To the kind attention of:

Mr. Kalidas Madhavpeddi, *Chair of the Board*

Mr. Gary Nagle, *Chief Executive Officer and Director*

Glencore Plc

Baarermattstrasse 3

CH-6340 Baar - Switzerland

CC: Ms. Sheila A. Murray, *Chair of the Board*
Mr. Jonathan Price, *Chief Executive Officer and Director*
Teck Resources Limited
Suite 3300, Bentall 5
550 Burrard Street
Vancouver, British Columbia
Canada V6C 0B3

April 12th, 2023

Dear Mr. Madhavpeddi and Mr. Nagle,

Subject: Glencore Plc unsolicited offer for Teck Resources Ltd

Bluebell Capital Partners Limited ("**Bluebell Capital**") are writing to you in relation to our continued investment and/or economic interest in the common equity shares of Glencore Plc ("**Glencore**" or the "**Company**") by the Bluebell Active Equity Master Fund ICAV, to which Bluebell Capital is the Investment Manager. Bluebell Active Equity Master Fund ICAV also holds Class B subordinate voting shares of Teck Resources Limited ("**Teck**").

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Following the business combination proposed by Glencore to Teck on March 26th, 2023[1], whose terms have been revised on April 11th [2], we would like to share with you our observations on the proposed transaction (the "**Transaction**").

We view very favourably, Glencore's (finally) stated objective to spin-off thermal coal and create an undisputable world class leader in base metals with a leading position in critical minerals, required for the energy transition, while promoting Viterra to become part of a strategic review and potential divestment (Glencore Press Release dates April 3rd, 2023). This is **exactly** the strategic direction that we repeatedly asked Glencore's Board of Directors to pursue (and Glencore's Board of Directors have repeatedly failed to implement), since our first letter to you on November 8th, 2021.

We are equally delighted to see that Glencore's Board of Directors have finally dropped its specious argument used against the spinoff of thermal-coal - *"the new management of that coal business may want to continue to expand and continue to produce coal long beyond the time frames and horizons that we put out in our commitments"* (Glencore CEO Gary Nagle, Bloomberg, December 3rd, 2021) - as Glencore seems now amenable to spin-off thermal-coal.

It is unfortunate that you have wasted one and a half years failing to reposition the Company to take advantage of the long-term growth opportunities in transition metals: Glencore shareholders, us included, would be reasonable in their criticism of this short-sightedness, complacency, and lack of strategic thinking for not spinning off thermal coal in a timely manner, thus leading to the rejection of current proposal to Teck that would have otherwise resulted in a much better chance of success.

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[1] disclosed to the market on April 3rd, 2023
[2] https://www.glencore.com/media-and-insights/news/glencore-submits-reply-to-teck-and-proposes-modifications-to-offer-cash-in-respect-of-value-of-coal-business

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Not only have you failed to prepare adequately, by pursuing meritless arguments to push-back on the spin-off of thermal coal, but subsequently Glencore has proposed an unsolicited business combination which is sub-optimal for both Glencore's and Teck's shareholders, creating unnecessary execution risk for both companies and fails to maximize shareholder value for all parties involved.

Whilst the strategic objective to create a world-class standalone transition metals focused business ("**MetalsCo**") is in the best interest of both Glencore and Teck (an outcome we fully endorse), the business combination of steelmaking coal business (Teck) and thermal-coal business (Glencore) destroys value, not only for the reasons stated by Teck[3,4], but also because Teck's coal business is not in run-off mode, whilst Glencore announced that "*rundown strategy is the responsible strategy for both our business and for the world*" (CEO Gary Nagle, Investor Update, 2nd December, 2021).

Barring Glencore being prepared to announce a U-turn on its rundown strategy (in fairness, we never believed it is your genuine intention to phase-out thermal coal), the combination ("**CoalCo**") of two business with questionable synergies, one of which in rundown, would be value destructive as the pursuit of such a strategy would be depressing the terminal value of the combined business. This concern would certainly not be addressed by the cash element introduced with your April 11th revised offer to simply buy Teck shareholders out of their coal exposure.

[3] https://www.teck.com/news/news-releases/2023/teck-board-of-directors-rejects-unsolicited-acquisition-proposal ("*The spun-out business envisioned by Glencore would be a majority thermal coal business of an unprecedented scale. Thermal coal mines are contrary to the global decarbonization agenda. The Glencore proposal would force Teck shareholders to hold massive thermal coal exposure, which would be value destructive, drive away current and future investors who cannot hold thermal coal assets, and result in Teck's world-class steelmaking coal business trading at a discount.*")

[4] https://www.teck.com/media/Letter-April4-2023.pdf ("*The combination of your large thermal coal portfolio with our high-quality steelmaking coal assets to form a thermal coal dominated "CoalCo" of unprecedented scale will seriously impair the value of our planned pure-play steelmaking coal business. Exposing our shareholders to your large thermal coal business would be value destructive and would drive away investors who cannot hold thermal coal assets.*")

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Also, whilst Teck has taken all the necessary preparatory steps to realise the full value of its transition metal business, Glencore's ex-coal business trades at a significant discount to its peers, with at least a 20%[5] upside yet to be realised, post the removal of the thermal-coal discount.

Glencore proposed a combination exchange ratio of 7.78 Glencore shares per Teck B share, which represents a valuation premium of 20%, based on Glencore's and Teck B's closing prices as of March 24th, 2023, being the last closing price before the date of the proposal to Teck. However, considering the depressed valuation of Glencore ex-coal industrial business, the proposed Transaction represents a very onerous effective premium of 32% on Teck's undisturbed close price[6]. As a Glencore shareholder, we do not look favourably to a deal where a cheap currency of exchange is used to acquire the target.

Additionally, the seeming ill health of Glencore's governance is characterized by the many bribery and corruption investigations[7], in which Glencore has become historically embroiled, something we view as a clear symptom of a pathological company culture, which in our view Glencore's Board of Directors has never publicly sought to change. The placing of a non-independent Director (Peter Coates AO), as chair of the Health and Safety, Environmental and Communities Committee is perfect evidence of this.

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[5] we estimate that Glencore is trading at a pure industrial ex Coal EV / EBITDA at 4x vs. 4.8x of Glencore's peers' group on account of Thermal Coal exposure (no terminal value, constrained investor base)

[6] According to Bluebell analysis, on a SOTP basis, Glencore ex-Coal depressed valuation at 4.0x EBITDA vs diversified peers trading at 4.8x, represents a value dilution of USD 7.3bn for Glencore shareholders. Contributing Glencore ex Coal at this depressed valuation *de facto* allows Teck shareholders to share on this initial "*mechanical*" re-rating for their pro-forma quota of ownership of 24% (as communicated by Glencore) or in other words, recognizes a premium to Teck shareholders of an additional USD 1.8bn increasing the premium paid from 20% to 32%. Analysis assumes CAD/USD at 0.72, Teck and Glencore undisturbed share prices as of 24 March 2023.

[7] US DoJ, US CFTC, UK SFO, Swiss OAG

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We would never support a business combination of this scale where a long-standing Glencore executive would be designated as the CEO of MetalsCo, least of all if it were any of 'Mr. Glasenberg's mini-me' characters.

The revised offer announced on April 11th, not only fails to address any of our concerns but in our view makes the whole transaction alarmingly illogical. As part of the revised deal, Glencore's Board of Directors has effectively offered to buy up to 100% of Elk Valley Resources for USD 8.2 bn in cash, then merge it with Glencore's thermal coal business - which according to Glencore is worth USD 26bn[8] - and then demerge the combined coal business to Glencore's shareholders: in other words, according to Glencore's Board of Director, in order to position Glencore as a leading player in future facing commodities, it is first necessary to deploy up to USD 8.2 bn of shareholder's capital to make a massive acquisition in steelmaking coal prior to demerge the coal business and have it managed by a newly appointed Board - which has never taken the decision to make such a transformational acquisition - led by an unknown CEO yet to be chosen.

All of this seemingly without any due diligence.

Provided that the revised offer did not represent an increased offer, it is also hard to imagine why Teck shareholders, us included, should now be willing to accept the revised terms considering that the USD 8.2 bn valuation is in line with the valuation *(i)* stemming from a private transaction, and *(ii)* a fairness opinion issued in view of Teck's separation[9], two transactions which obviously do not involve a control premium.

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[8] (USD 8.2 bn /24%) x 76%

[9] (i) the implied enterprise value of Elk Valley Resources ("EVR") and the Transitional Capital Structure owned by Teck shareholders based on the Nippon Steel investment under the proposed standalone separation into Teck Metals and EVR (the "Proposed Teck Separation"), and (ii) the upper end of the valuation ranges of EVR provided by Origin Merchant Partners, in its fairness opinion to the Special Committee of the Teck Board.

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The revised offer would also not address Teck's Board of Directors factual observation that "*Glencore consistently lags in value creation*"[10] (please also refer to our letter dated November 8th, 2021), as Glencore's offered to buy Teck Metals in shares and more than half of the claimed 48% value uplift offered to Teck Class B shareholders would come from synergies (5-7%) and re-rating (19%).

In the end, it is admittedly difficult to propose a deal that satisfies both the shareholders of the target company and those of the buyer and it is equally difficult to propose a deal that will displease them all: Glencore's Board of directors seems to have succeeded in this remarkable task.

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Bluebell Capital would endorse a business combination intended to create a must-own global base metals company - with a best-in-class portfolio of copper assets, an unrivalled suite of copper growth opportunities as well as being a leading supplier of cobalt, zinc and nickel which is well positioned to meet the demand created by the energy transition - but we censure Glencore's Board of Directors for:

(i) failing to prepare for the Transaction by ignoring our 2021 recommendation to spin-off thermal coal[11] and divest Viterra.

(ii) acting amateurishly, by proposing a poorly structured transaction which stood no chance of success.

In our view, Glencore should have structured the proposed business combination completely differently, by offering:

[10] https://www.teck.com/media/Teck-Investor-Presentation-April-10.pdf

[11] On top of Bluebell's clear calls to spin off Thermal Coal, at the 2022 AGM Glencore's coal strategy was opposed by shareholders representing 23.7% of the company's capital without the Board of Directors taking any action to address shareholders' growing dissent from less than 6% at the 2021 AGM

a. for Glencore to merge with Teck, with the stated explicit intention to subsequently demerge Teck's steelmaking coal after completion of the business combination;

b. for Glencore to demerge its thermal coal, Oil Marketing and Viterra businesses to Glencore's shareholders (with Viterra to be subsequently finally exited) as a condition precedent for completion of the business combination.

The result of these activities would be to create MetalsCo, and two separate coal companies, one of them (thermal coal) fully owned by former Glencore shareholders and in run-off, with numerous advantages for both Glencore and Teck shareholders:

(i) the compelling rationale to create a world-class standalone transition metals focused business (MetalsCo), comprising of a diversified portfolio of Glencore's and Teck's metal and mineral business;

(ii) MetalsCo's ownership structure would have made the deal more attractive to Teck (thus more likely to be accepted), increasing its share in the company to over 1/3 in MetalsCo[12] due to the demerger of thermal coal, Oil Marketing and Viterra businesses (the equivalent of a special dividend paid to Glencore's shareholders prior to the business combination);

(iii) the rationale for creating the world's second-largest seaborne steel coal exporter, and a world-class Canadian steel coal producer, with high-margin operations and proven cash flow generation through the cycle would also have remained unchanged, even if somewhat delayed;

(iv) Teck shareholders would not be exposed to Glencore's thermal coal and oil businesses;

(v) the announced plan to operate the run-off thermal coal business would have remained unchanged; and

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[12] ~36% based on Bluebell Capital Partners estimates on this alternative structure

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(vi) the overall execution risk of the Transaction would have been significantly lower.

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Once again, we urge Glencore's Board of Directors to take all the necessary steps to *(1)* separate the thermal coal business, in order to accelerate Glencore's repositioning as a leading pure player in metals, which are at the very core of the green economy transition, and *(2)* undertake a review of the strategic options for Glencore's holding in Viterra.

In closing this letter, in which you will likely detect our frustrated tone, we once again offer to consult with you using our extensive experience, for the benefit of all shareholders.

We kindly ask you to share this letter with the Board of Directors.

Yours sincerely,

Giuseppe Bivona
Partner and CIO

Marco Taricco
Partner and CIO

CC: David Platero, Portfolio Manager

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