

# News release

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## Katanga Announces 2010 First Quarter Results

**BAAR, SWITZERLAND** May 11, 2010 – **Katanga Mining Limited** (TSX – **KAT**) (“Katanga” or the “Company”) today announces its financial results for the first quarter of 2010. Katanga’s Interim Financial Statements and Management’s Discussion and Analysis for the period will be filed on May 11, 2010, on SEDAR, [www.sedar.com](http://www.sedar.com).

### Highlights during and subsequent to the three months ended March 31, 2010

- Total sales for the first quarter of 2010, were US\$140.7 million, comprising US\$94.3 million (12,915 tonnes) for copper cathode, US\$37.6 million for cobalt metal (900 tonnes) and \$8.8 million for copper concentrate (1,381 tonnes of contained copper).
- For the first quarter of 2010, the Company had a gross profit of US\$39.1 million and net income of US\$27.6 million
- For the first quarter of 2010, the Company generated US\$72.3 million in positive cash flows from operating activities and a net total cash increase of US\$49.6 million resulting in a closing cash balance of US\$126.7 million.
- C1 cash cost for the first quarter of 2010 were US\$1.34 per pound of copper (C1 cash costs per pound of copper are cash costs including mining, processing, administration and refining, net of cobalt credits) \*.
- Production data for the first quarter:
  - Copper production was 12,458 tonnes which was a reduction on the previous quarter by 924 tonnes due to mining constraints in Kamoto underground mine which have now been resolved.
  - Cobalt production was 889 tonnes with improved recovery rates for cobalt achieved throughout the plant.
- On March 31, 2010, the Company filed its updated Technical Report, which detailed the accelerated increase in production capacity to 150,000 tonnes of copper and 8,000 tonnes of cobalt by end of the second quarter of 2011, and the proposed increase in production capacity to 310,000 tonnes per annum of copper and 30,000 tonnes of cobalt. The Technical Report stated the Company’s ability to fund this development through existing cash balances and cash generated from operations, based on current copper and cobalt prices.
- On April 27, 2010, the merger of Kamoto Copper Company SARL and DRC Copper and Cobalt Project was approved by Presidential decree.

## Outlook

- As detailed in the updated Technical Report the Company continues to implement the Accelerated Development Plan to a production capacity of 150,000 tonnes per annum of copper and 8,000 tonnes per annum of cobalt by the second quarter of 2011, with a production capacity of 110,000 tonnes per annum of copper being achieved as planned in July 2010
- The Company has commenced a Scoping and Engineering study which will be completed in the fourth quarter of 2010. This study will review the process engineering completed for the planned new SX/EW plant with a view towards reducing capital expenditures and simplifying process design, as highlighted in the new Technical Report, to facilitate the integration with the current site infrastructure.
- Dewatering and pre-strip activities in KOV open pit are progressing as scheduled to allow for the production of ore in July 2010.

Management of Katanga Mining Limited will host a conference call Wednesday, May 19, 2010 at 10:00 am (EST) to discuss the Company's 2010 first quarter results. Participants may join the call by dialling toll free 1-888-231-8191 or 647-427-7450 for calls from outside Canada and the US. A recorded playback of the call can be accessed after the event until May 26, 2010 by dialling 1-800-642-1687 or 416-849-0833 for calls outside Canada and the US. Pass-code: 74908425. A live and archived audio webcast will also be available at [www.katangamining.com](http://www.katangamining.com).

### For further information contact:

John Ross	Nick Brodie
CEO	CFO
Tel: +41 (041) 766 71 10	Tel: +41 (041) 766 71 12

## 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.*

*\*The Company has included a non-GAAP performance measure, CI cash costs, net of by-product credits, per pound of copper. The Company reports CI cash costs on a production basis. In the copper mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP*

*This press release contains "forward-looking statements" within the meaning of Canadian securities legislation, concerning the business, operations and financial performance and condition of Katanga. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled estimates", "forecasts", "outlook", "intends", "anticipates", "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur", or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Katanga to be materially different from those expressed or implied by such forward-looking statements, including but not limited to, the current global financial condition; the speculative nature of mining operations; unanticipated variations in mineral resources or ore reserves, grade and recovery rates; risks relating to international operations, including political unrest, social disruption in the local communities and limitations in taking legal actions and enforcing judgments; the lack of infrastructure in the Democratic Republic of the Congo; health risks to Katanga personnel and local population; global competition in the mining sector; relationships with joint venture partners; the existence of a principal shareholder; potential conflicts of interests; dependence on key personnel and third party contracts and business arrangements; compliance with, or changes to, applicable laws, regulations, rules or quality standards, including those relating to Katanga's mineral entitlements and mining rights; insurance coverage limitations and uninsured risks; changes in environmental regulations and/or enforcement of such regulations; fluctuating copper and/or cobalt prices and currency exchange rates; acts of terrorism; accidents, labour disputes and other risks of the mining industry, including the possibility of project cost overruns or unanticipated costs and expenses or the failure of plant, logistics, equipment or processes to operate as anticipated. A more detailed analysis of the risk factors that could affect Katanga's operations and results can be found in the updated Technical Report and most recent Annual Information Form of Katanga, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).*