

News release

Katanga Project Update and 2Q 2008 Financials

LONDON, UK August 12, 2008 – **Katanga Mining Limited** (TSX – **KAT**) (“Katanga” or the “Company”) today gives a project update and announces its financial results for the quarter ending June 30, 2008.

Highlights

- Copper cathode production during the quarter of 5,314 tonnes; cobalt metal production of 120 tonnes after production began on May 3; and production of 13,463 tonnes of concentrate.
- For accounting purposes, commercial production at Kamoto Copper Company (“KCC”) commenced June 1, 2008.
- Total net sales for the quarter of US\$48.9 million comprising \$19.5 million from copper, \$2.6 million from cobalt and \$26.8 million from concentrate sales.
- Net loss for the quarter of US\$9.9 million (US\$0.05 per share), compared with a net loss for the second quarter of 2007 of US\$14.0 million (US\$0.18 per share).
- Positive operating cash flow of US\$4.0 million for the quarter.
- US\$352.2 million cash on balance sheet at June 30, 2008.
- Phase II rehabilitation on schedule.

Outlook

- Forecast payable production for 2008 has been reduced from 33,500 tonnes of copper and 2,900 tonnes of cobalt to 27,500 tonnes of copper and 2,700 tonnes of cobalt.
- Feasibility study for the expansion project on track to be completed near the end of third quarter.
- DRC Copper and Cobalt Project (“DCP”) to be merged into KCC before the end of 2008.
- Improving filtration performance together with scheduled additions to concentrate filtration and copper/cobalt residue filtration plus additional sulfide concentrate roasting capacity in the third quarter will significantly improve throughput, copper/cobalt recovery, and refined metal production at Luilu for the balance of the year.
- Improving workforce skills and productivity is and will continue to be an important and challenging priority.
- The Memorandum of Understanding (“MoU”) announced August 5, 2008 sets forth the framework for KAT to get the full operational and financial benefit from the merger with Nikanor.

Arthur Ditto, Katanga CEO, had the following comments concerning results: “Copper cathode production steadily increased during the second quarter, and continues to do so as filtration performance and capacity in the copper leach circuit improves. We were pleased to see cobalt metal production start in May and to complete our first cobalt exports to Europe at the end of June. The program to drive increased output from the Kamoto mine during the year is solid, and until now, the mines have not limited copper and cobalt production.

“However, with Luilu output continuing to ramp higher, the miners will need to take their performance up a few notches. While the plant’s copper production during the quarter was in line with our May 14 forecast, cobalt output was less than expected. This, together with current assessments of the time required to add needed residue filtration capacity at the plant, make it prudent to reduce our production outlook for 2008. This year is the first budget cycle for a newly formed site organization, and it is certainly an intense learning curve for all involved to understand workforce limitations and issues associated with throughput related bottlenecks at Luilu. Although our production forecasts for the year are reduced, we expect to be profitable in the second half of 2008.

“Engineering and construction work for Kamoto Phase II and for the first module of the new metallurgical section at Luilu is progressing well, and our full feasibility study for the integrated and expanded project is on track to be available near the end of the third quarter.

“The MoU announced on August 5th establishes the framework for amending our Joint Venture Agreement with Gécamines and addresses requirements coming from the Government mining review. We have now outlined the way forward to get full operational and financial benefit from the merger with Nikanor.”

Operations review

Copper cathode production for the quarter increased 35% from first quarter to 5,314 tonnes, which was in line with our May 14 forecast. Steady progress to increase filtration capacity along with commissioning a second retrofitted roaster at Luilu, will maintain the upward production trend throughout the year. However, current estimates of the timing for adding residue filtration at Luilu show that full year copper cathode output will be 24,700 tonnes, a reduction of 19% from our guidance at the end of the first quarter. Cobalt metal production began in May, and the current forecast for 2008 is 1,100 tonnes, a reduction of 500 tonnes from our May 14 guidance. Forecast concentrate production has increased from 43,500 tonnes for the year to 54,000 tonnes, and is expected to add 2,800 tonnes of payable copper, a reduction of 200 tonnes, and 1,600 tonnes of payable cobalt, an increase of 300 tonnes.

Kamoto Underground Mine

Kamoto production during the quarter was 125,505 tonnes of ore. Underground operations began about a year ago and production has steadily increased. July production of 52,000 tonnes was a record. Ore grade during the quarter was 3.94% Cu and 0.45% Co. The mine’s technical, operating, and maintenance organizations continue to improve. Similarly, new production areas are being serviced, and back filling capability is being enhanced. Supply chain performance is strengthening and warehouse inventories to support the operation are now approaching satisfactory levels.

Open pit mining

Production from the Musonoie-T17 and Tilwezembe open pits exceeded plans during the quarter. Musonoie-T17 produced 103,791 tonnes of ore, and Tilwezembe, which recommenced mining ore following the restart of the Kolwezi Concentrator in early April, produced 156,632 tonnes. Cobalt grade from Musonoie-T17 was above forecast, while copper grade was lower than expected. The mine is now getting deeper and the percentage of “copper rich ore” is increasing. Datamine modelling and geological control systems are now functional for the open pits, enabling better production forecasting. An updated mineral resource model for Tilwezembe and Musonoie-T17 was completed at the end of June, producing an optimized mining plan which will help reduce mining costs.

Kolwezi Concentrator

The Kolwezi Concentrator (KZC), which was shut down during much of the first quarter for safety and performance-related improvements, resumed operation on April 9. During the quarter, KZC processed 201,419 tonnes of ore and produced 13,463 tonnes of concentrate. While production was well ahead of forecast, metallurgical performance was below expectation. Refinements to improve metallurgical accounting, operating procedures, and ore blending are underway to enhance results. Audits are underway at both Tilwezembe and KZC to reconcile differences reported between mine and mill feed grades.

Kamoto Concentrator

The Kamoto Concentrator (KTC) processed 218,530 tonnes of ore during the quarter from which 21,943 tonnes of concentrate was produced. Concentrator capacity exceeds current ore supply and satisfactorily meets planned availability and recovery targets.

Luilu Metallurgical Plant

Luilu produced 5,314 tonnes of copper cathode. The cobalt circuit was completed during the quarter and 120 tonnes of cobalt metal was produced. Copper production has consistently increased during the last three quarters as plant debottlenecking and related improvements are made.

Copper cathode and cobalt metal production will continue increasing as the following improvements are made during the third quarter:

- Increases in the filtration capacity of the concentrate reception section of the plant
- Increases in the copper circuit residue filtration capacity
- Start-up of a second rehabilitated roaster
- Enhancement of the cobalt hydroxide precipitation filtration capacity
- The addition of a second bay in the cobalt tank house, doubling the number of operating cells to 64

Rehabilitation Project update

Phase II of the Kamoto rehabilitation project is expected to be completed, as planned, by the end of 2008, providing a production capacity of 70,000 tpa Cu and 3,000 tpa Co. As part of Phase II, a third cascade mill is being rehabilitated and 58 flotation cells are being added to the circuit in the Kamoto Concentrator. At the Luilu Metallurgical Plant, a new roaster is being constructed and leaching and electro-winning capacity will be doubled. To date, 9 of 14 tanks in the leach and CCD areas as well as 10 of 54 electro-winning cells are complete. At KTC, 12 of 58 float cells were completed.

In parallel with the Kamoto project, the Joint Venture is developing the KOV open pit and building a new leach and SX/EW facility. Construction of the acid plant and the first 80,000 tonne per year module of this facility commenced in June 2008.

The feasibility study for the expansion project is on track to be completed near the end of the third quarter. As part of the study, the Company has mandated a group of four banks to arrange and underwrite Senior Debt Facilities in an amount up to US\$550 million. Final approval and signing of the facility agreement is anticipated by year end 2008.

Sustainability activities

Local community investment projects continue to be a priority. A MoU with Project Cure, a U.S.-based non-profit organization, was signed during the quarter. This agreement, covering a five-year period will see the Company sponsor the shipment of one container of medical equipment to Katanga Province annually and in partnership with other participating organizations, lead to donation of an estimated \$10 million worth of medical equipment and supplies to medical facilities in the area. Katanga also finalized planning and agreements covering malaria control and community inoculation initiatives which will deliver broad-based benefits to Kolwezi and its surrounding communities and expand on its bed-net distribution program and health education initiatives.

The farm established by Katanga has now matured to the extent that it will be sustainable by year-end, following the introduction of livestock and better marketing of produce into the local area. The Company has also assisted the community of Musonoi with the reestablishment of potable water supply and the refurbishment of existing transformers to re-introduce electricity to households.

Conference call and webcast

Katanga will hold a conference call and webcast at 8.30am Eastern Time (Toronto) / 1.30pm BST (London) on August 12, 2008 to provide a project update and discuss its 2Q financials.

The call will be hosted by Arthur Ditto, President and Chief Executive Officer, who will be joined by Stephen Jones, Senior Vice President and Chief Financial Officer. Senior site personnel will be available for questions.

Details of how to access the call and webcast are below. A news release, slide presentation, financial statements and management discussion and analysis will be available on Katanga's website, www.katangamining.com, prior to the call.

Katanga's Financial Statements and Management Discussion and Analysis for the quarter are filed on SEDAR, www.sedar.com.

Conference call/webcast details:

Date: August 12, 2008
Time: 8.30am Eastern Time (Toronto) / 1.30pm BST (London)
Dial in: 1800 608 0547 (Canada Free Call)
0808 109 0700 (UK Free Call)
1866 966 5335 (USA Free Call)
+44 203 003 2666 (Standard International)
ID: Katanga Mining Limited (please quote this when dialing in)
Webcast: An audio webcast with slide presentation will be available at the following link:
<http://services.choruscall.eu/links/katanga080812.html>

Replay details:

The call will be available for replay until midnight on August 18, 2008 at the following number: +44 (0) 208 196 1998 (International Access Number), 6736718 Replay PIN Number. The webcast will be archived at the same location as above for six months.

For further information contact:

Arthur H. Ditto
President & Chief Executive Officer
Tel: +44 (0)20 7440 5800

Stephen M. Jones
Senior Vice President & Chief
Financial Officer
Tel: +44 (0)20 7440 5800

Tiffany Carlsen
Communications Manager
Tel: +44 (0)20 7440 5800

Media:

Citigate Dewe Rogerson (UK)
George Cazenove
Tel: +44 (0)20 7638 9571

Fleishman-Hillard (North America)
Caroline Spivak
Tel: +1 416 645 8185

To learn more about Katanga Mining Limited, please visit our website at www.katangamining.com

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, with a targeted annual output of over 300,000 tonnes of refined copper and over 30,000 tonnes of refined cobalt by 2011. Katanga is listed on the Toronto Stock Exchange under the symbol KAT.

The following table sets out a summary of the quarterly results for the Company for the last eight quarters:

	2006	2006	2007	2007	2007	2007	2008	2008
	Q3	Q4	Q1	Q2	Q3	Q4	Q1 ¹	Q2 ²
Statement of Operations and Deficit								
(millions except where indicated)								
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90.2	\$ 48.9
Cost of sales	-	-	-	-	-	-	105.0	32.6
Total revenues less cost of sales	-	-	-	-	-	-	(14.8)	16.3
General administrative and other expenses	3.6	2.5	3.9	11.4	10.9	7.8	19.9	26.2
Debenture Interest	-	1.6	3.8	4.1	6.2	5.0	4.7	4.6
Interest income	(0.9)	(2.0)	(2.3)	(1.5)	(0.7)	(0.1)	(7.1)	(5.8)
Net Loss	2.7	2.1	5.4	14.0	16.4	12.0	17.4	9.9
Loss per common share	\$ 0.03	\$ 0.02	\$ 0.07	\$ 0.18	\$ 0.21	\$ 0.15	\$ 0.10	\$ 0.05
Realized copper price (per lb)	-	-	-	-	-	-	\$ 3.58	\$ 3.71
Realized cobalt price (per lb)	-	-	-	-	-	-	-	\$ 32.00
Realized concentrate price (per tonne)	-	-	-	-	-	-	\$ 4,306	\$ 4,301
Total copper sold (tonnes)	-	-	-	-	-	-	1,996	3,892
Total copper produced (tonnes)	-	-	-	-	-	340	3,946	5,314
Total cobalt sold (tonnes)	-	-	-	-	-	-	-	30
Total cobalt produced (tonnes)	-	-	-	-	-	-	-	120
Total concentrate sold (tonnes)	-	-	-	-	-	-	19,630	7,897
Total concentrate produced (tonnes)	-	-	-	-	-	-	2,903	13,463
Balance Sheet								
Cash and cash equivalents	\$ 122.7	\$ 197.0	\$ 166.0	\$ 100.6	\$ 37.9	\$ 100.7	\$ 463.4	\$ 352.5
Current assets	126.2	201.7	170.7	110.8	54.3	128.5	612.1	476.0
Mineral interests and other assets	19.0	48.4	78.3	143.9	223.2	320.3	2,431.8	2,599.8
Total assets	145.2	250.1	249.0	254.7	277.5	448.8	3,043.9	3,075.8
Current liabilities	4.0	9.7	12.1	16.5	39.8	67.2	110.2	130.0
Long-term debt	-	93.5	94.2	108.0	116.4	267.5	266.4	271.8
Other long-term liabilities	-	-	-	-	-	-	554.5	563.0
Total liabilities	4.0	103.2	106.3	124.5	156.2	334.7	931.1	964.8
Shareholders' equity	141.2	146.9	142.7	130.2	121.3	114.1	2,112.8	2,111.0
Cash Flow								
Operating activities	(0.9)	(0.2)	(0.6)	(2.9)	(6.7)	(13.8)	10.9	4.0
Financing activities	0.4	96.4	-	0.2	6.1	150.0	-	-
Investing activities	(8.2)	(22.2)	(30.5)	(62.6)	(62.3)	(72.8)	362.2	(116.0)

1. Nikanor Plc results included from January 11, 2008 upon acquisition.
2. Commercial production commenced June 1, 2008 for the Kamoto Project.

The following production information sets out the quarterly results for the company since initial mining began in the quarter ended June 30, 2007.

	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2
Cobalt and Copper Production Statistics¹					
<i>Underground Mining</i>					
Waste mined (tonnes)	3,469	4,029	5,972	17,670	19,570
Ore mined (tonnes)	27,995	42,147	105,367	117,948	125,505
Copper grade	2.91	2.60	3.86	4.08	3.94
Cobalt grade	0.44	0.46	0.43	0.37	0.45
<i>Open Pit Mining</i>					
Waste mined (tonnes)	512,574	1,400,998	1,610,830	1,250,836	1,652,307
Ore mined (tonnes)	-	36,986	63,705	95,055	103,791
Copper grade	-	1.18	1.18	1.35	1.75
Cobalt grade	-	0.50	0.50	0.83	0.80
<i>Concentrator</i>					
Ore processed (tonnes)	-	71,247	84,726	206,615	218,530
Concentrate produced (tonnes)	-	4,571	8,247	23,786	21,943
<i>Metallurgical Plant</i>					
Copper produced (tonnes)	-	-	340	3,946	5,314
Cobalt produced (tonnes)	-	-	-	-	120

Concentrate Production Statistics²

<i>Open Pit Mining</i>					
Waste mined (tonnes)				1,998,161	1,598,767
Ore mined (tonnes)				50,718	156,632
Copper grade				1.30	1.36
Cobalt grade				1.39	1.32
<i>Concentrator</i>					
Ore processed (tonnes)				34,963	201,419
Concentrate produced (tonnes)				2,903	13,463
Copper grade in concentrate				11.51	11.72
Cobalt grade in concentrate				7.03	5.48

1. Commercial production did not commence until June 1, 2008.
2. Concentrate production was acquired from Nikanor Plc and only the production results relating to operations from the acquisition date are shown.