

News release

KATANGA MINING ANNOUNCES 2016 FOURTH QUARTER AND YEAR END FINANCIAL RESULTS

ZUG, SWITZERLAND, February 8, 2017 – **Katanga Mining Limited** (TSX: KAT) ("Katanga" or the "Company") today announces its financial results for the fourth quarter and 2016 fiscal year. Katanga's Financial Statements and Management's Discussion and Analysis will be filed on SEDAR, www.sedar.com.

Highlights during the three months and year ended December 31, 2016

	Three months ended			Twelve months ended	
	Dec 31,	Sep 30,	Dec 31,	Dec 31,	
	2016	2016	2015	2016	2015
Financial					
Realized copper price*	\$/lb	-	-	(4.35)	-
Realized cobalt price	\$/lb	-	-	5.13	-
Total sales*	\$'000	3	(1,632)	(1,497)	(30,127)
- <i>including repricing</i> *	\$'000	3	(1,632)	(7,863)	(30,853)
EBITDA**	\$'000	(64,468)	(55,214)	(78,138)	(249,141)
Net loss attributable to shareholders	\$'000	(113,219)	(99,499)	(123,371)	(427,683)
Cash flows from operating activities	\$'000	(7,090)	(33,141)	(140,523)	(161,080)

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

** Refer to Item 22 in the MD&A; Non-IFRS Measures. Due to the suspension of production C1 cash costs are not calculated for this period.

Review of 2016 Fourth Quarter Results

- Profitability during Q4 2016, when compared to Q3 2016 and Q4 2015, was affected by:
 - Write-off of consumable stores inventory with a net impact to the income statement of \$9.9 million in Q4 2016 (Q3 2016 - \$0.09 million; Q4 2015 – nil);
 - The release of the restructuring provision relating to contractor demobilisations and employee redundancy costs due to the suspension of production resulted in an income of \$3.7 million in Q4 2016, compared to an expense of \$12.3 million in Q4 2015 (Q3 2016 – nil); and
 - Income tax expense of \$3.7 million in Q4 2016 relating to changes in the deferred tax liability (Q3 2016 - \$5.5 million expense; Q4 2015 - \$0.1 million recovery). Deferred tax recognition on tax losses carried forward in the DRC ceased in Q2 2015. Such recognition will be reassessed on commissioning of the WOL Project.
- Cash outflows from operating activities decreased in Q4 2016, when compared to Q4 2015 and Q3 2016, due to lower working capital requirements, notably for the reduction in inventories and prepayments following the suspension of copper and cobalt processing. These cash outflows were funded by Glencore.

Review of 2016 Full Year Results

- Profitability during 2016, when compared to 2015, was affected by:
 - Quality discounts of \$27.0 million on finalization of outstanding 2015 sales;
 - Reduced operating expenditures due to the suspension of copper and cobalt processing;
 - The release of the restructuring provision of \$0.6 million relating to contractor demobilisations and employee redundancy costs following the suspension of production, which totalled to a \$36.3 million expense in 2015;
 - The cessation of borrowing cost capitalization during Q1 2015 due to the completion of the Phase 5 Expansion Project, resulting in Amended Loan Facility interest expense of \$305.5 million for 2016 (2015 - \$239.8 million) and customer prepayment interest of \$43.5 million for 2016 (2015 – \$19.7 million); and
 - Income tax expense of \$9.0 million in 2016 relating to 2014 and 2015 corporate income taxes as well as changes in the deferred tax liability (2015 - \$111.3 million recovery). Deferred tax recognition on tax losses carried forward in the DRC ceased in Q2 2015. Such recognition will be reassessed on commissioning of the WOL Project.
- Cash outflows from operating activities decreased in 2016, when compared to 2015, due to lower working capital requirements, notably for the reduction in inventories and prepayments following the suspension of copper and cobalt processing, partially offset by a higher reduction of payables during 2016. These cash outflows were funded by Glencore.

Unless otherwise specified, all \$ amounts referred to in this press release are U.S. dollars.

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About Katanga Mining Limited

Katanga Mining Limited 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 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, 2015 dated March 30, 2016); 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, 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.