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# Glencore Agrees to Buy Caracal Energy for Chad Oil Assets

Jesse Riseborough

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Glencore Xstrata Plc, the global commodities trading and mining group, agreed to buy Caracal Energy Inc. for about \$1.35 billion to take control of oil and gas assets in the central African nation of Chad.

The offer of 550 pence (\$9.20) a share is a 61 percent premium to the closing price of Caracal shares on April 11, Baar, Switzerland-based Glencore said today in a statement. Caracal shares surged as much as 60 percent in London trading to 547 pence, the highest on record.

Glencore, a trader of commodities from oil to copper, has been seeking to grow its energy production business, which also includes fields in Equatorial Guinea. The bid means Caracal will terminate an earlier agreement to combine with Calgary-based TransGlobe Energy Corp., according to the statement.

Glencore acquired a 33.3 percent interest in three oil fields and a 25 percent stake in two other fields in Chad from Caracal in 2012 for a total of \$331 million. The trader has export marketing rights for 90 percent of Chad's oil under a financing deal, it said in September last year.

"The interesting thing about Chad is not only is it near term production and appraisal, but there is an entire basin to unlock," Alex Beard, head of Glencore's oil division, said at a company investor day in London in September. "This is the Central African Rift System. There are large amounts of prospects and leads."

## Peru Sale

Glencore announced separately yesterday that it had agreed to sell a Peruvian copper mine to a group led by China Minmetals Corp. for \$5.85 billion. Sale proceeds will immediately be used to reduce debt, Glencore said. The company, which had net debt of \$35.8 billion at Dec. 31, will also look at reinvesting capital and returning some to investors.

Glencore advanced 2 percent to close at 317.9 pence by the close in London. Caracal rose 55 percent to 530 pence.

Caracal, which last month agreed to buy TransGlobe for about C\$696 million (\$635 million) in stock, said it paid a fee of \$9.25 million for terminating that deal.

The company was named Griffiths Energy International Inc. until May last year. Griffiths Energy said in January 2013 that it had reached a settlement with Canada's Corruption of Foreign Public Officials Act and paid a fine of C\$10.35 million.

The matter related to consulting contracts agreed to by Griffiths' prior management and board with entities controlled by a foreign public official and his spouse between August 2009 and February 2011.

Caracal is advised on the Glencore transaction by Goldman Sachs Group Inc. and RBC Capital Markets. Glencore's legal advisers are Torys LLP and McCarthy Tetrault LLP for North America and Clifford Chance LLP for the U.K.

Peter Grauer, the chairman of Bloomberg LP, parent of Bloomberg News, is a non-executive director of Glencore Xstrata.

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