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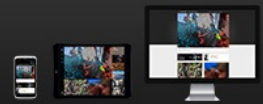
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Markets | Mon Apr 14, 2014 10:24am EDT

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UPDATE 1-Glencore to buy Chad oil firm Caracal for \$1.3 bln

- * Deal will enable Glencore to expand in upstream sector
- * Puts an end to Caracal/TransGlobe Energy merger
- * Caracal shares surge more than 58 pct on the news (Adds analyst comment, details on deal and on Glencore's presence in Chad)

By Sarah Young and Silvia Antonoli

LONDON, April 14 Mining company Glencore Xstrata has agreed to buy Chad-focused oil company Caracal Energy for about 800 million pounds (\$1.3 billion), a deal that will allow the commodity giant to expand upstream in the oil sector.

The sale puts an end to Caracal's proposed merger with Canada's TransGlobe Energy Corporation.

Swiss-based commodity producer and trader Glencore agreed to pay 550 pence per share for Caracal, which has been its partner in Chad since 2012, the two companies said in a joint statement put out by Glencore on Monday. The price represents a 61 percent premium to Caracal's closing share price on Friday.

Caracal said it had terminated the proposed merger with TransGlobe and had paid a break-fee of \$9.25 million to the Canadian company for abandoning the deal, the statement said.

Caracal's shares surged more than 58 percent in London after the announcement on Monday to 540.6 pence. Shares of TransGlobe were up 0.3 percent in Toronto by 1418 GMT.

"Glencore is already in Chad, so they'll be knowledgeable of the assets, and oil is certainly an area that they have indicated they want to get into to a larger degree to create more diversification. So this acquisition fits in with their strategy," said Investec analyst Marc Elliott.

In 2011, Caracal entered into three production-sharing contracts with the Republic of Chad which give the company and its partners exclusive rights to explore and develop reserves and resources in an area of southern Chad.

Glencore bought a 33 percent stake in those three contracts in 2012 and also acquired from Caracal a 25 percent share in the Magara and Badilla fields which are expected to start exporting through the Chad-Cameroon pipeline later this year.

The Swiss-based producer-trader then boosted its stake in the fields to 35 percent by buying an additional 10 percent stake from Chad's state oil company SHT. It also has offtake on Caracal production and export offtake rights for 90 percent of SHT's oil production under a separate pre-financing

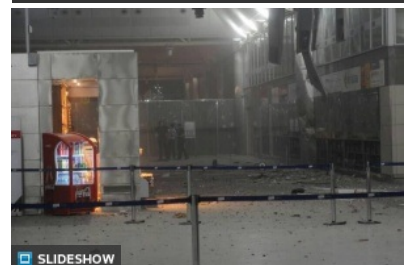
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deal.

On Monday, Glencore also announced the long-awaited sale for \$6 billion of its Las Bambas copper mine in Peru to a Chinese consortium.

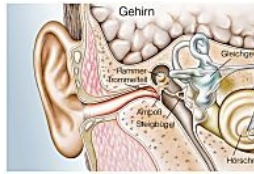
Shares in Glencore were up 1 percent in London on Monday, outperforming a flat market. (\$1 = 0.5980 British pounds) (Editing by Paul Sandle and Susan Fenton)

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30-Year Fixed Refi	3.56%	3.67%
15-Year Fixed Refi	2.77%	2.80%
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30-Year Fixed Jumbo	4.34%	4.19%

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