

Global Witness questions

1. **In a prospectus issued in May 2011 by Glencore, it was revealed that Glencore acquired a 50 percent share of Kansuki Investments in August 2010. We understand that the Fleurette Group has a stake in Kansuki Investments. Given that Mr Gertler is an advisor of Fleurette Group, can he confirm what share of Kansuki Investments is held by the Fleurette Group?**

Fleurette Group can confirm that it owns the other 50% of Kansuki Investments.

2. **What is the relationship between the Fleurette Group and Fleurette Properties Limited, a Gibraltar registered company which faced legal proceedings with Mr Gertler as defendants against Palensia Investments Limited, in a UK high court?**

Fleurette Group refers to the group of companies with respect to which Fleurette Properties is either the direct or indirect shareholder.

The Palensia matter was a purely financial dispute that settled outside court. All parties involved were satisfied with the settlement and that the matter is now closed.

3. **Who are the beneficiaries of Fleurette Group, apart from Mr Gertler or the Gertler family trust?**

Fleurette is owned by a discretionary trust held only for the benefit of family members of Mr. Gertler.

4. **What was the purchase price that Kansuki paid for the 75% share in Kansuki mine in 2010?**

The Kansuki concession has been owned by Fleurette Group since 2006.

5. **Corporate documents show that Simplex Holdings is a company ultimately held by Camrose, a company that has been publicly linked to Mr Gertler. Simplex Holdings also has a share in Kansuki Investments according to the Carter Centre website. What is Mr Gertler's relationship with Simplex Holdings and how much of a share of Kansuki Investments does it have?**

Simplex is part of the Comide ownership structure – it owns 75% of the Comide concession. Simplex is owned by Camrose Resources Limited. Camrose is a joint venture between Fleurette Group and ENRC, in which ENRC own 50.5% and Fleurette owns 49.5%.

The information you have from the Carter Centre website is incorrect. Simplex has no shares or interest in Kansuki.

6. **The same prospectus mentions that Gecamines sold off stakes in two mines (20% in Mutanda and 25% in Kansuki) to companies “associated with Dan Gertler”.**

This is correct.

Gertler's stake in Mutanda alone may be roughly \$850 million when royalties and other payments are taken into consideration, according to calculations using figures in Glencore's prospectus. The entire Mutanda project is worth about \$3.1 billion and could produce 110,000 tonnes of copper annually by 2012, the prospectus says. Do you regard this information as accurate?

The question of valuation, whilst based on industry-accepted calculation methods, is largely subjective. Whilst Fleurette would be delighted if Mutanda proves to be as valuable as suggested here, it is inappropriate to use the Glencore IPO valuation as a definitive benchmark. Apart from anything else, the \$3.1bn valuation referred to does not take into account approximately \$1billion of debt which has to be deducted to determine the real value of the asset.

There are additional reasons why the Glencore prospectus valuation is not an appropriate indicator – indeed, the IPO happened at 20% below its target valuation (which was supposedly based on the valuations of its underlying assets, including Mutanda) and Glencore's market cap has since gone down approximately 25%. These facts alone indicate that the global market values Glencore's assets, including Mutanda, at up to 40% less than Glencore's prospectus valuations.

As an illustration of the clear limitations of relying on an IPO valuation, the IPO valuation of the assets of Katanga Mining Limited was approximately \$6billion- its shares are trading today at a market cap of approximately \$1.6billion.

The aforementioned limitations mean that whether Fleurette agrees with Glencore's IPO valuations is not a relevant consideration – the pertinent question is the valuation at which Gécamines sold the interests.

7. **Associates of Mr Gertler have questioned some commercial valuations of mines, including the Golder Associates valuation of Mutanda and have pointed to a BNP Paribas valuation of the 20 percent share of Mutanda at \$108 million, which has never been substantiated in a published analyst note. If you regard the Golder valuation, as published in the Glencore IPO prospectus, as flawed, could you describe where the chief errors lie?**

For reasons already mentioned above with respect to the Glencore IPO valuation, whether Fleurette considers the Golder valuation as requiring further explanation is not relevant. Indeed, Fleurette has not analysed the Golder valuation and does not have an opinion on it.

The relevance of the BNP Paribas valuation is that, as far as Fleurette has been told, this was the basis upon which Gécamines determined the sale price of its interest in Mutanda to Fleurette. The BNP Paribas valuation was, we understand, a report commissioned by Gécamines in order to maximise value of their minority holdings in various mining joint ventures. As you would expect, the valuation had to take into account the minority nature of the Mutanda shareholding and the rights and liabilities associated with Gécamines interest in the shares.

- 8. Are there any other errors you would like to point out in relation to valuations or production estimates relating to Mutanda and Kansuki, notably as reported in the Glencore IPO or the June 6 2011 Deutsche Bank report, "The value in volatility".**

As above, we have not carried out an investigation and analysis of the Glencore IPO valuations and have no interest in doing so. We are not familiar with the Deutsche Bank report referred to, and again, for the same reasons as above, would have only limited interest in its contents.

- 9. How precisely is Dan Gertler "associated" with Rowny Assets Ltd and Biko Invest Corp?**

Rowny and Biko are members of the Fleurette Group, and Mr Gertler, as stated above, is a personal advisor to the Group.

- 10. Who are the beneficiaries of Rowny Assets and Biko Invest?**

Fleurette Properties Limited which is held for the Gertler Family trust referred to above.

- 11. What criteria were used by Gecamines to determine that Rowny Assets Ltd and Biko Invest Corp were chosen as the buyers of the stakes in Mutanda and Kansuki?**

This is a question you would need to ask Gécamines.

- 12. Glencore has denied that it had any role in the sales to Rowny Assets Ltd and Biko Invest Corp, but the Gecamines sales contracts say that Kansuki Investments and SAMREF both recommended the shares be sold to Rowny Assets Ltd and Biko Invest Corp. Kansuki Investments and SAMREF are both 50 percent held by Glencore, who is the operator of both Kansuki and Mutanda mines. If Glencore did not push for the recommendation, which shareholders of Kansuki Investments and SAMREF did push for such recommendations?**

Fleurette does not know what the question is referring to in terms of who, if anyone, 'pushed recommendations' for shares to be sold to Biko and Rowny. Fleurette is not aware that anyone pushed recommendations.

Perhaps there is confusion here and the question is intended to relate to why Kansuki Investments and SAMREF did not exercise their pre-emption right with regard to these share purchases. If that is the intended question it is one that can only be answered by the relevant shareholders.

- 13. Kansuki Investments is controlled by Kansuki Holdings (Bermuda) Ltd. At the time Kansuki Investments was incorporated in Congo, 999 of its shares were held by Kansuki Holdings (Bermuda) Ltd and 1 share by Laurent Okitonembo. Glencore says it acquired 50 percent of Kansuki Investments in August 2010, but in fact the documents show that only 1 share was transferred from Mr Okitonembo to Aristotelis Mistakidis, a Glencore executive. This would suggest that the Glencore acquisition in Kansuki took place through Kansuki Holdings (Bermuda) Ltd, which holds on trust for Fleurette Group, Glencore and other shareholders, correct?**

The Glencore acquisition took place through Kansuki Holdings (Bermuda). Kansuki Holdings (Bermuda) is held 50/50 between Fleurette and Glencore. There are no other shareholders.

- 14. How much did Rowny Assets and Biko Invest pay for the stake in Mutanda and Kansuki? Were the sums paid eventually any different from those stipulated in the sales contracts?**

The total aggregate purchase price for Rowny and Biko's interests in the Mutanda and Kansuki projects is a private commercial matter between those entities and Gécamines, and is contained in a number of agreements which are subject to confidentiality between the parties. To the extent that Global Witness may only have seen some documents relating to these transactions does not entitle Rowny and Biko to breach its confidentiality obligations and disclose the full amount of the purchase price and the payment terms.

- 15. Have the payments for Mutanda and Kansuki already been made? If so, who paid the money and when were the payments made?**

Rowny and Biko can confirm that payments due to Gécamines on account of these sales have been made in accordance with the purchasers' obligations.

- 16. What business and mining experience do Rowny Assets Ltd and Biko Invest Corp have?**

Rowny and Biko have not been active for a decade, but the Group as a whole has been carrying out mining activities in Africa and specifically DRC for more than ten years.

- 17. Is Glencore or any other company considering buying part of or all of the stakes sold to Rowny Assets and Biko Invest?**

Fleurette has no plan to sell its interests in Rowny and Biko or their underlying interests in Mutanda and Kansuki. The only changes in the share structures that we would expect are in order to implement a re-organisation/merger between the two projects.

- 18. Has Glencore or any other companies already bought all or part of the stakes sold to Rowny Assets and Biko Invest? If so, when did these purchases take place and at what prices?**

No such sale has happened.

19. It has been reported that, as a result of this transaction, royalties from Mutanda and Kansuki would no longer be paid to the Congolese state or Gecamines but to Rowny Assets Ltd and Biko Invest Corp. Is this correct?

All sums that would have been due to the Congolese State prior to the sales to Rowny and Biko, remain payable to the State [i.e. taxes]. The royalties that were payable to Gécamines were rights that went together with the shares that were sold and therefore would no longer be payable to Gécamines after their sale of shares.

20. Why did Glencore finance Lora Enterprises, another company linked to Mr Gertler, to the tune of \$45 million via a loan to its parent company Zuppa?

Lora and Zuppa are companies owned by Fleurette Group. A number of years ago, Katanga Mining Limited offered its shareholders an opportunity to participate in a convertible loan facility provided by Glencore to Katanga. Fleurette's pro rata participation was for \$45m of that loan and it agreed terms with Glencore to borrow such amount on commercial terms. That loan was repaid in full in November 2010.

21. Who are the ultimate beneficial owners of Lora?

Fleurette Properties Limited.

22. What is the precise relationship between Mr Gertler and Glencore?

Fleurette Group has business activities with Glencore. Mr Gertler is not personally engaged in business enterprises with Glencore. He does, however, have a long-standing business relationship with Glencore, by virtue of being one of the senior advisors to the Fleurette Group.

Fleurette's CSR commitments in the DRC

In addition to the above answers, the information below summarises Fleurette's CSR commitments in the country.

- The Group is firmly committed to the DRC, its citizens and its long term socio-economic development, as are many other enterprises working in the country. Fleurette has invested approximately \$2bn in developing mining and other assets in the DRC over a number of years. It has also contributed to the creation of over 10,000 jobs and invested over \$120million in community support and environmental programmes in the DRC.

Community Gifting

- The Fleurette Group aims to support the communities it operates in, not only in terms of jobs and wealth creation, but in fostering involvement and high standards of community provision across a range of areas including sport, education, environment and health.
- Community gifting by The Fleurette Group is done through its registered charity the Gertler Foundation.
- The Gertler Foundation was created and authorized to act in 2007 with the aim of “not forgetting people while involved in business”. This is reflected in his wish to come to the aid of vulnerable sections of the Congolese population. The Foundation envisions the promotion of the social welfare of the Congolese people through its involvement in the following areas: health, education, small-scale infrastructure and timely social assistance to various vulnerable groups.
- To date, the Foundation has directly and indirectly invested over \$150m in the last 5 years.

Environment

The Group is committed to continual improvement in environmental performance.

The Fleurette Group is committed to ensuring that the effects of its operational activities on the environment are minimised to prevent pollution. Regular environmental audits are carried out and our environmental performance is reviewed by at Board regularly.

The Group believes that continually improving environmental performance will minimise the effects of the business on the environment, the Company’s employees and on the communities in which we operate.