



# Annual General Meeting

May 6, 2009

## Introduction

- ⊗ Since the beginning of 2009, Katanga has achieved several significant milestones:
  - Completed and filed Technical Report
  - Closing of USD 265m Mandatory Convertible Facility
  - Completed substantive negotiations on JV Agreement
  - Announced a USD 50m Bridge Loan Facility and USD 250m Rights Offering
  - Rationalisation of operations, reduction of manpower and overall cost structure
  - Phase 2 remains on budget

## Technical Report

### ⊗ Key results of the study:

- Evaluation Period – 23 years
- Copper production – 5,123,230 tonnes
- Cobalt production – 433,979 tonnes
- Life of project unit cost of USD 0.93 per pound of copper after cobalt credit
- Capital Expenditure
  - Expansion Phases 3 - 4: USD 260 million
  - Expansion Phase 5, Module 1: USD 991 million
  - Expansion Phase 5, Module 2: USD 225 million

## Technical Report

<b>Proven and Probable Mineral Reserves</b>	<b>Ore Tonnes (Mt)</b>	<b>Copper Grade %</b>	<b>Cobalt Grade %</b>
Kamoto	36.4	3.62%	0.52%
T17	3.1	2.67%	0.70%
Mashamba East	10.2	4.39%	0.52%
KOV	90.1	4.93%	0.38%
<b>Total Proven &amp; Probable Mineral Reserves</b>	<b>139.8</b>	<b>4.50%</b>	<b>0.44%</b>

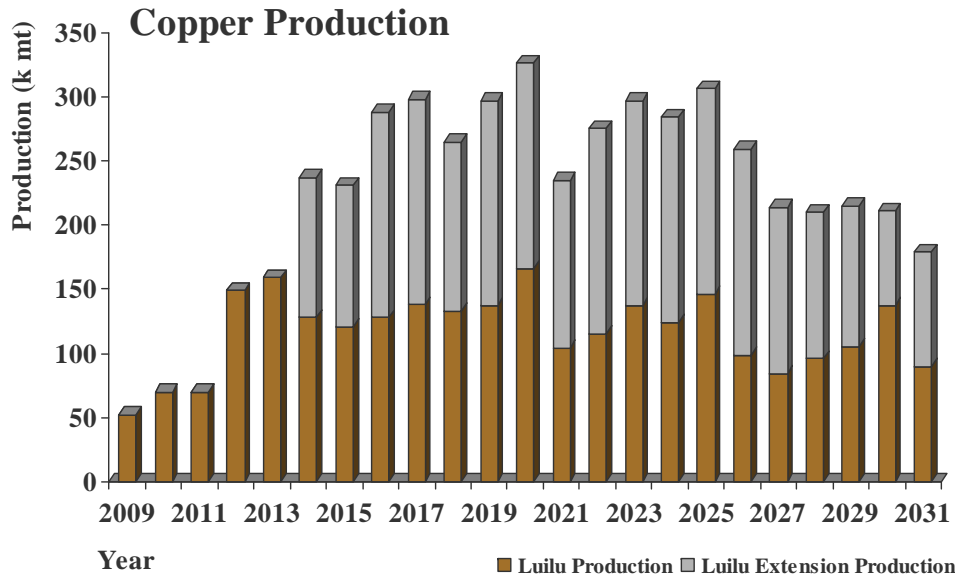
### Resource Estimate by Mine

Kamoto	35.7	4.69%	0.60%
T17	13.7	3.16%	0.64%
Mashamba East	75.0	1.80%	0.38%
KOV	126.9	5.33%	0.40%
Kananga	4.1	1.61%	0.79%
Tilwezembe	9.0	1.89%	0.60%
<b>Total Indicated Mineral Resources</b>	<b>264.5</b>	<b>3.95%</b>	<b>0.45%</b>

*Note: Mineral reserves are separate from mineral resources. Please refer to PR for Inferred Mineral Resources.*

*Source: Reported under South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code). Sources: Independent report by SRK Consulting and press release dated 31/03/09.*

# Production Profile



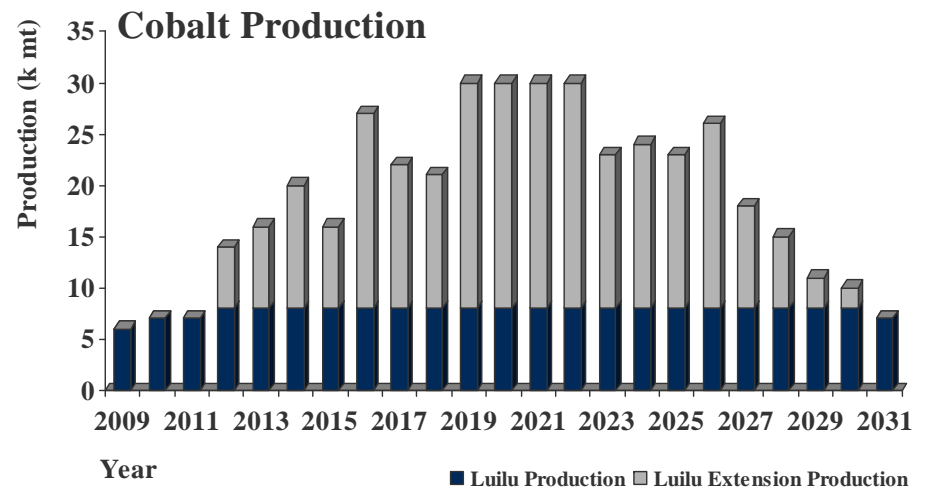
### Cu Production Profile:

Year	Capacity	Phase	Location
2011	70k mt	Phase 2	Existing Luilu
2012	110k mt	Phase 3	Existing Luilu
2013	150k mt	Phase 4	Existing Luilu
2014	230k mt	Phase 5	Mod 1
2015	310k mt	Phase 5	Mod 2

- ⊗ Luilu Extension expected to produce LME Grade Copper
- ⊗ Luilu produces standard grade

### Co Production Profile:

- ⊗ Existing Luilu capacity 8k mt by Phase 4; Co Metal
- ⊗ Luilu Extension; Cobalt Salt



## Joint Venture Agreement

### Transfers of Exploitation Permits, Infrastructure and Other Necessary Surfaces

- ⊗ Agreement on perimeters of the concession area deposits
- ⊗ Transfers of Exploitation Permits, Infrastructure and Other Necessary Surfaces
- ⊗ Installations and infrastructure to be rented by Gecamines to Merged JV
- ⊗ KZC concentrator to be returned to Gecamines

### Replacement Deposits

- ⊗ Gecamines has the right to undertake exploration activities to find replacement reserves
- ⊗ As at July 1, 2015 shortfall calculated as percentage of USD 285m and paid as compensation

### Share Capital and Financing

- ⊗ Share capital of KCC increased to USD 100m
- ⊗ 25% equity interest of Gecamines is non-dilutable

## Joint Venture Agreement – con't

### Rental, Royalty and Pas de Porte

- ⊗ 2.5% of net revenues payable as royalties to Gecamines
- ⊗ Entry premium of USD 140m payable to Gecamines in instalments until 2016

### Board and Management

- ⊗ Board increased to 8 members, 3 appointed by Gecamines
- ⊗ CEO appointed by Katanga and deputy CEO is Gecamines appointed
- ⊗ KOL Operating Agreement terminated by September 2009



## Financing – January 2009

### February 2009: Closed USD 265.3 million convertible loan facility

- ⊗ Provided USD 100m of additional cash to Katanga
- ⊗ Mandatorily convertible on Katanga raising additional USD 250m
- ⊗ Glencore's participation is now approximately USD 217.5m including a USD 16m call option



## Bridge Loan & Rights Offering

- ⊗ On April 28, Katanga announced a USD 50m Bridge Loan and USD 250m Rights Offering.
- ⊗ Rights Offering includes a standby commitment by Glencore for USD 250m.
- ⊗ The transaction follows a 6 month process during which Katanga explored funding from new, unrelated investors. During this period , Katanga also approached Glencore for interim bridge funding. Through these negotiations, Glencore expanded its offer to provide USD 250m worth of funding.
- ⊗ An independent Special Committee was setup to manage the process, including negotiations with Glencore. Their endorsement for the transaction included the following factors:
  - USD 250m provides the required financing for the completion of Phase 2 and the ramp-up of production;
  - The shareholders will be entitled to preserve their pro-rata interest in Katanga.
  - The Standby commitment from Glencore ensures that the Company will raise USD 250m which will also in turn cause the Mandatory Convertible Debt to be converted to equity; thereby completing the restructure of Katanga's capital structure.



## Bridge Loan & Rights Offering

- ⊗ USD 50m Secured Bridge Facility:
  - Available until 30 June 2009,
  - Interest rate of 8% p.a. fixed,
  - Funds to be drawn as needed on a weekly basis,
  - To be repaid out of the first proceeds of the Rights Offering.
  
- ⊗ USD 250m Rights Offering:
  - Katanga's Board to determine the discount per share, but not to be less than 25%,
  - Rights will be transferable over the TSX and exercisable up until the close of the Right Issue – 21 days after the mailing of the final prospectus;
  - 4% fee, payable in shares to Glencore on amount of the USD 250m not taken up by Glencore pursuant to its basic subscription right.
  - Based on potential reductions in threshold shareholdings, certain directors have entered into conditional resignation letters.

## Rights Issue

### Pro Forma Share Ownership

Millions of shares	Current Register	Full Take-up by other Shareholders		No Take-up by other Shareholders	
		Glencore	%	Glencore	%
Current shares	206.3	17.6	9%	17.6	9%
Shares from exchange of Glencore's Mandatory Convertible Participation	792.6	792.6	-	792.6	-
<b>Total Shares post Exchange</b>	<b>998.9</b>	<b>810.2</b>	<b>81%</b>	<b>810.2</b>	<b>81%</b>
Shares from Rights Offer <sup>(1)</sup>	1,164.7	945.8	-	1,164.7	-
<b>Total Shares post Rights Offer</b>	<b>2,163.6</b>	<b>1,756.0</b>	<b>81%</b>	<b>1,974.9</b>	<b>91%</b>
Shares from exchange of residual Mandatory Convertible	229.0	-	-	-	-
<b>Total Shares post Offer &amp; Exchange</b>	<b>2,392.6</b>	<b>1,756.0</b>	<b>73%</b>	<b>1,974.9</b>	<b>83%</b>

<sup>(1)</sup> Assuming share price of CAD 0.3484, CAD/USD 1.2107, 25% discount rate and includes shares issued pursuant to Standby Committee fee.

### Expected Timetable

- ⊗ Final prospectus Mid to end May
- ⊗ Rights Issue open 21 days
- ⊗ Close expected Mid to end June

## Production Highlights

- ⊗ Operations have been rationalised, cost structure is being reduced and a significant reduction in Manpower has been achieved
  
- ⊗ T17 Mine
  - Mobilised new mining fleet (including one RH340 shovel & five 793D trucks);
- ⊗ Kamoto underground mine
  - Mining contractor appointed to accelerate development & roof bolting;
  - Back-fill plant rehabilitation on track
- ⊗ KTC concentrator
  - CM3 Mill commissioned at end of March;
  - Process efficiencies meeting expectations
- ⊗ Luilu metallurgical facility
  - Copper production & process efficiencies meeting expectations;
  - Cobalt production below expectations, continue to attend to filtration issues and metallurgical issues



## Phase 2 (70,000 tpa copper) Project Review

- ⊗ Refurbishment of leach trains completed;
- ⊗ Roaster, scheduled to be completed by end of June 2009;
- ⊗ Project remains on budget, \$138mio