

# Caracal and Glencore Enter into a Definitive Agreement for Glencore to Acquire Caracal for £5.50 in Cash Per Share

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## Caracal Terminates Proposed Merger with TransGlobe

BAAR and CALGARY, April 14, 2014 - [Glencore Xstrata plc](#) ("Glencore") (LSE: GLEN; Hong Kong: GLEN.HK; Johannesburg:GLN.J) and [Caracal Energy Inc.](#) ("Caracal" or the "Company") (LSE:CRCL), announced today that they have reached a definitive agreement for a wholly owned subsidiary of Glencore to acquire Caracal for an all cash consideration of £5.50 per common share by way of Plan of Arrangement (the "Arrangement").

As a result of the Arrangement, Caracal is also announcing that it has terminated a prior agreement under which it proposed to merge with Calgary-based [TransGlobe Energy Corp.](#) (the "Proposed TransGlobe Merger"). Termination is on the basis that the unsolicited proposal from Glencore constitutes a Superior Proposal. Caracal has paid to TransGlobe a termination fee of US\$9.25 million as required under the terms of the Proposed TransGlobe Merger.

The Arrangement, which is expected to close in the second quarter of 2014, provides Caracal shareholders many compelling benefits including:

- A 61% premium to the £3.42 closing price of Caracal's common shares on April 11, 2014, the last trading day prior to the announcement of the Arrangement
- A 54% premium to £3.57, being the volume-weighted average price of Caracal's common shares for the 30 trading days up to and including the last trading day prior to the announcement of the Arrangement
- Certainty of value for shareholders through 100% cash consideration paid for their common shares
- Elimination of risks associated with business plan execution and ultimate realization of Caracal's fundamental value

## Mr. Gary Guidry, Caracal's President and Chief Executive Officer, commented:

"The premium all-cash offer from Glencore is strong recognition of the significant value Caracal has created for its shareholders since inception. This transaction and the significant premium it places on our shares is an excellent outcome for our shareholders. Glencore has been an important supporter and partner of Caracal in Chad and this is a natural progression in the development of this portfolio."

From Glencore's perspective, the Arrangement will allow it to take on operatorship and a larger working interest to more fully benefit from the development of Caracal's Chad oil development and exploration operations.

## Mr. Alex Beard, Glencore's Head of Oil, commented:

"Both companies have had a successful partnership since 2012. This transaction deepens our relationship, adding further value and expertise to our growing oil business in Africa. We believe the combined business will be even better placed to take advantage of the long term opportunities across the African oil sector."

## Further Details of the Arrangement

Full details of the Arrangement will be included in an information circular, which will be mailed to Caracal shareholders. The Arrangement will be carried out under the *Canada Business Corporations Act* and will require the approval of two-thirds of the votes cast by shareholders of Caracal voting at a special meeting to be called to consider the Arrangement, as well as a court and other regulatory approvals and certain other conditions for an arrangement of this nature.

The Arrangement provides that Caracal is subject to non-solicitation provisions and provides that the Board of Directors of Caracal may, under certain circumstances, terminate the Arrangement in favour of an unsolicited superior proposal, subject to payment of a termination fee of US\$15 million to Glencore and subject to a right in favour of Glencore to match the superior proposal. In addition, Caracal has agreed to pay the termination fee to Glencore in the event the Arrangement is terminated in certain other circumstances. Glencore has also agreed to provide for a reciprocal termination fee of US\$15 million to Caracal in certain circumstances.

It is expected that the Caracal shareholder meeting will take place in early June 2014, with closing expected to occur as soon as possible thereafter, subject to receipt of approval pursuant to the Investment Canada Act and Competition Act and any other necessary regulatory approvals and satisfaction of other customary closing conditions. The Arrangement is not subject to financing conditions or due diligence and is not subject to the approval of the Government of Chad.

The Arrangement also provides that Glencore and its affiliates are entitled to acquire additional Caracal common shares through purchases over a stock exchange provided (i) that Glencore does not acquire more than an additional 4.1% of the outstanding Caracal common shares on a non-diluted basis and (ii) such purchases do not commence before April 16, 2014.

Caracal's Board of Directors has unanimously approved the Arrangement with Glencore and has concluded that it is in the best interests of Caracal. Caracal's financial advisors, Goldman, Sachs & Co. and RBC Capital Markets have also each provided opinions to the Caracal Board of Directors that, as of April 14, 2014, and subject to the assumptions and limitations on which the opinions are based, the consideration to be received under the Arrangement is fair, from a financial point of view, to Caracal's shareholders, excluding Glencore and its affiliates. The Board of Directors and Management of Caracal have signed support agreements to vote their shares in favour of the Arrangement.

Upon completion of the Arrangement, Caracal's convertible debentures with an aggregate principal amount of US\$173.6 million (the "Caracal Debentures") will continue to be an obligation of Caracal, as a wholly-owned subsidiary of Glencore. After completion of the Arrangement, holders of Caracal Debentures who exercise their conversion rights in accordance with the terms of the indenture for the Caracal Debentures will not receive Caracal shares (which shall be issued to Glencore or its affiliates) and will, rather, receive £5.50 in cash for each Caracal share which the holder would have received upon conversion in accordance with the terms of the indenture for the Caracal Debentures.

Full details of the Arrangement will be available in an information circular that Caracal will mail to shareholders in due course. The information circular will also be available on Caracal's website and at [www.sedar.com](http://www.sedar.com). All Caracal shareholders are urged to read the relevant information circular once it becomes available as it will contain additional important information concerning the Arrangement. There is no action required for Caracal shareholders to take today.

### **Delisting and Cancellation of Trading**

It is intended that the London Stock Exchange and the Financial Conduct Authority will be requested respectively to cancel trading in Caracal's shares on the London Stock Exchange's market for listed securities and the listing of Caracal's shares from the Official List on closing of the Arrangement.

It is expected that at that time share certificates in respect of Caracal's shares will cease to be valid and entitlements to Caracal's shares held within the CREST system will be cancelled.

### **Advisors**

For Caracal, financial advisors are Goldman, Sachs & Co. and RBC Capital Markets. Caracal's legal advisor is Stikeman Elliott LLP.

For Glencore, the legal advisors are Torys LLP and McCarthy Tetrault LLP for North America and Clifford Chance LLP for the UK.

### **About Glencore**

[Glencore](http://www.glencore.com) is one of the world's largest global diversified natural resource companies. As a leading integrated producer and marketer of commodities with a wellbalanced portfolio of diverse industrial assets, we are strongly positioned to capture value at every stage of the supply chain, from sourcing materials deep

underground to delivering products to an international customer base. The Group's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries. The Group's diversified operations comprise over 150 mining and metallurgical sites, offshore oil production assets, farms and agricultural facilities. We employ approximately 190,000 people, including contractors.

### **About Caracal Energy Inc.**

[Caracal Energy Inc.](#) is an international exploration and development company focused on oil and gas exploration, development and production activities in the Republic of Chad, Africa. In 2011, Caracal entered into three production sharing contracts ("PSCs") with the government of the Republic of Chad. These PSCs provide exclusive rights, along with its partners, to explore and develop reserves and resources over a combined area of 26,103 km<sup>2</sup> in southern Chad. The PSCs cover two world-class oil basins with oil discoveries, and numerous exploration prospects.

### **CAUTIONARY STATEMENTS:**

This announcement contains certain forward-looking information and statements. Forward-looking information typically contains statements with words such as "intend", "target", "anticipate", "plan", "estimate", "expect", "potential", "could", "will", or similar words suggesting future outcomes. Information relating to reserves and resources is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. The Company cautions readers not to place undue reliance on forward-looking information which by its nature is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company.

In addition, any forward-looking information is made as of the date hereof, and each of the Company and its affiliates expressly disclaim any obligation or undertaking to update, review or revise such forward-looking information contained in this announcement to reflect any change in its expectations or any change in events, conditions or circumstances on which such information is based unless required to do so by applicable law.

Forward-looking information is not based on historical facts but rather on current expectations and assumptions regarding, among other things, the timing and scope of certain of the Company's operations and the timing and level of production from the Company's properties, plans for and results of drilling activity and testing programs, future capital and other expenditures (including the amount, nature and sources of funding thereof), continued political stability, and timely receipt of any necessary government or regulatory approvals. Although the Company believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those anticipated by the Company including, but not limited to, risks associated with the oil and gas industry (e.g. operational risks in exploration and production; inherent uncertainties in interpreting geological data; changes in plans with respect to exploration or capital expenditures; interruptions in operations together with any associated insurance proceedings; reductions in production capacity, the uncertainty of estimates and projections in relation to costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the uncertainty associated with negotiating with foreign governments, risk associated with international activity, including the risk of political instability, the risk of adverse economic market conditions, the actual results of marketing activities and the risk of regulatory changes. Forward-looking information cannot be relied upon as a guide to future performance. The Company does not assume responsibility for the accuracy and completeness of the forward-looking information or statements and such information and statements should not be taken as guarantees of future outcomes. Subject to applicable securities laws, the Company does not undertake any obligation to revise this forward-looking information or these forward-looking statements to reflect subsequent events or circumstances. This cautionary statement expressly qualifies the forward-looking information and statements contained in this press release.

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