

Glencore sells Mopani stake to ZCCM

Glencore subsidiary, Carlisa has signed an agreement to transfer its 90% interest in Mopani Copper Mines to Zambia Consolidated Copper Mines (ZCCM), the owner of the remaining 10% interest in Mopani, for \$1 and the transaction debt.



Mopani Copper Mine. Image: ZCCM

Completion of the sale is conditional on receipt of certain regulatory approvals in Zambia and on the approval of the shareholders and board of directors of ZCCM, and is expected to occur within the next three months.

Mopani has been funded by Carlisa and other members of the Glencore group. On completion, \$1.5bn of debt (transaction debt) will remain owed by Mopani to Glencore group creditors on the following terms:

1. interest under the Transaction Debt will be capitalised for the first three years after completion, and thereafter will be payable quarterly at LIBOR + 3% (subject to a switch to an equivalent interest rate based on SOFR); and
2. principal outstanding under the transaction debt will be repayable under a dual mechanism whereby:
 - 3% of gross revenue of the Mopani group from 2021-2023 (inclusive), and 10-17.5% of gross revenue of the Mopani group thereafter; and
 - 33.3% of EBITDA less tax, changes in working capital, capital expenditure, royalty payments and interest and principal (calculated under the first mechanism) payments in respect of Transaction Debt,
 - is at the end of each quarter required to be paid. Repayment of principal (together with accrued interest) may additionally be required in the event of an occurrence of certain other early prepayment events, including certain change of control events in respect of Mopani.

After completion of the sale, Glencore will retain offtake rights in respect of Mopani's copper production until the transaction debt has been repaid in full.

As ZCCM is the holder of 10% of the voting rights in Mopani, a subsidiary undertaking of Glencore plc, the transaction falls within the criteria set out in Listing Rule 11.1.10R. Accordingly, Glencore has obtained written confirmation from a sponsor that the terms of the transaction are fair and reasonable as far as Glencore shareholders are concerned.

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