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CEO tells PM

The Australian, Australia

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BRAD THOMPSON

Glencore boss Gary Nagle disagreed with Prime Minister Anthony Albanese that the global mining and trading giant owed a debt to Mount Isa as hundreds of smelter jobs hung in the balance.

Mr Albanese had suggested that Mount Isa had been good to Glencore and that Glencore needed to be good to Mount Isa in putting the heat on the company to sustain its loss-making copper smelter business and a refinery in Townsville.

"Mount Isa had been good to Glencore, but I can tell you that Glencore has been very, very good to Australia for many, many years," Mr Nagle said.

"I was just looking at some of the numbers. Over the past six years alone, Glencore has contributed over \$100bn to the Australian local, regional and national economies. If you want to break that down a little bit that's nearly \$13bn of wages paid to good Australians every single week and every single month.

"We've spent more than \$60bn over the last six years with nearly 7000 Australian-based businesses.

"We paid royalties and taxes to

the state and federal government of nearly \$28bn over the past six years. And going forward, we've got plans to spend a lot of money as well."

Mr Nagle scoffed at suggestions Glencore should cross-subsidise the copper smelter and refinery by tapping into its profitable coal mining business.

He said that would be unfair on the Australians that invested in Glencore.

"Our shareholders, who include many of the Australian super funds, want us to invest the pension money of good Australians in businesses that make money and provide returns for them so they can pay out those pensions to Australians. That's our job," he said.

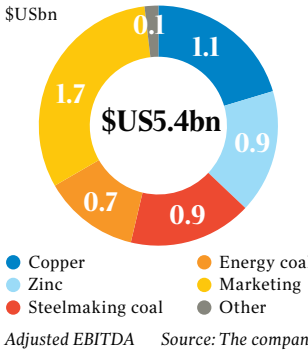
Mr Nagle added that Glencore was open to all options to save the smelter and refinery – including taxpayers taking an equity stake – but needed to see a government offer on the table. Glencore's first-half results, released on Wednesday, show it had lost \$US98m on its Australian copper operations on an adjusted earnings before interest and tax basis.

In contrast, its thermal coal mines in Australia made \$US751m and steelmaking coal business \$US273m. The Murrin Murrin copper mine in WA also slipped into loss-making territory.

Glencore reported a 14 per cent fall in group profit, blaming weaker coal prices, lower copper production and problems at some mines.

Group adjusted earnings be-
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Glencore 1H earnings mix



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fore interest, tax, depreciation and amortisation of \$US5.43bn was in-line with analyst consensus but down from \$US6.34bn last year. Net debt hit \$US14.4bn as of June 30.

London-listed Glencore is targeting \$US1bn in cost savings by the end of 2026 as part of a review of its industrial assets and following a 26 per cent slump in copper production.

"While there is much uncertainty around the impact of geopolitics and trade in the shorter term, we remain of the view that, in certain commodities, the scale and pace of required resource development will struggle to meet the demand projections for such

materials into the future," Mr Nagle said.

He talked up the case for mega-mergers in the mining sector but played down the significance of the move to shift coal mines and other high-carbon emitting assets valued at about \$30bn into an Australian subsidiary. Some see the move as a means to an ASX listing and a potential mega-merger with the likes of Rio Tinto.

Mr Nagle said in an era of trillion-dollar companies, the mining sector was in danger of becoming irrelevant.

"In the mining industry, you're lucky if you're \$100bn company. No other industry in the world survives without mining because

of the products and minerals and metals that we produce.

"I think there's a big argument for consolidation with our industry because of value creation, relevance, attracting staff, attracting talent, attracting shareholders, attracting funds, and a number of other areas," he said.

Glencore has warned that a Queensland government rescue package for its copper smelter and refinery fall well short of what is needed to save the business.

Hundreds of workers at the Mount Isa smelter and Townsville refinery have braced themselves for the worst.

Glencore executives are set to attend what Industry Minister Tim Ayers dubbed a minerals and

metals processing roundtable in Sydney on Thursday. Rio Tinto, Nyrstar and other operators of smelters and refineries have been invited to the meeting, which includes Queensland Natural Resources and Mines Minister Dale Last. It is understood the federal government has yet to table any assistance package for Glencore despite indicating it wanted to find a solution.

Glencore has told workers it is on track to lose \$2.2bn over the next seven years and was running out of time as talks with the Queensland and Albanese governments entered a sixth month.

The smelter and refinery directly employ 550 people with about 500 jobs also on the line at



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Dyno Nobel's Phosphate Hill operations, which rely on a smelter by-product to operate.

The Glencore operations have suffered from China upgrading its copper processing capacity on top

of the high energy and labour costs of operating in Australia.

Deutsche Bank analyst Liam Fitzpatrick said that in terms of its global copper mining operations Glencore was guiding to a much stronger second half, which should drive free cash flow.



Glencore is feeling the heat over its loss-making smelter