

Katanga Mining Enters Into Definitive Agreement With Glencore for Going Private Transaction to Be Considered at Telephonic Shareholders Meeting

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April 22, 2020 - [Katanga Mining Ltd.](#) (TSX: KAT) ("Katanga" or the "Company") announces that it has entered into a definitive agreement (the "Acquisition Agreement") with Glencore International AG ("GIAG") pursuant to which the Company would be taken private by way of an amalgamation (the "Amalgamation") of the Company with 836074 Yukon Inc. ("Subco"), a wholly owned subsidiary of the Company, under the Business Corporations Act (Yukon) (the "YBCA"). Pursuant to the Amalgamation, holders ("Shareholders") of common shares of the Company (the "Common Shares") other than GIAG are entitled to receive C\$0.16 in cash for each pre-Amalgamation Common Share held which represents a 100% premium to the closing price of the Common Shares on April 21, 2020, the day prior to this announcement, a 139% premium over the 20-day volume weighted average price of the Common Shares immediately prior to such date, and a 60% premium to the high end of a valuation range provided by KPMG LLP ("KPMG").

The board of directors (the "Board") of Katanga has determined that it is essential to have the ability to hold Shareholder meetings when an in-person meeting may not be possible or would be very difficult (such as during the current COVID-19 public health emergency). The Board has amended its by-laws to allow the Company to hold meetings of Shareholders partially or entirely by telephonic or electronic means (the "By-Law Amendments").

Special Committee and Board Recommendations with respect to the Amalgamation

After careful consideration, a special committee of the Board (the "Special Committee") determined unanimously that the Amalgamation is in the best interests of the Corporation and is fair to Shareholders (other than GIAG) and recommended that the Board approve the Amalgamation and recommend to Shareholders (other than GIAG) that they vote in favour of the Amalgamation.

The determination of the Special Committee is based on various factors, including the lack of a meaningful public float and limited trading liquidity, the relative costs of a stock exchange listing relative to the market value of Common Shares, the attractive premium being offered to Shareholders (other than GIAG), the current commodity price risks, the ongoing operational risks, the financial risks, the lack of sources of financing without support from GIAG and other risks. The Special Committee reviewed the proposed Amalgamation with advice from independent financial advisors and legal counsel. The Special Committee retained CIBC World Markets Inc. ("CIBC") and KPMG as financial advisors to advise with respect to the financial fairness of the Amalgamation. CIBC and KPMG have provided fairness opinions to the Special Committee to the effect that, as of April 8, 2020 and subject to the assumptions, limitations and qualifications contained therein, the consideration offered under the Amalgamation was fair, from a financial point of view, to the Shareholders (other than GIAG). KPMG has also prepared and delivered a formal valuation (the "Formal Valuation") of the Common Shares under the supervision of the Special Committee. KPMG concluded that, subject to the assumptions, qualifications and limitations provided in the Formal Valuation, the fair market value of the Common Shares is in the range of US\$0.042 to US\$0.069 (or C\$0.06 to C\$0.10) per Common Share as at April 8, 2020, the date of the Formal Valuation.

Upon the recommendation of the Special Committee and after consultation with the Board's legal advisors, the Board determined unanimously that the Amalgamation is in the best interests of the Corporation and is fair to Shareholders (other than GIAG) and unanimously recommends that Shareholders (other than GIAG) vote in favour of the Amalgamation.

Copies of the fairness opinions of CIBC and KPMG, the Formal Valuation, and a description of the various factors considered by the Special Committee and the Board in their determination to approve the Amalgamation, as well as other relevant background information, will be included in a management information circular (the "Circular") to be sent to all Shareholders in the coming weeks, in advance of the special meeting of Shareholders expected to be held on or about June 2, 2020 (the "Meeting") to consider, among other things, the Amalgamation.

Approval of the Amalgamation and Related Matters

The Amalgamation is subject to approval at the Meeting by a special majority, being 2/3 of the votes cast by the Shareholders present or represented by proxy at the Meeting. GIAG intends to vote all of its 60,870,439,243 Common Shares, representing approximately 99.5% of the issued and outstanding Common Shares, in favour of the Amalgamation.

The completion of the Amalgamation is also subject to the satisfaction of closing conditions customary for transactions of this nature. If the Amalgamation is approved by Shareholders and the other closing conditions are satisfied, the effective date of the Amalgamation is expected to be on or about June 5, 2020.

Following the Amalgamation, the amalgamated corporation ("Amalco") will apply to the Toronto Stock Exchange to delist the Common Shares and will apply to the Canadian securities regulatory authorities to cease to be a "reporting issuer" under applicable Canadian securities legislation. Following Amalco ceasing to be a reporting issuer, Amalco will no longer be subject to the ongoing continuous disclosure and reporting obligations currently imposed upon the Company as a reporting issuer under such legislation. Amalco will be a private company that is wholly-owned, directly or indirectly, by GIAG.

Pursuant to the YBCA, a registered Katanga Shareholder may dissent in respect of the special resolution of the Shareholders approving the Amalgamation (each, a "Dissenting Shareholder"). If the Amalgamation is completed, Dissenting Shareholders who strictly comply with the procedures set forth in the YBCA will be entitled to be paid the fair value of their Common Shares pursuant to Section 193 of the YBCA. The Dissenting Shareholders, pursuant to the YBCA, may apply to court for a determination of the fair value of their Common Shares. Failure to comply with the requirements set forth in Section 193 of the YBCA may result in the loss or unavailability of any right to dissent.

Recommendation to Approve the By-Law Amendments

Pursuant to applicable corporate law requirements, the By-Law Amendments must be approved at the Meeting by at least a majority of the votes cast by Shareholders present or represented by proxy at the Meeting. GIAG intends to vote all of its Common Shares in favour of the By-Law Amendments. GIAG owns 60,870,439,243 Common Shares, representing approximately 99.5% of the issued and outstanding Common Shares.

After careful consideration and in light of existing conditions, the Board determined unanimously that the By-Law Amendments are in the best interests of Katanga and unanimously recommends that Shareholders vote in favour of the By-Law Amendments.

As the Board has approved the By-Law Amendments, they will be effective for the Meeting.

The Circular

Copies of the Circular, the Acquisition Agreement, the Amalgamation Agreement and certain related documents will be filed with the applicable Canadian securities regulators and will be available under the Company's profile on SEDAR at www.sedar.com.

Early Warning Disclosure

GIAG currently holds 60,870,439,243 Common Shares, representing approximately 99.5% of the issued and outstanding Common Shares.

Following completion of the Amalgamation, GIAG will beneficially own and control 100% of the issued and outstanding common shares of Amalco.

GIAG's purpose for entering into the Acquisition Agreement is to hold 100% of the issued and outstanding common shares of Amalco.

The head office of Katanga is Suite 301, 303 Alexander Street, Whitehorse, Yukon, Canada Y1A 2L5.

The head office of Glencore is Baarermattstrasse 3, CH-6340 Baar, Switzerland.

Counsel and Advisors

The Special Committee engaged Fasken Martineau DuMoulin LLP as its legal advisor. CIBC World Markets Inc. and KPMG LLP acted as financial advisors to the Special Committee.

Bennett Jones LLP is legal counsel to the Company.

McCarthy Tétrault LLP is legal counsel to GIAG.

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.

About Glencore International AG

GIAG is one of the world's largest globally diversified natural resource companies and is a major producer and marketer of commodities, employing 160,000 people around the world. GIAG's operations comprise around 150 mining and metallurgical sites and oil production assets.

Forward Looking Statements

This press release contains forward-looking statements and forward looking information within the meaning of applicable securities laws. 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. The forward looking statements in this press release include, but are not limited to, statements regarding the intention of the parties to complete the Amalgamation, the consideration to be received by Shareholders (other than GIAG) under the Amalgamation, and Amalco's intention to apply to delist the Common Shares from the Toronto Stock Exchange and apply to cease to be a reporting issuer under applicable Canadian securities legislation.

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.

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, including risks relating to the parties' ability to complete the Amalgamation in the time period anticipated, if at all, which is dependent upon the parties' ability to comply with the closing conditions to the Amalgamation, some of which are beyond the control of the parties; general economic conditions; the state of the capital markets; various risks that may adversely impact the operations of the Company due to the COVID-19 pandemic; foreign currency and exchange risk; and other risks relating to the business and industry of the Company that are detailed from time to time in the Company's filings with the Canadian provincial securities regulators. 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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