

ZUG, SWITZERLAND, Aug. 10, 2016 /CNW/ - Katanga Mining Limited (TSX: KAT) ("Katanga" or the "Company") today announces its financial results for the second quarter of 2016. Katanga's Financial Statements and Management's Discussion and Analysis will be filed on SEDAR, www.sedar.com.

Highlights during the three and six months ended June 30, 2016, and Outlook

		Three months ended			Six months ended	
		Jun 30,	Mar 31,	Jun 30,	Jun 30,	
		2016	2016	2015	2016	2015
Financial						
Total sales*	\$'000	(615)	(27,883)	248,414	(28,498)	469,192
- including repricing*	\$'000	(615)	(28,609)	(9,520)	(29,224)	(25,457)
EBITDA**	\$'000	(42,919)	(86,540)	(32,519)	(129,459)	(74,397)
Net loss attributable to shareholders	\$'000	(96,059)	(118,906)	(84,069)	(214,965)	(112,500)
Cash flows from operating activities	\$'000	(42,007)	(78,842)	(23,083)	(120,849)	(291,916)
Mining						
Waste mined	tonnes	1,583,434	1,142,672	9,817,347	2,726,106	16,208,461
Ore mined	tonnes	-	-	2,201,354	-	4,049,623
Average copper grade	%	-	-	3.74	-	3.57
Contained copper in ore mined	tonnes	-	-	82,311	-	148,218
Processing						
Ore milled	tonnes	-	-	2,034,949	-	3,994,673
Finished copper metal and concentrate	tonnes	-	-	40,096	-	77,229
Finished cobalt	tonnes	-	-	943	-	1,795

* Negative price and sales amounts are a result of quality discounts, adverse repricing and mark to market ("M2M") adjustments

** Refer to Item 20; Non-IFRS Measures.

Suspension of production

- On September 11, 2015, the Company announced the decision to suspend the processing of copper and cobalt during the construction phase of the Whole Ore Leach Project ("WOL Project"). The Whole Ore Leach Plant is expected to commence commissioning in the second half of 2017.
- Mining operations continued during H1 2016 at KOV and Mashamba East Open Pits with a focus on waste mining.

Geotechnical Failure at KOV Open Pit Mine

- On March 8, 2016, the Company announced that a geotechnical failure was experienced on the north wall of the KOV Open Pit mine. Following the incident, seven persons were initially unaccounted for. Five bodies were subsequently recovered from the pit and the search continues to recover the bodies of the two remaining missing individuals. The Company continues to work closely with the relevant authorities and has been providing all available support for the families and friends of the affected individuals.
- The investigation into the cause of the geotechnical failure and the related costs that may arise as a result of this incident is ongoing, as well as the review of any potential insurance claims.

Review of 2016 First Half Year Results

Financial

- Profitability during H1 2016, when compared to H1 2015, was primarily affected by:
 - Quality discounts of \$25.4 million on finalization of outstanding 2015 sales;
 - Reduced operating expenditures due to the suspension of copper and cobalt processing;
 - Restructuring costs totalling \$3.1 million relating to contractor demobilisations;
- Cash flows from operating activities decreased in H1 2016, when compared to H1 2015, due to the suspension of copper and cobalt processing at the end of Q3 2015 and increased working capital requirements, notably for the reduction of accounts payable following the suspension of copper and cobalt processing. These cash outflows were funded by Glencore.

Mining

- Waste mined in H1 2016 was 83.2% lower than in H1 2015 due to the revised waste mining plan in the open pits which was put in place following the suspension of copper and cobalt processing at the end of Q3 2015. The revised waste mining plan (pre strip) aims to secure sufficient ore availability for processing once the suspension of copper and cobalt processing ends, while minimising costs during the suspension period;
- Ore mined in H1 2016 was Nil due to the suspension of ore mining underground and the shift in focus towards waste mining in the open pits following the suspension of copper and cobalt processing at the end of Q3 2015; and
- In H1 2016, the Company commissioned:
 - 1 CAT shovel and 1 excavator at the KOV Open Pit mine.

Processing

- Due to plant shutdown, there was no ore milled at KTC and no copper metal, concentrates or cobalt metal produced in H1 2016.
- During H1 2016 work continued on the WOL Project:
 - Detailed engineering design continued on the Pre Leach, Leach and Post Leach circuits and satisfactory progress was made on the earth works and civil works, as well as construction of the steel structures;
 - Related capital expenditures amounted to \$52.0 million in H1 2016, which principally related to site excavation, civil work and prepayments for various long lead time items; and
 - Concurrent with the construction of the WOL Project plant and infrastructure, the current Life of Mine Plan continues to be optimized to ensure the appropriate blend will be supplied to the WOL process when complete in order to maximize copper and cobalt recovery and to minimize operating cost per unit.

Outlook

- During Q3 2016:
 - Work will continue on the construction of the WOL Project according to the defined project plan;
 - Open pit mining operations are expected to continue with focus on search and rescue, waste mining and remediation activities following the geotechnical failure at the KOV Open Pit mine;
 - Care and maintenance activities in the underground mine and at KTC and Luilu are expected to continue; and
 - Various initiatives relating to cost base reduction, consumable inventory reductions, staff training and process improvements are expected to continue to be developed.

This press release was prepared under the supervision of Tim Henderson, Technical Consultant and Director, Katanga and a "qualified person" as such term is defined in NI 43-101. Mr. Henderson has reviewed and approved the contents of this press release.

About Katanga Mining Limited

[Katanga Mining Ltd.](#) operates a major mine complex in the Democratic Republic of Congo producing refined copper and cobalt. The Company has the potential to become Africa's largest copper producer and the world's largest cobalt producer. Katanga is listed on the Toronto Stock Exchange under the symbol KAT.

Forward Looking Statements

This press release may contain forward-looking statements, including, but not limited to, the suspension of copper and cobalt processing. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

All forward-looking statements reflect the Company's beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. All of the Company's forward-looking statements are qualified by the assumptions that are stated or inherent in such forward-looking

statements, including the assumptions listed below. Although the Company believes that these assumptions are reasonable, this list is not exhaustive of factors that may affect any of the forward-looking statements. The key assumptions that have been made in connection with the forward-looking statements include the following: the operations of the Company during the production suspension and timeline for the recommencement of operations remaining consistent with management's expectations, there being no significant disruptions affecting the operations of the Company whether due to labour disruptions, supply disruptions, power disruptions, rollout of new equipment, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at the Project being consistent with the Company's current expectations; continued recognition of the Company's mining concessions and other assets, rights, titles and interests in the DRC; political and legal developments in the DRC being consistent with its current expectations; the continued provision or procurement of additional funding from Glencore for operations, the completion of the T17 Underground Mine, the WOL Project and the Power Project; the successful completion of, and realizing the intended benefits from the WOL Project and the Power Project; new equipment performs to expectations; the successful development of the T17 Underground Mine; the exchange rate between the US dollar, South African rand, British pounds, Canadian dollar, Swiss franc, Congolese franc and Euro being approximately consistent with current levels; certain price assumptions for copper and cobalt; prices for diesel, natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels; production and cost of sales forecasts for the Company meeting expectations; the accuracy of the current ore reserve and mineral resource estimates of the Company (including but not limited to ore tonnage and ore grade estimates); and labour and material costs increasing on a basis consistent with the Company's current expectations.

Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the actual results of current exploration activities; actual results and interpretation of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of copper and cobalt; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, development or construction activities, delays due to strikes or other work stoppage, both internal and external to the Company as well as those factors disclosed in the Company's current annual information form and other publicly filed documents. Although Katanga has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise, except in accordance with applicable securities laws.

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Contact

Johnny Blizzard, CEO, Tel: +41 (041) 766 71 10; Matthew Colwill, CFO, Tel:+41 (041) 766 71 10