



GLENCORE

Sell-side analyst visit
Nickel

2 October 2014

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Visitor safety induction

- **Stay with your escort at all times – especially if an emergency occurs**
- **Personal Protective Equipment will be provided:**
 - high-visibility reflective clothing and safety boots
 - helmet and safety glasses (fit over prescription glasses)
 - gloves
 - hearing protection
 - masks and CO detectors for inside the Metallurgical Plant
- **Hold handrails when on stairs**
- **Keep clear of all machinery**
- **Cameras to be used outside buildings only**

Agenda

- **Welcome – Senior Management Team**
- **Kenny Ives – Head of Nickel Marketing**
 - Glencore nickel market
- **Peter Johnston – Head of Nickel Assets**
 - Glencore nickel
- **Peter Hancock – President**
 - Koniambo Operations
- **Questions**

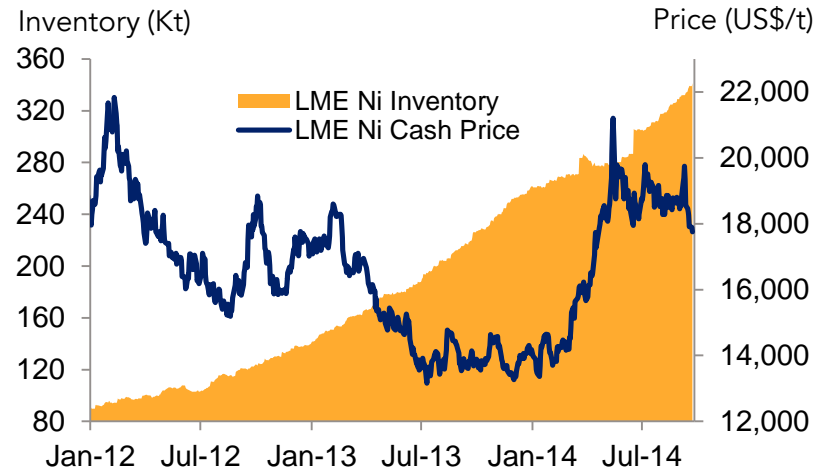


Nickel market outlook

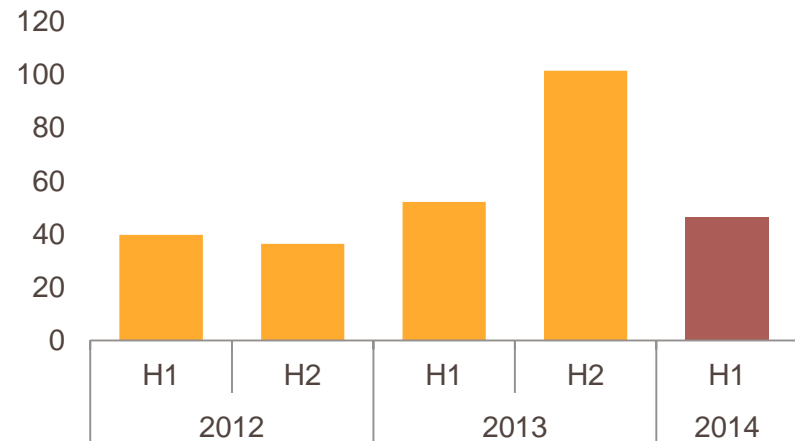
Nickel market remains in surplus with LME stocks increasing

- LME nickel price rallied to US\$21,200/t in May, up 52% since the start of the year. Prices have since settled in a US\$17,000-US\$20,000/t range, recently testing the lower limit
- The increase in prices was driven by the sustained Indonesian ban on nickel ore exports and anticipation of reduced nickel output
- Yet, material unit surpluses sit on and off the exchange: LME inventory is currently at all-time highs and climbing (over 340Kt), reflecting persistent market surpluses
- However, provided the Indonesian ban on ore exports is sustained, the nickel market is expected to revert to expanding deficits from early next year

LME Ni inventory and Ni price



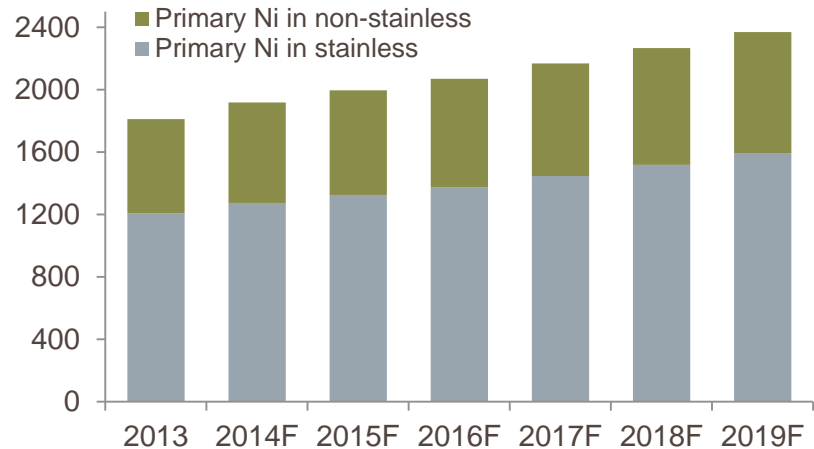
Nickel market balance (kt)



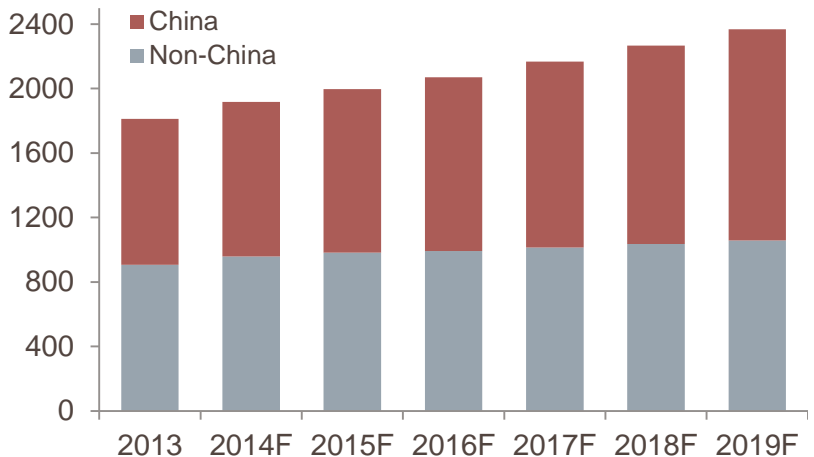
Nickel demand outlook – solid growth in key markets

- Primary nickel demand in stainless steel is projected to increase over 5% this year, reflecting growth in China and North America, along with improved conditions in Europe and Japan
- Longer term we estimate global nickel demand in stainless will continue to increase at a rate above 4% p.a., predominantly driven by China
- Activity levels in non-stainless applications are also robust with nickel usage projected to increase over 6% this year
- Going forward, non-stainless demand growth is forecast at ca. 4% p.a., with strong contributions from China, India and the US
- Overall, we project solid nickel demand growth at a rate of above 4% p.a. between 2014 and 2019

Forecast nickel demand by sector (kt)



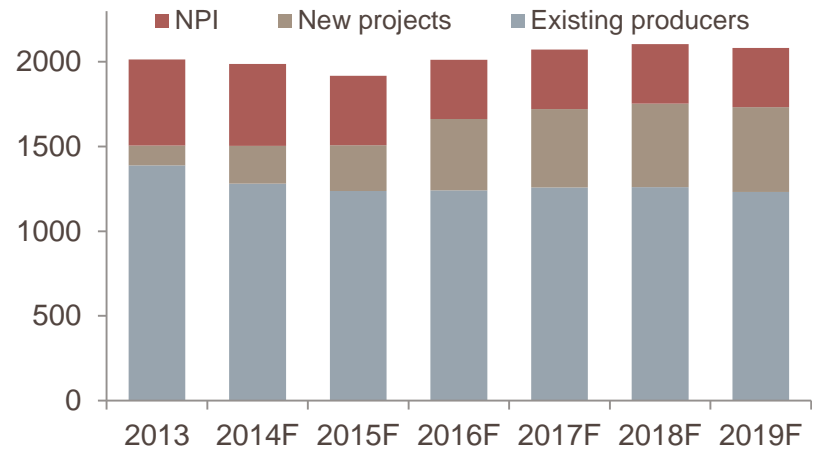
Forecast nickel demand by region (kt)



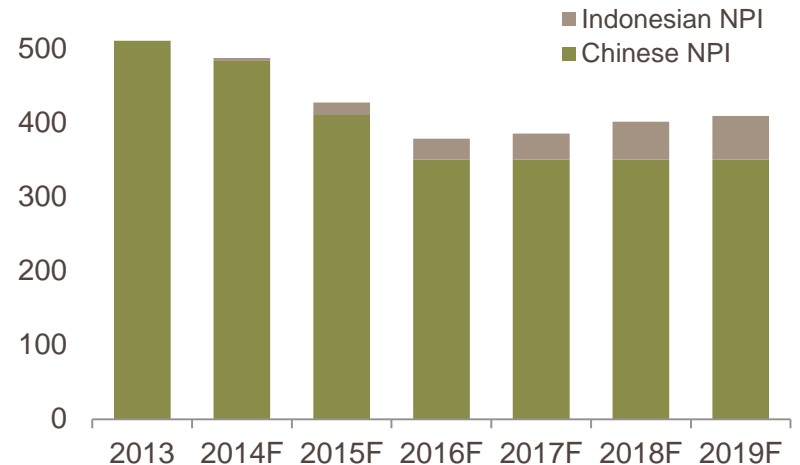
Nickel supply outlook – limited growth amid ore ban

- Nickel supply in 2014 is forecast to decrease 1.4% on the prior year reflecting poor performance at existing producers and new projects, coupled with decreased NPI output
- NPI production is down due to the impact of the Indonesian ban on ore exports, albeit operating rates have remained relatively high this year reflecting stockpiled ore and increased exports from the Philippines
- China's NPI production is forecast to fall from 510kt in 2013 to between 330kt and 370kt over the outlook period, while Indonesian NPI is forecast to add an additional 60Kt by 2019
- However, increased supply from new projects may offset projected losses resulting from the ban and overall supply growth is therefore forecast at 0.9% pa over the period to 2019

Forecast nickel supply (kt)



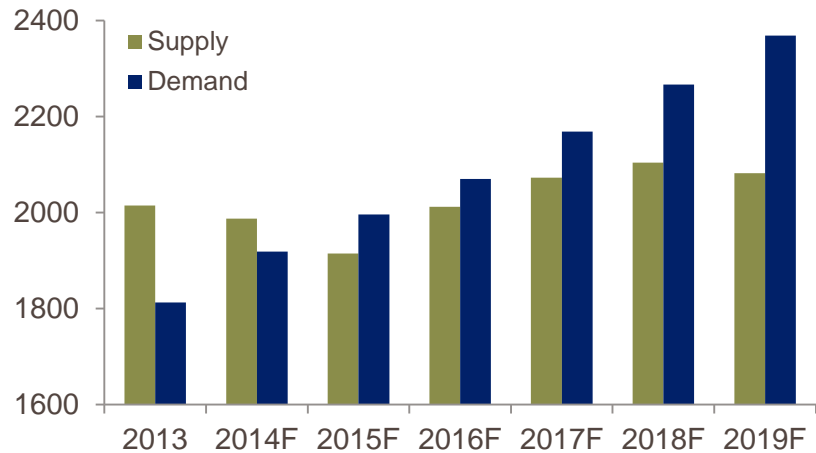
Forecast nickel pig iron production (kt)



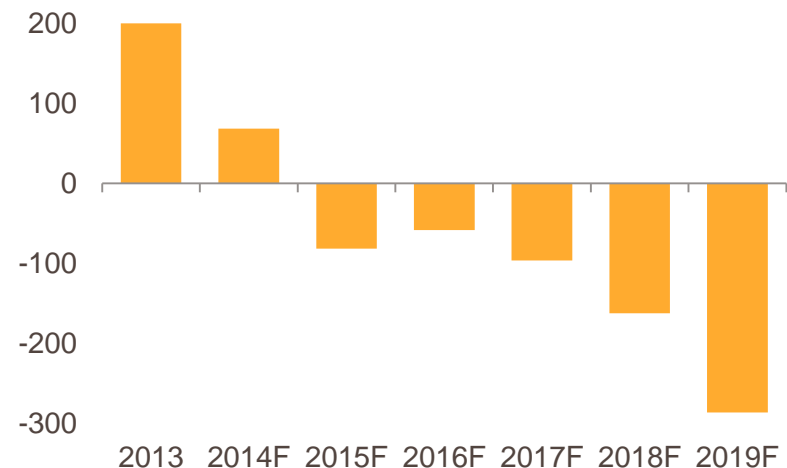
Deficits forecast from 2015 herald stock depletion

- Provided the Indonesian ban on ore exports is sustained, Chinese NPI production plus ferronickel output in Japan and elsewhere will be significantly impacted, removing over 300kt nickel units from the market
- However, increased supply from new projects offsets projected losses and overall production growth is forecast at 0.9% pa over the period to 2019
- With nickel demand growth projected over 4% p.a., the market is expected to revert to a deficit by early 2015, with annual deficits expected to be substantial in the medium term

Forecast nickel supply/demand (kt)



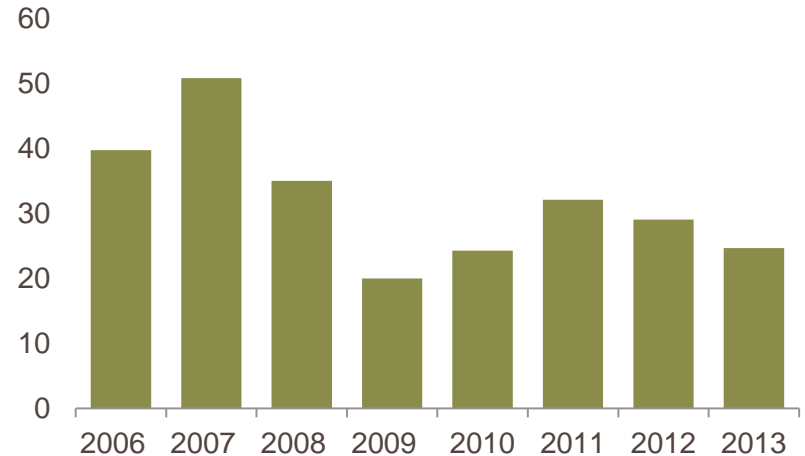
Forecast nickel market balance (kt)



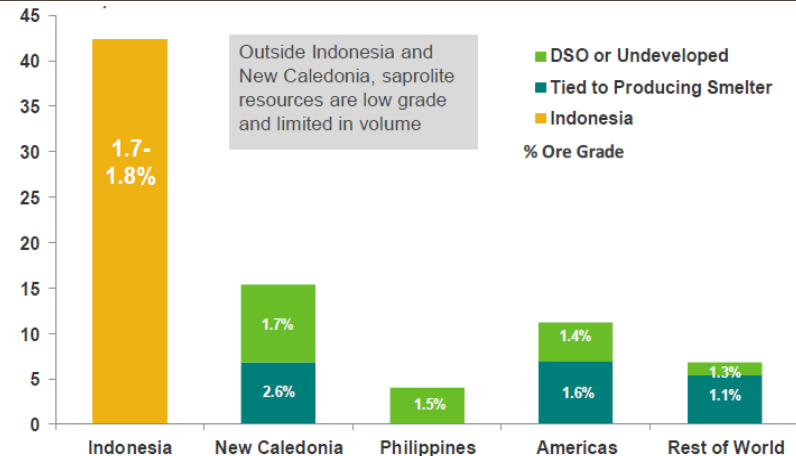
Indonesia did not benefit from Direct Shipping Ore (DSO)

- The inherent value of Indonesian nickel ore exports in 2013 was ca. US\$10.5bn vs. revenue from DSO of US\$1.7bn
- By implementing a law that requires domestic processing of all minerals extracted in the country prior to export, Indonesia took a key step to create value for the country, while positively influencing the market
- Indonesia has a unique position in terms of nickel saprolite resources, which are mostly high grade (1.8% Ni)
- A sustained ban paves the way for major foreign investment, with some funds already secured
- On the contrary, any policy easing will undermine the market and likelihood of material investment
- We remain confident that the Indonesian ban will be sustained with no exceptions granted and recent comments by the director of Metals and Minerals at the ESDM support this

Indonesia Ore Export to China Unit Value (US\$/t)



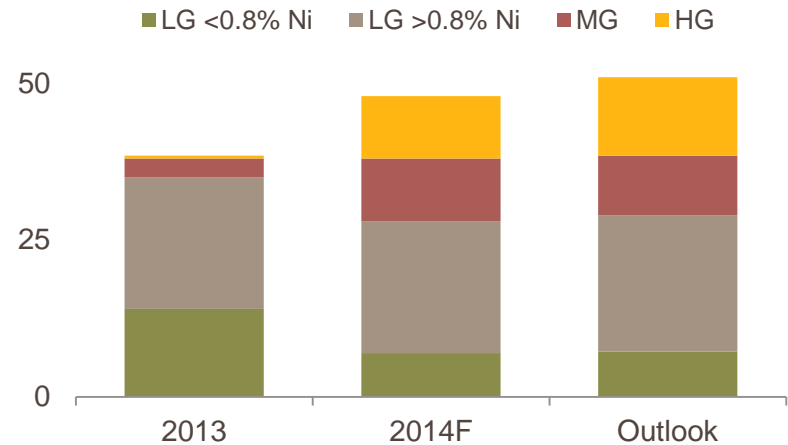
World Saprolite Resources (Mt Ni contained)



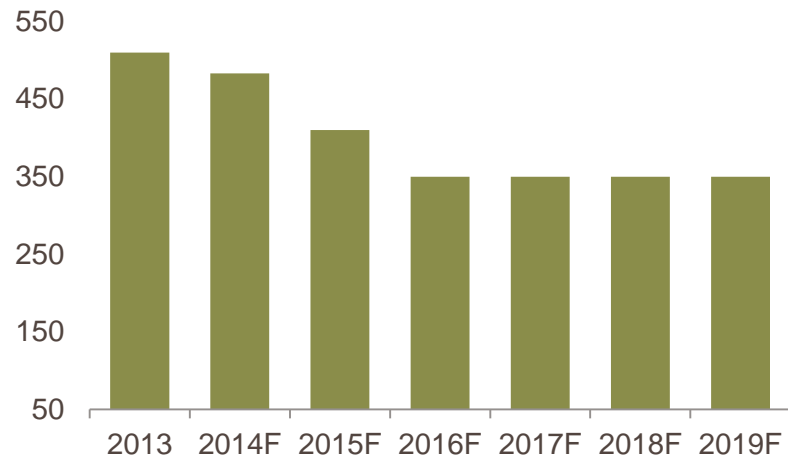
Philippine ore supplies determine Chinese NPI outlook

- Provided the Indonesian ban on ore exports is sustained, Chinese NPI production will ultimately depend on ore exports from the Philippines
- We project 2014 Philippine exports to China to increase ca. 25% on 2013 levels, and expect shipments to remain around these high levels over the outlook period
- The composition of this ore supply is also expected to trend towards higher nickel content
- As a result, China's NPI production is forecast to fall from 510kt Ni last year to 330 - 370kt over the outlook

Philippine ore exports to China (Mt)



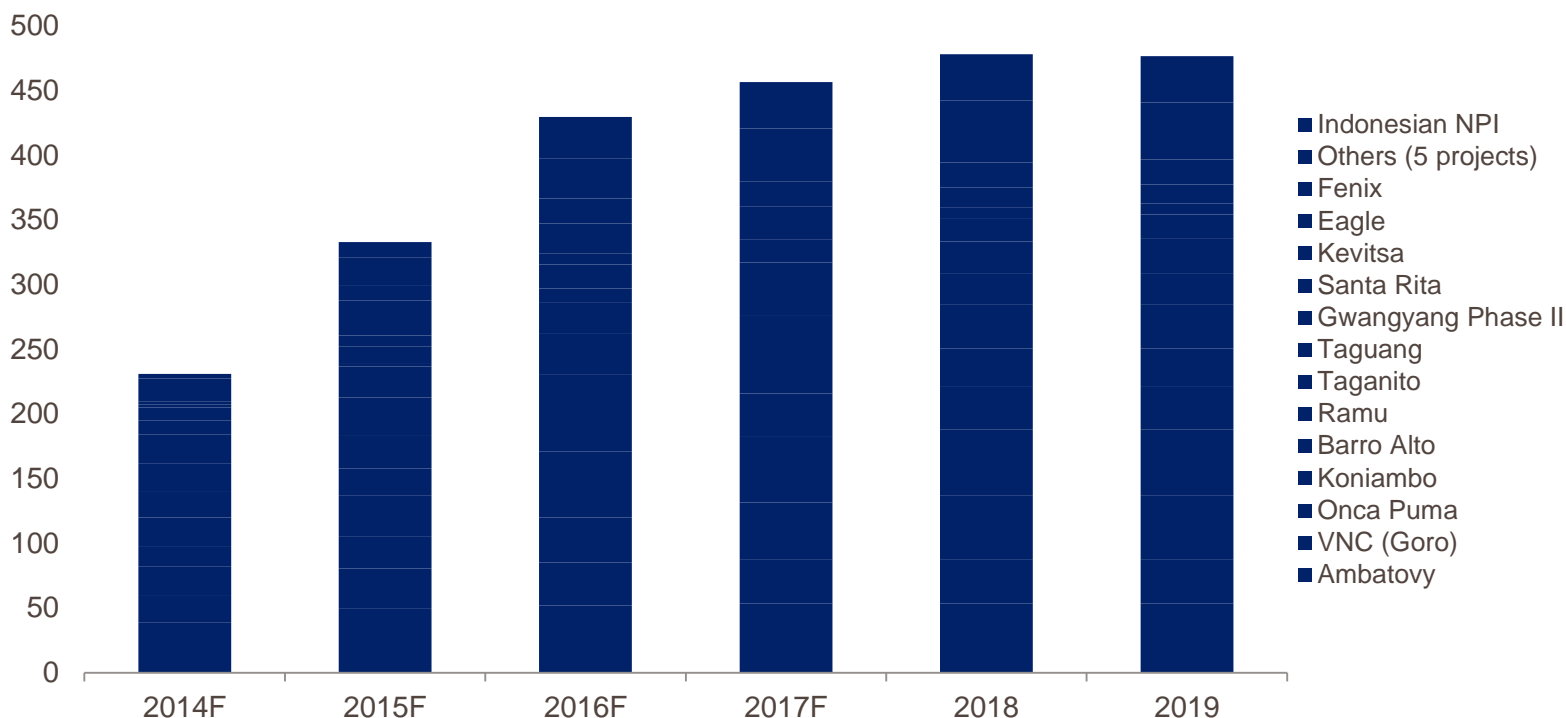
Chinese Nickel pig iron production (kt)



Projects to provide additional units, subject to performance

- Nickel supply from greenfield projects and brownfield expansions is forecast at ca. 230kt Ni in 2014 and expected to more than double by 2019
- However, ramp up performance to date highlights the need for a cautious outlook, with the majority of new assets delayed and underperforming due to technical, environmental, permitting and social challenges

Supply from new projects (kt)





Glencore nickel

Glencore nickel overview

Top three integrated nickel producer

- Production of 98.4kt mined nickel in 2013 rising towards 145kt by 2016
- Future production growth will benefit from higher volumes of lower cost production at Koniambo and Raglan
- Our resource base exceeds 13Mt of contained nickel, indicating average mine lives in excess of 20 years on the current Measured and Indicated resource

A leading trader of nickel

- 2013 marketed volumes of more than 226kt of nickel concentrates and metal

Glencore nickel assets

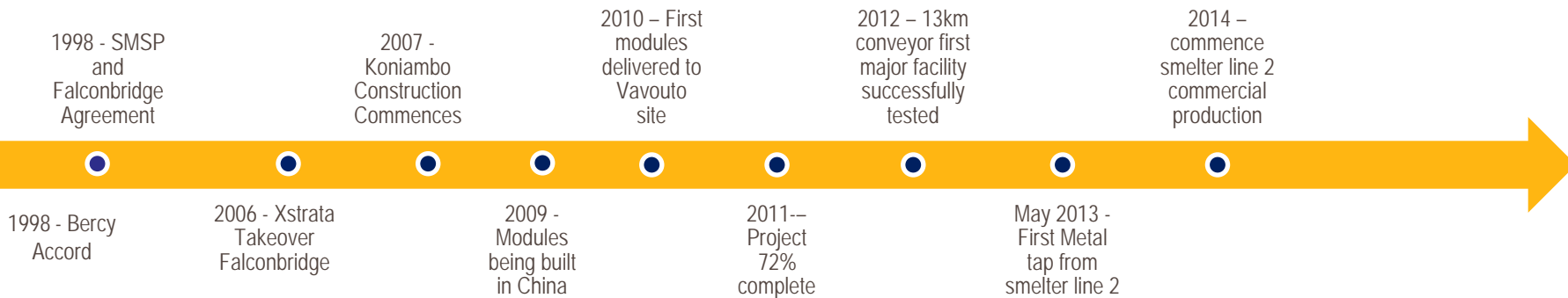


Industrial assets comprise 8 mines, 2 smelters, 2 refineries with operations and assets in 7 countries and key marketing offices spread across 15 countries



Koniambo

Our history



Koniambo Nickel is a New Caledonian operation capable of processing 2.5Mt of DMT ore to produce up to 60,000t p.a. of nickel in ferronickel from a large lateritic nickel deposit

- Legal ownership: Glencore 49%, SMSP 51%
 - Economic ownership >90% Glencore
 - 15 year tax and 20 year economic stability agreements with Government
- Koniambo's nickel smelting technology (NST) results in significantly improved smelting efficiencies & environmental performance.
- Unique, high-grade global nickel deposit with operating life potential of greater than 50 years
- Forecast steady-state C1 cost estimated to be c. \$4/lb Ni

Greenfield site – 2005 aerial photo of the Vavouto site



Pre-fabricated plant module – first arrival Sept 2010



Construction phase – top module being raised into position

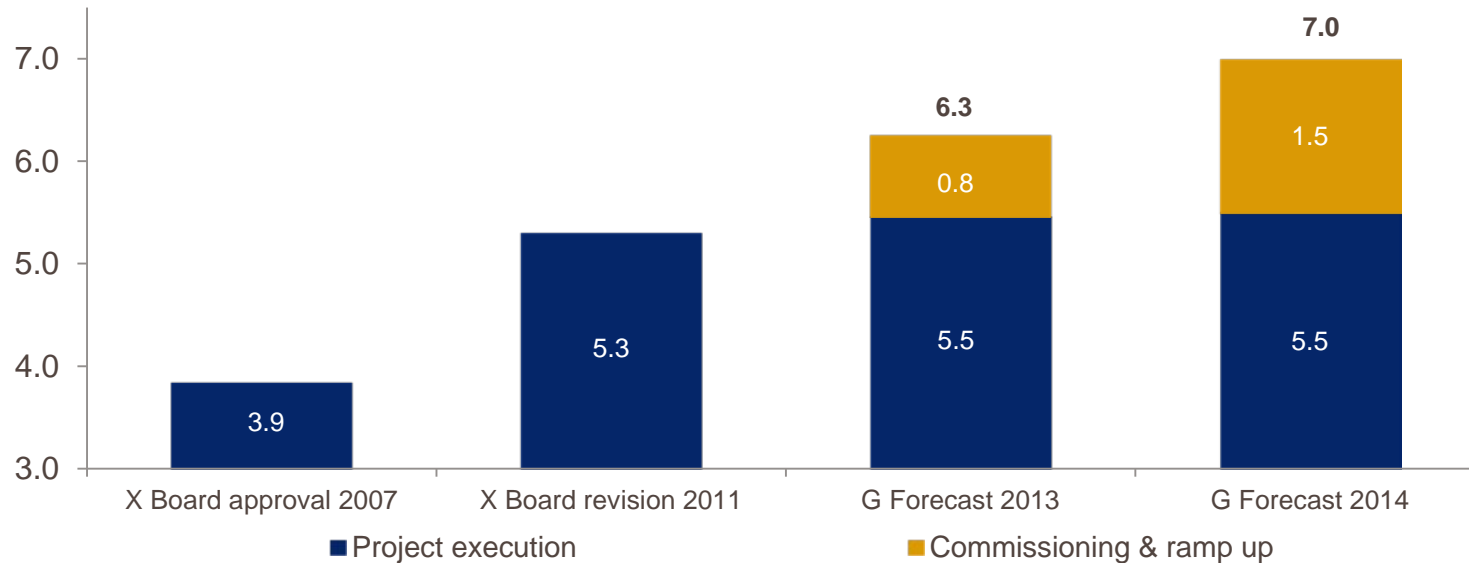


Construction complete – November 2013



Closing out the Project

Construction cost (\$ billion)



Key milestones	
Commercial production line 1	September 2013
Commercial production line 2	February 2014
Power station line 1 synchronisation	April 2014
Power station line 2 synchronisation	September 2014
End of commissioning ramp up capitalisation period (for accounting purposes)	Estimated June 2015



Koniambo Nickel SAS
Operation Overview

Koniambo Nickel leadership team



President
Peter
Hancock



VP Production & Maintenance
Benoit
Pelletier



VP Mine & Engineering
Didier
Ventura



VP Health & Safety
Francois-Gilles
Cote



VP Human Resource
Chantal
Francoeur



VP Finance
Yvon
Pronovost



Director Strategy & Performance
Patrick Duffy



Director External Affairs
Alcide Ponga



Legal Counsel
Marjorie
Pechon

Safe Nickel – successful & sustainable

Safety

- **Fatigue prevention:** OSPAT system implemented site-wide to assess fitness for work for vehicle operators (mine haul trucks, slag haulers, port stackers)
- **Alcohol and drug testing:** first site in New Caledonia to implement random workplace shift start testing
- **Collision prevention:** mine fleet (both light and heavy vehicles) are monitored by GPS to prevent mobile equipment incidents

Health

- **Sector leader:** environmental asbestos management includes training, surface watering, ventilated masks – exceeds current and proposed regulatory requirements
- **Industrial hygiene risk management:** controlled through Similar Exposure Groups (SEG's)
- **Proactive monitoring:** industrial hygiene advisors in the field with high tech equipment

Environment

- **Technology:** smelting technology results in minimal dust or gas emissions
- **Consultative:** regular community consultations through permanent Koniambo Environment Committee
- **Transparent:** air quality monitoring with results communicated through website
- **Sustainable:** re-vegetation of massif and mangrove has been underway since day 1

Unique model for stakeholder support

Koniambo Nickel is governed by a 49:51 joint venture with SMSP (a subsidiary of the North Province of New Caledonia holding key mine and smelting related assets)

- Glencore has management responsibility for construction and operations
- Local JV ownership imparts a high degree of public buy-in and support for the Koniambo operations
- Project was perceived by the Government as an economic driver of growth for the north of New Caledonia (80% of economic activities in New Caledonia were concentrated in Nouméa, 300km to the south)

Trusted

- Koniambo has a strong social license to operate because it is viewed by the people of the North Province as a trusted partner

Innovative

- Many local business have been created and developed to provide services to Koniambo
- The local region has a vibrant economy that is starting to develop its own demand for services outside the Koniambo Project

Belonging

- 75% of Koniambo staff are local employees
- There has been extensive development of local skills for both the needs of Koniambo and its contractors

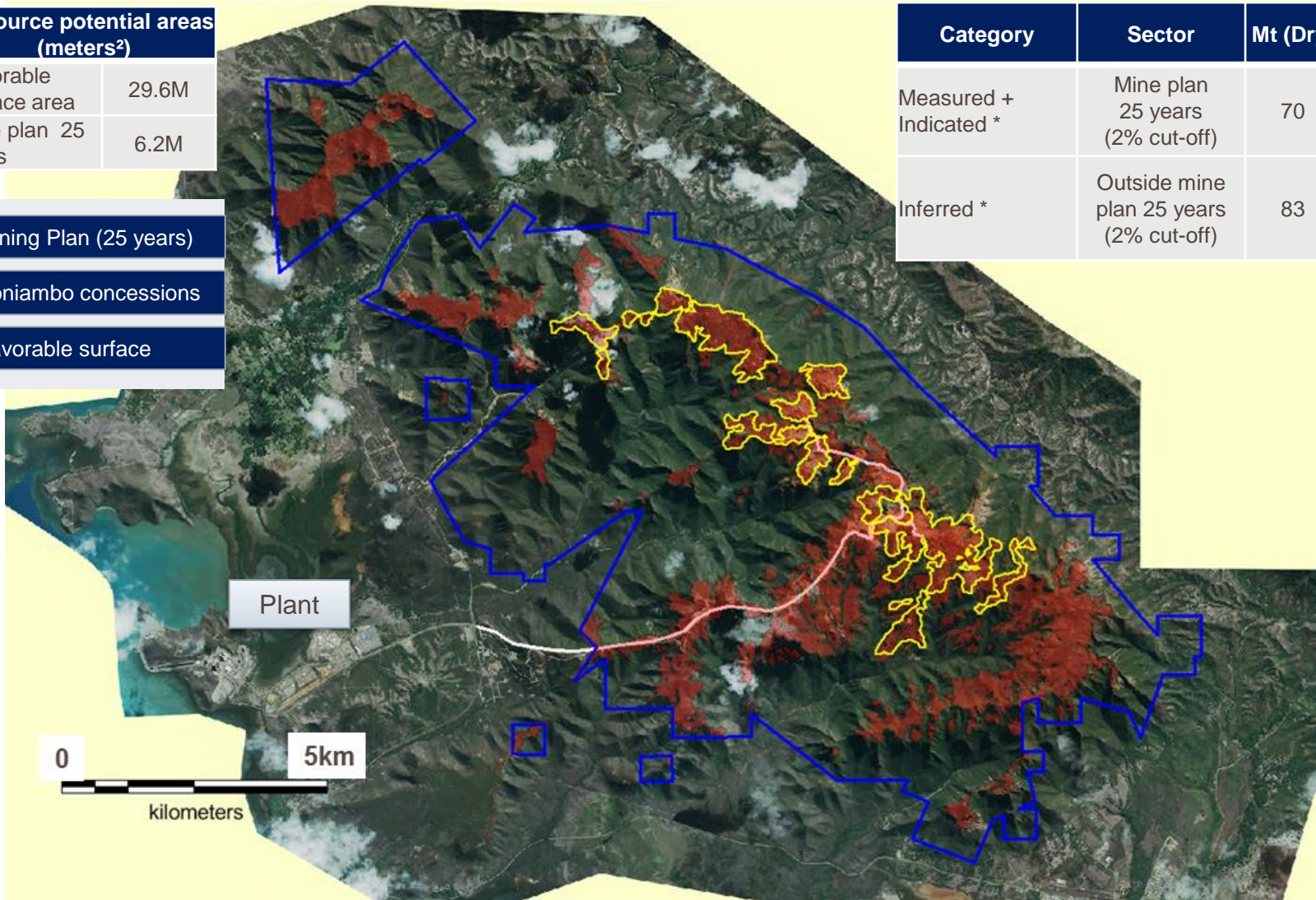
World class laterite nickel deposit (2% cut-off grade)

Resource potential areas (meters²)

Favorable surface area	29.6M
Mine plan 25 years	6.2M

- Mining Plan (25 years)
- Koniambo concessions
- Favorable surface

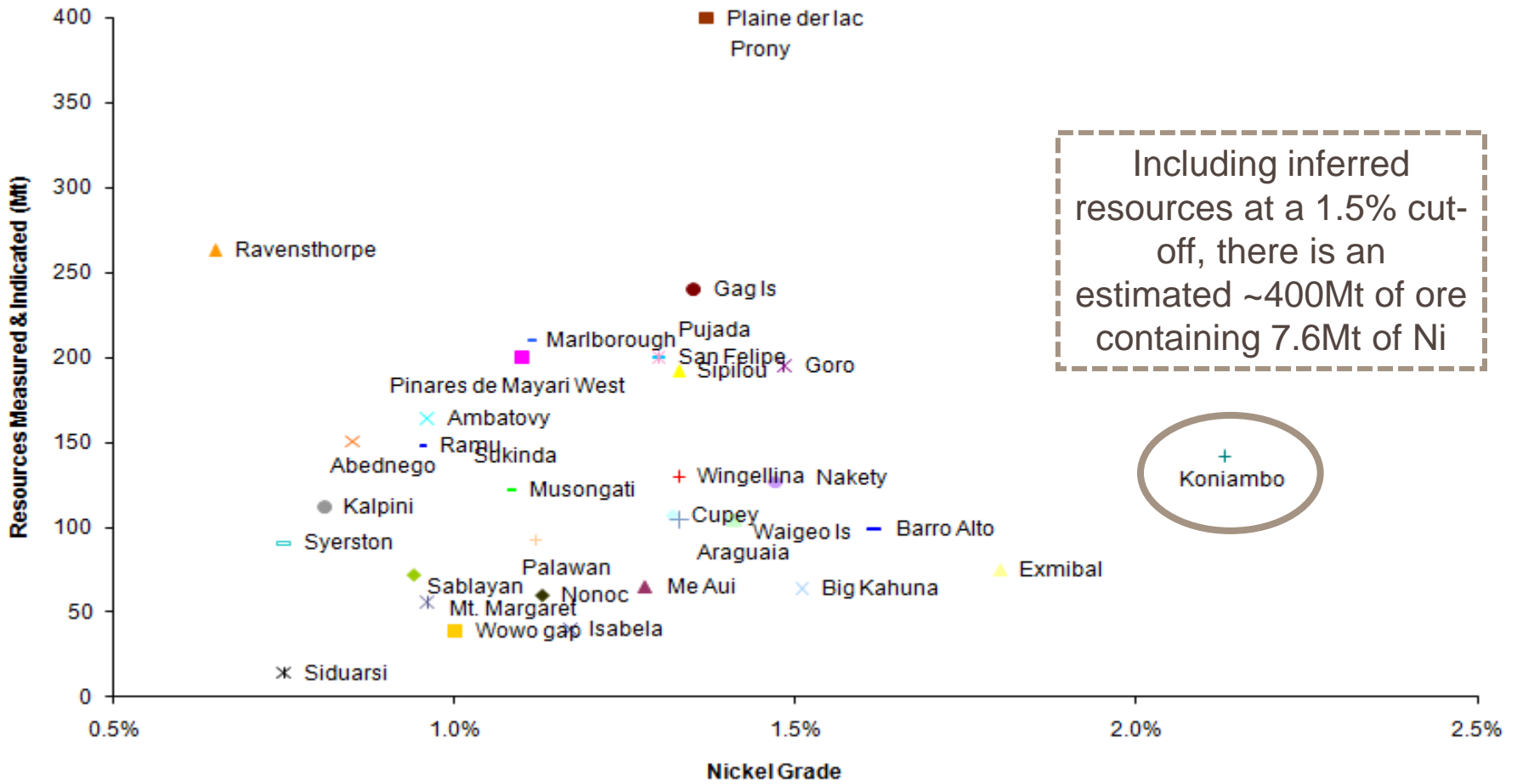
Category	Sector	Mt (Dry)	%Ni
Measured + Indicated *	Mine plan 25 years (2% cut-off)	70	2.47
Inferred *	Outside mine plan 25 years (2% cut-off)	83	2.53



* Resource at 31 December 2013

Koniambo has a unique, high-grade global nickel laterite deposit

Measured and indicated nickel laterite resources



Source: 2011 Brook Hunt historical data

Mine operations overview

- 25 year high grade nickel reserve
- 2.5Mtpa of ore mined, crushed and conveyed 13km to the metallurgical plant
- Significant future potential development of lower-grade saprolite and limonite resources

	2014	2018E
Shovels	8	12
Trucks (100t & 150t)	20	34
Bulldozers	10	14
Water Trucks	3	5
Graders	2	3
Loaders	2	2

6 pits currently open for mining



Expatriate and local operations teams



Integrated site – mine ore preparation plant



Integrated site – 13 km ore conveyor to plant



Integrated site – ore stockpile (500kt capacity)

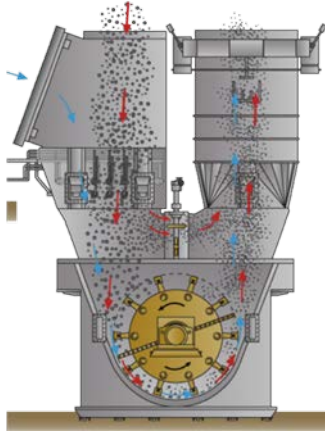


Integrated site – metallurgical plant (60ktpa Ni capacity)

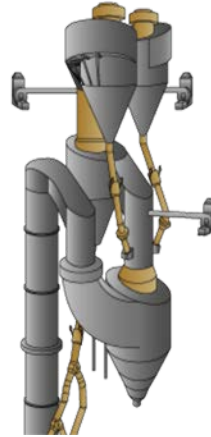


Smelting (2 lines each with 1.25Mt*/pa ore feed capacity)

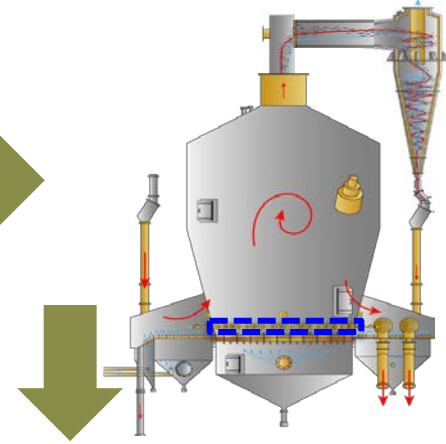
Hammer Mill Flash Dryer



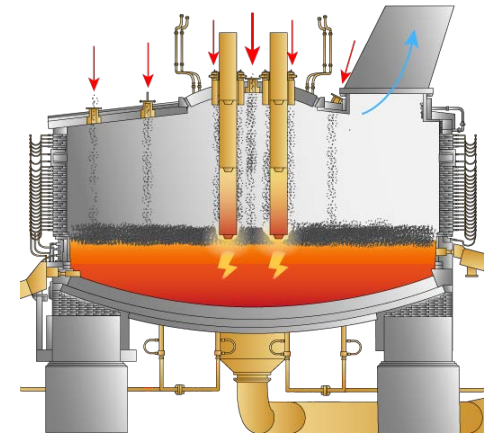
Calcliner



Fluid Bed Reducer



DC Furnace



- **The metallurgical plant has been operating for over 12 months**
 - Both lines have operated at 90% of nominal throughput
 - Furnace power demonstrated at 80MW (100% of design) on both lines
 - Fluid bed reducing process performing well
 - Achieving overall metallurgical expectations
- **Confidence in overall technology is very high**

* Dry metric tonnes (dmt)

Integrated site – power station (270MW capacity)

- At full nominal smelting rates, the site will demand 215MW of net power, the equivalent of all power consumed on the island of New Caledonia*. The site is designed to have a total installed capacity of 404MW (including auxiliary sources)
- The coal-fired power station (two units designed to produce 270MW) was intended to be commissioned in advance of the metallurgical plant



* 2010 consumption 1.98b Kwh

Sufficient power is now available to support production

- Koniambo experienced delays to the start of its coal-fired power station which during its commissioning, in early 2014 significant cracking was identified in boiler tube welds. The piping has required remanufacturing in India
- A temporary strategy was developed to bypass the affected fluid bed heat exchangers. Each unit has subsequently produced 75 MW in this mode
- Production has also been supported by the existing installed back-up combustion turbines (capacity of 104 MW), rented diesel turbines (capacity of 60 MW) and limited power available from the New Caledonian grid (capacity of ~30MW)
- Boiler tube replacement and installation schedule is on track for both units to be operational at full capacity in Q2 2015

Production start up has relied heavily on 2 x 52 MW Rolls Royce Combustion Turbines



3 x 20 MW temporary diesel turbines were added in May 2014



Koniambo ferronickel product

- Koniambo is producing a high-grade, high nickel content product with low impurities
- Product will be supplied as dry, solid, non-friable shot of 3 to 50mm - suitable for mechanised conveyance
- Koniambo port facilities can accommodate vessels of up to 50,000Mt
- Bulk shipments of 8,500 containers p.a. of high-grade FeNi within close proximity to key Asian markets

Ferronickel granules attractive to customers



Target Finished Product

Composition		
Nickel	Carbon	Cobalt
35.0 %	0.15 %	0.9 %
Phosphorus	Silicone	Sulphur
0.02 %	0.3 %	0.05 %
Iron	Dimensions	Product type
Balance	3 to 50 mm	Ferronickel

Commissioning challenges not unique for a major greenfield

Phases	Key characteristics	Throughput capacity
Phase 1	<ul style="list-style-type: none"> - Project-Commissioning-Operations co-activity - Late availability of power & utilities - Major equipment failures and design fixes - Daily troubleshooting - New staff operating plant 	<20%
Phase 2	<ul style="list-style-type: none"> - Experience short periods of strong plant performance - Greater understanding of equipment reliability and process challenges - More stable, temporary power generation - Emergence of short term bottlenecks - Focus on operational discipline across departments 	<40%
Phase 3	<ul style="list-style-type: none"> - Boiler solution in place, no expected power shortage - Optimise specific equipment to realize design capabilities - More mature teams, focus on sustaining disciplines 	>60%
+3	<ul style="list-style-type: none"> - Emphasis on continuous improvement and throughput opportunities 	>90%

Short term priorities

- Deliver on our Sustainable Development strategy that provides a safe working environment for our people and responsibly manage our environment
- Deliver on the metallurgical technical design performance
- Implement a stable and reliable power supply to the plant
- Progressively build up momentum in the mining operations
- Develop a culture of performance throughout the business
- Provide customers with a high-quality ferronickel product

Revised production guidance

- 2014: 10 to 18kt Ni
- 2015: 25 to 40kt Ni
- 2016: > 50kt Ni to nameplate capacity

Key site tour takeaways

Project

- Koniambo Project is complete, production ramp-up underway

Mine reserves

- Koniambo is supplied by a unique, high grade, world-class laterite ore deposit

Power

- Commissioning issues to be corrected by end of first half of 2015 – no power constraints to production in the meantime

Metallurgical production

- Ramp-up of production is progressing well, confident that technology will deliver the nameplate capacity of 60ktpa

Market

- Delivery of up to 60,000 units of nickel into a nickel market in deficit

Q&A

