

ZUG, Switzerland, Aug. 14, 2017 /CNW/ - Katanga Mining Limited (TSX: KAT) ("Katanga" or the "Company") today is providing an update on the previously announced review of certain of the Company's past accounting by the independent directors of the Company's Board of Directors, being Robert G. Wardell, Terry Robinson and Hugh Stoyell (the "Independent Directors").

As previously announced, the Independent Directors are working with Management, Katanga's external auditors, Deloitte & Touche, the Company's outside legal counsel and outside accounting advisors to review historical accounting relating to the production of copper cathode, copper concentrates and stockpiled ore. In particular, the review concerns certain historical entries relating to the incorrect recording of the total tonnage of finished copper cathodes produced during the years ended December 31, 2015 and 2014, and certain other entries which deal with the valuation of copper oxide concentrates included in work in progress inventories, the valuation of ore in stockpile inventories and the recorded amounts of property, plant & equipment.

While the review is still ongoing, based on the results of the review to date, the Independent Directors have concluded that the Company's consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 and related management's discussion and analysis ("MD&A") and all interim consolidated financial statements and interim MD&A since December 31, 2014 should not be relied upon. Accordingly, the Independent Directors have recommended to the Board of Directors that the Company's audited consolidated financial statements for the years ended December 31, 2016 and 2015 and its unaudited interim consolidated financial statements for the three months ended March 31, 2017 and 2016, and all related MD&A should be restated. The Company currently expects to effect such refilings, in conjunction with its external auditor, by mid-September, 2017.

Based on the results of the review to date, the Company's restated consolidated balance sheets as at December 31, 2016 and 2015 are expected to both reflect a reduction in property, plant and equipment (previously reported as \$2,404 million as at December 31, 2016) of approximately \$130 million, an increase in non-current inventories (previously reported as \$365 million as at December 31, 2016) of approximately \$55 million, with a corresponding reduction in total equity (previously reported as \$528 million as at December 31, 2016) of approximately \$75 million less related income taxes of approximately \$19 million.

The Company also expects that total equity as at January 1, 2015 (previously reported as \$1,810 million) will be reduced by approximately \$90 million (\$130 million less related income taxes of \$40 million) and the net loss previously reported for the year ended December 31, 2015 of \$630 million will be reduced by approximately \$55 million less related income taxes of approximately \$21 million.

To date, no adjustments to the previously reported loss for the year ended December 31, 2016 have been identified.

Katanga wishes to emphasize that the review and restatement do not affect the anticipated timing for the commissioning of its whole ore leach project, previously disclosed cash and debt balances, 2017 production guidance or limited ongoing operations during the suspension of copper and cobalt processing that commenced in Q3 of 2015. The review is still ongoing, and the amounts included in this press release are subject to change.

The review and the resulting restatement will cause the preparation and filing of the Company's unaudited interim consolidated financial statements for the three and six months ended June 30, 2017 and 2016 and accompanying MD&A ("Q2 Filings") to be delayed beyond the August 14, 2017 deadline under National Instrument 51-102 – Continuous Disclosure Requirements.

As previously announced, the Company has informed staff of the Ontario Securities Commission (the "OSC") about its review and has applied to the OSC pursuant to Part 4 of National Policy 12-203 ("NP 12-203") for a Management Cease Trade Order ("MCTO") pending the filing of the Q2 Filings and the restatement of the Company's historical financial statements. If an MCTO is issued, the Company intends to satisfy the provisions of the "alternative information guidelines" as set out in NP 12-203, including the requirement to file bi-weekly status reports in the form of news releases containing prescribed updating information, until the Q2 Filings are made. An MCTO would not generally affect the ability of persons who are not directors, officers or insiders of the Company to trade in securities of the Company. There can be no assurance that an MCTO will be issued.

In light of the proposed MCTO and in conjunction with the preparation of the Q2 Filings, the Company has established a blackout on trading by directors, officers and certain other insiders of Katanga, and intends to continue the blackout until the Q2 Filings and the restated consolidated financial statements have been filed.

Unless circumstances otherwise require, Katanga will provide further comment only when the review and restatement is completed.

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. 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 Independent Directors' review of certain past accounting, the outcome, analysis or conclusions of the Independent Directors' review, the expected delay in filing the Q2 Filings, the need to restate certain historical financial statements of the Company, the expected timing of completion of the restatement of the Company's historical financial statements, the issuance by the OSC of an MCTO or any other action to be taken by securities regulatory authorities in light of the review, 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 (as defined in the Company's Annual Information Form for the year ended December 31, 2016 dated March 31, 2017); new equipment performs to expectations; 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, operating expenses 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, unfavourable conclusions of the Independent Directors' review, unforeseen action taken by the OSC or other securities regulatory authorities, the unforeseen delays or changes to the WOL Project; 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.

SOURCE [Katanga Mining Ltd.](#)

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