518)**	**(158)**
Attributable to:			
Non-controlling interests		(1,918)	(384)
Equity holders of the Parent		(2,600)	226
(Loss)/earnings per share:			
Basic (US$)	17	(0.20)	0.02
Diluted (US$)	17	(0.20)	0.02

1 Adjusted to present mark-to-market movements on physical forward sales contracts within revenue (see note 4).

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of comprehensive income

For the six months ended 30 June (unaudited)

US$ million	Notes	**2020**	2019
Loss for the period		(4,518)	(158)
Other comprehensive (loss)/income			
Items not to be reclassified to the statement of income in subsequent periods:			
Defined benefit plan actuarial losses, net of tax of $28 million (2019: $23 million)		(84)	(72)
(Loss)/gain on equity investments accounted for at fair value through other comprehensive income	11	(429)	240
(Loss)/gain due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss		(2)	24
Net items not to be reclassified to the statement of income in subsequent periods		**(515)**	**192**
Items that have been or may be reclassified to the statement of income in subsequent periods:			
Exchange (loss)/gain on translation of foreign operations		(924)	88
Losses on cash flow hedges, net of tax of $3 million (2019: $Nil)		(124)	(31)
Share of other comprehensive loss from associates and joint ventures	11	(118)	(26)
Items recycled to the statement of income		–	(11)
Net items that have been or may be reclassified to the statement of income in subsequent periods		**(1,166)**	**20**
Other comprehensive (loss)/income		**(1,681)**	**212**
Total comprehensive (loss)/income		**(6,199)**	**54**
Attributable to:			
Non-controlling interests		(1,977)	(384)
Equity holders of the Parent		(4,222)	438

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of financial position

As at 30 June 2020 and 31 December 2019

US$ million	Notes	2020 (unaudited)	2019 (audited)
Assets			
Non-current assets			
Property, plant and equipment	9	48,516	55,357
Intangible assets	10	6,615	7,006
Investments in associates and joint ventures	11	12,732	12,984
Other investments	11	1,963	2,387
Advances and loans	12	2,545	2,427
Other financial assets	22	45	25
Inventories	13	596	575
Deferred tax assets		1,405	1,477
		74,417	**82,238**
Current assets			
Inventories	13	19,667	19,936
Accounts receivable	14	12,556	16,671
Other financial assets	22	2,824	2,381
Income tax receivable		459	350
Prepaid expenses		318	315
Cash and cash equivalents		1,425	1,899
		37,249	**41,552**
Assets held for sale	15	286	286
		37,535	**41,838**
Total assets		**111,952**	**124,076**
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	16	146	146
Reserves and retained earnings		35,923	40,128
		36,069	**40,274**
Non-controlling interests	27	(3,156)	(1,038)
Total equity		**32,913**	**39,236**
Non-current liabilities			
Borrowings	19	26,550	29,067
Deferred income		2,438	2,670
Deferred tax liabilities		4,624	5,974
Other financial liabilities	22	355	379
Provisions including post-retirement benefits		7,304	7,302
		41,271	**45,392**
Current liabilities			
Borrowings	19	12,304	7,976
Accounts payable	20	20,882	26,193
Deferred income		563	558
Provisions		536	489
Other financial liabilities	22	3,170	3,722
Income tax payable		157	354
		37,612	**39,292**
Liabilities held for sale	15	156	156
		37,768	**39,448**
Total equity and liabilities		**111,952**	**124,076**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of cash flows

For the six months ended 30 June (unaudited)

US$ million	Notes	2020	2019
Operating activities			
(Loss)/income before income taxes		(5,175)	519
Adjustments for:			
Depreciation and amortisation		3,136	3,226
Share of income from associates and joint ventures	11	(13)	(253)
Streaming revenue and other non-current provisions		(53)	(206)
Loss on disposals of non-current assets	5	5	19
Unrealised mark-to-market movements on other investments	6	(69)	16
Impairments	7	5,286	888
Other non-cash items – net[1]		406	338
Interest expense – net		794	862
Cash generated by operating activities before working capital changes		**4,317**	**5,409**
Working capital changes			
Decrease in accounts receivable[2]		2,783	741
Decrease in inventories		14	385
(Decrease)/increase in accounts payable[3]		(6,047)	617
Total working capital changes		**(3,250)**	**1,743**
Income taxes paid		(631)	(1,522)
Interest received		59	101
Interest paid		(661)	(903)
Net cash (used)/generated by operating activities		**(166)**	**4,828**
Investing activities			
Net cash used in acquisition of subsidiaries	21	–	(105)
Net cash used in disposal of subsidiaries	21	–	(1)
Purchase of investments		(88)	(14)
Proceeds from sale of investments		4	49
Purchase of property, plant and equipment		(1,551)	(2,109)
Proceeds from sale of property, plant and equipment		21	90
Dividends received from associates and joint ventures	11	143	447
Net cash used by investing activities		**(1,471)**	**(1,643)**

1 Includes certain non-cash items as disclosed in note 6, share based and deferred remuneration $373 million (2019: $84 million) and inventory net realisable value adjustments $32 million (2019: $169 million).

2 Includes movements in other financial assets, prepaid expenses and long-term advances and loans.

3 Includes movements in other financial liabilities, provisions and deferred income. In 2019, Glencore entered into cobalt and palladium supply arrangements in exchange for upfront payments totalling $300 million, which will be physically settled over a five-year period.

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of cash flows

For the six months ended 30 June (unaudited)

US$ million	Notes	**2020**	2019
Financing activities[1]			
Proceeds from issuance of capital market notes[2]		–	2,953
Repayment of capital market notes		(1,095)	(2,264)
Repurchase of capital market notes		(72)	–
Repayment of revolving credit facility		(470)	(91)
Repayment of other non-current borrowings		(11)	(293)
Repayment of lease liabilities		(208)	(136)
Margin receipts in respect of financing related hedging activities		256	569
Proceeds from/(repayment of) current borrowings		2,643	(1,399)
Proceeds from U.S. commercial papers		359	93
Acquisition of non-controlling interests in subsidiaries		(39)	(7)
Return of capital/distributions to non-controlling interests		(122)	(232)
Purchase of own shares		–	(1,226)
Disposal of own shares		–	6
Distributions paid to equity holders of the Parent	18	–	(1,368)
Net cash generated/(used) by financing activities		**1,241**	**(3,395)**
Decrease in cash and cash equivalents		(396)	(210)
Effect of foreign exchange rate changes		(72)	2
Cash and cash equivalents, beginning of period		1,901	2,046
Cash and cash equivalents, end of period		**1,433**	**1,838**
Cash and cash equivalents reported in the statement of financial position		**1,425**	**1,838**
Cash and cash equivalents attributable to assets held for sale		**8**	**–**

1 Refer to note 19 for reconciliation of movement in borrowings.

2 Net of issuance costs relating to capital market notes of $Nil (2019: $14 million).

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Consolidated statement of changes of equity

For the six months ended 30 June (unaudited)

	Retained earnings	Share premium	Other reserves	Own shares	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests (Note 27)	Total equity
1 January 2019	**5,343**	**48,504**	**(4,937)**	**(3,318)**	**45,592**	**146**	**45,738**	**(355)**	**45,383**
Income for the period	226	–	–	–	226	–	226	(384)	(158)
Other comprehensive income	(109)	–	321	–	212	–	212	–	212
Total comprehensive income	**117**	**–**	**321**	**–**	**438**	**–**	**438**	**(384)**	**54**
Own share disposal[1]	(115)	–	–	199	84	–	84	–	84
Own share purchases[1]	–	–	–	(1,226)	(1,226)	–	(1,226)	–	(1,226)
Equity-settled share-based expenses	(43)	–	–	–	(43)	–	(43)	–	(43)
Change in ownership interest in subsidiaries[2]	–	–	(24)	–	(24)	–	(24)	(21)	(45)
Acquisition/disposal of business[3]	–	–	–	–	–	–	–	371	371
Reclassifications	25	–	(25)	–	–	–	–	–	–
Distributions declared[4]	–	(2,800)	–	–	(2,800)	–	(2,800)	(232)	(3,032)
30 June 2019	**5,327**	**45,704**	**(4,665)**	**(4,345)**	**42,021**	**146**	**42,167**	**(621)**	**41,546**
1 January 2020	**4,742**	**45,794**	**(4,971)**	**(5,437)**	**40,128**	**146**	**40,274**	**(1,038)**	**39,236**
Loss for the period	(2,600)	–	–	–	(2,600)	–	(2,600)	(1,918)	(4,518)
Other comprehensive loss	(203)	–	(1,419)	–	(1,622)	–	(1,622)	(59)	(1,681)
Total comprehensive loss	**(2,803)**	**–**	**(1,419)**	**–**	**(4,222)**	**–**	**(4,222)**	**(1,977)**	**(6,199)**
Own share disposal[1]	(32)	–	–	133	101	–	101	–	101
Equity-settled share-based expenses	(64)	–	–	–	(64)	–	(64)	–	(64)
Change in ownership interest in subsidiaries[2]	–	–	(20)	–	(20)	–	(20)	(19)	(39)
Distributions paid[4]	–	–	–	–	–	–	–	(122)	(122)
30 June 2020	**1,843**	**45,794**	**(6,410)**	**(5,304)**	**35,923**	**146**	**36,069**	**(3,156)**	**32,913**

1 See note 16.
2 See note 27.
3 See note 21.
4 See note 18.

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Notes to the unaudited condensed interim consolidated financial statements
continued

1. Corporate information

Glencore plc (the “Company”, “Parent”, the “Group” or “Glencore”), is a leading integrated producer and marketer of natural resources, with worldwide activities in the production, refinement, processing, storage, transport and marketing of metals and minerals and energy 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, energy and oil industries. Glencore also provides financing, logistics and other services to producers and consumers of commodities. In this regard, Glencore seeks to capture value throughout the commodity supply chain. Glencore’s long experience as a commodity producer and 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 is a publicly traded limited company incorporated in Jersey and domiciled in Switzerland. Its ordinary shares are traded on the London and Johannesburg stock exchanges.

These unaudited condensed interim consolidated financial statements for the six months ended 30 June 2020 were authorised for issue in accordance with a Directors’ resolution on 5 August 2020.

2. Accounting policies

Basis of preparation

These unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC), IAS 34 Interim Financial Reporting as adopted by the European Union (EU), and the Disclosure and Transparency Rules of the Financial Conduct Authority effective for Glencore’s reporting for the six months ended 30 June 2020. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the audited 2019 Annual Report of Glencore plc (2019 Annual Report) available at www.glencore.com. These condensed consolidated financial statements for the six months ended 30 June 2020 and 2019, and financial information for the year ended 31 December 2019 do not constitute statutory accounts. Certain financial information that is included in the audited annual financial statements but is not required for interim-reporting purposes has been condensed or omitted.

The 2019 Annual Report and audited consolidated financial statements for the year ended 31 December 2019 have been filed with the Jersey Registrar of Companies and the audit report on those consolidated financial statements was not qualified.

The condensed consolidated financial statements report for the six months ended 30 June 2020 has been prepared on a going concern basis as the Directors believe there are no material uncertainties that lead to significant doubt that the Group can continue as a going concern in the foreseeable future, a period not less than 12 months from the date of this report.

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

The impact of seasonality or cyclicality on operations is not regarded as significant to the unaudited condensed interim consolidated financial statements.

Adoption of new and revised standards

These unaudited condensed consolidated financial statements are prepared using the same accounting policies as applied in the audited 2019 Annual Report, except for the adoption of a number of clarification revisions to existing accounting pronouncements that became effective as of 1 January 2020 and have been adopted by the Group. These included: - Amendments to IAS 1 and IAS 8 – Definition of material and Amendments to IFRS 3 – Definition of business. These amendments did not have a material impact on the Group.

Notes to the unaudited condensed interim consolidated financial statements
continued

3. Segment information

Glencore is organised and operates on a worldwide basis in two core business segments – Marketing activities and Industrial activities, reflecting the reporting lines and structure used by Glencore's Management to allocate resources and assess the performance of Glencore.

The business segments' contributions to the Group are primarily derived from a) the net margin or premium earned from physical Marketing activities (net sale and purchase of physical commodities) and the provision of marketing and related value-add services and b) 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). Due to similar economic characteristics of the operating segments within the Marketing activities and Industrial activities, these operating segments have been aggregated under the two reportable segments.

Corporate and other: the consolidated statement of income amount represents Group related income and expenses (including share of Glencore Agri earnings and certain variable bonus charges). Statement of financial position amounts represent Group related balances.

The financial performance of the operating segments is principally evaluated by management with reference to Adjusted EBIT/EBITDA. Adjusted EBIT is the net result of segmental revenue (revenue including Proportionate adjustments as defined in the Alternative performance measure section) less cost of goods sold and selling and administrative expenses plus share of income from associates and joint ventures, dividend income and the attributable share of Adjusted EBIT of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding significant items. Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation, including the related Proportionate adjustments. In addition, Volcan, while a subsidiary of the Group, is accounted for under the equity method for internal reporting and analysis due to the relatively low economic ownership held by the Group.

The accounting policies of the operating segments are the same as those described in note 2 with the exception of relevant material associates, the Collahuasi joint venture and Volcan. Under IFRS 11, Glencore's investments in the Antamina copper/zinc mine (34% owned) and the Cerrejón coal mine (33% owned) are considered to be associates as they are not subject to joint control and the Collahuasi copper mine (44% owned) is considered to be a joint venture. Associates and joint ventures are required to be accounted for in Glencore's financial statements under the equity method. For internal reporting and analysis, Glencore evaluates the performance of these investments under the proportionate consolidation method, reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of the investments. For internal reporting and analysis, management evaluates the performance of Volcan under the equity method, reflecting the Group's relatively low 23.3% economic ownership in this fully ring-fenced listed entity, with its stand-alone, independent and separate capital structure. The balances as presented for internal reporting purposes are reconciled to Glencore's statutory disclosures in the following tables and/or in the Alternative performance measures section

3. Segment information continued

Glencore accounts for intra-segment sales and transfers where applicable as if the sales or transfers were to third parties, i.e. at arm's length commercial terms.

Six months ended 30 June 2020

US$ million	Marketing activities	Industrial activities	Inter-segment eliminations	Total
Revenue				
Metals and minerals	25,813	11,912	(7,100)	30,625
Energy products	36,218	6,031	(933)	41,316
Corporate and other	–	2	–	2
Revenue - segmental	**62,031**	**17,945**	**(8,033)**	**71,943**
Proportionate adjustment – revenue[1]	–	(982)	–	(982)
Revenue – reported measure	**62,031**	**16,963**	**(8,033)**	**70,961**
Metals and minerals				
Adjusted EBITDA	852	2,167	–	3,019
Depreciation and amortisation	(66)	(1,828)	–	(1,894)
Proportionate adjustment – depreciation[1]	–	(158)	–	(158)
Adjusted EBIT	**786**	**181**	**–**	**967**
Energy products				
Adjusted EBITDA	1,399	742	–	2,141
Depreciation and amortisation	(134)	(1,094)	–	(1,228)
Proportionate adjustment – depreciation[1]	–	(67)	–	(67)
Adjusted EBIT	**1,265**	**(419)**	**–**	**846**
Corporate and other				
Adjusted EBITDA[2]	(36)	(291)	–	(327)
Depreciation and amortisation	–	(14)	–	(14)
Adjusted EBIT	**(36)**	**(305)**	**–**	**(341)**
Total Adjusted EBITDA	**2,215**	**2,618**	**–**	**4,833**
Total depreciation and amortisation	(200)	(2,936)	–	(3,136)
Total depreciation proportionate adjustment	–	(225)	–	(225)
Total Adjusted EBIT	**2,015**	**(543)**	**–**	**1,472**
Share of associates' significant items[1,3]				(83)
Movement in unrealised inter-segment profit elimination adjustments[4]				(85)
Loss on disposals of non-current assets				(5)
Other income – net				88
Impairments				(5,286)
Interest expense – net				(794)
Income tax credit				657
Proportionate adjustment – net finance, impairment and income tax expense[1]				(482)
Loss for the period				**(4,518)**
Capital expenditure				
Metals and minerals	30	1,277	–	1,307
Energy products	444	461	–	905
Corporate and other	–	39	–	39
Capital expenditure – segmental (30 June 2020)	**474**	**1,777**	**–**	**2,251**
Proportionate adjustment – capital expenditure[1]	–	(182)	–	(182)
Capital expenditure – reported measure[5] (30 June 2020)	**474**	**1,595**	**–**	**2,069**

US$ million	Marketing activities	Industrial activities	Corporate and other	Total
Total assets (as at 30 June 2020)	**38,090**	**70,700**	**3,162**	**111,952**

1 Refer to APMs section for definition.
2 Marketing activities include $118 million of Glencore's equity accounted share of Glencore Agri.
3 Share of associates' significant items comprise Glencore's share of significant charges relating to impairments and other items booked directly by various associates, notably Trevali ($36 million) and HG Storage ($18 million).
4 Represents the required adjustment to eliminate unrealised profit or losses arising on inter-segment transactions, i.e. before ultimate sale to a third party. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial to Marketing operations. Management assesses segment performance prior to any such adjustments, as if the sales were to third parties.
5 Includes $518 million ($445 million in Marketing activities and $73 million in Industrial activities) of 'right-of-use assets' capitalised in accordance with IFRS 16 – Leases.

3. Segment information continued

Six months ended 30 June 2019

US$ million	Marketing activities	Industrial activities	Inter-segment eliminations	Total Restated[1]
Revenue				
Metals and minerals	35,703	13,714	(8,357)	41,060
Energy products	62,246	6,774	(1,650)	67,370
Corporate and other	–	3	–	3
Revenue - segmental	**97,949**	**20,491**	**(10,007)**	**108,433**
Proportionate adjustment – revenue[2]	–	(1,004)	–	(1,004)
Revenue – reported measure	**97,949**	**19,487**	**(10,007)**	**107,429**
Metals and minerals				
Adjusted EBITDA	380	2,577	–	2,957
Depreciation and amortisation	(33)	(2,002)	–	(2,035)
Proportionate adjustment – depreciation[2]	–	(40)	–	(40)
Adjusted EBIT	**347**	**535**	**–**	**882**
Energy products				
Adjusted EBITDA	740	2,135	–	2,875
Depreciation and amortisation	(81)	(1,101)	–	(1,182)
Proportionate adjustment – depreciation[2]	–	(87)	–	(87)
Adjusted EBIT	**659**	**947**	**–**	**1,606**
Corporate and other				
Adjusted EBITDA[3]	(37)	(213)	–	(250)
Depreciation and amortisation	–	(9)	–	(9)
Adjusted EBIT	**(37)**	**(222)**	**–**	**(259)**
Total Adjusted EBITDA	**1,083**	**4,499**	**–**	**5,582**
Total depreciation and amortisation	(114)	(3,112)	–	(3,226)
Total depreciation proportionate adjustment	–	(127)	–	(127)
Total Adjusted EBIT	**969**	**1,260**	**–**	**2,229**
Share of associates' significant items[2,4]				(85)
Movement in unrealised inter-segment profit elimination adjustments[5]				504
Loss on disposals of non-current assets				(19)
Other expense – net				(122)
Impairments				(888)
Interest expense – net				(862)
Income tax expense				(677)
Proportionate adjustment – net finance and income tax expense[2]				(238)
Loss for the period				**(158)**
Capital expenditure				
Metals and minerals	38	1,697	–	1,735
Energy products	164	580	–	744
Corporate and other[2]	–	33	–	33
Capital expenditure – segmental (30 June 2019)	**202**	**2,310**	**–**	**2,512**
Proportionate adjustment – capital expenditure[2]	–	(169)	–	(169)
Capital expenditure – reported measure[6] (30 June 2019)	**202**	**2,141**	**–**	**2,343**

US$ million	Marketing activities	Industrial activities	Corporate and other	Total
Total assets (as at 30 June 2019)	**41,357**	**82,360**	**3,466**	**127,183**

1 Adjusted to present mark-to-market movements on physical forward sales contracts within revenue (see note 4).
2 Refer to APMs section for definition.
3 Marketing activities include $13 million of Glencore's equity accounted share of Glencore Agri.
4 Share of associates' significant items comprise Glencore's share of significant charges relating to impairments and other items booked directly by various associates, notably Trevali ($65 million) and Oil vessels' entities ($18 million).
5 Represents the required adjustment to eliminate unrealised profit or losses arising on inter-segment transactions, i.e. before ultimate sale to a third party. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial to Marketing operations. Management assesses segment performance prior to any such adjustments, as if the sales were to third parties.
6 Includes $234 million ($157 million in Marketing activities and $77 million in Industrial activities) of 'right-of-use assets' capitalised in accordance with IFRS 16 – Leases.

4. Revenue

US$ million	H1 2020	H1 2019 Restated[1]
Sale of commodities	69,264	106,115
Freight, storage and other services	1,697	1,314
Total	**70,961**	**107,429**

1 Adjusted to present mark-to-market movements on physical forward sales contracts within revenue (see below).

Revenue is derived principally from the sale of commodities, recognised once control of the goods has transferred from Glencore to the buyer. Revenue from sale of commodities includes $240 million (2019: $331 million) of mark-to-market related adjustments on provisionally priced sales arrangements. Revenue derived from freight, storage and other services is recognised over time as the service is rendered. Revenue is measured based on consideration specified in the contract with the customer and is presented net of amounts prepaid as incentives and/or rebates paid to customers, and excludes amounts collected on behalf of third parties. This is consistent with the revenue information disclosed for each reportable segment (see note 3).

Mark-to-market movements on physical forward sales contracts

In March 2019, the International Financial Reporting Interpretations Committee (IFRIC) issued an agenda decision on the Physical Settlement of Contracts to Buy or Sell a non-Financial Item. The committee concluded that, for physical commodity contracts within the scope of IFRS 9 Financial instruments, entities should not transfer previously recognised unrealised mark-to-market movements to different income statement line items upon realisation. The Group previously recognised mark-to-market movements on the re-measurement of physical forward sales contracts that do not meet own use exemption, within cost of goods sold up to the point of realisation.

Following the agenda decision, the Group has revised its accounting policy in 2019 to recognise mark-to-market movements on physical forward sales contracts that do not meet own use exemption within the revenue line item and no longer within cost of goods sold. For physical forward purchase contracts that do meet the own use exemption, the mark-to-market movements continue to be recognised within cost of goods sold. Upon adoption of this change, the prior period revenue and cost of goods sold balances increased by an equal amount of $331 million (0.3% of pre-adjusted revenue), resulting in no impact on net income.

5. Loss on disposals of non-current assets

US$ million	Notes	H1 2020	H1 2019
Revaluation of previously held interest in newly acquired business (Polymet)	21	–	(38)
Gain on sale of Terminales Portuarios Chancay S.A.	21	–	23
Net gain/(loss) on sale of other investments/operations		2	(21)
(Loss)/gain on disposal of property, plant and equipment		(7)	17
Total		**(5)**	**(19)**

Polymet

In June 2019, Glencore concluded the acquisition of an additional 42.9% interest in Polymet Mining Corp. Prior to acquisition, Glencore owned a 28.8% interest in Polymet which was accounted for as an associate. The revaluation of the existing interest at the date of acquisition resulted in a reported loss of $38 million (see note 21).

6. Other income/(expense) – net

US$ million	Notes	**H1 2020**	H1 2019
Net changes in mark-to-market valuations on investments		69	(16)
Net foreign exchange gains/(losses)		59	(56)
Legal related costs		(56)	(45)
Other income/(expense) – net		16	(5)
Total		**88**	**(122)**

Together with foreign exchange movements and mark-to-market movements on investments, other income/(expense) includes other items that, due to their nature and variable financial impact or infrequency of the events giving rise to these items, are reported separately from operating segment results.

Net changes in mark-to-market valuations on investments

Primarily relates to movements on interests in investments (see note 11), the ARM Coal non-discretionary dividend obligation (see note 23) and deferred consideration related to the sale of Mototolo in 2018 carried at fair value.

Legal related costs

Comprises various investigations (legal, expert and compliance) related costs of $56 million (2019: $45 million)(see note 25).

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7. Impairments

US$ million	Notes	H1 2020	H1 2019
Property, plant and equipment and intangible assets	9/10	(4,943)	(888)
Investments	11	(89)	–
Advances and loans - current and non-current		(254)	–
Total impairments[1]		**(5,286)**	**(888)**

1 Impairments recognised during the period are allocated to Glencore's operating segments as follows: Marketing activities $190 million (2019: $50 million) and Industrial activities $5,096 million (2019: $838 million).

As part of a regular portfolio review, Glencore carries out an assessment of whether there are indicators of cash-generating unit (CGU) or asset impairments or whether a previously recorded impairment may no longer be required.

The recoverable amounts of the property, plant and equipment were measured based on fair value less costs of disposal (FVLCD), or in certain cases value in use (VIU). With the exception of Prodeco, which is valued using a multiples approach, the FVLCD or VIU of all other CGUs are determined by discounted cash flow techniques based on the most recent business plans, reserve and resource estimates, relevant cost assumptions generally based on past experience and where possible, market forecasts of commodity price and foreign exchange rate assumptions discounted using operation specific discount rates. Discount rates, related to those CGUs that recognised impairments, ranged from 8.1%-11.4% (2019: 13.5%). The valuations remain primarily sensitive to price and a deterioration/improvement in the pricing outlook may result in additional impairments/reversals. The determination of FVLCD uses Level 3 valuation techniques for both years.

As a result of the regular impairment assessment, the following significant impairment charges resulted:

2020

Property, plant and equipment and intangible assets

- Volcan is a listed zinc / silver mining entity in Peru, in which the Group acquired a 63% controlling (23% economic) interest at the end of 2017 (Industrial activities segment). The operations primarily comprise two cash-generating units (Yauli and Chungar) and at the time of the acquisition, approximately one third of the value was ascribed to realising the future potential of various projects / resources. Due to the impact Covid-19 has had on the long-term outlook of the global economy a review of the life of mine plan and related expansion projects was carried out. It was determined that the related risk / confidence levels in deploying capital to longer-term greenfield projects and the probability of approving development and realisation of these projects had reduced. As a consequence, Volcan was impaired by $2,285 million (and related deferred tax obligations of $716 million were released) to its estimated recoverable value of $1,383 million. The valuation assumes a long-term zinc price of $2,400/t and an operation specific discount rate of 9.2%. Should the zinc price assumptions fall by 10% (across the curve), a further impairment of $320 million would be recognised.

- As a result of persistent operational challenges, further technical analysis resulting in a reduced life of mine forecast, delays in key development projects and cost increases owing to inflation, tax and other regulatory pressures, a decision was made to place the Mopani copper operations in Zambia (Industrial activities segment) on care and maintenance subject to government approval. As a consequence of the operational, technical and cost factors, the Mopani operations were impaired by $1,144 million, to their estimated recoverable value of $704 million, including tax receivables. The valuation remains sensitive to price, production volumes and operating costs and a deterioration in these assumptions could result in additional impairments. The operation specific discount rate used in the valuation was 10.5%. The short to long-term copper price assumptions were $5,691/mt – 6,500/mt. Should the copper price assumptions fall by 10% (across the curve), production volumes decline by 10% or operating costs rise by 5% as a result of further cost pressure, operational challenges and delays, a further $231 million, $129 million and $222 million, respectively, of impairment would be recognised.

- During H1 2020, pressure on the API 2 European coal market (primary price reference market for our Colombian coal operations) increased as European economies continue to shift to a decarbonised environment, exacerbated by the significant drop in oil and gas prices (supply and demand factors). A review of operations determined that, in addition to a deteriorating market environment, there were increasing challenges with respect to obtaining several key approvals from government agencies and other key stakeholders. An application was therefore made to place Prodeco operations on extended care and maintenance until these conditions improve. Consequently, the Prodeco operations (Industrial activities segment) were impaired by $710 million (property, plant and equipment - $664 million and non-current advances and loans - $46 million) to its estimated recoverable amount of $354 million, which principally represents the balance of inventory on hand to be liquidated in H2 2020 plus an assessed $0.40/tonne base value for the remaining exploitable coal measured and indicated resources amounting to $133 million. Should a restart be prolonged by an extended period of time, the balance of the carrying value could become impaired.

- As noted above, oil prices were significantly impacted by demand destruction from Covid-19 and the lack of timely effective supply response from OPEC+. In addition, Covid-19 disrupted and restricted international mobility, which had a particularly significant impact on our workforce arrangements in Chad, resulting in these fields being placed on care and maintenance in March. As a result, the Chad oil operations (Industrial activities segment) were impaired by $673 million to its estimated recoverable amount of $145 million. The valuation remains sensitive to Covid-19 related disruptions on international mobility and a timely restart of the operations in a safe and economic manner. Should such restart be prolonged by an extended period of time, an additional future impairment could result.

7. Impairments continued

- In June 2020, it was determined to keep the Lydenburg chrome smelter on care and maintenance until at least the end of the year. This decision reflects the challenging operating and market environment across the South African ferrochrome industry, including unsustainably increasing electricity tariffs / supply interruption and other sources of real cost inflation. These macro factors outweigh the significant efforts made over the past years to make the operation more competitive, rendering its estimated fair value as negative. As a result, the entire carrying value of the Lydenburg smelter ($116 million) was impaired.
- The balance of the impairment charges on property, plant and equipment (none of which were individually material) relate to specific assets where utilisation is no longer required or to projects no longer progressed due to changes in production and development plans. As a result, the full carrying amount of these asses/projects was impaired, with $61 million recognised in our Industrial activities segment.

Advances and loans – current and non-current

During the period, loans of $103 million were impaired in full due to financial difficulties faced by one of the Group's associates (Marketing activities segment). The balance of the impairment charges on advances and loans (none of which were individually material) were recognised in our Marketing activities segment ($87 million) and our Industrial activities segment ($64 million), following the restructuring of certain loans and physical advances due to various non-performance factors.

Estimation uncertainty – impairments and impairment reversals, CGUs with limited headroom

As disclosed in our 2019 Annual Report, key sources of estimation uncertainty are the estimates used to determine impairments or impairment reversals (particularly commodity price estimates). The Group assessed the recoverable value of its CGUs for which indicators of impairments were identified as at 30 June 2020, and except for those CGUs noted above and in note 11 where impairments have been recorded, the estimated recoverable values exceeded the carrying values. However, for certain CGUs where no impairment was recognised, should there be a significant deterioration in the key assumptions (mainly price curves and annual production over the life of mine), a material impairment could result in the next financial year. In this regard, the Koniambo CGU (carrying value $1,591 million) continues to have limited headroom and should the long term nickel price assumption of $15,400/t fall by 10%, an impairment of $562 million could result. A 10% reduction in estimated annual production over the life of mine could result in an impairment of $520 million.

2019

Property, plant and equipment and intangible assets

- Following the sharp decline in cobalt prices over H1 2019 and in response thereof, significant updates were made to Mutanda's mine plans, culminating in the decision to place the operations on temporary care and maintenance by December 2019, for future restart, once the weak and oversupplied cobalt market sufficiently recovers. As a result, the Mutanda operations were impaired by $300 million to its estimated recoverable amount of $2,801 million, including continued value recognition for the long-term copper sulphide resource potential. The valuation remains sensitive to price and a prolonged temporary care and maintenance scenario. The short to long-term copper and cobalt price assumptions were $6,500/mt and $20.00 – $27.00/lb, respectively. As at 30 June 2019, had the copper and cobalt assumptions fallen by 10% (across the curve) or had it be determined that the temporary care and maintenance scenario be prolonged for an additional 2 years, a further impairment ranging between $365 million and $470 million would have been recognised.
- In H1 2019, Glencore's exploration licenses in Chad East expired and Glencore entered into discussions with the Government of the Republic of Chad with a view to extending the exploration licenses on terms acceptable to both parties. The discussions did not result in any agreement to extend the licenses. As a result, the full carrying value pertaining to the acreage held under exploration licenses ($538 million) was impaired. The expiry of the exploration licences had no impact on Glencore's current production and development assets in the Mangara, Badila and Krim fields (Chad West), which are held under exploitation licences.
- In H1 2019, challenging warehousing conditions persisted and as a result, the remaining goodwill of $50 million related to the Access World warehousing business was impaired.

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8. Income taxes

Income taxes consist of the following:

US$ million	H1 2020	H1 2019
Current income tax expense	(389)	(818)
Adjustments in respect of prior year current income tax	40	(14)
Deferred income tax credit	996	167
Adjustments in respect of prior year deferred income tax	10	(12)
Total tax credit/(expense) reported in the statement of income	**657**	**(677)**
Deferred income tax credit recognised directly in other comprehensive income	31	23
Total tax credit recognised directly in other comprehensive income	**31**	**23**

The effective Group tax rate is different from the statutory Swiss income tax rate applicable to the Company for the following reasons:

US$ million	H1 2020	H1 2019
(Loss)/income before income taxes	(5,175)	519
Less: Share of income from associates and joint ventures	(13)	(253)
Parent Company's and subsidiaries' (loss)/income before income tax and attribution	**(5,188)**	**266**
Income tax credit/(expense) calculated at the Swiss income tax rate of 12% (2019: 15%)	623	(40)
Tax effects of:		
Different tax rates from the standard Swiss income tax rate ($378 million (2019: $128 million) from recurring and $719 million (2019: $Nil) from non-recurring items)	1,097	(128)
Tax-exempt income ($99 million (2019: $90 million) from recurring items and $5 million (2019: $29 million) from non-recurring items)	104	119
Items not tax deductible ($431 million (2019: $325 million) from recurring items and $256 million (2019: $26 million) from non-recurring items)	(687)	(351)
Foreign exchange fluctuations	(64)	(14)
Changes in tax rates	14	–
Utilisation and changes in recognition of tax losses and temporary differences	(343)	(61)
Tax losses not recognised	(127)	(188)
Adjustments in respect of prior years	40	(14)
Income tax credit/(expense)	**657**	**(677)**

The non-tax deductible items of $687 million (2019: $351 million) primarily relate to financing costs, impairments and various other expenses. The impact of tax-exempt income of $104 million (2019: $119 million) primarily relates to non-taxable intra-group dividends, income that is not effectively connected to the taxable jurisdiction, and various other items.

The tax impact of foreign exchange fluctuations relates to the foreign currency movements on deferred tax balances where the underlying tax balances are denominated in a currency different to the functional currency determined for accounting purposes.

DRC related income tax judgements

The losses carried forward in the DRC have an unlimited carry forward period, but are subject to an annual utilisation limitation. Katanga Mining resumed processing operations in December 2017 and is expected to generate taxable profits in the future. Should this potential fully materialise, up to $839 million (2019: $824 million) of unrecognised tax effected losses are available to be recognised.

During 2018, the DRC parliament adopted a new mining code ("2018 Mining Code") introducing wide-ranging reforms including the introduction of higher royalties, a new Super Profits Tax regime and further regulatory controls. This triggered a re-assessment of our tax positions in the DRC. Based on the potential challenge of historical tax positions and uncertainties of the 2018 Mining Code, specifically, the application and interpretation of the Super Profits Tax, which cannot be offset by carry forward income tax losses, consideration was given to the range of possible outcomes to determine the expected value of the tax losses available for future offset, including to what extent previously incurred tax losses would be available to offset future taxable profits. Any adverse challenge by the DRC tax authorities could significantly impact the currently recognised tax losses.

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9. Property, plant and equipment

US$ million	Notes	Freehold land and buildings	Plant and equipment	Right-of-use assets[1]	Mineral and petroleum rights	Exploration and evaluation	Deferred mining costs	**Total**
Net book value:								
1 January 2020		4,194	21,579	1,680	19,313	90	8,501	55,357
Restatement[2]		–	(160)	–	390	–	(230)	–
1 January 2020 (restated)		4,194	21,419	1,680	19,703	90	8,271	55,357
Additions		16	1,214	518	28	–	289	2,065
Disposals		(4)	(28)	(76)	–	–	–	(108)
Depreciation		(177)	(1,305)	(249)	(613)	–	(681)	(3,025)
Impairment	7	(68)	(821)	–	(3,058)	–	(991)	(4,938)
Effect of foreign currency exchange movements		(35)	(381)	(10)	(389)	–	(52)	(867)
Other movements		131	(307)	(10)	93	–	125	32
Net book value 30 June 2020		**4,057**	**19,791**	**1,853**	**15,764**	**90**	**6,961**	**48,516**

1 Net book value of recognised right-of-use assets relates to land and buildings ($562 million) and plant and equipment ($1,291 million).

2 Certain balances in the prior year have been restated to reflect their appropriate classification. Other than the restatement within property, plant and equipment headings, there are no depreciation and amortisation changes.

During the period ended 30 June 2019, Glencore added property, plant and equipment with a cost of $2,337 million and disposed of property, plant and equipment with net book value of $89 million.

10. Intangible assets

US$ million	Notes	Goodwill	Port allocation rights	Licences, trademarks and software	Customer relationships and other	**Total**
Net book value:						
1 January 2020		5,000	1,176	281	549	7,006
Additions		–	–	2	2	4
Amortisation		–	(24)	(17)	(70)	(111)
Impairment	7	–	–	(5)	–	(5)
Effect of foreign currency exchange movements		–	(228)	(21)	(43)	(292)
Other movements		–	–	8	5	13
Net book value 30 June 2020		**5,000**	**924**	**248**	**443**	**6,615**

11. Investments in associates, joint ventures and other investments

Investments in associates and joint ventures

US$ million	Notes	2020
1 January 2020		12,984
Additions		88
Disposals		(3)
Share of income from associates and joint ventures (see Cerrejón comment below)		13
Share of other comprehensive income from associates and joint ventures		(118)
Impairments[1]	7	(89)
Dividends received		(143)
30 June 2020		**12,732**
Of which:		
Investments in associates		6,424
Investments in joint ventures		6,308

1 Comprises impairment charges in respect of our investments in Century Aluminium ($73 million) and Cape Resources ($16 million).

Cerrejón

Included in share of income from associates is Glencore's attributable share of impairment relating to Cerrejón amounting to $245 million (net of taxes of $126 million). As at 30 June 2020, the carrying amount of Glencore's investment in Cerrejón amounts to $836 million (2019: $1,143 million). This impairment results from lower API 2 coal price assumptions and reduced production estimates, including updated mine-life approval expectations. The operation specific discount rate used in the valuation was 7.9%. The short to long-term API 2 price assumptions were $48 - 70/mt. Should the price assumptions fall by 10% (across the curve), with all other assumptions held constant, a further impairment of $298 million would be recognised.

Investments pledged as security

As at 30 June 2020, $98 million (2019: $104 million) of the carrying amount of Glencore's investment in Century Aluminium was pledged under a loan facility, with proceeds received and recognised in current borrowings of $65 million (2019: $80 million)(see note 19).

Other investments

US$ million	as at 30.06.2020	as at 31.12.2019
Fair value through other comprehensive income		
EN+ Group	576	674
OAO NK Russneft[1]	740	869
Yancoal	118	172
OSJC Rosneft	308	440
Other	119	135
	1,861	2,290
Fair value through profit and loss		
Century Aluminum Company cash-settled equity swaps	66	69
Champion Iron Ore Limited share warrants[2]	36	28
	102	97
Total	**1,963**	**2,387**

1 Glencore's investment in OAO NK Russneft is pledged under a loan facility issued to OAO NK Russneft.
2 The warrants are exercisable until October 2025 for conversion to direct share ownership.

Although Glencore holds a 25% interest in Russneft, it does not exercise significant influence over its financial and operating policy decisions.

Dividend income from equity investments designated as at fair value through other comprehensive income amounted to $12 million for the period ended as at 30 June 2020.

12. Advances and loans

US$ million	as at 30.06.2020	as at 31.12.2019
Financial assets at amortised cost		
Loans to associates	306	294
Other non-current receivables and loans	532	511
Rehabilitation trust fund	126	147
Financial assets at fair value through profit and loss		
Other non-current receivables and loans	100	116
Non-financial instruments		
Pension surpluses	25	42
Advances repayable with product[1]	1,338	1,172
Other non-current receivables	118	145
Total	**2,545**	**2,427**

1 Net of $1,649 million (2019: $1,216 million) provided by various banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production.

The Group determines the expected credit loss of other non-current receivables and loans (at amortised cost) based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. The movement in loss allowance for financial assets classified at amortised cost is detailed below:

US$ million	Loans to associates	Other non-current receivables and loans	Total
Gross carrying value 30 June 2020	336	893	**1,229**
Loss allowances			
1 January 2020	31	355	386
Released during the period[1]	(1)	(24)	(25)
Charged during the period[1]	–	28	28
Reclassifications	–	2	2
30 June 2020	30	361	**391**
Net carrying value 30 June 2020	**306**	**532**	**838**

1 $11 million recognised as an impairment (see note 7) and the balancing credit of $8 million recognised in cost of goods sold.

13. Inventories

Current inventory

Inventories of $19,667 million (2019: $19,936 million) comprise $10,466 million (2019: $10,516 million) of inventories carried at fair value less costs of disposal and $9,201 million (2019: $9,420 million) valued at the lower of cost or net realisable value. The amount of inventories and related ancillary costs recognised as an expense during the period was $62,946 million (2019: $96,162 million).

Fair value of inventories is a Level 2 fair value measurement (see note 23) using observable market prices obtained from exchanges, traded reference indices or market survey services adjusted for relevant location and quality differentials. There are no significant unobservable inputs in the fair value measurement of such inventories.

Glencore has a number of dedicated financing facilities, which finance a portion of its inventories. In each case, the inventory has not been derecognised as the Group has not transferred control. The proceeds received are recognised as current borrowings (see note 19). As at 30 June 2020, the total amount of inventory pledged under such facilities was $1,281 million (2019: $430 million). The proceeds received and recognised as current borrowings were $1,133 million (2019: $339 million) and $80 million (2019: $80 million) as non-current borrowings.

Non-current inventory

$596 million (2019: $575 million) of inventories valued at lower of cost or net realisable value are not expected to be utilised or sold within 12 months and are therefore classified as non-current inventory.

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14. Accounts receivable

US$ million	Notes	**as at 30.06.2020**	as at 31.12.2019
Financial assets at amortised cost			
Trade receivables		2,821	3,724
Trade advances		–	44
Margin calls paid[1]		1,870	2,198
Associated companies		350	326
Other receivables[2]		347	399
Financial assets at fair value through profit and loss			
Trade receivables containing provisional pricing features	22	4,145	6,526
Finance lease receivable	22	13	14
Non-financial instruments			
Advances repayable with product[3]		1,207	1,433
Other tax and related receivables		1,803	2,007
Total		**12,556**	**16,671**

1 Includes $353 million (2019: $635 million) of cash collateral payments under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.
2 Includes current portion of non-current loans receivable of $171 million (2019: $129 million).
3 Includes advances, net of $405 million (2019: $1,248 million) provided by banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production over the next 12 months.

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. Expected credit loss provisions are recognised in cost of goods sold and during the period, a credit of $5 million (2019: credit of $1 million) of such losses were recognised. The following table details the risk profile of trade receivables based on the Group's provision matrix.

US$ million	**Trade receivables – days past due**					
As at 30 June 2020	**Not past due**	**<30**	**31 – 60**	**61 – 90**	**>90**	**Total**
Gross carrying amount	2,405	214	56	12	145	2,832
Expected credit loss rate	0.28%	0.55%	0.83%	1.11%	2.36%	
Lifetime expected credit loss	(7)	(1)	–	–	(3)	(11)
Total	**2,398**	**213**	**56**	**12**	**142**	**2,821**

The movement in allowance for credit loss is detailed below:

US$ million	Receivables from associates	Other receivables	**Total**
1 January 2020	10	398	408
Released during the period[1]	(1)	(28)	(29)
Charged during the period[1]	103	79	182
Utilised during the period	–	(5)	(5)
Effect of foreign currency exchange movements	–	(7)	(7)
Reclassifications	–	(2)	(2)
30 June 2020	**112**	**435**	**547**

1 $110 million recognised as an impairment (see note 7) and the balancing $43 million net charges recognised in cost of goods sold.

Glencore has a number of dedicated financing facilities, which finance a portion of its receivables. 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 30 June 2020, the total amount of trade receivables pledged was $1,225 million (2019: $837 million) and proceeds received and classified as current borrowings amounted to $1,008 million (2019: $719 million).

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15. Assets and liabilities held for sale

In November 2019, an agreement was reached to dispose the Oxidos and Cerro de Pasco operations (separately identifiable zinc and silver processing areas within the Volcan group) which predominantly comprise an oxide processing plant, environmental and rehabilitation provisions and old tailings dumps for $30 million, due over a two year period, and a royalty contingent upon the price of silver and gold over certain thresholds, estimated to be worth $100 million on a discounted basis. The transaction is subject to customary regulatory approvals and is expected to close in H2 2020. As a result of the agreed disposal, it has been determined that these operations meet the requirements of IFRS 5 which requires that its assets and liabilities be presented as current assets and liabilities "held for sale" as at 31 December 2019 at the lower of their carrying value or fair value less costs to sell and as a result of this reclassification to assets held for sale, an impairment charge of $378 million ($272 million net of tax) was recognised in December 2019.

Assets of $286 million and liabilities of $156 million have been classified as held for sale within the Industrial activities segment as detailed below:

US$ million	as at 30.06.2020	as at 31.12.2019
Non-current assets		
Property, plant and equipment	196	196
Deferred tax assets	8	13
	204	**209**
Current assets		
Inventories	20	22
Accounts receivable	54	53
Cash and cash equivalents	8	2
	82	**77**
Total assets held for sale	**286**	**286**
Non-current liabilities		
Deferred tax liabilities	(73)	(68)
Provisions	(51)	(52)
	(124)	**(120)**
Current liabilities		
Borrowings	(2)	(2)
Accounts payable	(30)	(34)
	(32)	**(36)**
Total liabilities held for sale	**(156)**	**(156)**
Total net assets held for sale	**130**	**130**

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16. Share capital and reserves

	Number of shares (thousand)	Share capital (US$ million)	Share premium (US$ million)
Authorised:			
30 June 2020 and 31 December 2019 Ordinary shares with a par value of $0.01 each	50,000,000		
Issued and fully paid up:			
1 January 2020 and 31 December 2019 – Ordinary shares	**14,586,200**	**146**	**45,794**
30 June 2020 – Ordinary shares	**14,586,200**	**146**	**45,794**

	Treasury Shares		Trust Shares		**Total**	
	Number of shares (thousand)	Share premium (US$ million)	Number of shares (thousand)	Share premium (US$ million)	**Number of shares (thousand)**	**Share premium (US$ million)**
Own shares:						
1 January 2020	**1,261,887**	**(4,801)**	**129,992**	**(636)**	**1,391,879**	**(5,437)**
Own shares disposed during the period	–	–	(26,991)	133	(26,991)	133
30 June 2020	**1,261,887**	**(4,801)**	**103,001**	**(503)**	**1,364,888**	**(5,304)**

Own shares

Own shares comprise shares acquired under the Company's share buy-back programmes and shares of Glencore plc held by Group employee benefit trusts ("the Trusts") to satisfy the potential future settlement of the Group's employee stock plans, primarily assumed as part of previous business combinations.

The Trusts also coordinate the funding and manage the delivery of ordinary shares under Glencore's share plans. The shares have been acquired by either stock market purchases or share issues from the Company. The Trusts are permitted to sell the shares and may hold up to 5% of the issued share capital of the Company at any one time. The Trusts have waived the right to receive distributions from the shares that they hold. Costs relating to the administration of the Trusts are expensed in the period in which they are incurred.

As at 30 June 2020, 1,364,888,033 shares (2019: 1,391,879,129 shares), equivalent to 9.36% (2019: 9.54%) of the issued share capital were held at a cost of $5,304 million (2019: $5,437 million) and market value of $2,891 million (2019: $4,347 million).

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17. Earnings per share

US$ million	H1 2020	H1 2019
(Loss)/income attributable to equity holders of the Parent for basic earnings per share	**(2,600)**	**226**
Weighted average number of shares for the purposes of basic earnings per share (thousand)	13,315,151	13,709,712
Effect of dilution:		
Equity-settled share-based payments (thousand)[1]	76,129	69,076
Weighted average number of shares for the purposes of diluted earnings per share (thousand)	13,315,151	13,778,788
Basic (loss)/earnings per share (US$)	**(0.20)**	**0.02**
Diluted (loss)/earnings per share (US$)	**(0.20)**	**0.02**

Headline earnings:
Headline earnings is a Johannesburg Stock Exchange (JSE) defined performance measure. The calculation of basic and diluted earnings per share, based on headline earnings as determined by the requirements of the Circular 1/2019 as issued by the South African Institute of Chartered Accountants (SAICA), is reconciled using the following data:

US$ million	H1 2020	H1 2019
(Loss)/income attributable to equity holders of the Parent for basic earnings per share	(2,600)	226
Net loss on disposals[2]	5	19
Net loss on disposals - non-controlling interest	–	4
Net loss on disposals – tax	(2)	11
Impairments[3]	5,732	888
Impairments – non-controlling interest	(1,516)	–
Impairments – tax	(997)	(90)
Headline and diluted earnings for the period	**622**	**1,058**
Headline earnings per share (US$)	**0.05**	**0.08**
Diluted headline earnings per share (US$)	**0.05**	**0.08**

1 These equity settled share-based payments could potentially dilute basic earnings per share in the future, but did not impact diluted loss per share because they were anti dilutive in H1 2020.
2 See note 5.
3 Comprises impairments of property, plant and equipment, intangible assets, investments and advances and loans (see note 7), Glencore's share of impairments booked directly by various associates (see note 3) and impairments related to Cerrejón (see note 11).

18. Distributions

On 31 March 2020, the Board determined it was prudent to defer its decision as to whether to proceed with a proposed cash distribution in 2020, amid the current period of exceptional economic uncertainty resulting from Covid-19. The Board has further considered such decision and, in light of the continued uncertain pandemic / economic outlook and in order to support the Group's overall financial position, has determined that no 2020 distribution will be made. A distribution of $0.10 per ordinary share amounting to $1,368 million was paid in May 2019.

19. Borrowings

US$ million	Notes	as at 30.06.2020	as at 31.12.2019
Non-current borrowings			
Capital market notes		19,415	21,452
Committed syndicated revolving credit facilities		5,155	5,615
Lease liabilities		1,226	1,158
Other bank loans		754	842
Total non-current borrowings		**26,550**	**29,067**
Current borrowings			
Secured inventory/receivables/other facilities	11/13/14	2,206	1,138
U.S. commercial paper		1,034	675
Capital market notes		3,679	2,455
Lease liabilities		600	484
Other bank loans[1]		4,785	3,224
Total current borrowings		**12,304**	**7,976**
Total borrowings		**38,854**	**37,043**

1 Comprises various uncommitted bilateral bank credit facilities and other financings and is net of $135 million of funds advanced by the Group under a netting arrangement with a bank and a subsidiary.

Reconciliation of cash flow to movement in borrowings

US$ million	H1 2020	H1 2019	H2 2019
Cash related movements in borrowings[1]			
Proceeds from issuance of capital market notes	–	2,953	913
Repayment of capital market notes	(1,095)	(2,264)	(903)
Repurchase of capital market notes	(72)	–	–
(Repayment of)/proceeds from revolving credit facilities	(470)	(91)	62
Proceeds from other non-current borrowings	–	–	291
Repayment of other non-current borrowings	(11)	(293)	(32)
Repayment of lease liabilities	(208)	(136)	(222)
Proceeds from/(repayment of) U.S. commercial papers	359	93	(14)
Proceeds from/(repayment of) current borrowings	2,643	(1,399)	717
	1,146	(1,137)	812
Non-cash related movements in borrowings			
Borrowings acquired in business combinations	–	261	23
Foreign exchange movements	(200)	223	8
Fair value hedge movements	400	384	3
Impact of adoption of IFRS 16	–	865	–
Change in lease liabilities	438	234	348
Interest on convertible bonds	10	9	10
Other non-cash movements	17	2	4
	665	1,978	396
Increase in borrowings for the period	**1,811**	**841**	**1,208**
Total borrowings – closing	**38,854**	**35,835**	**37,043**

1 See consolidated statement of cash flows.

Committed syndicated revolving credit facilities

In March 2020 (effective May 2020), Glencore signed new one-year revolving credit facilities of $9,975 million, refinancing the $9,775 million one-year revolving facilities signed in March 2019, as well as extended its medium term facilities of $4,650 million. Funds drawn under the new facilities bear interest at US$LIBOR plus a margin of 40 basis points.

As at 30 June 2020, the active facilities comprise:

- a $9,975 million one year revolving credit facility with a one-year borrower's term-out option (to May 2022) and a one-year extension option; and
- a $4,650 million medium-term revolving credit facility (to May 2025), with a one-year extension option.

As in previous years, these committed unsecured facilities contain no financial covenants, no rating triggers, no material adverse change clauses and no external factor clauses.

Notes to the unaudited condensed interim consolidated financial statements
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20. Accounts payable

US$ million	Notes	as at 30.06.2020	as at 31.12.2019
Financial liabilities at amortised cost			
Trade payables		6,742	7,099
Margin calls received[1]		760	310
Associated companies		868	1,501
Other payables and accrued liabilities		1,814	1,776
Financial liabilities at fair value through profit and loss			
Trade payables containing provisional pricing features	22	9,866	14,808
Non-financial instruments			
Advances settled in product		549	240
Other tax and related payables		283	459
Total		**20,882**	**26,193**

1 Includes $492 million (2019: $263 million) of cash collateral receipts under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.

As at 30 June 2020, trade payables include $4,968 million (2019: $5,687 million) of liabilities arising from supplier financing arrangements, the weighted average of which have extended the settlement of the original payable to 82 days (2019: 73 days) after physical supply and are due for settlement 45 days (2019: 38 days) after period end.

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21. Acquisition and disposal of subsidiaries and other entities

2020 Acquisitions and disposals

In 2020, there were no material acquisitions or disposals of subsidiaries.

2019 Acquisitions

In 2019, Glencore acquired a 75% controlling interest in Chevron South Africa Proprietary Limited and a 100% interest in Chevron Botswana Proprietary Limited (together "Astron Energy"), a 42.9% additional interest in Polymet Mining Corp ("Polymet") and increased its interest in Ulan and Hail Creek.

The net cash used in the acquisition of subsidiaries and the fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

US$ million	Astron Energy	Polymet	Ulan	Hail Creek	Other	**Total**
Non-current assets						
Property, plant and equipment	1,013	420	134	40	16	1,623
Intangible assets	335	24	–	–	12	371
Advances and loans[1]	7	13	–	–	1	21
	1,355	**457**	**134**	**40**	**29**	**2,015**
Current assets						
Inventories	584	–	3	3	–	590
Accounts receivable[1]	294	2	8	3	–	307
Cash and cash equivalents	50	6	1	1	1	59
	928	**8**	**12**	**7**	**1**	**956**
Non-controlling interest	**(260)**	**(111)**	**–**	**–**	**–**	**(371)**
Non-current liabilities						
Borrowings	(151)	(1)	–	–	(2)	(154)
Deferred tax liabilities	(199)	–	–	–	(4)	(203)
Provisions including post-retirement benefits	(48)	(63)	(5)	(2)	–	(118)
	(398)	**(64)**	**(5)**	**(2)**	**(6)**	**(475)**
Current liabilities						
Borrowings	(130)	–	–	–	–	(130)
Accounts payable	(487)	(7)	(17)	(5)	(1)	(517)
Provisions	(3)	(4)	–	(1)	–	(8)
	(620)	**(11)**	**(17)**	**(6)**	**(1)**	**(655)**
Total fair value of net assets acquired	**1,005**	**279**	**124**	**39**	**23**	**1,470**
Less: cash and cash equivalents acquired	(50)	(6)	(1)	(1)	(1)	(59)
Less: amounts previously recognised as exchangeable loan	(1,005)	–	–	–	–	(1,005)
Less: amounts previously recognised as investments	–	(36)	–	–	(4)	(40)
Less: amounts previously recognised as non-current loans	–	(243)	–	–	–	(243)
Net cash (received)/used in acquisition of subsidiaries	**(50)**	**(6)**	**123**	**38**	**18**	**123**
Acquisition related costs	–	–	6	–	–	6

1 There is no material difference between the gross contractual amounts for advances and loans and accounts receivable and their fair value.

Astron Energy

On 6 October 2017, Glencore entered into an agreement with Off the Shelf Investments Fifty Six (RF) Proprietary Limited ("OTS") to acquire from OTS (i) a 75% stake in Chevron South Africa Proprietary Limited (Chevron SA) and certain related interests and (ii) the entire issued share capital of Chevron Botswana Proprietary Limited (together the "Astron Energy") following closing of OTS's exercise of its pre-emptive right to acquire Astron Energy from the Chevron group. OTS's acquisition from Chevron closed on 1 October 2018, at which time Glencore advanced $1,044 million to OTS under an exchangeable loan arrangement. On 8 April 2019, the loan was exchanged into the 75% stake in Chevron SA and the 100% stake in Chevron Botswana acquired by OTS. As Glencore holds the majority of the voting shares, providing it the ability to appoint a controlling number of directors to the board, Glencore is required to account for Astron Energy using the full consolidation method in accordance with IFRS 10. The acquisition accounting for Astron Energy has now been finalised, with no adjustments to the previously reported provisional fair values.

If the acquisition had taken place effective 1 January 2019, the operation would have contributed additional revenue of $1,914 million and additional attributable net loss of $1 million for the year ended 31 December 2019. From the date of acquisition, the operation contributed $3,888 million of revenue and $71 million of attributable net loss for the year ended 31 December 2019.

21. Acquisition and disposal of subsidiaries and other entities continued

Polymet
On 26 June 2019, Glencore concluded the acquisition (via a rights issue) of an additional 42.9% interest in Polymet Mining Corp ("Polymet"), a company in the early stages of developing the NorthMet polymetallic (copper, nickel and precious metals) deposit in Minnesota for a total consideration of $243 million. Polymet is listed on the Toronto and New York stock exchanges. As noted, the consideration was satisfied through Glencore's participation in Polymet's rights issue, in which the proceeds raised were used to repay loans previously extended to Polymet by Glencore. As such, Glencore did not commit any new funds to Polymet. Following the capital raise, Glencore's voting interest increased from 28.8% to 71.7%.

As Glencore holds the majority of the voting rights, providing it the ability to appoint a controlling number of directors to the board, Glencore is required to account for Polymet using the full consolidation method in accordance with IFRS 10.

Prior to acquisition, Glencore owned a 28.8% interest in Polymet which was accounted for as an associate. In accordance with IFRS 3: Business Combinations, this equity interest is required to be revalued, at the date of acquisition, to its fair value with any resulting gain or loss recognised in the statement of income. The fair value of the existing interest was determined to be $36 million, by reference to the Polymet share price on the date of acquisition and as a result, a loss of $38 million was recognised in loss on disposals and investments.

If the acquisition had taken place effective 1 January 2019, the operation would have contributed additional revenue of $Nil and additional attributable net loss of $2 million for the year ended 31 December 2019. From the date of acquisition, the operation contributed $Nil of revenue and attributable net loss $3 million for the year ended 31 December 2019. The acquisition accounting for Polymet has now been finalised, with no adjustments to the previously reported provisional fair values.

Ulan/Hail Creek
In January 2019, Glencore completed the acquisition of an additional 10% of Ulan and 2.7% of Hail Creek for a net consideration of $124 million and $39 million respectively, increasing Glencore's interest in Ulan and Hail Creek to 100% and 84.7%, respectively.

Notes to the unaudited condensed interim consolidated financial statements
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21. Acquisition and disposal of subsidiaries and other entities continued

2019 Disposals
In 2019, Glencore disposed of its controlling interest in Terminales Portuarios Chancay S.A.. The carrying value of the assets and liabilities over which control was lost and the net cash received from the disposal are detailed below

The carrying value of the assets and liabilities over which control was lost and the net cash received from these disposals are detailed below:

US$ million	Terminales Portuarios Chancay	Other	**Total**
Non-current assets			
Property, plant and equipment	55	–	55
Intangible assets	33	–	33
Advances and loans	2	–	2
Deferred tax asset	1	–	1
	91	**–**	**91**
Current assets			
Accounts receivable	44	–	44
Cash and cash equivalents	1	–	1
	45	**–**	**45**
Current liabilities			
Accounts payable	(1)	(3)	(4)
	(1)	**(3)**	**(4)**
Carrying value of net assets disposed	**135**	**(3)**	**132**
Cash and cash equivalents received	–	(6)	(6)
Retained interest recognised as investment	(150)	–	(150)
Future consideration	(11)	(6)	(17)
Net gain on disposal	**(26)**	**(15)**	**(41)**
Cash and cash equivalents received	–	6	6
Less: cash and cash equivalents disposed	(1)	–	(1)
Net cash received from disposal	**(1)**	**6**	**5**

Terminales Portuarios Chancay
In April 2019, Glencore disposed of a 60% interest in Terminales Portuarios Chancay S.A., a Peruvian port, for cash consideration of $11 million. Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of Terminales Portuarios Chancay S.A. and was deemed to have disposed of its controlling interest at fair value. The difference to the net carrying value was recognised through the statement of income, with Glencore subsequently accounting for its remaining share using the equity method in accordance with IAS 28 (see note 11).

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22. Financial instruments

Fair value of financial instruments

The following tables present the carrying values and fair values of Glencore's financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. 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 market 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 the fair values with the exception of $38,854 million (2019: $37,043 million) of borrowings, the fair value of which at 30 June 2020 was $39,064 million (2019: $37,670 million) based on observable market prices applied to the borrowing portfolio (a Level 2 fair value measurement).

As at 30 June 2020

US$ million	Amortised cost	FVTPL[1]	FVTOCI[2]	**Total**
Assets				
Other investments[3]	–	102	1,861	1,963
Non-current other financial assets (see note 23)	–	45	–	45
Advances and loans	964	100	–	1,064
Accounts receivable	5,388	4,158	–	9,546
Other financial assets (see note 23)	–	2,824	–	2,824
Cash and cash equivalents	1,425	–	–	1,425
Total financial assets	**7,777**	**7,229**	**1,861**	**16,867**
Liabilities				
Borrowings	38,854	–	–	38,854
Non-current other financial liabilities (see note 23)	82	273	–	355
Accounts payable	10,184	9,866	–	20,050
Other financial liabilities (see note 23)	–	3,170	–	3,170
Total financial liabilities	**49,120**	**13,309**	**–**	**62,429**

1 FVTPL – Fair value through profit and loss.

2 FVTOCI – Fair value through other comprehensive income.

3 Other investments of $1,921 million are classified as Level 1 measured using quoted market prices with the remaining balance of $42 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

As at 31 December 2019

US$ million	Amortised cost	FVTPL[1]	FVTOCI[2]	Total
Assets				
Other investments[3]	–	97	2,290	2,387
Non-current other financial assets (see note 23)	–	25	–	25
Advances and loans	952	116	–	1,068
Accounts receivable	6,691	6,540	–	13,231
Other financial assets (see note 23)	–	2,381	–	2,381
Cash and cash equivalents	1,899	–	–	1,899
Total financial assets	**9,542**	**9,159**	**2,290**	**20,991**
Liabilities				
Borrowings	37,043	–	–	37,043
Non-current other financial liabilities (see note 23)	98	281	–	379
Accounts payable	10,686	14,808	–	25,494
Other financial liabilities (see note 23)	–	3,722	–	3,722
Total financial liabilities	**47,827**	**18,811**	**–**	**66,638**

1 FVTPL – Fair value through profit and loss.

2 FVTOCI – Fair value through other comprehensive income.

3 Other investments of $2,345 million are classified as Level 1 measured using quoted market prices with the remaining balance of $42 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

22. Financial instruments continued

Liquidity

As at 30 June 2020, Glencore had available committed undrawn credit facilities and cash amounting to $10,165 million (2019: $10,141 million), refer to Other reconciliations section. The maturity profile of Glencore's financial liabilities based on the contractual terms is as follows:

2020

US$ million	After 5 years	Due 3 - 5 years	Due 2 - 3 years	Due 1 - 2 years	Due 0 - 1 year	**Total**
Borrowings excluding lease liabilities	6,637	6,748	3,130	8,809	11,704	37,028
Expected future interest payments	2,417	744	545	724	775	5,205
Lease liabilities - undiscounted	550	265	290	454	676	2,235
Accounts payable	–	–	–	–	20,882	20,882
Other financial liabilities	355	–	–	–	3,170	3,525
Total	**9,959**	**7,757**	**3,965**	**9,987**	**37,207**	**68,875**
Current assets					37,535	37,535

2019

US$ million	After 5 years	Due 3 - 5 years	Due 2 - 3 years	Due 1 - 2 years	Due 0 - 1 year	Total
Borrowings excluding lease liabilities	8,294	6,343	4,000	9,272	7,492	35,401
Expected future interest payments	2,586	866	613	834	925	5,824
Lease liabilities - undiscounted	618	289	239	385	569	2,100
Accounts payable	–	–	–	–	26,193	26,193
Other financial liabilities	379	–	–	–	3,722	4,101
Total	**11,877**	**7,498**	**4,852**	**10,491**	**38,901**	**73,619**
Current assets					41,838	41,838

Offsetting of financial assets and liabilities

In accordance with IAS 32 the Group reports financial assets and liabilities on a net basis in the consolidated statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements as at 30 June 2020 and 31 December 2019 were as follows:

As at 30 June 2020	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements				
US$ million	Gross amount	Amounts offset	**Net amount**	Financial instruments	Financial collateral	Net amount	**Amounts not subject to netting agreements**	**Total as presented in the consolidated statement of financial position**
Derivative assets[1]	21,119	(19,098)	**2,021**	(461)	(789)	771	**803**	**2,824**
Derivative liabilities[1]	(20,942)	19,098	**(1,844)**	461	748	(635)	**(1,326)**	**(3,170)**

1 Presented within current other financial assets and current other financial liabilities.

As at 31 December 2019	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements				
US$ million	Gross amount	Amounts offset	**Net amount**	Financial instruments	Financial collateral	Net amount	**Amounts not subject to netting agreements**	**Total as presented in the consolidated statement of financial position**
Derivative assets[1]	7,334	(6,190)	**1,144**	(365)	(275)	504	**1,237**	**2,381**
Derivative liabilities[1]	(7,959)	6,190	**(1,769)**	365	1,135	(269)	**(1,953)**	**(3,722)**

1 Presented within current other financial assets and current other financial liabilities.

22. Financial instruments continued

For the financial assets and liabilities subject to enforceable master netting or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities may be settled on a gross basis, however, each party to the master netting or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party or bankruptcy.

23. Fair value measurements

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 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Glencore can assess at the measurement date, or

Level 2 Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly, or

Level 3 Unobservable inputs for the assets or liabilities, 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, whereas 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 predominantly from models that use broker quotes and applicable market-based estimates surrounding location, quality and credit differentials and financial liabilities linked to the fair value of certain mining operations. 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, insolvency or bankruptcy by the counterparty.

Notes to the unaudited condensed interim consolidated financial statements
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23. Fair value measurements continued

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 and non-current other financial assets and liabilities as at 30 June 2020 and 31 December 2019. Other assets and liabilities which are measured at fair value on a recurring basis are marketing inventories, other investments, cash and cash equivalents. There are no non-recurring fair value measurements.

Financial assets

As at 30 June 2020

US$ million	Level 1	Level 2	Level 3	**Total**
Accounts receivable	–	4,158	–	**4,158**
Other financial assets				
Commodity related contracts				
Futures	508	200	–	**708**
Options	27	5	–	**32**
Swaps	217	268	–	**485**
Physical forwards	–	523	265	**788**
Financial contracts				
Cross currency swaps	–	180	–	**180**
Foreign currency and interest rate contracts	–	631	–	**631**
Current other financial assets	**752**	**1,807**	**265**	**2,824**
Non-current other financial assets				
Purchased call options over Glencore shares[1]	–	45	–	**45**
Non-current other financial assets	**–**	**45**	**–**	**45**
Total	**752**	**6,010**	**265**	**7,027**

As at 31 December 2019

US$ million	Level 1	Level 2	Level 3	**Total**
Accounts receivable	–	6,540	–	**6,540**
Other financial assets				
Commodity related contracts				
Futures	377	80	–	**457**
Options	14	63	–	**77**
Swaps	80	122	–	**202**
Physical forwards	–	898	317	**1,215**
Financial contracts				
Cross currency swaps	–	175	–	**175**
Foreign currency and interest rate contracts	–	255	–	**255**
Current other financial assets	**471**	**1,593**	**317**	**2,381**
Non-current other financial assets				
Purchased call options over Glencore shares[1]	–	25	–	**25**
Non-current other financial assets	**–**	**25**	**–**	**25**
Total	**471**	**8,158**	**317**	**8,946**

1 Call options over the Company's shares in relation to conversion rights of the $500 million non-dilutive convertible bond, due in 2025.

Notes to the unaudited condensed interim consolidated financial statements
continued

23. Fair value measurements continued

Financial liabilities

As at 30 June 2020

US$ million	Level 1	Level 2	Level 3	Total
Accounts payable	–	9,866	–	**9,866**
Other financial liabilities				
Commodity related contracts				
Futures	1,189	111	–	**1,300**
Options	78	44	1	**123**
Swaps	21	206	–	**227**
Physical forwards	–	454	162	**616**
Financial contracts				
Cross currency swaps	–	817	–	**817**
Foreign currency and interest rate contracts	–	87	–	**87**
Current other financial liabilities	**1,288**	**1,719**	**163**	**3,170**
Non-current other financial liabilities				
Non-discretionary dividend obligation[1]	–	–	136	**136**
Option over non-controlling interest in Ale	–	–	36	**36**
Deferred consideration	–	–	56	**56**
Embedded call options over Glencore shares[2]	–	45	–	**45**
Non-current other financial liabilities	**–**	**45**	**228**	**273**
Total	**1,288**	**11,630**	**391**	**13,309**

As at 31 December 2019

US$ million	Level 1	Level 2	Level 3	Total
Accounts payable	–	14,808	–	**14,808**
Other financial liabilities				
Commodity related contracts				
Futures	1,141	151	–	**1,292**
Options	85	11	–	**96**
Swaps	90	179	–	**269**
Physical forwards	–	852	208	**1,060**
Financial contracts				
Cross currency swaps	–	979	–	**979**
Foreign currency and interest rate contracts	–	26	–	**26**
Current other financial liabilities	**1,316**	**2,198**	**208**	**3,722**
Non-current other financial liabilities				
Non-discretionary dividend obligation[1]	–	–	161	**161**
Option over non-controlling interest in Ale	–	–	36	**36**
Deferred consideration	–	–	59	**59**
Embedded call options over Glencore shares[2]	–	25	–	**25**
Non-current other financial liabilities	**–**	**25**	**256**	**281**
Total	**1,316**	**17,031**	**464**	**18,811**

1 A ZAR denominated derivative liability payable to ARM Coal, one of the Group's principal coal joint operations based in South Africa. The liability arises from ARM Coal's rights as an investor to a share of agreed free cash flows from certain coal operations in South Africa and is valued based on those cash flows using a risk-adjusted discount rate. The derivative liability is settled over the life of those operations (modelled mine life of 25 years as at 30 June 2020) and has no fixed repayment date and is not cancellable within 12 months.

2 Embedded call option bifurcated from the 2025 convertible bond.

23. Fair value measurements continued

The following table shows the net changes in fair value of Level 3 other financial assets and other financial liabilities:

US$ million	Physical forwards	Options	Other	**Total Level 3**
1 January 2020	109	–	(256)	**(147)**
Total gain/(loss) recognised in cost of goods sold	19	(1)	(24)	**(6)**
Non-discretionary dividend obligation	–	–	52	**52**
Realised	(25)	–	–	**(25)**
30 June 2020	**103**	**(1)**	**(228)**	**(126)**

During the period, no amounts were transferred between Level 1 and Level 2 of the fair value hierarchy and no amounts were transferred into or out of Level 3 of the fair value hierarchy for either other financial assets or other financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation techniques and inputs used.

Notes to the unaudited condensed interim consolidated financial statements
continued

23. Fair value measurements continued

Fair value of financial assets/financial liabilities

US$ million			As at 30.06.2020	As at 31.12.2019
Futures – Level 1		Assets	**508**	377
		Liabilities	**(1,189)**	(1,141)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Futures – Level 2		Assets	**200**	80
		Liabilities	**(111)**	(151)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Options – Level 1		Assets	**27**	14
		Liabilities	**(78)**	(85)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Options – Level 2		Assets	**5**	63
		Liabilities	**(44)**	(11)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Options – Level 3		Assets	**–**	–
		Liabilities	**(1)**	–
Valuation techniques and key inputs:	Standard option pricing model			
Significant unobservable inputs:	Prices are adjusted by volatility differentials. This significant unobservable input generally represents 2% – 20% of the overall value of the instruments. A change to a reasonably possible alternative assumption would not result in a material change in the underlying value.			
Swaps – Level 1		Assets	**217**	80
		Liabilities	**(21)**	(90)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Swaps – Level 2		Assets	**268**	122
		Liabilities	**(206)**	(179)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			

23. Fair value measurements continued

US$ million			As at 30.06.2020	As at 31.12.2019
Physical Forwards – Level 2		Assets	**523**	898
		Liabilities	**(454)**	(852)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money, and counterparty credit considerations, such as history of non-performance, collateral held and current market developments, as required.			
Significant unobservable inputs:	None			
Physical Forwards – Level 3		Assets	**265**	317
		Liabilities	**(162)**	(208)
Valuation techniques and key inputs:	Discounted cash flow model			
Significant unobservable inputs:	Valuation of the Group's commodity physical forward contracts categorised within this level is based on observable market prices that are adjusted by unobservable differentials, as required, including: – Quality; – Geographic location; – Local supply & demand; – Customer requirements; and – Counterparty credit considerations. These significant unobservable inputs generally represent 2%–30% of the overall value of the instruments. The valuation prices are applied consistently to value physical forward sale and purchase contracts, and changing a particular input to reasonably possible alternative assumptions does not result in a material change in the underlying value of the portfolio.			
Cross currency swaps – Level 2		Assets	**180**	175
		Liabilities	**(817)**	(979)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Foreign currency and interest rate contracts – Level 2		Assets	**631**	255
		Liabilities	**(87)**	(26)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Call options over Glencore shares – Level 2		Assets	**45**	25
		Liabilities	**(45)**	(25)
Valuation techniques and key inputs:	Option pricing model – Current price of Glencore shares; – Strike price; – Maturity date of the underlying convertible debt security; – Risk-free rate; and – Volatility.			
Significant unobservable inputs:	None			

23. Fair value measurements continued

US$ million			As at 30.06.2020	As at 31.12.2019
Accounts receivable and payable – Level 2		Assets	**4,158**	6,540
		Liabilities	**(9,866)**	(14,808)
Comprised of trade receivables/payables containing an embedded commodity derivative, which are designated and measured at fair value through profit and loss until final settlement.				
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted commodity prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Non-discretionary dividend obligation – Level 3		Assets	**–**	–
		Liabilities	**(136)**	(161)
Valuation techniques:	Discounted cash flow model			
Significant observable inputs:	– Forecast commodity prices; – Discount rates using weighted average cost of capital methodology; – Production models; – Operating costs; and – Capital expenditures. The resultant liability is essentially a discounted cash flow valuation of the underlying mining operation. Increases/decreases in forecast commodity prices will result in an increase/decrease to the value of the liability though this will be partially offset by associated increases/decreases in the assumed production levels, operating costs and capital expenditures, which are inherently linked to forecast commodity prices. The valuation remains sensitive to price and a 10% increase/decrease in commodity price assumptions would result in an $109 million adjustment to the current carrying value.			
Option over non-controlling interest in Ale – Level 3		Assets	**–**	–
		Liabilities	**(36)**	(36)
Valuation techniques and key inputs:	Discounted cash flow model			
Significant unobservable inputs:	The resultant liability is the value of the remaining minority stake in the subsidiary, measured as the higher value of the acquisition date valuation of the shares, and a discounted future earnings based valuation. The valuation is additionally sensitive to movement in the spot exchange rates between the Brazilian Real and US Dollar.			

24. 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 30 June 2020, $882 million (2019: $1,240 million), of which 87% (2019: 89%) 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 licences 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 30 June 2020, $120 million (2019: $126 million) of such development expenditures are to be incurred, of which 28% (2019: 37%) are for commitments to be settled over the next year.

As part of Glencore's ordinary sourcing and procurement of physical commodities and other 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. Similarly, Glencore is required to post rehabilitation and pension guarantees in respect of some of these future, primarily industrial, long-term obligations. As at 30 June 2020, $5,702 million (2019: $9,628 million) of procurement and $3,956 million (2019: $3,953 million) of rehabilitation and pension commitments have been issued on behalf of Glencore, which will generally be settled simultaneously with the payment for such commodity and rehabilitation and pension obligations.

At 30 June 2020, outstanding repurchase commitments related to the sale of goods associated with repurchase agreements at prevailing market prices, were approximately $1.7 billion (2019: $1.4 billion).

Astron related commitments

As part of the regulatory approval process relating to the acquisition of a 75% shareholding in Astron Energy, Glencore and Astron Energy entered into certain commitments (subject to variation for good cause) with the South Africa Competition Tribunal and the South African Economic Development Department. These commitments include investment expenditure of up to ZAR 6.5 billion ($377 million) over the period to 2024 so as to debottleneck and improve the performance of the Cape Town oil refinery, contribute to the rebranding of certain retail sites and establish a development fund to support small and black-owned businesses in Astron Energy's value chain. In addition, Glencore agreed to increase the level of BEE shareholding in Astron Energy from 25% to 35% in tranches up to 2026, which will include a minimum additional 3% held by qualifying employee stock ownership plans in 2021.

25. Contingent liabilities

The Group is subject to various legal and regulatory proceedings as detailed below. These contingent liabilities are reviewed on a regular basis and where appropriate, an estimate is made of the potential financial impact on the Group. As at 30 June 2020 and 31 December 2019, it was not feasible to make such an assessment.

Legal and regulatory proceedings

The Group is subject to a number of investigations by regulatory and enforcement authorities

- The United States Department of Justice is investigating the Group with respect to compliance with various criminal statutes, including the Foreign Corrupt Practices Act, United States money laundering statutes and fraud statutes related to the Group's business in certain overseas jurisdictions, from 2007.
- The United States Commodity Futures Trading Commission ("CFTC") is investigating whether Glencore and its subsidiaries may have violated certain provisions of the Commodity Exchange Act and/or CFTC Regulations including through corrupt practices in connection with commodities trading.
- The United Kingdom Serious Fraud Office is investigating the Group in respect of suspicions of bribery in the conduct of business of the Group.
- The Brazilian authorities are investigating the Group in relation to "Operation car wash", which relates to bribery allegations concerning Petrobras.
- The Office of the Attorney General of Switzerland (OAG) has opened a criminal investigation into Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption in the DRC.

No present obligation exists at 30 June 2020 for the above regulatory and enforcement proceedings.

The Group is named in a securities class action suit in the United States District Court of New Jersey in connection with the various investigations. The District Court issued an order dismissing the suit on 31 July 2020. It is not clear yet if the plaintiffs will appeal this decision.

The Group has engaged external legal counsel and forensic experts to assist the Group in responding to the various investigations and to perform additional investigations at the request of the Board's Investigations Committee covering various aspects of the Group's business.

25. Contingent liabilities continued

The timing and amount of any financial obligations (such as fines, penalties or damages, which could be material) or other consequences, including external costs arising from any of the various investigations and the class action suit are not possible to predict and estimate at the end of the reporting period.

Other claims and unresolved disputes that are pending against Glencore, along with the timing of resolution and potential outcome (including any future financial obligations), are not possible to predict and estimate.

As the recognition criteria of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* have not been met, no liability has been recognised in relation to these matters in the consolidated statement of financial position at the end of the reporting period.

Environmental contingencies

Glencore's operations are subject to various environmental laws and regulations. Glencore is not aware of any material non-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. Any potential liability arising from environmental incidents in the ordinary course of the Group's business would not usually be expected to have a material adverse effect on its consolidated income, financial position or cash flows.

Tax disputes

Glencore assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its reasonable estimate of these tax liabilities, including related interest charges. These current open tax matters are spread across numerous jurisdictions and consist primarily of legacy transfer pricing matters that have been open for a number of years and may take several more years to resolve. Reasonably possible adverse outcomes are not considered to be individually material, therefore management does not anticipate a significant risk of material change in estimates within the next financial year.

26. Related party transactions

In the normal course of business, Glencore enters into various arm's length transactions with related parties, 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 12, 14 and 20). 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, associates and joint ventures. Over the six month period ended 30 June 2020, sales and purchases with associates and joint ventures amounted to $1,284 million (2019: $1,672 million) and $2,569 million (2019: $1,916 million) respectively.

Notes to the unaudited condensed interim consolidated financial statements

continued

27. Principal subsidiaries with material non-controlling interests

Non-controlling interest is comprised of the following:

US$ million	as at 30.06.2020	as at 31.12.2019
Volcan	(80)	1,217
Kazzinc	1,223	1,298
Koniambo	(3,858)	(3,607)
Katanga (see KML notes below)	112	159
Mopani	(1,055)	(708)
Astron Energy	204	229
Other[1]	298	374
Total	**(3,156)**	**(1,038)**

1 Other comprises various subsidiaries in which no individual balance attributable to non-controlling interests is material.

2020 KML Minority share acquisition and delisting

On 3 June 2020, Glencore completed the acquisition of the remaining 0.5% minority interest in Katanga Mining Limited ("KML"), an entity listed on the Toronto Stock Exchange which in turn owns a 75% interest in KCC (see below) for $39 million (Canadian $56 million). As a result, KML is now a wholly-owned subsidiary of the Group and an amount of $18 million was recognised directly in 'other equity reserves' in accordance with IFRS 10. Following such acquisition, KML has been delisted from the Toronto Stock Exchange and is no longer considered a "reporting issuer" under applicable Canadian securities legislation.

The remaining non-controlling interest balance noted above, represents the 25% interest in Kamoto Copper Company ("KCC"), the 75% owned KML group entity carrying out mining activities in the DRC, held by La Générale des Carrières et des Mines ("Gécamines").

28. Subsequent events

Astron

On 2 July 2020, an explosion occurred at the oil refinery operated by Astron Energy, our 75% controlled subsidiary, during the process to restart the refinery, following a lengthy scheduled maintenance shutdown. Tragically, two employees died in the incident and the explosion caused extensive damage to a waste heat boiler and the furnace stack to collapse. Astron holds property damage and business interruption insurance. Investigations as to the cause of the explosion and an appropriate repair and restart plan are ongoing and as a result, the amount of any financial effect is unable to be determined at this time and no liability / impairment has been recognised in relation to this matter.

Acquisition of land by KCC

In December 2019, KCC, our subsidiary, entered into an agreement with Gécamines, to acquire from Gécamines a comprehensive land package covering areas adjacent to KCC's existing mining concessions for up to $250 million. The land includes multiple blocks for construction of a new long-term tailings facility and the possible exploitation of additional resources that will enhance KCC's ability to more efficiently operate its mines, facilities and other key infrastructure requirements. In August 2020, a prepayment of $150 million is expected to be made, with the balance to be paid as title transfer to the various parcels of land has occurred.

Alternative performance measures

Alternative performance measures are denoted by the symbol ◊

When assessing and discussing the Group's reported financial performance, financial position and cash flows, Glencore makes reference to Alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS, but are derived from the financial statements prepared in accordance with IFRS. The APMs are consistent with how the business performance is measured and reported within the internal management reporting to the Board and management and assist in providing meaningful analysis of the Group's results both internally and externally in discussions with the financial analyst and investment community.

The Group uses APMs to aid the comparability of information between reporting periods and segments and to aid the understanding of the activity taking place across the Group by adjusting for items that are of an infrequent nature and by aggregating or disaggregating (notably in the case of relevant material associates and joint ventures accounted for on an equity basis) certain IFRS measures. APMs are also used to approximate the underlying operating cash flow generation of the operations (Adjusted EBITDA).

Investments in the extractive industry are typically significant and the initial spend generally occurs over several years, "upfront", prior to the operations generating cash. As a result, the investments are sometimes made with partners and an assessment to approximate the operating cash flow generation/pay-back of the investment (Adjusted EBITDA) is required. Against this backdrop, the key APMs used by Glencore are Adjusted EBITDA, Net funding/Net debt and the disaggregation of the equivalent key APMs of our relevant material associates and joint ventures ("Proportionate adjustment") to enable a consistent evaluation of the financial performance and returns attributable to the Group.

Adjusted EBITDA is a useful approximation of the operating cash flow generation by eliminating depreciation and amortisation adjustments. Adjusted EBITDA is not a direct measure of our liquidity, which is shown by our cash flow statement and needs to be considered in the context of our financial commitments.

Proportionate adjustments are useful to enable a consistent evaluation of the financial performance and returns available to the Group, irrespective of the differing accounting treatments required to account for our minority/joint ownership interests of our relevant material investments.

Net funding is an aggregation of IFRS measures (Borrowings less cash and cash equivalents) and Net debt is Net funding less Readily marketable inventories and provides a measure of our financial leverage and, through Net debt to Adjusted EBITDA relationships, provides an indication of relative financial strength and flexibility.

APMs used by Glencore may not be comparable with similarly titled measures and disclosures by other companies. APMs have limitations as an analytical tool, and a user of the financial statements should not consider these measures in isolation from, or as a substitute for, analysis of the Group's results of operations; and they may not be indicative of the Group's historical operating results, nor are they meant to be a projection or forecast of its future results.

Listed below are the definitions and reconciliations to the underlying IFRS measures of the various APMs used by the Group.

Proportionate adjustment

For internal reporting and analysis, management evaluates the performance of Antamina copper/zinc mine (34% owned), Cerrejón coal mine (33% owned) and Collahuasi copper mine (44% owned) under the proportionate consolidation method reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of these investments.

In November 2017, Glencore completed the acquisition of additional shares in Volcan, increasing its total economic interest from 7.7% to 23.3% (compared to its 63% voting interest). For internal reporting and analysis, management evaluates the performance of Volcan under the equity method, reflecting the Group's relatively low 23.3% economic ownership in this fully ring-fenced listed entity, with its stand-alone, independent and separate capital structure. The impact is that we reflect 23.3% of Volcan's net income in the Group's Adjusted EBIT/EBITDA and its results are excluded from all other APM's including production data.

See reconciliation of revenue and relevant material associates' and joint ventures' Adjusted EBIT to "Share of net income from associates and joint ventures" below.

Alternative performance measures
continued

APMs derived from the statement of income

Revenue
Revenue represents revenue by segment (see note 3 of the financial statements), as reported on the face of the statement of income plus the relevant Proportionate adjustments. See reconciliation table below.

US$ million	H1 2020	H1 2019 Restated[1]
Revenue – Marketing activities	62,031	97,949
Revenue – Industrial activities	17,945	20,491
Intersegment eliminations	(8,033)	(10,007)
Revenue - segmental	**71,943**	**108,433**
Proportionate adjustment material associates and joint ventures – revenue	(1,162)	(1,379)
Proportionate adjustment Volcan – revenue	180	375
Revenue – reported measure	**70,961**	**107,429**

1 Adjusted to present mark-to-market movements on physical forward sales contracts within revenue (see note 4).

Share of income from material associates and joint ventures

US$ million	H1 2020	H1 2019
Associates' and joint ventures' Adjusted EBITDA	718	814
Depreciation and amortisation	(339)	(350)
Associates' and joint ventures' Adjusted EBIT	379	464
Impairment, net of tax[1]	(245)	–
Net finance costs	(10)	(1)
Income tax expense	(157)	(151)
	(412)	(152)
Share of (loss)/income from relevant material associates and joint ventures	**(33)**	**312**
Share of income/(loss) from other associates	46	(59)
Share of income from associates and joint ventures[2]	**13**	**253**

1 Industrial activities segment comprises an impairment of $245 million, net of taxes of $126 million, relating to Cerrejón, resulting from lower API2 coal price assumptions and reduced production estimates, including updated mine-life approval expectations.

2 Comprises share in earnings of $98 million (2019: share in losses of $4 million) from Marketing activities and share in losses of $85 million (2019: share in earnings of $257 million) from Industrial activities.

Adjusted EBIT/EBITDA
Adjusted EBIT/EBITDA provide insight into our overall business performance (a combination of cost management, seizing market opportunities and growth), and are the corresponding flow drivers towards our objective of achieving industry-leading returns.

Adjusted EBIT is the net result of revenue less cost of goods sold and selling and administrative expenses, plus share of income from associates and joint ventures, dividend income and the attributable share of Adjusted EBIT of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding Significant items, see definition below.

Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation, including the related Proportionate adjustments. See reconciliation table below.

US$ million	H1 2020	H1 2019 Restated[1]
Reported measures		
Revenue	70,961	107,098
Cost of goods sold	(69,214)	(104,320)
Selling and administrative expenses	(950)	(649)
Share of income from associates and joint ventures	13	253
Dividend income	12	28
	822	**2,410**
Adjustments to reported measures		
Share of associates' significant items	83	85
Movement in unrealised inter-segment profit elimination	85	(504)
Proportionate adjustment material associates and joint ventures – net finance, impairment and income tax expense	412	152
Proportionate adjustment Volcan – net finance, income tax expense and non-controlling interests	70	86
Adjusted EBIT	**1,472**	**2,229**
Depreciation and amortisation	3,136	3,226
Proportionate adjustment material associates and joint ventures – depreciation	339	350
Proportionate adjustment Volcan – depreciation	(114)	(223)
Adjusted EBITDA	**4,833**	**5,582**

1 Adjusted to present mark-to-market movements on physical forward sales contracts within revenue (see note 4).

Significant items

Significant items of income and expense which, due to their variable financial impact or the expected infrequency of the events giving rise to them, are separated for internal reporting and analysis of Glencore's results to aid in an understanding and comparative basis of the underlying financial performance. Refer to reconciliation below.

Reconciliation of net significant items H1 2020

US$ million	Gross significant charges	Non-controlling interests' share	Significant items tax	**Equity holders' share**
Share of Associates' significant items[1]	(83)	–	–	(83)
Movement in unrealised inter-segment profit elimination[1]	(85)	–	5	(80)
(Loss)/gain on disposals of non-current assets[2]	(5)	–	–	(5)
Other income/(expense) – net[3]	88	–	–	88
Tax significant items in their own right[4]	–	–	(190)	(190)
	(85)	–	(185)	(270)
Impairments attributable to equity holders				
Impairments[5]	(3,001)	313	144	(2,544)
Impairment Volcan[5]	(2,285)	1,203	716	(366)
Impairments - net, related to material associates and joint ventures[6]	(245)	–	–	(245)
	(5,531)	1,516	860	(3,155)
Total significant items	**(5,616)**	**1,516**	**675**	**(3,425)**

1 See note 3 of the interim financial statements.
2 See note 5 of the interim financial statements.
3 See note 6 of the interim financial statements.
4 Tax expenses related to foreign exchange fluctuations ($64 million) and tax losses not recognised ($126 million), see note 8 of the financial statements.
5 See note 7 of the interim financial statements.
6 See Proportionate adjustment reconciliation above.

Alternative performance measures
continued

Reconciliation of net significant items H1 2019

US$ million	Gross significant charges	Non-controlling interests' share	Significant items tax	**Equity holders' share**
Share of Associates' significant items[1]	(85)	–	–	(85)
Movement in unrealised inter-segment profit elimination[1]	504	–	(55)	449
(Loss)/gain on disposals of non-current assets[2]	(19)	–	–	(19)
Other income/(expense) – net[3]	(122)	–	–	(122)
Impairments[4]	(888)	–	(98)	(986)
Tax significant items in their own right[5]	–	–	(314)	(314)
Total significant items	**(610)**	**–**	**(467)**	**(1,077)**

1 See note 3 of the interim financial statements.
2 See note 5 of the interim financial statements.
3 See note 6 of the interim financial statements.
4 See note 7 of the interim financial statements.
5 Tax expenses related to foreign exchange fluctuations ($14 million) and tax losses not recognised ($188 million), see note 8 of the financial statements.

Net income attributable to equity shareholder pre-significant items
Net income attributable to equity shareholders pre-significant items is a measure of our ability to generate shareholder returns. The calculation of tax items to be excluded from Net income, includes the tax effect of significant items and significant tax items themselves. Refer to reconciliation below.

US$ million	**H1 2020**	H1 2019
(Loss)/income attributable to equity holders of the Parent	(2,600)	226
Significant items	3,425	1,077
Income attributable to equity holders of the Parent pre-significant items	**825**	**1,303**

APMs derived from the statement of financial position

Net funding/Net debt and Net debt to Adjusted EBITDA
Net funding/Net debt demonstrates how our debt is being managed and is an important factor in ensuring we maintain investment grade credit rating status and a competitive cost of capital. Net debt is defined as total current and non-current borrowings less cash and cash equivalents, readily marketable inventories and related Proportionate adjustments. Consistent with the general approach in relation to our internal reporting and evaluation of Volcan, its consolidated net debt has also been adjusted to reflect the Group's relatively low 23.3% economic ownership (compared to its 63.0% voting interest) in this still fully ring-fenced listed entity, with its standalone, independent and separate capital structure. Furthermore, the relationship of Net debt to Adjusted EBITDA provides an indication of financial flexibility. See reconciliation table below.

Readily marketable inventories (RMI)
RMI, comprising the core inventories which underpin and facilitate Glencore's marketing activities, represent inventories, that in Glencore's assessment, are readily convertible into cash in the short term due to their liquid nature, widely available markets and the fact that price risk is primarily covered either by a forward physical sale or hedge transaction. Glencore regularly assesses the composition of these inventories and their applicability, relevance and availability to the marketing activities. At 30 June 2020, $16,666 million (2019: $16,810 million) of inventories were considered readily marketable. This comprises $10,466 million (2019: $10,516 million) of inventories carried at fair value less costs of disposal and $6,200 million (2019: $6,294 million) carried at the lower of cost or net realisable value. Total readily marketable inventories includes $140 million (2019: $148 million) related to the relevant material associates and joint ventures (see note 3) presented under the proportionate consolidation method, comprising inventory carried at lower of cost or net realisable value. Given the highly liquid nature of these inventories, which represent a significant share of current assets, the Group 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.

Alternative performance measures
continued

Net funding/net debt at 30 June 2020

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Non-current borrowings	26,550	108	(573)	26,085
Current borrowings	12,304	32	(331)	12,005
Total borrowings	**38,854**	**140**	**(904)**	**38,090**
Less: cash and cash equivalents	(1,425)	(360)	56	(1,729)
Net funding	**37,429**	**(220)**	**(848)**	**36,361**
Less: Readily marketable inventories	(16,526)	(140)	–	(16,666)
Net debt	**20,903**	**(360)**	**(848)**	**19,695**

Net funding/net debt at 31 December 2019

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	Adjusted measure
Non-current borrowings	29,067	95	(576)	28,586
Current borrowings	7,976	31	(221)	7,786
Total borrowings	**37,043**	**126**	**(797)**	**36,372**
Less: cash and cash equivalents	(1,899)	(143)	36	(2,006)
Net funding	**35,144**	**(17)**	**(761)**	**34,366**
Less: Readily marketable inventories	(16,662)	(148)	–	(16,810)
Net debt	**18,482**	**(165)**	**(761)**	**17,556**

Capital expenditure ("Capex")

Capital expenditure is expenditure capitalised as property, plant and equipment. For internal reporting and analysis, Capex includes related Proportionate adjustments. See reconciliation table below.

US$ million	**H1 2020**	H1 2019
Capital expenditure – Marketing activities	474	202
Capital expenditure – Industrial activities	1,777	2,310
Capital expenditure - segmental	**2,251**	**2,512**
Proportionate adjustment material associates and joint ventures – capital expenditure	(216)	(252)
Proportionate adjustment Volcan – capital expenditure	34	83
Capital expenditure – reported measure	**2,069**	**2,343**

APMs derived from the statement of cash flows

Net purchase and sale of property, plant and equipment

Net purchase and sale of property, plant and equipment is cash purchase of property, plant and equipment, net of proceeds from sale of property, plant and equipment. For internal reporting and analysis, Net purchase and sale of property, plant and equipment includes proportionate adjustments. See reconciliation table below.

Six months ended 30 June 2020

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Purchase of property, plant and equipment	(1,551)	(198)	28	(1,721)
Proceeds from sale of property, plant and equipment	21	–	–	21
Net purchase and sale of property, plant and equipment	**(1,530)**	**(198)**	**28**	**(1,700)**

Alternative performance measures
continued

Six months ended 30 June 2019

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Purchase of property, plant and equipment	(2,109)	(250)	75	(2,284)
Proceeds from sale of property, plant and equipment	90	1	–	91
Net purchase and sale of property, plant and equipment	**(2,019)**	**(249)**	**75**	**(2,193)**

Funds from operations (FFO) and FFO to Net debt

FFO is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders. It comprises cash provided by operating activities before working capital changes, less tax and net interest payments plus dividends received and related Proportionate adjustments. Furthermore, the relationship of FFO to net debt is an indication of our financial flexibility and strength. See reconciliation table below.

Six months ended 30 June 2020

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Cash generated by operating activities before working capital changes	4,317	–	–	4,317
Addback EBITDA of relevant material associates and joint ventures	–	718	(17)	701
Non-cash adjustments included within EBITDA	–	1	3	4
Adjusted cash generated by operating activities before working capital changes	4,317	719	(14)	5,022
Income taxes paid	(631)	(142)	10	(763)
Interest received	59	–	–	59
Interest paid	(661)	(4)	20	(645)
Dividends received from associates and joint ventures	143	(130)	–	13
Funds from operations (FFO)	**3,227**	**443**	**16**	**3,686**

Last Twelve Months ("LTM") key ratios calculation 2020

US$ million	FFO	Adjusted EBITDA
Full year 2019	7,865	11,601
Less: H1 2019	(3,516)	(5,582)
H2 2019	4,349	6,019
Add: H1 2020	3,686	4,833
LTM	**8,035**	**10,852**
Net debt at 30 June 2020		**19,695**
FFO to Net debt		**40.8%**
Net debt to Adjusted EBITDA		**1.81**

Alternative performance measures
continued

Six months ended 30 June 2019

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Cash generated by operating activities before working capital changes	5,409	–	–	5,409
Addback EBITDA of relevant material associates and joint ventures	–	814	(118)	696
Non-cash adjustments included within EBITDA	–	4	–	4
Adjusted cash generated by operating activities before working capital changes	5,409	818	(118)	6,109
Income taxes paid	(1,522)	(352)	14	(1,860)
Interest received	101	1	–	102
Interest paid	(903)	(3)	20	(886)
Dividends received from associates and joint ventures	447	(396)	–	51
Funds from operations (FFO)	**3,532**	**68**	**(84)**	**3,516**

Other reconciliations

Available committed liquidity[1]

US$ million	as at 30.06.2020	as at 31.12.2019
Cash and cash equivalents – reported	1,425	1,899
Proportionate adjustment – cash and cash equivalents	304	107
Headline committed syndicated revolving credit facilities	14,625	14,425
Amount drawn under syndicated revolving credit facilities	(5,155)	(5,615)
Amounts drawn under U.S. commercial paper programme	(1,034)	(675)
Total	**10,165**	**10,141**

1 Presented on an adjusted measured basis.

Cash flow related adjustments H1 2020

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Funds from operations (FFO)	3,227	443	16	3,686
Working capital changes	(3,250)	(15)	34	(3,231)
Purchase of investments	(88)	–	–	(88)
Proceeds from sale of investments	4	–	–	4
Purchase of property, plant and equipment	(1,551)	(198)	28	(1,721)
Proceeds from sale of property, plant and equipment	21	–	–	21
Margin receipt in respect of financing related hedging activities	256	–	–	256
Acquisition of non-controlling interests in subsidiaries	(39)	–	–	(39)
Return of capital/distributions to non-controlling interests	(122)	–	–	(122)
Cash movement in net funding	**(1,542)**	**230**	**78**	**(1,234)**

Cash flow related adjustments H1 2019

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Funds from operations (FFO)	3,532	68	(84)	3,516
Working capital changes	1,743	116	(6)	1,853
Net cash used in acquisitions of subsidiaries	(105)	–	–	(105)
Net cash (used)/received from disposal of subsidiaries	(1)	–	1	–
Purchase of investments	(14)	–	–	(14)
Proceeds from sale of investments	49	–	–	49
Purchase of property, plant and equipment	(2,109)	(250)	75	(2,284)
Proceeds from sale of property, plant and equipment	90	1	–	91
Margin receipt in respect of financing related hedging activities	569	–	–	569
Acquisition of non-controlling interests in subsidiaries	(7)	–	–	(7)
Return of capital/distributions to non-controlling interests	(232)	–	–	(232)
Purchase of own shares	(1,226)	–	–	(1,226)
Disposal of own shares	6	–	–	6
Distributions paid to equity holders of the Parent	(1,368)	–	–	(1,368)
Cash movement in net funding	**927**	**(65)**	**(14)**	**848**

Other reconciliations
continued

Reconciliation of tax expense H1 2020

US$ million	Total
Adjusted EBIT, pre-significant items	1,472
Net finance costs	(794)
Adjustments for:	
Net finance expense - material associates and joint ventures	(10)
Proportional adjustment and net finance costs - Volcan	53
Share of income from other associates pre-significant items	(129)
Profit on a proportionate consolidation basis before tax and pre-significant items	**592**
Income tax expense, pre-significant items	(18)
Adjustments for:	
Tax expense from material associates and joint ventures	(157)
Tax credit from Volcan	(5)
Tax expense on a proportionate consolidation basis	**(180)**
Applicable tax rate	**30.4%**

US$ million	Pre-significant tax expense	Significant items tax[1]	**Total tax expense**
Tax expense on a proportionate consolidation basis	180	(85)	95
Adjustment in respect of material associates and joint ventures – tax	(157)	126	(31)
Adjustment in respect of Volcan – tax	(5)	(716)	(721)
Tax expense/(credit) on the basis of the income statement	**18**	**(675)**	**(657)**

1 See table above.

Reconciliation of tax expense H1 2019

US$ million	Total
Adjusted EBIT, pre-significant items	2,229
Net finance costs	(862)
Adjustments for:	
Net finance expense - material associates and joint ventures	(1)
Proportional adjustment and net finance costs - Volcan	23
Share of income from other associates pre-significant items	(26)
Profit on a proportionate consolidation basis before tax and pre-significant items	**1,363**
Income tax expense, pre-significant items	(210)
Adjustments for:	
Tax expense from material associates and joint ventures	(151)
Tax credit from Volcan	(28)
Tax expense on a proportionate consolidation basis	**(389)**
Applicable tax rate	**28.5%**

US$ million	Pre-significant tax expense	Significant items tax[1]	**Total tax expense**
Tax expense on a proportionate consolidation basis	389	467	856
Adjustment in respect of material associates and joint ventures – tax	(151)	–	(151)
Adjustment in respect of Volcan – tax	(28)	–	(28)
Tax expense on the basis of the income statement	**210**	**467**	**677**

1 See table above.

Production by quarter – Q2 2019 to Q2 2020

Metals and minerals

Production from own sources – Total[1]

		Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**H1 2020**	H1 2019	Change H1 20 vs H1 19 %	Change Q2 20 vs Q2 19 %
Copper	kt	342.3	352.8	355.4	293.3	294.8	588.1	663.0	(11)	(14)
Cobalt	kt	10.4	13.1	11.9	6.1	8.2	14.3	21.3	(33)	(21)
Zinc	kt	273.6	273.3	268.3	295.6	254.5	550.1	535.9	3	(7)
Lead	kt	73.6	72.3	60.2	61.7	66.2	127.9	147.5	(13)	(10)
Nickel	kt	28.3	34.0	31.2	28.2	27.0	55.2	55.4	–	(5)
Gold	koz	221	199	226	199	186	385	423	(9)	(16)
Silver	koz	7,870	8,243	8,285	7,778	6,407	14,185	15,490	(8)	(19)
Ferrochrome	kt	397	231	408	388	78	466	799	(42)	(80)
Coal	mt	35.0	35.8	35.5	31.9	26.2	58.1	68.2	(15)	(25)
Oil (entitlement interest basis)	kbbl	1,095	1,398	1,880	1,806	806	2,612	2,240	17	(26)

Production from own sources – Copper assets[1]

			Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**H1 2020**	H1 2019	Change H1 20 vs H1 19 %	Change Q2 20 vs Q2 19 %
African Copper (Katanga, Mutanda, Mopani)											
Katanga	Copper metal	kt	52.5	59.4	65.4	67.3	67.1	134.4	109.7	23	28
	Cobalt[2]	kt	2.6	4.8	6.2	5.3	7.2	12.5	6.1	105	177
Mutanda	Copper metal	kt	25.7	31.5	18.0	–	–	–	53.7	(100)	(100)
	Cobalt[2]	kt	7.0	7.2	4.5	–	–	–	13.4	(100)	(100)
Mopani	Copper metal *	kt	10.3	1.2	–	–	6.7	6.7	20.4	(67)	(35)
	Copper in concentrates *	kt	4.0	3.3	3.3	–	–	–	4.0	(100)	(100)
African Copper – total production including third party feed											
Mopani	*Copper metal*	*kt*	*27.5*	*2.5*	*–*	*5.6*	*21.1*	26.7	*48.8*	*(45)*	*(23)*
	Copper in concentrates	*kt*	*4.0*	*3.3*	*3.3*	*–*	*–*	–	*4.0*	*(100)*	*(100)*
	Total Copper metal	**kt**	**88.5**	**92.1**	**83.4**	**67.3**	**73.8**	**141.1**	**183.8**	**(23)**	**(17)**
	Total Copper in concentrates	**kt**	**4.0**	**3.3**	**3.3**	**–**	**–**	**–**	**4.0**	**(100)**	**(100)**
	Total Cobalt[2]	**kt**	**9.6**	**12.0**	**10.7**	**5.3**	**7.2**	**12.5**	**19.5**	**(36)**	**(25)**
Collahuasi[3]	**Copper in concentrates**	**kt**	**54.7**	**64.5**	**72.3**	**66.5**	**75.6**	**142.1**	**112.0**	**27**	**38**
	Silver in concentrates	**koz**	**538**	**731**	**910**	**1,063**	**850**	**1,913**	**1,237**	**55**	**58**
Antamina[4]	**Copper in concentrates**	**kt**	**38.8**	**39.1**	**37.6**	**33.1**	**17.8**	**50.9**	**74.7**	**(32)**	**(54)**
	Zinc in concentrates	**kt**	**26.7**	**24.3**	**26.7**	**36.9**	**16.4**	**53.3**	**51.4**	**4**	**(39)**
	Silver in concentrates	**koz**	**1,343**	**1,224**	**1,304**	**1,316**	**686**	**2,002**	**2,523**	**(21)**	**(49)**
Other South America (Antapaccay, Lomas Bayas)											
Antapaccay	Copper in concentrates	kt	53.5	49.6	47.5	38.0	43.1	81.1	100.5	(19)	(19)
	Gold in concentrates	koz	26	18	23	22	12	34	44	(23)	(54)
	Silver in concentrates	koz	455	402	338	270	295	565	836	(32)	(35)
Lomas Bayas	Copper metal	kt	20.1	19.7	19.2	18.4	18.5	36.9	40.0	(8)	(8)
	Total Copper metal	**kt**	**20.1**	**19.7**	**19.2**	**18.4**	**18.5**	**36.9**	**40.0**	**(8)**	**(8)**
	Total Copper in concentrates	**kt**	**53.5**	**49.6**	**47.5**	**38.0**	**43.1**	**81.1**	**100.5**	**(19)**	**(19)**
	Total Gold in concentrates and in doré	**koz**	**26**	**18**	**23**	**22**	**12**	**34**	**44**	**(23)**	**(54)**
	Total Silver in concentrates and in doré	**koz**	**455**	**402**	**338**	**270**	**295**	**565**	**836**	**(32)**	**(35)**

* Mopani processed 10.6kt of copper contained concentrates in H1 2020 that was produced and reported in H2 2019.

Production by quarter – Q2 2019 to Q2 2020

continued

Metals and minerals

Production from own sources – Copper assets[1] continued

			Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**H1 2020**	H1 2019	Change H1 20 vs H1 19 %	Change Q2 20 vs Q2 19 %
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)											
Mount Isa, Ernest Henry, Townsville, Cobar											
	Copper metal	kt	40.2	41.3	45.8	31.8	32.6	64.4	64.0	1	(19)
	Gold	koz	27	28	18	22	24	46	54	(15)	(11)
	Silver	koz	321	304	245	156	165	321	605	(47)	(49)
Mount Isa, Ernest Henry, Townsville – total production including third party feed											
	Copper metal	*kt*	*60.3*	*60.9*	*61.2*	*53.2*	*49.8*	*103.0*	*98.4*	*5*	*(17)*
	Gold	*koz*	*34*	*36*	*36*	*33*	*39*	*72*	*68*	*6*	*15*
	Silver	*koz*	*335*	*363*	*395*	*331*	*321*	*652*	*631*	*3*	*(4)*
Cobar	Copper in concentrates	kt	11.6	10.4	11.1	11.8	11.0	22.8	22.0	4	(5)
	Silver in concentrates	koz	120	116	119	117	126	243	226	8	5
	Total Copper metal	**kt**	**40.2**	**41.3**	**45.8**	**31.8**	**32.6**	**64.4**	**64.0**	**1**	**(19)**
	Total Copper in concentrates	**kt**	**11.6**	**10.4**	**11.1**	**11.8**	**11.0**	**22.8**	**22.0**	**4**	**(5)**
	Total Gold	**koz**	**27**	**28**	**18**	**22**	**24**	**46**	**54**	**(15)**	**(11)**
	Total Silver	**koz**	**441**	**420**	**364**	**273**	**291**	**564**	**831**	**(32)**	**(34)**
Total Copper department											
	Copper	**kt**	**311.4**	**320.0**	**320.2**	**266.9**	**272.4**	**539.3**	**601.0**	**(10)**	**(13)**
	Cobalt	**kt**	**9.6**	**12.0**	**10.7**	**5.3**	**7.2**	**12.5**	**19.5**	**(36)**	**(25)**
	Zinc	**kt**	**26.7**	**24.3**	**26.7**	**36.9**	**16.4**	**53.3**	**51.4**	**4**	**(39)**
	Gold	**koz**	**53**	**46**	**41**	**44**	**36**	**80**	**98**	**(18)**	**(32)**
	Silver	**koz**	**2,777**	**2,777**	**2,916**	**2,922**	**2,122**	**5,044**	**5,427**	**(7)**	**(24)**

Production by quarter – Q2 2019 to Q2 2020

continued

Metals and minerals

Production from own sources – Zinc assets[1]

			Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**H1 2020**	H1 2019	Change H1 20 vs H1 19 %	Change Q2 20 vs Q2 19 %
Kazzinc											
	Zinc metal	**kt**	**48.7**	**45.0**	**38.5**	**43.3**	**41.6**	**84.9**	**89.0**	**(5)**	**(15)**
	Lead metal	**kt**	**11.3**	**8.2**	**4.2**	**5.5**	**6.8**	**12.3**	**19.2**	**(36)**	**(40)**
	Lead in concentrates	**kt**	**–**	**–**	**–**	**–**	**–**	**–**	**2.8**	**(100)**	**n.m.**
	Copper metal[5]	**kt**	**8.1**	**12.1**	**12.7**	**8.7**	**8.8**	**17.5**	**19.2**	**(9)**	**9**
	Gold	**koz**	**161**	**146**	**177**	**150**	**144**	**294**	**311**	**(5)**	**(11)**
	Silver	**koz**	**1,019**	**1,354**	**1,214**	**844**	**936**	**1,780**	**1,978**	**(10)**	**(8)**
	Silver in concentrates	**koz**	**4**	**–**	**–**	**–**	**–**	**–**	**92**	**(100)**	**(100)**
Kazzinc – total production including third party feed											
	Zinc metal	*kt*	*76.3*	*66.2*	*76.3*	*75.0*	*73.9*	*148.9*	*150.8*	*(1)*	*(3)*
	Lead metal	*kt*	*35.5*	*31.3*	*29.8*	*29.8*	*35.2*	*65.0*	*67.9*	*(4)*	*(1)*
	Lead in concentrates	*kt*	*–*	*–*	*–*	*–*	*–*	*–*	*2.8*	*(100)*	*n.m.*
	Copper metal	*kt*	*11.6*	*17.1*	*19.9*	*14.9*	*14.2*	*29.1*	*28.1*	*4*	*22*
	Gold	*koz*	*233*	*260*	*263*	*197*	*218*	*415*	*439*	*(5)*	*(6)*
	Silver	*koz*	*5,533*	*6,594*	*6,056*	*4,704*	*5,406*	*10,110*	*10,479*	*(4)*	*(2)*
	Silver in concentrates	*koz*	*4*	*–*	*–*	*–*	*–*	*–*	*92*	*(100)*	*(100)*
Australia (Mount Isa, McArthur River)											
Mount Isa	Zinc in concentrates	kt	80.7	88.6	75.3	85.2	89.5	174.7	162.5	8	11
	Lead in concentrates	kt	40.6	42.6	33.8	38.1	41.3	79.4	81.6	(3)	2
	Silver in concentrates	koz	1,422	1,463	1,108	1,341	1,637	2,978	2,947	1	15
McArthur River	Zinc in concentrates	kt	70.0	61.7	70.4	68.5	68.6	137.1	139.1	(1)	(2)
	Lead in concentrates	kt	13.3	11.9	16.0	14.6	14.1	28.7	27.4	5	6
	Silver in concentrates	koz	403	323	525	472	340	812	827	(2)	(16)
	Total Zinc in concentrates	**kt**	**150.7**	**150.3**	**145.7**	**153.7**	**158.1**	**311.8**	**301.6**	**3**	**5**
	Total Lead in concentrates	**kt**	**53.9**	**54.5**	**49.8**	**52.7**	**55.4**	**108.1**	**109.0**	**(1)**	**3**
	Total Silver in concentrates	**koz**	**1,825**	**1,786**	**1,633**	**1,813**	**1,977**	**3,790**	**3,774**	**–**	**8**
North America (Matagami, Kidd)											
Matagami	Zinc in concentrates	kt	10.1	11.9	10.6	14.5	11.8	26.3	21.3	23	17
	Copper in concentrates	kt	1.6	1.4	1.3	1.8	1.6	3.4	2.9	17	–
Kidd	Zinc in concentrates	kt	17.6	20.6	15.8	19.3	11.8	31.1	31.2	–	(33)
	Copper in concentrates	kt	8.0	7.9	9.6	8.1	5.3	13.4	16.0	(16)	(34)
	Silver in concentrates	koz	435	400	561	517	412	929	693	34	(5)
	Total Zinc in concentrates	**kt**	**27.7**	**32.5**	**26.4**	**33.8**	**23.6**	**57.4**	**52.5**	**9**	**(15)**
	Total Copper in concentrates	**kt**	**9.6**	**9.3**	**10.9**	**9.9**	**6.9**	**16.8**	**18.9**	**(11)**	**(28)**
	Total Silver in concentrates	**koz**	**435**	**400**	**561**	**517**	**412**	**929**	**693**	**34**	**(5)**

Production by quarter – Q2 2019 to Q2 2020

continued

Metals and minerals

Production from own sources – Zinc assets[1] continued

		Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**H1 2020**	H1 2019	Change H1 20 vs H1 19 %	Change Q2 20 vs Q2 19 %
Other Zinc: South America (Argentina, Bolivia, Peru)[6]										
Zinc in concentrates	kt	19.8	21.2	31.0	27.9	14.8	**42.7**	41.4	3	(25)
Lead in concentrates	kt	8.4	9.6	6.2	3.5	4.0	**7.5**	16.5	(55)	(52)
Copper in concentrates	kt	0.8	0.5	0.4	0.4	0.2	**0.6**	1.8	(67)	(75)
Silver in concentrates	koz	1,655	1,808	1,851	1,574	844	**2,418**	3,247	(26)	(49)
Total Zinc department										
Zinc	kt	246.9	249.0	241.6	258.7	238.1	**496.8**	484.5	3	(4)
Lead	kt	73.6	72.3	60.2	61.7	66.2	**127.9**	147.5	(13)	(10)
Copper	kt	18.5	21.9	24.0	19.0	15.9	**34.9**	39.9	(13)	(14)
Gold	koz	161	146	177	150	144	**294**	311	(5)	(11)
Silver	koz	4,938	5,348	5,259	4,748	4,169	**8,917**	9,784	(9)	(16)

Production by quarter – Q2 2019 to Q2 2020

continued

Metals and minerals

Production from own sources – Nickel assets[1]

			Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**H1 2020**	H1 2019	Change H1 20 vs H1 19 %	Change Q2 20 vs Q2 19 %
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)											
	Nickel metal	**kt**	**15.5**	**16.1**	**14.9**	**14.5**	**13.1**	**27.6**	**28.8**	**(4)**	**(15)**
	Nickel in concentrates	**kt**	**0.2**	**0.1**	**0.1**	**0.1**	**0.1**	**0.2**	**0.3**	**(33)**	**(50)**
	Copper metal	**kt**	**3.1**	**4.1**	**4.7**	**3.4**	**2.9**	**6.3**	**7.0**	**(10)**	**(6)**
	Copper in concentrates	**kt**	**9.3**	**6.8**	**6.5**	**4.0**	**3.6**	**7.6**	**15.1**	**(50)**	**(61)**
	Cobalt metal	**kt**	**0.2**	**0.2**	**0.1**	**0.1**	**0.1**	**0.2**	**0.4**	**(50)**	**(50)**
	Gold	**koz**	**7**	**7**	**8**	**5**	**6**	**11**	**14**	**(21)**	**(14)**
	Silver	**koz**	**155**	**118**	**110**	**108**	**116**	**224**	**279**	**(20)**	**(25)**
	Platinum	**koz**	**16**	**15**	**3**	**12**	**12**	**24**	**33**	**(27)**	**(25)**
	Palladium	**koz**	**32**	**29**	**25**	**28**	**29**	**57**	**58**	**(2)**	**(9)**
	Rhodium	**koz**	**1**	**1**	**1**	**1**	**1**	**2**	**2**	**–**	**–**
Integrated Nickel Operations – total production including third party feed											
	Nickel metal	*kt*	*23.0*	*23.1*	*23.4*	*22.4*	*21.3*	*43.7*	*45.6*	*(4)*	*(7)*
	Nickel in concentrates	*kt*	*0.2*	*0.1*	*0.2*	*0.1*	*0.1*	*0.2*	*0.3*	*(33)*	*(50)*
	Copper metal	*kt*	*4.5*	*5.8*	*6.3*	*5.1*	*4.6*	*9.7*	*9.9*	*(2)*	*2*
	Copper in concentrates	*kt*	*9.8*	*8.6*	*7.7*	*4.9*	*4.8*	*9.7*	*16.5*	*(41)*	*(51)*
	Cobalt metal	*kt*	*1.0*	*1.2*	*1.2*	*0.9*	*1.0*	*1.9*	*2.0*	*(5)*	*–*
	Gold	*koz*	*12*	*10*	*11*	*9*	*9*	*18*	*22*	*(18)*	*(25)*
	Silver	*koz*	*211*	*189*	*162*	*174*	*200*	*374*	*398*	*(6)*	*(5)*
	Platinum	*koz*	*23*	*21*	*19*	*21*	*22*	*43*	*44*	*(2)*	*(4)*
	Palladium	*koz*	*65*	*61*	*53*	*69*	*73*	*142*	*114*	*25*	*12*
	Rhodium	*koz*	*1*	*2*	*1*	*1*	*1*	*2*	*2*	*–*	*–*
Murrin Murrin											
	Total Nickel metal	**kt**	**7.4**	**10.8**	**9.7**	**7.6**	**10.2**	**17.8**	**16.1**	**11**	**38**
	Total Cobalt metal	**kt**	**0.6**	**0.9**	**1.1**	**0.7**	**0.9**	**1.6**	**1.4**	**14**	**50**
Murrin Murrin – total production including third party feed											
	Total Nickel metal	*kt*	*8.6*	*11.7*	*10.6*	*8.6*	*11.5*	*20.1*	*18.4*	*9*	*34*
	Total Cobalt metal	*kt*	*0.9*	*0.9*	*1.1*	*0.8*	*0.9*	*1.7*	*1.7*	*–*	*–*
Koniambo	**Nickel in ferronickel**	**kt**	**5.2**	**7.0**	**6.5**	**6.0**	**3.6**	**9.6**	**10.2**	**(6)**	**(31)**
Total Nickel department											
	Nickel	**kt**	**28.3**	**34.0**	**31.2**	**28.2**	**27.0**	**55.2**	**55.4**	**–**	**(5)**
	Copper	**kt**	**12.4**	**10.9**	**11.2**	**7.4**	**6.5**	**13.9**	**22.1**	**(37)**	**(48)**
	Cobalt	**kt**	**0.8**	**1.1**	**1.2**	**0.8**	**1.0**	**1.8**	**1.8**	**–**	**25**
	Gold	**koz**	**7**	**7**	**8**	**5**	**6**	**11**	**14**	**(21)**	**(14)**
	Silver	**koz**	**155**	**118**	**110**	**108**	**116**	**224**	**279**	**(20)**	**(25)**
	Platinum	**koz**	**16**	**15**	**3**	**12**	**12**	**24**	**33**	**(27)**	**(25)**
	Palladium	**koz**	**32**	**29**	**25**	**28**	**29**	**57**	**58**	**(2)**	**(9)**
	Rhodium	**koz**	**1**	**1**	**1**	**1**	**1**	**2**	**2**	**–**	**–**

Production by quarter – Q2 2019 to Q2 2020

continued

Metals and minerals

Production from own sources – Ferroalloys assets[1]

		Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**H1 2020**	H1 2019	Change H1 20 vs H1 19 %	Change Q2 20 vs Q2 19 %
Ferrochrome[7]	kt	397	231	408	388	78	466	799	(42)	(80)
Vanadium pentoxide	mlb	5.1	5.6	4.4	4.2	4.1	8.3	10.2	(19)	(20)

Total production – Custom metallurgical assets[1]

		Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**H1 2020**	H1 2019	Change H1 20 vs H1 19 %	Change Q2 20 vs Q2 19 %
Copper (Altonorte, Pasar, Horne, CCR)										
Copper metal	kt	109.8	100.8	109.0	123.0	124.1	247.1	223.1	11	13
Copper anode	kt	137.3	117.7	132.3	127.4	102.8	230.2	260.7	(12)	(25)
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)										
Zinc metal	kt	200.5	197.3	204.6	195.9	195.6	391.5	403.8	(3)	(2)
Lead metal	kt	50.3	43.9	50.6	44.6	54.7	99.3	96.0	3	9

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except for joint ventures, where the Group's attributable share of production is included.
2 Cobalt contained in concentrates and hydroxides.
3 The Group's pro-rata share of Collahuasi production (44%).
4 The Group's pro-rata share of Antamina production (33.75%).
5 Copper metal includes copper contained in copper concentrates and blister.
6 South American production excludes Volcan Compania Minera.
7 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.

Production by quarter – Q2 2019 to Q2 2020
continued

Energy products

Production from own sources – Coal assets[1]

		Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**H1 2020**	H1 2019	Change H1 20 vs H1 19 %	Change Q2 20 vs Q2 19 %
Australian coking coal	mt	1.7	1.8	3.1	1.8	1.9	3.7	4.3	(14)	12
Australian semi-soft coal	mt	2.3	1.8	1.3	1.6	1.0	2.6	3.3	(21)	(57)
Australian thermal coal (export)	mt	16.1	16.8	16.4	14.5	14.9	29.4	31.0	(5)	(7)
Australian thermal coal (domestic)	mt	2.2	2.2	2.4	2.0	1.7	3.7	4.0	(8)	(23)
South African thermal coal (export)	mt	2.9	3.4	2.9	3.7	3.5	7.2	6.7	7	21
South African thermal coal (domestic)	mt	4.1	3.7	2.8	2.5	2.5	5.0	7.4	(32)	(39)
Prodeco	mt	3.7	4.0	4.3	3.8	–	3.8	7.3	(48)	(100)
Cerrejón[2]	mt	2.0	2.1	2.3	2.0	0.7	2.7	4.2	(36)	(65)
Total Coal department	**mt**	**35.0**	**35.8**	**35.5**	**31.9**	**26.2**	**58.1**	**68.2**	**(15)**	**(25)**

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except for joint ventures, where the Group's attributable share of production is included.

2 The Group's pro-rata share of Cerrejón production (33.3%).

Oil assets

		Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**H1 2020**	H1 2019	Change H1 20 vs H1 19 %	Change Q2 20 vs Q2 19 %
Glencore entitlement interest basis										
Equatorial Guinea	kbbl	423	439	597	522	569	1,091	859	27	35
Chad	kbbl	672	884	1,106	1,083	29	1,112	1,381	(19)	(96)
Cameroon	kbbl	–	75	177	201	208	409	–	n.m.	n.m.
Total Oil department	kbbl	**1,095**	**1,398**	**1,880**	**1,806**	**806**	**2,612**	**2,240**	**17**	**(26)**
Gross basis										
Equatorial Guinea	kbbl	2,113	2,166	2,906	3,080	2,810	5,890	4,164	41	33
Chad	kbbl	919	1,209	1,511	1,481	40	1,521	1,888	(19)	(96)
Cameroon	kbbl	–	216	514	582	603	1,185	–	n.m.	n.m.
Total Oil department	kbbl	**3,032**	**3,591**	**4,931**	**5,143**	**3,453**	**8,596**	**6,052**	**42**	**14**

Full year 2020 production guidance

		Actual FY 2017	Actual FY 2018	Actual FY 2019	**Actual H1 2020**	**Previous guidance 2020**	**Current guidance 2020**	2020 weighting H1	2020 weighting H2
Copper	kt	1,310	1,454	1,371	**588**	**1,255 ± 45**	**1,255 ± 35**	47%	53%
Cobalt	kt	27.4	42.2	46.0	**14**	**28 ± 2**	**28 ± 2**	51%	49%
Zinc	kt	1,090	1,068	1,078	**550**	**1,160 ± 30**	**1,160 ± 30** [1]	47%	53%
Nickel	kt	109	124	121	**55**	**122 ± 5**	**114 ± 4**	48%	52%
Ferrochrome	kt	1,531	1,580	1,438	**466**	**1,000 ± 25**	**1,000 ± 25**	47%	53%
Coal	mt	121	129	140	**58**	**132 ± 3**	**114 ± 3**	51%	49%

1 Excludes Volcan.

Changes in guidance mainly reflects:

- Nickel: 114kt, down 8kt (7%) – decision to operate Koniambo as a single-line operation for the balance of 2020
- Coal: 114mt, down 18mt (14%) – application for Prodeco to remain on extended care and maintenance and targeted volume reductions in Australia in H2, given current market conditions

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