## RISK FACTORS

*An investment in the Company's Ordinary Shares involves a significant degree of risk. Investors should carefully consider the risks and uncertainties described below and the other information contained in this Prospectus before making an investment decision. Glencore's business, results of operations, financial condition and/or prospects could be materially and adversely affected by any of these risks. The trading price of the Company's Ordinary Shares could decline due to any of these risks or other factors, and you may lose all or part of your investment. The risks described below are not the only ones which Glencore faces. The risks described below are those that Glencore currently believes may materially affect it and the Ordinary Shares and the list is not exhaustive. Additional risks and uncertainties not currently known to Glencore, or those that it currently deems to be immaterial, may become material and adversely affect Glencore's business, results of operations, financial condition, prospects and/or the value of the Ordinary Shares. This Prospectus also contains estimates and projections that involve risks and uncertainties. Glencore's results may differ significantly from those previously projected as a result of certain factors, including the risks which it faces, as described below and in other sections of this Prospectus. The order in which the following is presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on Glencore's business, results of operations, financial condition, prospects and/or the value of the Ordinary Shares.*

### Risks relating to Glencore

***Glencore is exposed to declines in the current and expected volumes of supply or demand for commodities, to commodity prices and to deterioration in economic and financial conditions.***

The current and expected volumes of supply and demand for the commodities in which Glencore is active vary over time based on changes in resource availability, government policies and regulation, costs of production, global and regional economic conditions, demand in end markets for products in which the commodities are used, technological developments, including commodity substitutions, fluctuations in global production capacity, global and regional weather conditions and natural disasters including, for example, the recent earthquake and tsunami in Japan, all of which impact global markets and demand for commodities. Furthermore, changes in current and expected supply and demand conditions impact the current and expected future prices (and thus the price curve) of each commodity.

Declines in the volume of each commodity produced or marketed by Glencore, as well as declines in the price of commodities, could materially adversely impact Glencore's business, results of operations and earnings. These declines could result in a reduction in the average marketing unit margin achieved in respect of the volumes handled by Glencore's marketing activities, or a reduction in the volume and/or margin in respect of commodities produced by Glencore's industrial assets.

In addition, a decline in economic and financial conditions globally or in a specific country, region or sector may have a material adverse effect on Glencore's business, results of operations or earnings. For example:

- the insolvency of key suppliers, particularly those with whom Glencore has long-term supply or off-take contracts, could result in supply chain difficulties and/or unmatched commodity price exposures and/or a reduction in commodities available for Glencore's marketing activities;
- although most commodities' fixed pricing periods are relatively short, a significant reduction or increase in commodity prices could result in customers or suppliers, as the case may be, being unwilling or unable to honour their contractual commitments to purchase or sell commodities on pre-agreed pricing terms;
- a tightening of available credit may make it more difficult for Glencore to obtain, or may increase the cost of obtaining, financing for its marketing activities and capital expenditures at its industrial assets;
- a decline in the value of inventories may result in write-downs; and
- production at Glencore's industrial assets may be curtailed or suspended as it becomes not economically viable.

In the first half of 2009, Glencore's financial results were adversely impacted by the failure of various customers to perform under certain pricing contracts primarily related to Glencore's coal business. Glencore believes these customers failed to perform, in part, because the global financial crisis put significant strain on their financial condition, liquidity profiles and customer base which was compounded by being faced with paying significantly higher prices for commodities under the contracts with Glencore than what they would have had to pay in the spot market. Should Glencore experience similar customer failure in the future as a result of economic factors or otherwise, its business, results of operations and earnings could be adversely affected.

***Glencore is exposed to significant geopolitical risk.***

Glencore operates and owns assets in a large number of geographic regions and countries and, as a result, is exposed to a wide range of political, regulatory and tax environments. These environments are subject to change in a manner that may be materially adverse for Glencore, including changes to government policies and regulations governing industrial production, foreign investors, price controls, export controls, tariffs, income and other forms of taxation (including policies relating to the granting of advance rulings on taxation matters), nationalisation or expropriation of property, repatriation of income, royalties, the environment and health and safety.

Relatively high commodity prices and other factors in recent years have resulted in increased resource nationalism in some countries, with governments repudiating or renegotiating contracts with, and expropriating assets from, companies that are producing in such countries. Many of the commodities that Glencore produces and markets are considered strategic resources for particular countries. Governments in these countries may decide not to recognise previous arrangements if they regard them as no longer being in the national interest. Governments may also implement export controls on commodities regarded by them as strategic (such as oil or wheat) or place restrictions on foreign ownership of industrial assets. Renegotiation or nullification of existing agreements, leases, permits or tax rulings, changes in fiscal policies (including new or increased taxes or royalty rates or the implementation of a windfall tax) and currency restrictions imposed by the governments of countries in which Glencore operates could all have a material adverse effect on Glencore.

Glencore has experienced nationalisation and expropriation of certain of its industrial assets and significant changes in the taxation regime applicable to specific assets in the past. For example, in 2007, the Bolivian government nationalised a smelter owned by a subsidiary of Glencore. However, in that instance, no material losses were sustained and Glencore continues to do business in Bolivia. In addition, in 2009, the government of Bolivia enacted a new constitution which requires mining entities to form joint ventures with the government. Glencore has entered into good faith negotiations with the government regarding this requirement, and a resolution of the issue is expected to be announced by the government in the near future. Glencore does not expect this resolution to have a material economic impact on the Group. While these particular incidents have not had a material adverse effect on Glencore's results or operations, it continues to do business in locations where it is exposed to a greater-than-average risk of overt or effective expropriation or nationalisation, including in countries where the government has previously (and in some cases, recently) expropriated assets held within the jurisdiction of other companies or where members of the government have publicly proposed that such action be taken.

Glencore's operations may also be affected by political and economic instability in the countries in which it operates. Such instability could be caused by, among other things, terrorism, civil war, guerrilla activities, military repression, civil disorder, crime, workforce instability, change in government policy or the ruling party, economic or other sanctions imposed by other countries, extreme fluctuations in currency exchange rates or high inflation.

The geopolitical risks associated with operating in a large number of regions and countries, if realised, could affect Glencore's ability to manage or retain interests in its industrial activities and could have a material adverse effect on the profitability, ability to finance or, in extreme cases, viability of one or more of its industrial assets. Although Glencore's industrial assets are geographically diversified across various countries, disruptions in certain of its industrial operations at any given time could have a material adverse effect on Glencore's marketing business.

***Liquidity risk and a failure to obtain funds could limit Glencore's ability to engage in desired activities and grow its business.***

Liquidity, or ready access to funds, is essential to Glencore's business. Liquidity risk is the risk that Glencore is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. A lack of liquidity may mean that Glencore will not have funds available to maintain or increase its marketing activities, grow its industrial activities production output as planned or take advantage of other opportunities that may arise in its marketing or industrial activities.

Glencore's marketing activities employ significant amounts of working capital to fund purchases of commodities for future delivery to Glencore's end customers, to meet margin requirements under derivative contracts and to fund the acquisition and maintenance of certain transport and storage assets which complement its marketing activities. Continued funding of and access to working capital is critical for Glencore to maintain its historic levels of marketing activity and increase such levels in the future. Glencore's industrial activities are also capital intensive and the continued funding of such activities is critical for Glencore to maintain its ownership interests in its industrial assets, to maintain production levels in periods when net operating cash flow is negative or insufficient to cover capital expenditures, to increase production levels in the future in accordance with its business plan and to grow its industrial activities through the acquisition of new assets. Glencore has budgeted a total aggregate capital expenditure of approximately U.S.$5 billion for the three calendar years ending 31 December 2013. Glencore expects to fund its planned capital expenditure from proceeds from the Global Offer.

Prudent liquidity risk management requires Glencore to maintain sufficient cash and cash equivalents through the accumulation of retained earnings and to have ready sources of committed funding available to meet anticipated and unanticipated funding needs. While Glencore adjusts its minimum internal liquidity targets in response to changes in market conditions, its liquidity may be impaired due to circumstances it is unable to control, such as general market disruptions, increases in the prices of commodities or an operational problem that affects its suppliers or customers or Glencore itself.

In addition to maintaining a cash position, Glencore relies on two other principal sources of liquidity: borrowings under various short-term and long-term bank and asset-backed facilities and issuance of notes in the debt capital markets. An inability to raise money in the long-term and short-term debt markets could have a material adverse effect on Glencore's liquidity. Glencore's access to debt in amounts adequate to finance its activities could be impaired by factors that affect Glencore in particular or the industries or geographies in which it operates. For example, lenders could develop a negative perception of Glencore's short-term or long-term financial prospects if Glencore incurred large losses, if the level of its marketing activities were to materially decrease due to a market downturn in the demand for commodities, or if its business was otherwise materially adversely affected. Although Glencore expects the continued support of financial institutions, there can be no assurance that additional credit or funding will be made available in the future.

Future debt financing, if accessible, may result in increased borrowing costs, increased financial leverage, decreased income available to fund further acquisitions and expansions and the imposition of restrictive covenants on Glencore's businesses and operations. In addition, future debt financing may limit Glencore's ability to withstand competitive pressures and render its businesses more vulnerable to economic downturns by exposing it to volatile interest rates, tighter credit markets and potentially reduced access to funding that may be needed to take advantage of future business opportunities.

***A reduction in Glencore's credit rating could adversely affect Glencore.***

Glencore's borrowing costs and access to the debt capital markets, and thus its liquidity, depend significantly on its public credit ratings. These ratings are assigned by rating agencies, which may reduce or withdraw their ratings or place Glencore on "credit watch", which would have negative implications. A deterioration of Glencore's credit ratings could increase its borrowing costs and limit Glencore's access to the capital markets, which, in turn, could reduce Glencore's earnings and adversely affect Glencore's liquidity.

Glencore's counterparties, including its customers, suppliers and financial institutions, are also sensitive to the risk of a ratings downgrade and may be less likely to engage in transactions with Glencore, or may only engage with Glencore at a substantially higher cost or on increased credit enhancement terms (e.g. letters of credit, additional guarantees or other credit support) which carry increased costs, if Glencore's ratings were downgraded to below investment grade. While Glencore does not anticipate its ratings to be downgraded below investment grade, if such an event were to occur, it could have a material adverse effect on Glencore's business, results of operations, financial condition or prospects.

***Glencore's ability to attract, retain and compensate key employees may be impacted by its transition to a public company.***

Glencore has operated within a private company structure and as an employee-owned company. Following Admission, Glencore, as a listed entity, will operate as a public company with the added administration this entails. This cultural change could result in certain key employees, whether skilled marketers, or otherwise, leaving. There are a number of other reasons why such personnel may leave. An employee may leave

Glencore to go to a competitor, to start their own business, to retire or for other reasons. In addition, based on the Offer Price Range, the Ordinary Shares issued to Existing Shareholders in the Restructuring will have a value significantly above the redemption value of Existing Shareholders' pre-Restructuring ownership interests. However, Glencore is not expecting an above-normal level of retirements shortly after Admission. Notwithstanding the high level of employee ownership, there are no secondary sales in the Global Offer by any employee or Director other than to fund expected personal tax liabilities triggered in connection with the Restructuring and/or Admission and to repay to Glencore a small tranche of outstanding loans and all Existing Shareholders are subject to lock-up arrangements ranging from 12 months, to staggered lock-ups of up to five years in the case of the Executive Directors, such lock-ups not being dependent upon continued employment.

Glencore seeks to provide competitive compensation arrangements to retain and attract highly skilled personnel that are important to its business, including salaries, bonus arrangements and share incentive arrangements. The Directors believe that Glencore's current compensation arrangements are competitive and adequate to allow Glencore to retain and attract the necessary calibre of employees. However, these compensation payments may not be as effective as the opportunity to receive ownership interests in Glencore that existed prior to the Restructuring and, as a result, Glencore may need to change its compensation arrangements to make them more attractive to such employees which could be at an increased cost to Glencore. The loss of any senior marketer, senior manager or other key personnel, as well as the inability to retain and/or attract new highly skilled personnel, could have a material adverse effect on Glencore's business.

***Glencore is exposed to fluctuations in currency exchange and interest rates.***

The significant majority of transactions undertaken by both Glencore's marketing and industrial activities are denominated in U.S. dollars. However, Glencore is exposed to fluctuations in currency exchange rates:

- through its industrial activities, because a large proportion of the operating costs of these assets are denominated in the currency of the country in which each asset is located, the largest of such currency exposures being to the Australian dollar, the Kazakhstan tenge and the Canadian dollar via Glencore's stake in Xstrata;
- through the costs of Glencore's global office network, which are denominated largely in the currency of the country in which each office is located, the largest of such currency exposures being to the Swiss franc, the pound sterling and the Euro; and
- through its marketing activities, although only a small minority of purchase or sale transactions are denominated in currencies other than U.S. dollars.

In respect of commodity purchase and sale transactions denominated in currencies other than U.S. dollars, Glencore generally hedges the specific future commitment through a forward exchange contract. Foreign exchange rates have seen significant fluctuation in recent years and a depreciation in the value of the U.S. dollar against one or more of the currencies in which Glencore incurs significant costs will therefore result in an increase in the cost of these operations in U.S. dollar terms and could adversely affect Glencore's financial results.

As discussed above, the reporting currency and the functional currency of the majority of Glencore's operations is the U.S. dollar, as this is assessed to be the principal currency of the economic environment in which Glencore operates. For financial reporting purposes, transactions in foreign currencies are converted into the functional currency of each entity using the exchange rate prevailing at the transaction date. Monetary assets and liabilities outstanding at year end are converted at year-end rates. The resulting exchange differences are recorded in the consolidated statement of income. The exchange rates between relevant local currencies and the U.S. dollar have historically fluctuated, and the translation effect of such fluctuations may have a material adverse effect on both Glencore Group members' individual and Glencore's consolidated results of operations or financial condition.

Glencore's exposure to changes in interest rates results from investing and borrowing activities undertaken to manage its liquidity and capital requirements. Substantially all of Glencore's borrowings, other than its long-term, fixed-rate public bonds, bear interest at floating rates. An increase in interest rates would therefore result in a relatively immediate increase in the cost of servicing Glencore's indebtedness and could adversely affect Glencore's financial results. Although borrowing costs are taken into account when setting transaction terms, there is no assurance that increased financing costs can be passed on to customers and/or suppliers. Glencore may elect in the future to enter into interest rate swaps to convert some or all of its floating-rate debt to fixed-rate debt or enter into fixed-rate to floating-rate swaps. There can be no assurance that Glencore will not be materially adversely affected by interest rate changes in the future.

***The commodities industry is very competitive and Glencore may have difficulty effectively competing with other commodity marketing and industrial companies.***

The commodities industry is characterised by strong competition. Glencore believes that the majority of its competitors tend to focus on a narrower commodity group or geographic area, or concentrate more heavily on industrial activities such as mining, smelting, processing, refining and food processing. Although Glencore faces intense competition in each of its business segments, in view of Glencore's diversification across different commodity groups and its global geographical presence and scale, Glencore does not believe that there is a precisely comparable company or peer group that can be defined as competing directly with Glencore across all of its business segments. However, some of these competitors or existing producers may, in the future, use their resources to broaden into all of the markets in which Glencore operates and therefore compete further against Glencore. These competitors may also expand and diversify their commodity sourcing, processing or marketing operations, or engage in pricing or other financial or operational practices that could increase competitive pressure on Glencore across each of its business segments. Increased competition may result in losses of market share for Glencore and could materially adversely affect Glencore's business, results of operations and financial condition.

**Risks relating to Glencore's marketing activities**

***The success of Glencore's marketing activities depends in part on its ability to identify and take advantage of arbitrage opportunities.***

Many of the commodity markets in which Glencore operates are fragmented and periodically volatile. As a result, discrepancies generally arise in respect of the prices at which the commodities can be bought or sold in different forms, geographic locations or time periods, taking into account the numerous relevant pricing factors, including freight and product quality. These pricing discrepancies can present Glencore with arbitrage opportunities whereby Glencore is able to generate profit by sourcing, transporting, blending, storing or otherwise processing the relevant commodities. Whilst the strategies used by Glencore's business segments to generate such margin vary from commodity to commodity, the main arbitrage strategies can be generally described as geographic-, product- and time-related. For further details on these arbitrage strategies, please see Section I: "Information on Glencore".

Glencore's profitability is, in large part, dependent on its ability to identify and exploit such arbitrage opportunities. A lack of such opportunities, for example due to a prolonged period of pricing stability in a particular market, or an inability to take advantage of such opportunities when they present themselves, because of, for example, a shortage of liquidity or an inability to access required logistics assets or other operational constraints, could adversely impact Glencore's business, results of operations and financial condition.

***Glencore's hedging strategy may not always be effective and does not require all risks to be hedged.***

Glencore's marketing activities involve a significant number of purchase and sale transactions across multiple commodities. To the extent Glencore purchases a commodity from a supplier and does not immediately have a matching contract to sell the commodity to a customer, a downturn in the price of the commodity could result in losses to Glencore. Conversely, to the extent Glencore agrees to sell a commodity to a customer and does not immediately have a matching contract to acquire the commodity from a supplier, an increase in the price of the commodity could result in losses to Glencore, as it then seeks to acquire the underlying commodity in a rising market. In order for Glencore to mitigate the risks in its marketing activities related to commodity price fluctuations and potential losses, Glencore has a policy, at any given time, of hedging substantially all of its marketing inventory not already contracted for sale at pre-determined prices through futures and swap commodity derivative contracts, either on commodities' exchanges or in the over the counter ("OTC") market. In the event of disruptions in the commodity exchanges or markets on which Glencore engages in these hedging transactions, Glencore's ability to manage commodity price risk may be adversely affected and this could in turn materially adversely affect its business, financial condition and results of operations.

In addition, there are no traded or bilateral derivative markets for certain commodities that Glencore purchases and sells, which limits Glencore's ability to fully hedge its exposure to price fluctuations for these commodities. In these instances, Glencore's ability to hedge its commodity exposure is limited to forward contracts for the physical delivery of a commodity or futures and swap contracts for a different, but seemingly related, commodity. For example, Glencore hedges physical concentrate positions using future contracts for the estimated payable metal contained in the concentrate, with the expectation that the relative value of these two commodities will change in a similar way. If, however, the relative value of the two commodities changes in a direction or manner that Glencore does not anticipate, Glencore may suffer a loss in those commodity positions. Furthermore, there are certain commodities, such as ferroalloys and alumina, where hedging is limited by the lack of a liquid market. Finally, subject to internal risk management, limits and policies, in some cases, Glencore takes deliberate directional positions without a corresponding opposite directional position in place as part of its marketing strategies which has, at certain points in the past resulted, and may in the future, result in losses. For further detail on Glencore's financial risk management strategies and policies, see Section IV: "Operating and Financial Review".

***Glencore is subject to counterparty risk in its marketing activities.***

Glencore's marketing activities are subject to non-performance risk by its suppliers, customers and hedging counterparties. For example:

- a significant increase in commodity prices could result in suppliers being unwilling to honour their contractual commitments to sell commodities to Glencore at pre-agreed prices;
- a significant reduction in commodity prices could result in customers being unwilling or unable to honour their contractual commitments to purchase commodities from Glencore at pre-agreed prices, as occurred in 2008 and 2009 during the global economic crisis;
- customers may take delivery of commodities from Glencore and then find themselves unable to honour their payment obligations due to financial distress or any other reasons; and
- hedging counterparties may find themselves unable to honour their contractual commitment due to financial distress or other reason.

Glencore seeks to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions, where appropriate, and by imposing limits on open accounts extended. In addition, mark-to-market exposures in relation to hedging contracts are regularly and substantially collateralised (primarily with cash) pursuant to margining arrangements in place with such hedge counterparts. However, no assurance can be given that Glencore's attempts to reduce the risk of customer non-performance will be successful in every instance or that its financial results will not be adversely affected by the failure of a counterparty or counterparties to fulfil their contractual obligations in the future. Such failure would have an adverse impact on Glencore's business, results of operations and financial condition, including by creating an unintended, unmatched commodity price exposure.

***Glencore's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks.***

Glencore's marketing activities are exposed to commodity price, foreign exchange, interest rate, counterparty (including credit), operational, regulatory and other risks. Glencore has devoted significant resources to developing and implementing policies and procedures to manage these risks and expects to continue to do so in the future. Nonetheless, Glencore's policies and procedures to identify, monitor and manage risks have not been fully effective in the past and may not be fully effective in the future.

Some of Glencore's methods of monitoring and managing risk are based on historical market behaviour that may not be an accurate predictor of future market behaviour. Other risk management methods depend on evaluation of information relating to markets, suppliers, customers and other matters that are publicly available or otherwise accessible by Glencore. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective in doing so. Management of counterparty credit risk is mitigated with the use of credit enhancement products, including letters of credit, insurance and bank guarantees, but such risk cannot be eliminated entirely. Failure to mitigate all risks associated with Glencore's business could have a material adverse effect on Glencore's business, results of operations and financial condition.

Glencore uses, among other techniques, Value-at-Risk, or VaR, as a key risk measurement technique for its marketing activities. VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by Glencore, nor does Glencore expect that VaR results are indicative of future market movements or representative of any actual impact on its future results. VaR has certain limitations; notably, the use of historical data as a proxy for estimating future events, market illiquidity risks and tail risks. While Glencore recognises these limitations and continuously refines its VaR analysis, there can be no assurance that its VaR analysis will be an effective risk management methodology. For further details on Glencore's VaR calculations and analysis, please see Section IV: "Operating and Financial Review".

***Glencore is reliant on third parties to source the majority of the commodities purchased by its marketing operations.***

Glencore purchases a minority portion of the physical commodities sold by its marketing activities from its controlled industrial operations and associates, including Xstrata. The remainder of the commodities sourced by its marketing operations are purchased from third party suppliers and entities in which Glencore has a minority stake (excluding associates). For the year ended 31 December 2010, Glencore's marketing operations sourced approximately 69 per cent. of its commodity purchases from such third parties (excluding oil purchases). Glencore expects to continue to source commodities from such third parties in the future.

Glencore is exposed to both price and supply risks with respect to commodities sourced from third parties and entities in which it holds a minority stake. Any increases in Glencore's purchase price relative to the price at which Glencore markets a commodity could adversely affect Glencore's margins. Glencore's business, results of operations, financial condition and prospects could be materially adversely impacted if it is unable to continue to source required volumes of commodities from its suppliers on reasonable terms or at all.

***Glencore relies on certain agreements for the sourcing of commodities and these agreements may be terminated or fail to be renewed.***

Glencore is a party to various contracts with certain of its non-controlled industrial assets for the supply of commodities to its marketing business. Glencore has various spot and long-term agreements, including with Xstrata for the supply of copper, nickel, zinc, alloys and cobalt, with Nyrstar for the supply of zinc/lead and with UC Rusal and Century Aluminum for the supply of alumina and aluminium. For details of Glencore's arrangement with Xstrata, please see Section I: "Information on Glencore".

These agreements are an important source of commodities for Glencore's marketing activities and provide certainty of regular supply for Glencore. These supply agreements range from short-term spot contracts to multiple years in duration and have historically been renewed by Glencore and the supplier on commercially acceptable terms. However, in general, these companies have no obligation to renew their supply agreements. Glencore may not be able to compel the relevant company to enter into or renew a supply agreement with Glencore in cases where Glencore does not own 100 per cent. of the company or where related party transaction minority shareholder approval requirements apply. Purchases from Xstrata, UC Rusal, Nyrstar and Century Aluminum represented approximately 10.5 per cent. of Glencore's marketing purchases in the year ended 31 December 2010. Glencore relies on these agreements to source many of its key commodities and any termination or failure to renew such contracts at the end of their terms could have an adverse effect on Glencore's business, results of operations and financial condition. For further details on these arrangements, please see Section I: "Information on Glencore".

***Glencore's marketing activities require access to significant amounts of freight, storage, infrastructure and logistics support and Glencore is exposed to increases in the costs thereof.***

Glencore's marketing activities entail shipments of commodities in large quantities, often by ocean-going transport. Glencore often competes with other producers, purchasers or marketers of commodities or other products for limited storage and berthing facilities at ports and freight terminals, which can result in delays in loading or unloading Glencore's products and expose Glencore to significant delivery interruptions. Limitations or interruptions in rail, shipping or port capacity could impede Glencore's ability to deliver its products on time. In addition, increases in the costs of freight could adversely affect Glencore's business, results of operations or financial condition.

Glencore also requires significant storage capacity for its commodities, which it sources both through facilities in which Glencore holds equity stakes and pursuant to rental agreements with, among others, oil terminals and tank farms, metal and other warehouses and silos. Any decrease in Glencore's ability to access its customary levels of capacity from these storage facilities or an increase in the price at which Glencore can acquire storage capacity could have an adverse effect on Glencore's business by forcing Glencore to use storage facilities in less advantageous locations or at prices that make it less profitable for Glencore to supply its customers.

Coal is a bulk product, with unit freight costs often representing a significant portion of its price. As such, large fluctuations in unit freight costs could have a significant impact on the profitability of Glencore's marketing activities in respect of this commodity. Freight for coal, as well as certain other commodities, is sourced primarily through third parties and any difficulties accessing the necessary freight capacity on acceptable commercial terms could have an adverse effect on Glencore's business, results of operations or financial condition.

The Directors believe that Glencore's large size, global reach and longstanding relationships with third party suppliers of freight give it an advantage in ensuring its commodity transport needs are met. However, there can be no guarantee that Glencore will continue to be able to access freight to support its operations in adequate quantities or at reasonable prices.

***Glencore's oil freight operations are affected by fluctuations in freight rates.***

Glencore's oil freight desk has a large and diversified fleet of 203 vessels, as at 31 December 2010, operated under various short- and long-term time charters and commercial management arrangements; of which 176 vessels are held under time charter, both from third party owners and from Glencore's own joint-venture and 100 per cent. equity interests, and another 27 vessels are commercially managed for third party owners (not leased or owned). The average remaining fixed charge hire period for the majority of 176 vessels under time charter was approximately two years at such date. In total, Glencore has equity interests in 41 vessels, which are delivered or currently under construction, with expected progressive delivery until March 2012. The majority of these vessels service Glencore's Energy Products business segment.

The freight desk deals with other product desks on an arm's length basis and the other desks are able to "contract" with the freight desk or third party vessel operators; however, Glencore's oil freight desk has a last refusal right. Due to its internal requirements and the Directors' belief in Glencore's ability to achieve vessel utilisation above average industry levels, Glencore generally has a long position in fleet time chartering, thereby creating a significant exposure to fluctuations in spot freight rates. Freight rates are driven by, and generally follow, global patterns of economic development and trade. However, they are also influenced by developments and changes in seaborne and other transportation patterns, new shipbuilding supply, consumption and sourcing patterns, changes in weather patterns, environmental concerns, political conditions, armed conflicts, changes to regulatory regimes, canal and port closures, changes in fuel and lubricant prices, foreign exchange fluctuations, embargoes and strikes. Assuming Glencore holds a long position in freight at any given time, a decrease in freight rates could have a material adverse effect on the performance of Glencore's Energy Products business segment and, in turn, have a material adverse impact on Glencore's overall results of operations and financial condition.

The recent economic downturn led to a significant reduction in freight rates and had an adverse effect on the performance of the freight desk, which experienced significant losses in 2009 and 2010. While freight spot rates have recovered to some extent in the current year, there has yet to be a sustained improvement. There can be no assurance that freight losses will not be experienced in the future, which could have a material adverse effect on Glencore's business, results of operations and financial condition.

**Risks relating to Glencore's industrial activities**

***Glencore holds some of its industrial assets through non-controlling stakes or joint ventures and strategic partnership arrangements.***

Glencore does not control a number of its most significant industrial investments (including its stakes in Xstrata, Century Aluminum, Mutanda and UC Rusal). Although Glencore has sought to take steps to protect its industrial activities where it does not exercise control (including entering into a relationship agreement with respect to Xstrata and a shareholders agreement with respect to UC Rusal), the boards of these companies may:

- have economic or business interests or goals that are inconsistent with or are opposed to those of Glencore;
- exercise veto rights or take shareholders' decisions so as to block actions that Glencore believes to be in its best interests and/or in the best interests of all shareholders;
- take action contrary to Glencore's policies or objectives with respect to its investments or commercial arrangements; or

- as a result of financial or other difficulties, be unable or unwilling to fulfil their obligations under any joint venture or other agreement, such as contributing capital to expansion or maintenance projects.

Where projects and operations are controlled and managed by Glencore's co-investors or where control is shared on an equal basis, Glencore may provide expertise and advice, but it has limited or restricted ability to mandate compliance with Glencore's policies and/or objectives. Improper management or ineffective policies, procedures or controls of a non-controlled entity could adversely affect the business, results of operations and financial condition of the relevant investment and, therefore, of Glencore.

***Glencore is exposed to the risk of delays in or failure to develop planned expansions or new projects.***

Glencore has a number of significant expansions planned for its existing operations and plans for certain new greenfield projects, which Glencore estimates will require capital expenditure of approximately U.S.$5 billion for the three calendar years ending 31 December 2013. See Section IV: "Operating and Financial Review" for a further discussion of this capital expenditure.

The timing, implementation and cost of Glencore's expansion and development projects are subject to a number of risks, including:

- Glencore's continued ability or willingness to fund these projects if their free cash flow generation or prospects are not deemed sufficient;
- the failure to obtain, or termination of, necessary leases, licences, permits, consents and approvals;
- the effects of changes in laws and regulations affecting the countries and industries in which the relevant companies operate;
- construction difficulties, including difficulties related to shortages of equipment, labour or materials;
- work stoppages, weather interferences, unforeseen engineering, design, environmental or geological problems, or unanticipated cost increases;
- instability of production following commissioning;
- underestimation or mismanagement of project risks;
- changes in economic conditions, including a decline in the price of commodities, an increase in expected operational or capital expenditure costs and adverse movements in foreign exchange rates;
- the adverse exercise of regulatory discretion by relevant governments in countries or regions in which the companies engaged in the expansion operate;
- the effects of international and domestic political events; and
- the effects of future litigation, if any.

Any future upward revisions in estimated project costs, delays in completing planned expansions, cost overruns, suspension of current projects or other operational difficulties after commissioning, as a result of the above factors or otherwise, may have a material adverse effect on Glencore's business, results of operations and financial condition, in turn requiring Glencore to consider delaying discretionary expenditures, including capital expenditures, or suspending or altering the scope of one or more of its development projects.

Exploration and development of oil producing assets is highly uncertain. If Glencore is unsuccessful in developing its oil producing assets, its results of operations and growth prospects may be adversely affected.

In addition, there can be no assurance that Glencore will be able to effectively manage the risks arising from expansion of its operations. Glencore's current systems, procedures and controls may need to be expanded and strengthened to support Glencore's future operations. Any failure of Glencore to effectively manage its expansion plans or expanded operations could have a material adverse effect on Glencore's business and results of operations. There is no certainty that all or any of the elements of Glencore's current expansion strategy as described in this Prospectus will be delivered.

Once complete, the results of these projects could differ materially from those anticipated by Glencore and Glencore's significant capital expenditures related to these projects may not be offset by cashflows or other benefits from these projects in the timeframe anticipated by Glencore or at all.

***Glencore's industrial activities involve a number of operating risks and hazards, many of which are outside Glencore's control.***

Glencore's business is subject to numerous operating risks and hazards normally associated with the development and operation of natural resource projects, many of which are beyond Glencore's control. These operating risks and hazards include unanticipated variations in grade and other geological problems, seismic activity, climatic conditions such as flooding or drought, metallurgical and other processing problems, technical failures, unavailability of materials and equipment, industrial actions or disputes, industrial accidents, labour force disruptions, unanticipated transportation constraints, tribal action or political protests, force majeure factors, environmental hazards, fire, explosions, vandalism and crime. These risks and hazards could result in damage to, or destruction of, properties or production facilities, may cause production to be reduced or to cease at those properties or production facilities, may result in personal injury or death, environmental damage, business interruption and legal liability and may result in actual production differing from estimates of production, including those estimates contained in this Prospectus.

The realisation of such operating risks and hazards and the costs associated with them could materially adversely affect Glencore's business, results of operations and financial condition, including by requiring significant capital and operating expenditures to abate the risk or hazard, restore Glencore or third party property, compensate third parties for any loss and/or pay fines or damages.

***Title to the land, resource tenure and extraction rights of industrial activities may be challenged.***

Glencore has industrial activities investments in certain countries where title to land and rights in respect of land and resources (including indigenous title) has not been and may not always be clear, creating the potential for disputes over resource development. While Glencore does not believe that any such disputes are imminent, such a dispute, if related to a material industrial asset, could disrupt or delay relevant mining, processing or other projects and/or impede Glencore's ability to develop new industrial properties and may have a material adverse effect on Glencore's business, results of operations and financial condition.

Title to Glencore's mining and hydrocarbon rights may be challenged or impugned, and title insurance may not generally be available. In many cases, the government of the country in which a particular asset is located is the sole authority able to grant such rights and, in some cases, may have limited infrastructure and limited resources which may severely constrain Glencore's ability to ensure that it has obtained secure title to individual exploration licences or extraction rights. Glencore's title may be affected by, among other things, undetected defects. In addition, Glencore may be unable to conduct its activities or operations as permitted or to enforce its rights with respect to its properties. A successful challenge to Glencore's mining and/or hydrocarbon extraction rights may result in Glencore being unable to proceed with the development or continued operation of a mine or project which, in turn, may have a material adverse effect on Glencore's business, results of operations and financial condition.

***The production, processing and product delivery capabilities of Glencore's industrial assets rely on their infrastructure being adequate and remaining available.***

The mining, drilling, processing, development and exploration activities of the industrial assets in which Glencore holds an interest depend on adequate infrastructure. Certain of these assets are located in areas that are sparsely populated and difficult to access. Reliable roads, power sources, transport infrastructure and water supplies are essential for the conduct of these operations and the availability and cost of these utilities and infrastructure affect capital and operating costs and therefore Glencore's ability to maintain expected levels of production and results of operations. Unusual weather or other natural phenomena, sabotage or other interference in the maintenance or provision of such infrastructure could impact the development of a project, reduce production volumes, increase extraction or exploration costs or delay the transportation of raw materials to the mines and projects and commodities to end customers. Any such issues arising in respect of the infrastructure supporting or on Glencore's sites could have a material adverse effect on Glencore's business, results of operations, financial condition and prospects.

***Industrial activities are exposed to an increase in production costs, including as a result of increased energy costs or shortages of equipment, spare parts and labour.***

In relation to Glencore's industrial activities, Glencore's main production expenses include personnel expenses, maintenance and repairs, raw materials, energy and contractors. Increased costs could result from a number of factors beyond Glencore's control, including increased charges for fuel, other consumables, electricity, transport or site contractors or increased processing or storage costs for such commodities.

Furthermore, the resources industry is currently experiencing worldwide tightness in certain equipment, spare parts and specialised labour. Such shortages may increase the costs of Glencore's operations as a result of equipment, spare parts or labour becoming more expensive due to increased demand and tight supply. Such shortages may also cause delays to, and quality issues in respect of, Glencore's operations either as a result of equipment used in Glencore's operations being temporarily unavailable or not being available at all or there being insufficient resources to operate equipment or maintain production at the optimum capacity. Any resulting increase in costs or production delays could have a material adverse effect on Glencore's business, results of operations and financial condition.

***Glencore's stated mineral and hydrocarbon reserves, resources and mineralised potential are only estimates and the anticipated volumes or grades may not be achieved.***

The estimated resources described in this Prospectus should not be interpreted as a statement of the commercial viability, potential or profitability of any future operations. No assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that mineral and hydrocarbon reserves, resources and mineralised potential can be extracted or processed profitably. Actual reserves, resources or mineralised potential may not conform to geological, metallurgical or other expectations, and the volume and grade of ore or product recovered may be below the estimated levels. Lower market prices, increased production costs, reduced recovery rates and other factors may render Glencore's reserves, resources or mineralised potential uneconomic to exploit and may result in revision of its reserve estimates from time to time. Reserve data are not indicative of future results of operations. For assets outside the scope of the independent technical reports contained in Section XIV: "Independent Technical Reports", reserve data are based on information collected by Glencore. If Glencore's actual mineral and hydrocarbon reserves and resources are less than current estimates or if Glencore fails to develop its resource base through the realisation of identified or new mineralised potential, Glencore's business, results of operations and financial condition may be materially and adversely affected.

***The processes and chemicals used in Glencore's extraction and production methods, as well as its shipping and storage activities, are subject to environmental hazards.***

Where Glencore holds or has interests in industrial activities, these assets are generally subject to environmental hazards as a result of the processes and chemicals used in traditional extraction, production, storage, disposal and transportation methods. Environmental hazards may exist on Glencore's owned or leased properties or at those of the industrial activities in which it holds an interest, or may be encountered while its products are in transit. In addition, the storage of tailings at Glencore's industrial assets may present a risk to the environment, property and persons. There remains a risk of leakage from or failure of Glencore's tailings dams, as well as theft and vandalism during the operating life of the assets or after closure.

Additionally, Glencore conducts oil exploration and drilling activities and also stores and transports crude oil and oil products around the world. Damage to exploration or drilling equipment, a vessel carrying oil or to a facility where it is stored could lead to a spill, causing environmental damage with significant clean-up or remediation costs.

Glencore may be liable for losses associated with environmental hazards, have its licences and permits withdrawn or suspended or may be forced to undertake extensive remedial clean-up action or to pay for government-ordered remedial clean-up actions, even in cases where such hazards have been caused by any previous or subsequent owners or operators of the property, by any past or present owners of adjacent properties, by independent third party contractors providing services to Glencore or by acts of vandalism by trespassers. Any such losses, withdrawals, suspensions, actions or payments may have a material adverse effect on Glencore's business, results of operations and financial condition.

### Other risks relating to Glencore

***Due to the nature of its business and operations, Glencore is exposed to the risks of fraud and corruption.***

As a diversified sourcing, marketing and distribution company conducting complex transactions globally, Glencore is exposed to the risks of fraud and corruption both internally and externally.

Glencore's marketing operations are large in scale, which may make fraudulent or accidental transactions difficult to detect. In addition, some of Glencore's industrial activities are located in countries where corruption is generally understood to exist.

Glencore seeks to comply fully with legislation such as the Foreign Corrupt Practices Act and the soon to be enacted Bribery Act and has put in place internal control policies and external diligence and compliance policies. However, there can be no assurance that such procedures and established internal controls will adequately protect it against fraudulent and/or corrupt activity and such activity could have an adverse effect on Glencore's business, reputation, results of operations, financial condition and/or prospects.

***Accidents at Glencore's industrial activities, logistics and storage facilities could result in injuries and fatalities.***

Any accidents or hazardous incidents causing personal injury or death or property or environmental damage at or to Glencore's mines, smelters, refineries, concentrators, drill rigs or related facilities (such as logistics and storage facilities) or surrounding areas may result in significant losses, interruptions in production, expensive litigation, imposition of penalties and sanctions or suspension or revocation of permits and licences. Risks associated with Glencore's open pit mining operations include flooding of the open pits, collapses of the open pit walls and accidents or failures in operation of large equipment for open pit mining and material transportation. Risks associated with Glencore's underground mining operations include flooding, underground fires and explosions (including those caused by flammable gas), cave-ins or ground falls, discharges of gases or toxic chemicals, sinkhole formation and ground subsidence. Risks associated with Glencore's oil exploration and deepwater drilling activities include explosions, spills and potential large-scale environmental pollution. Risks associated with the group logistics and storage operations may include the risk of ruptures and spills from crude oil and other product carriers; spillage, leakage or seepage of tailings or other hazardous substances found in storage or disposal facilities; and failure of tailings dams during the operating life of the mines or after closure. Injuries to and deaths of workers and contractors at mines and facilities controlled by Glencore have occurred in the past and may occur in the future. If accidents occur in the future, Glencore's business and results of operations may be adversely impacted.

***Glencore is subject to risks relating to the processing, storage and transportation of its commodities.***

Glencore relies on a network of processing, transportation and storage facilities that are subject to numerous risks and hazards. If any of these risks materialise Glencore's business, results of operations and financial condition could be materially adversely affected.

Glencore's processing and storage facilities, which include ore processing plants, smelters, refineries, grain silos, tank farms and oil terminals, are subject to risks and hazards, including accidental environmental damage, technical failure, vandalism and terrorism. In addition, Glencore also depends upon seaborne freight, rail, trucking, pipeline, overland conveyor and other systems to deliver its commodities to market. Disruption of these transport services due to weather-related problems, key equipment or infrastructure failures, strikes, maritime disaster or other events could temporarily impair Glencore's ability to supply its commodities to its customers and thus could adversely affect Glencore's operations.

Metal processing plants (ore processing plants, smelters and refineries) are especially vulnerable to interruptions, particularly where events cause a stoppage that necessitates a shutdown in operations. Stoppages in smelting, even if lasting only a few hours, can cause the contents of furnaces to solidify, resulting in a plant closure for a significant period and necessitating expensive repairs, any of which could adversely affect Glencore's smelting operations.

Transportation and storage of crude oil and oil products involves significant hazards that could result in fires, explosions, spills, maritime disaster and other unexpected or dangerous conditions. The occurrence of any of these events could result in a material adverse effect, either directly or indirectly, through resulting damages, claims and awards, remediation costs or negative publicity on Glencore's business.

Crop storage entails significant risks associated with the storage environment, including temperature, humidity levels, pests, parasites and/or diseases. Excessively high or low levels of moisture, temperature or humidity may result in damage to stored crops and seeds. An event that destroys or takes all or part of a silo complex or terminal out of service could result in the loss of stored crops and require Glencore to find alternative storage arrangements. Glencore may also be subject to the loss of stored crops as a result of catastrophic events, such as fires, explosions or natural disasters.

In addition, the vessels Glencore uses to transport its products may be exposed to a variety of natural calamities during operations, including violent storms, tidal waves, rogue waves and tsunamis. Any of these natural calamities could result in Glencore's vessels grounding, sinking, colliding with other vessels or property, or the loss of life. If one of the vessels suffers damage, in addition to the potential loss of its cargo, it would need to be repaired, and the costs relating to such losses or repairs may not be covered (either in part or in full) by the insurance policies that are in place. The costs of such repairs are unpredictable and could be substantial. In addition, vessels will require general repair and maintenance from time to time. The loss of earnings while the vessels are being repaired and repositioned, the cost of arranging for alternative transport, as well as the actual cost of such repairs, could adversely affect Glencore's business and results of operations. Furthermore, the vessels Glencore uses to transport its products may be exposed to piracy, terrorist attacks and other events beyond its control. These events could result in adverse effects to Glencore's business as a result of seizure of its cargoes and disruption to its customers' or suppliers' business. While Glencore has procured insurance for its operations against these types of risks, no insurance can compensate for all potential losses and there can be no assurance that the insurance coverage Glencore has will be adequate or that its insurers will pay a particular claim. As is the standard for policies of this type, Glencore's insurance policies do not cover risks arising from damage caused by wear and tear to the vessels that it owns directly or through joint ventures. In the event of damage to, or the loss of, a vessel or vessels and/or their cargoes, lack of adequate insurance coverage may have a material adverse effect on Glencore's business and results of operations.

***Glencore is subject to risks relating to product safety and dangerous goods regulations.***

Products sold by Glencore are in many cases covered by national and international product safety and dangerous goods regulations. In some instances, product safety regulations (e.g. the EU's Chemical Control Act, REACH) oblige manufacturers and importers to register their products and to regularly monitor and evaluate the risks and hazards of substances (chemicals, metals, etc.) to protect humans and the environment from harm during handling, storage and use. Any failure in complying with these obligations could result in a delay of Glencore's product delivery, a loss of insurance coverage, business interruption on the customer side, administrative or criminal sanctions and, in the extreme, banning (temporarily) from a marketplace. Such events could have a material impact on the local or global demand, reducing Glencore's marketing opportunities for such a product, or at least increase the handling costs while shipping and placing the product in the market, all of which could have a material adverse effect on Glencore's business, results of operations and financial condition.

***Glencore is dependent on its financial, accounting, marketing and other data processing information systems to conduct its business.***

Glencore's software applications for areas such as traffic, accounting and finance are primarily based on integrated standard components. Glencore's key business processes rely on in-house developed modules and are regularly adapted to suit its business needs. All of these applications are primarily managed from Glencore's headquarters in Baar and are available to all the major business locations. If any of these systems does not operate properly or is disabled, Glencore could suffer, among other things, financial loss, a disruption of its business, liability to its counterparties, regulatory intervention or reputational damage.

In addition, Glencore's operations are dependent on information systems and technology. The cost of maintaining Glencore's information systems may increase from its current level. Glencore relies on its headquarters in Baar, Switzerland, as well as its offices in London, Rotterdam and Stamford, Connecticut for the continued operation of its business. Glencore has taken precautions through disaster recovery sites to limit the impact that a disruption to these key offices could cause. Although precautions have been taken and plans are in place, a disaster or a disruption in the infrastructure at a main site and its disaster recovery site that supports Glencore's business, including a disruption involving electronic communications or other services used by it or third parties with whom it conducts business, or directly affecting its headquarters or other key offices, could have a material adverse impact on its ability to continue to operate its business without interruption. In addition, insurance and other safeguards might only partially reimburse Glencore for its losses, if at all.

Although Glencore performs and backs up all key functions of its business internally, it relies on third party products and services providers widely used in the industry for certain aspects of its business, including for certain information systems and technology. Severe interruptions or deteriorations in the performance of these third parties or failures of their information systems and technology could impair Glencore's operations.

***Glencore is subject to a significant number of laws and regulations.***

Glencore's activities are subject to extensive laws and regulations governing various matters. These include laws and regulations relating to taxation, anti-trust, environmental protection, management and use of hazardous substances and explosives, management of natural resources, licences over resources owned by various governments, exploration, development of projects, production and post-closure reclamation, the employment of expatriates, labour and occupational health and safety standards, and historic and cultural preservation. Additionally, in many of the developing countries where Glencore operates, the legal systems may not be mature and legal practice may not be developed, such that, in certain cases, there may be significant uncertainty as to the correct legal position as well as the possibility of laws changing or new laws and regulations being enacted, which has the potential to increase risk and compliance costs.

These laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety and other impacts of Glencore's past and current operations, and could lead to the imposition of substantial fines, penalties, other civil or criminal sanctions, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and/or orders to take preventative steps against possible future violations. Moreover, the costs associated with compliance with these laws and regulations are substantial. More stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities or rulings or clearances obtained from such governmental authorities could cause additional expenditure (including capital expenditure) to be incurred or impose restrictions on or suspensions of Glencore's operations and delays in the development of its properties.

Glencore's subsidiaries and the companies in which Glencore holds investments are generally required, under applicable laws and regulations, to seek governmental licences, permits, authorisations, concessions and other approvals in connection with their activities. Obtaining the necessary governmental permits can be a particularly complex and time-consuming process and may involve costly undertakings. The duration and success of permit applications are contingent on many factors, including those outside Glencore's control. Failure to obtain or renew a necessary permit could mean that such companies would be unable to proceed with the development or continued operation of a mine or project, which, in turn, may have a material adverse effect on Glencore's business, results of operations, financial condition and prospects.

In addition, the enactment of new laws and regulations and changes to existing laws and regulations (including, but not restricted to, environmental laws, the imposition of higher licence fees, mining and hydrocarbon royalties or taxes), compliance with which could be expensive or onerous, could also have a material adverse impact on Glencore's ability to operate its business and/or the profitability of its industrial investments.

Glencore's smelting and mineral processing operations are generally energy intensive and depend heavily on fossil fuels. In addition, the methods of transportation used by Glencore's marketing operations in order to deliver commodities to customers around the world depend heavily on fossil fuels. Increasing regulation of greenhouse gas emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets in numerous jurisdictions in which Glencore operates is likely to raise energy costs and costs of production in the future. Regulation of greenhouse gas emissions in the jurisdictions of Glencore's major customers and in relation to international shipping could also have a material adverse effect on the demand for Glencore's products.

***Social, economic and other risks in the markets where Glencore operates may cause serious disruptions to its business.***

Through the geographic diversity of its operations, Glencore is exposed to risks of political unrest, strikes, war and economic and other forms of instability, such as natural disasters, epidemics, widespread transmission or communicable or infectious diseases, acts of God, terrorist attacks and other events beyond its control that may adversely affect local economies, infrastructure and livelihoods.

These events could result in disruption to Glencore's, its customers' or suppliers' businesses and seizure of, or damage to, any of their cargoes or assets. Such events could also cause the destruction of key equipment and infrastructure (including infrastructure located at or serving Glencore's industrial activities as well as the infrastructure that supports the freight and logistics required by Glencore's marketing operations). These events could also result in the partial or complete closure of particular ports or significant sea passages, such as the Suez or Panama canals or the Straits of Hormuz, potentially resulting in higher costs, congestions of ports or sea passages, vessel delays or cancellations on some trade routes. Any of these events could adversely impact Glencore's business and results of operations.

***Glencore's reputation in the communities in which it operates could deteriorate.***

If it is perceived that Glencore is not respecting or advancing the economic and social progress and safety of the communities in which it operates, Glencore's reputation and shareholder value could be damaged, which could have a negative impact on its "licences to operate", its ability to secure new resources and its financial performance.

Some of Glencore's current and potential industrial activities are located in or near communities that may regard such operations as having a detrimental effect on their safety or environmental, economic or social circumstances. The consequences of negative community reaction could also have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation. Such events could lead to disputes with national or local governments or with local communities or any other stakeholders and give rise to material reputational damage. If Glencore's operations are delayed or shut down as a result of political and community instability, its earnings may be constrained and the long-term value of its business could be adversely impacted. Even in cases where no action adverse to Glencore is actually taken, the uncertainty associated with such political or community instability could negatively impact the perceived value of Glencore's assets and industrial investments and, consequently, have a material adverse effect on Glencore's financial condition.

***Glencore may fail to make successful acquisitions or fail to integrate acquisitions effectively.***

From time to time, Glencore considers the acquisition of complementary businesses or assets where the opportunity is presented to do so at attractive prices. Business combinations entail a number of risks, including the ability of Glencore to integrate effectively the businesses acquired with their existing operations (including the realisation of synergies, significant one-time write-offs or restructuring charges, difficulties in achieving optimal tax structures and unanticipated costs). All of these may be exacerbated by the diversion of the Directors' attention away from other ongoing business concerns. In addition, although Glencore does not currently have significant shares of the total market for commodities which it markets (as set out in the section titled "Presentation of Information"), further acquisitions to be made by Glencore may be subject to certain approvals (e.g. anti-trust approvals) which may or may not be obtained. Glencore may also be liable for the past acts, omissions or liabilities of companies or businesses it has acquired, which may be unforeseen or greater than anticipated at the time of the relevant acquisition. In addition, various factors could impact Glencore's estimated synergies for potential acquisitions and have a material adverse impact on Glencore's business, results of operations and financial condition.

***The industries in which Glencore operates are subject to a wide range of risks as described elsewhere in this section, not all of which can be covered, adequately or at all, by Glencore's insurance programme.***

Glencore has a broad insurance programme in place which provides coverage for operations at a level believed by the Directors to be appropriate for the risks associated therewith. Such insurance protection is maintained with leading international insurance providers and includes coverage for physical loss and damage to owned vessels and kidnap and ransom, as well as third party liability, including for pollution. However, although Glencore's insurance is intended to cover the majority of the risks to which Glencore is exposed, it cannot account for every potential risk associated with its operations. Adequate coverage at reasonable rates is not always commercially available to cover all potential risks and no assurance can be given that, where available, such coverage would be sufficient to cover all loss and liability to which Glencore may be exposed. The occurrence of a significant adverse event not fully or partially covered by insurance could have a material adverse effect on Glencore's business, results of operations and financial condition.

***The maintenance of positive employee relations and the ability to attract and retain skilled workers is key to the successful operation of Glencore's industrial activities.***

Some of Glencore's employees, as well as employees in non-controlled industrial investments, are represented by labour unions under various collective labour agreements. Glencore, its subsidiaries or the industrial investments in which it holds an interest may not be able to satisfactorily renegotiate its collective labour agreements when they expire and may face tougher negotiations or higher wage demands than would be the case for non-unionised labour. In addition, existing labour agreements may not prevent a strike or work stoppage at its facilities in the future, and any strike or other work stoppage could have a material adverse effect on Glencore's business, results of operations and financial condition. Glencore's industrial activities have experienced strikes and other labour disputes in the past. Prodeco, in particular, experienced a 38-day strike by employees at one of La Jagua's concessions in 2010 and the Directors believe that strikes and other industrial actions will remain a risk to the business for the foreseeable future.

The success of Glencore's business is also dependent on its ability to attract and retain highly qualified and skilled engineers and other industrial, technical and project experts to operate its industrial activities in locations experiencing political or civil unrest, or in which they may be exposed to other hazardous conditions. Glencore may not be able to attract and retain such qualified personnel and this could have a material adverse effect on Glencore's business, results of operations and financial condition.

**Risks relating to an investment in the Ordinary Shares**

***The price of the Ordinary Shares is subject to volatility.***

The share prices of publicly traded companies can be highly volatile. The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares (or securities similar to them), including, in particular, in response to various facts and events, including any regulatory changes affecting Glencore's operations, variations in Glencore's operating results and/or business developments of Glencore and/or its competitors, the operating and share price performance of other companies in the industries and markets in which Glencore operates, large sales or purchases of shares, the publication of research analysts' reports regarding Glencore, its competitors or the sectors in which Glencore operates generally and general economic conditions unrelated to Glencore's actual performance or conditions in its key markets. Stock markets have in the past, and particularly in recent times, experienced significant price and volume fluctuations which have affected market prices of publicly traded companies' securities. Prior to the Global Offer, there has been no public market for the Ordinary Shares. A listing on the London Stock Exchange and the Hong Kong Stock Exchange does not guarantee, and Glencore can give no assurance, notwithstanding Admission, that active trading markets in the Ordinary Shares will develop or, if developed, that it will be sustained, stable or regarding the liquidity of that market. Furthermore, Glencore's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares. In addition, there is also no guarantee that the Ordinary Shares will remain listed on the London Stock Exchange and the Hong Kong Stock Exchange, and failure to maintain the Company's listings on these exchanges could adversely affect the liquidity of the market for the Ordinary Shares.

***Future share issues by the Company and/or sales by Shareholders could lower the market price of the Ordinary Shares and adversely affect Glencore's ability to raise capital in the future. Further share issues could also dilute the interests of Shareholders.***

The issue of additional shares by the Company or the sale or transfer of Ordinary Shares or the possibility of such issue or sale may cause the market price of the Ordinary Shares to fluctuate or decline or be lower than might otherwise be the case or result in the dilution of the interests of Shareholders. In particular, following Admission, it is expected that Existing Shareholders will control, in aggregate, approximately 83.6 per cent. of the Ordinary Shares (assuming no acquisition of Over-Allotment Shares pursuant to the Over-Allotment Option) and, notwithstanding the lock-up arrangements that Glencore has put in place with its Existing Shareholders, the possibility of significant sales by those Existing Shareholders may cause the market price of the Ordinary Shares to fluctuate or decline. In particular, there can be no assurance that there will be no significant disposals of Ordinary Shares following the expiry of the lock-up arrangements. Future share sales, or perceived future share sales, of substantial numbers of Ordinary Shares could materially and adversely affect Glencore's ability to raise capital in the future at a time and price favourable to Glencore.

***Investors in the Global Offer may suffer a dilution in their interest upon any conversions by the holders of the Convertible Bonds.***

Glencore Finance (Europe) S.A., one of Glencore's financing vehicles, has issued U.S.$2.3 billion guaranteed convertible bonds due 2014 (the "Convertible Bonds"). Following Admission, investors in the Convertible Bonds will be eligible to convert their bonds into Ordinary Shares of Glencore, which would in total represent 5.5 per cent. of the total issued share capital of the Company following Admission, assuming an Offer Price at the mid-point of the Offer Price Range, the Over-Allotment Option is not exercised and the Kazzinc Consideration Shares have not been issued. Any such conversions will have the effect of diluting the interest of the investors in the Global Offer.

***Exchange rate fluctuations may adversely affect the foreign currency value of the Ordinary Shares and any dividends.***

The Ordinary Shares will be quoted in pounds sterling on the London Stock Exchange and in Hong Kong dollars on the Hong Kong Stock Exchange. Dividends in respect of the Ordinary Shares, if any, will be declared in U.S. Dollars. Glencore's financial statements are, however, prepared in U.S. dollars. Fluctuations in the exchange rate between the U.S. dollar and each of the pounds sterling and the Hong Kong dollar will affect, amongst other matters, the pounds sterling and Hong Kong dollar value of the Ordinary Shares and of any dividends.

***Shareholders in the U.S. may not be able to participate in future equity offerings.***

The Articles provide for pre-emptive rights to be granted to Shareholders unless such rights are disapplied by a shareholder resolution. Shareholders in the U.S. may, however, not be entitled to exercise these rights unless the rights or Ordinary Shares are registered under the Securities Act or the Company has available to it, and utilises, an exemption from the registration requirements of the Securities Act.

There can be no assurance that the Company will file any such registration statement, or that an exemption from the registration requirements of the Securities Act will be available, which could result in Shareholders in the U.S. being unable to exercise their pre-emptive rights. The Company would expect to evaluate at the time of any rights or similar offering the costs and potential liabilities associated with any such registration statement or qualifying for an exemption from registration, as well as the indirect benefits of enabling Shareholders in the U.S. to exercise any pre-emptive rights for Ordinary Shares and any other factors considered appropriate at the time, prior to making a decision whether to file a registration statement with the U.S. Securities and Exchange Commission or utilise an exemption from the registration requirements of the Securities Act.

***The Company and certain of its operating subsidiaries and associates may be subject to restrictions on their ability to pay dividends.***

Glencore's results of operations and financial condition are entirely dependent on the financial performance of members and associates of the Glencore Group other than the Company. The Company's ability to pay dividends will depend, among other things, on the level of distributions, if any, received from the Company's operating subsidiaries and interests, and its level of cash balances. Certain of the Company's operating subsidiaries may, from time to time, be subject to restrictions on their ability to make distributions to the Company or return cash to it by other means, and there can be no assurance that such restrictions will not have a material adverse effect on the market price of the Ordinary Shares.

***The rights afforded to Shareholders are governed by Jersey law. Not all rights available to shareholders under English law, Hong Kong law or U.S. law will be available to Shareholders.***

The rights afforded to Shareholders will be governed by Jersey law and by the Articles, and these rights differ in certain respects from the rights of shareholders in typical English and Hong Kong companies and U.S. corporations. In particular, Jersey law significantly limits the circumstances under which shareholders of companies may bring derivative actions and, in most cases, only the corporation may be the proper claimant or plaintiff for the purposes of maintaining proceedings in respect of any wrongful act committed against it. Neither an individual nor any group of shareholders has any right of action in such circumstances. In addition, Jersey law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders of a U.S. corporation.

***Foreign investors may find it difficult to enforce foreign judgments obtained against Glencore or any of its Affiliates.***

The Company is a holding company organised as a public limited company incorporated in Jersey with business operations conducted through various subsidiaries. The majority of the Directors and all of its officers reside outside the U.S. In addition, substantially all of the Company's assets and the majority of the assets of its Directors and officers are located outside the U.S. As a result, it may not be possible for U.S. investors to effect service of process within the U.S. upon the Company or its Directors and officers located outside the U.S. or to enforce, in the U.S. courts or outside the U.S., judgments obtained against them in U.S. courts or in courts outside the U.S., including judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the securities laws of any state or territory within the U.S.

There is also doubt as to the enforceability in England and Wales, Jersey, Switzerland and/or Hong Kong, whether by original actions or by seeking to enforce judgments of U.S. courts, of claims based on the federal securities laws of the U.S. In addition, punitive damages in actions brought in the U.S. or elsewhere may be unenforceable in England and Wales, Jersey, Switzerland and/or Hong Kong.

**Risks related to the dual listing**

***The London Stock Exchange and the Hong Kong Stock Exchange have different characteristics.***

Following the Global Offer, the International Offer Shares and the Hong Kong Offer Shares will be fungible and able to be traded on the London Stock Exchange or the Hong Kong Stock Exchange. Shareholders resident in Hong Kong will be able to hold their Ordinary Shares on a branch register of the Company maintained in Hong Kong. As there is no direct trading or settlement between the stock markets of London and Hong Kong, the time required to move Ordinary Shares held on the branch register of the Company maintained in Hong Kong to the principal share register of the Company maintained in Jersey (and vice versa) may vary and there is no certainty of when Ordinary Shares that are moved will be available for trading or settlement.

In addition, the London Stock Exchange and the Hong Kong Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading price of the Ordinary Shares on the London Stock Exchange and the Hong Kong Stock Exchange may not be the same at any given time.

Furthermore, fluctuations in the Ordinary Share price on the London Stock Exchange could materially and adversely affect the Ordinary Share price on the Hong Kong Stock Exchange (and vice versa). Moreover, fluctuations in the exchange rate between United Kingdom pounds sterling and Hong Kong dollars could materially and adversely affect the prices of the Ordinary Shares listed on the London Stock Exchange and the Hong Kong Stock Exchange.

In addition and in accordance with the terms of the Underwriting Agreement, in the event that the Company, the Selling Shareholder and the Joint Global Co-ordinators (on behalf of the Banks) decide following the date of this Prospectus not to proceed with the Hong Kong Offer, the parties reserve the right to proceed with the International Offer and the Hong Kong Offer Shares will be made available in the International Offer on the basis of the information contained in this Prospectus. In such circumstances, HK Admission would not occur and there would be no listing of the Ordinary Shares on the Hong Kong Stock Exchange.

***As a company due to be listed on the London Stock Exchange and the Hong Kong Stock Exchange, the Company will be subject to both United Kingdom and Hong Kong laws, regulations and policies.***

Hong Kong laws, regulations and policies may differ in some respects from comparable laws, regulations and policies in the United Kingdom. The differences in compliance requirements may subject the Company to additional regulatory burdens. In the event of any conflict between the applicable laws, regulations and policies in the United Kingdom and those in Hong Kong, the Company will have to comply with the more onerous rules and may incur additional costs and require additional resources.

***Certain Hong Kong laws and regulations will not apply to the Company.***

The Company, whose primary listing on Admission will be on the London Stock Exchange, has applied for, and the Hong Kong Stock Exchange and the SFC have granted, a number of waivers and exemptions from Hong Kong laws and regulations.

Shareholders therefore will not obtain the rights and benefits afforded under those Hong Kong laws and regulations for which the Company has been granted waivers and exemptions by the Hong Kong Stock Exchange and the SFC. Additionally, if any of these waivers or exemptions were to be revoked, the Company may be subject to additional legal and compliance obligations, which might be costly and time consuming to comply with, which could adversely affect the Company and Shareholders.