



News release

KATANGA MINING ANNOUNCES 2011 SECOND QUARTER RESULTS

ZUG, SWITZERLAND, August 12, 2011 – **Katanga Mining Limited** (TSX: **KAT**) ("**Katanga**" or the "**Company**") today announces its financial results for the second quarter of 2011. Katanga's Financial Statements and Management's Discussion and Analysis will be filed on SEDAR, www.sedar.com.

Highlights during the three ("Q2") and six ("H1") months ended June 30, 2011

- During Q2 2011, the Company mined 1,296,012 tonnes of ore at a grade of 4.39% resulting in contained copper in ore mined of 56,874 tonnes, 19% higher than Q1 2011 and 124% higher than Q2 2010. For H1 2011, contained copper in ore mined amounted to 104,527 tonnes representing an increase of 117% from H1 2010. The annualized contained copper in ore mined for Q2 2011 amounts to approximately 227,000 tonnes and has allowed an increase in contained copper in strategic stockpiles of approximately 5,000 tonnes (when compared to Q1 2011) in anticipation of the upcoming wet season.
 - Ore mined and hoisted at KTO Underground Mine for Q2 2011, at 415,028 tonnes, represents an 8% increase compared to Q1 2011 and a 33% increase on Q2 2010. For H1 2011, ore mined and hoisted totaled 798,643 tonnes representing an increase of 31% on H1 2010.
 - Ore mined at KOV Open Pit for Q2 2011, at 603,070 tonnes, was 10% above Q1 2011 (no ore was mined in Q2 2010). This is equivalent to an annualized production capacity of 2.4 million tonnes which is consistent with the 2012 production rate and the ramp up schedule as described in Katanga's Independent Technical Report dated March 31, 2011 (the "ITR") available on SEDAR at www.sedar.com. The copper grade of ore mined from KOV Open Pit for Q2 2011 averaged 5.05%.
 - KOV Open Pit is now effectively dewatered with 52.7 million cubic litres of water having been removed.
 - During Q2 2011, the Company commenced with the dewatering of the Kamoto East pit which is adjacent to KOV Open Pit and the water level to date has dropped by 4.37 meters with 1.5 million cubic meters of water having been removed. The Kamoto East pit dewatering is expected to allow for more efficient and cost effective waste management and the potential development of the Kamoto East resource using underground mining methods.
 - Ore milled at KTC for Q2 2011, at 1,085,484 tonnes represents a 22% increase from Q1 2011 and a 54% increase from Q2 2010. For H1 2011, ore milled at KTC was 1,974,785 tonnes, an increase of 49% from H1 2010. The current milling capacity at KTC of 7.68 million tonnes of ore per annum is sufficient milling capacity to support the Life of Mine Plan through to 2014 described in the ITR.
-

-
- Copper produced in metal and concentrate for Q2 2011 totaled 24,370 tonnes, an increase of 33% and 92%, respectively compared to Q1 2011 and Q2 2010. Cobalt produced totaled 663 tonnes, an increase of 4% compared to the Q1 2011.
 - Total sales for Q2 2011, were \$165.6 million, comprised of \$121.9 million for copper cathode (14,870 tonnes), \$25.2 million for cobalt metal (734 tonnes) and \$18.5 million for copper concentrate (3,113 tonnes of contained copper).
 - For Q2 2011, the Company generated a gross profit of \$44.0 million, net income of \$43.6 million and cash generated from operating activities of \$23.6 million.
 - C1 cash costs for Q2 2011 were \$1.79 per pound of copper. C1 cash costs per pound of copper are cash costs including mining, processing, administration and refining, net of cobalt credits – see item 20 Non-IFRS measures.
 - The Company continues to increase the production of oxide concentrate for sale as a finished product and the construction of a 120,000 tonnes per annum concentrate filtration and bagging facility is expected to be completed in August 2011.
 - The Company announced the appointment of Jeff Best as Chief Operating Officer on May 6, 2011.

Outlook

- During Q2 2011, the Company completed the front-end engineering and early works study for the New Phase 4 expansion of the Project to 310,000 tonnes of copper total plant capacity per annum. The study describes:
 - an additional 100ktpa solvent extraction (“SX”) plant, over and above the 200ktpa SX plant described in the ITR, to be constructed in front of the existing Lulu electrowinning plant;
 - the expectation that the Company will reach higher copper and cobalt production levels sooner than the timelines as described in the ITR; and
 - an increase in expansionary capital expenditures from approximately \$537 million as described in the ITR to approximately \$630 million due primarily to the inclusion of the additional SX plant and an in-pit crusher at KOV Open Pit;The Company is in the process of evaluating the implications of the study and expects to make an announcement regarding the way forward in due course.
- The Company completed all critical scopes of work relating to the refurbishment program associated with the previously disclosed Accelerated Development Plan during July 2011. This will increase production capacity to 150,000 tonnes per annum of copper and 8,000 tonnes per annum of cobalt.
- For July 2011, copper produced in metal and concentrate exceeded 9,000 tonnes.
- The Company is in the process of identifying a new Chief Executive Officer to replace Mr. John Ross and would like to thank Mr. Ross for his continued service during the transition period.

For further information contact:

John Ross
CEO
Tel: +41 (041) 766 71 10

Nico Paraskevas
CFO
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.

Non-IFRS Measures

The Company has included a non-IFRS (as hereinafter defined) performance measure, C1 cash costs, net of by-product credits, per pound of copper. The Company reports C1 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 using accounting policies consistent with the International Accounting Standards Board ("IFRS"), 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 IFRS. C1 cash costs inclusive of by-product credits are calculated by deducting by-product cobalt sales revenues from operating cash costs.

Forward-looking Information

This press release contains "forward-looking information" within the meaning of Canadian securities legislation under the heading " Highlights during the three ("Q2") and six ("H1") months ended June 30, 2011" with respect to the Company's business, operations and financial performance and condition, including the Company's refurbishment works associated with the Accelerated Development Program, Phase 4 expansion, production of oxide concentrate, anticipated future capacities, project expansion opportunities and exploration, development and production. Generally, forward-looking information 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 statements that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur", or "be achieved". Statements containing forward-looking information 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 statements, including but not limited to: risks relating to the refurbishment of existing facilities; unexpected events during construction, start-up, expansion or production; variations in ore grade or tonnes mined; future prices of copper and cobalt; futures prices of oxide concentrate; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; political unrest and insurrection; acts of terrorism; accidents, labor disputes and other risks of the mining industry; delays in the completion of development or construction activities, as well as those factors discussed referred to in the current annual information form of the Company filed with the securities regulatory authorities in Canada and available at www.sedar.com. Although management of Katanga has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward-looking information 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 statements containing forward-looking information. Katanga does not undertake to update any forward-looking information or statement that is incorporated herein, except in accordance with applicable securities laws.