KATANGA
MINING LIMITED

No. 4/2019

NEWS RELEASE

KATANGA MINING ANNOUNCES 2018 FOURTH QUARTER AND YEAR END FINANCIAL RESULTS

ZUG, SWITZERLAND, February 20, 2019 – Katanga Mining Limited (TSX: KAT) ("Katanga" or the "Company") today announces its financial results for the fourth quarter and 2018 fiscal year. Katanga's Financial Statements and Management's Discussion and Analysis ("MD&A") will be available on SEDAR, www.sedar.com.

Operating Results

		Three months ended			Year ended	
		Dec 31, 2018	Sep 30, 2018	Dec 31, 2017	**Dec 31, 2018**	Dec 31, 2017
Sales	$'000	344,708	428,116	7,696	1,265,094	25,292
Mining, processing and other costs (net of changes in metal stocks)*	$'000	(320,726)	(220,282)	(4,289)	(773,331)	(31,839)
Royalties and transportation costs*	$'000	(54,326)	(73,704)	-	(201,682)	-
Depreciation and amortization*	$'000	(85,721)	(74,955)	-	(276,638)	-
Gross (loss) profit	$'000	**(116,065)**	59,175	3,407	**13,443**	(6,547)
Operating expenses*		-	-	(190,028)	-	(420,034)
Other expenses	$'000	(14,456)	(738)	(6,266)	(24,651)	(9,401)
Write-offs / loss on disposal of property, plant and equipment	$'000	(8,088)	(32,678)	(749)	(50,237)	(3,042)
Property, plant and equipment impairment		-	-	(25,148)	-	(25,148)
Net finance costs	$'000	(111,762)	(102,244)	(103,588)	(461,450)	(387,015)
Restructuring expenses**	$'000	-	-	-	(248,128)	-
Fines and penalties***		(22,248)	-	-	(22,248)	-
Income tax expense	$'000	(3,557)	(9,383)	(1,197)	(12,940)	(1,487)
Net loss and comprehensive loss	$'000	**(276,176)**	(85,868)	(323,569)	**(806,211)**	(852,674)
Non-controlling interests	$'000	(48,718)	(7,361)	(92,912)	(97,775)	(279,178)
Attributable to shareholders of the company	$'000	**(227,458)**	(78,507)	(230,657)	**(708,436)**	(573,496)
Adjusted EBITDA******	$'000	(52,888)	100,714	(187,587)	215,193	(382,748)
Basic and diluted loss per common share	$/share	(0.12)	(0.04)	(0.12)	(0.37)	(0.30)
C1 costs*****	$/lb	2.53	0.94	nm	1.79	nm

* Since the resumption of production, expenses previously disclosed in operating expenses have been reclassified to cost of sales.

** For further information, refer to item 9 of the Company's MD&A, available on SEDAR at www.sedar.com under 'Restructuring expenses'.

*** For further information, refer to item 2 of the Company's MD&A under 'Restatement of Historical Financial Statements filed in 2017 and OSC Settlement'.

**** The aggregation of sales, cost of sales (less depreciation), operating expenses, general and administrative expenses, loss on disposal and write-offs of property, plant and equipment and foreign exchange gains and losses are included within adjusted EBITDA (Refer to item 22 'Non-IFRS financial measures').

***** For further information, refer to item 21 of the Company's MD&A under 'Non-IFRS financial measures'.

		Three months ended			Year ended	
		Dec 31, 2018	Sep 30, 2018	Dec 31, 2017	**Dec 31, 2018**	Dec 31, 2017
Copper revenue	$'000	270,765	246,289	3,172	867,917	3,006
Cobalt revenue	$'000	73,943	181,827	-	396,914	-
Concentrate revenue	$'000	-	-	4,524	263	22,286
Total revenue	$'000	**344,708**	428,116	7,696	**1,265,094**	25,292
Including net provisional pricing adjustment		(10,012)	5,585	*265*	(4,318)	*265*
Copper cathode sold	tonnes	48,686	43,596	451	145,743	451
Cobalt contained in hydroxide sold	tonnes	1,430	3,737	-	7,343	-
Copper contained in concentrate sold	tonnes	-	-	1,915	73	8,608
LME average copper price	$/lb	2.80	2.77	3.08	2.96	2.88
Realized copper price[(1)]	$/lb	2.10	2.03	2.66	2.23	2.66
MB average cobalt price	$/lb	31.68	34.65	30.62	36.79	25.81

(1) Realized copper prices are based on gross copper revenue (above) after deducting realization charges, royalties and other selling expenses.

The movement in revenue is due to the following price and volume factors:

- Copper revenue increased to $270.8 million in Q4 2018 from $246.3 million in Q3 2018. Copper revenue increased to $867.9 million in 2018 from $3.0 million in 2017. Cobalt revenue decreased to $73.9 million in Q4 2018 from, $181.8 million in Q3 2018. Cobalt revenue increased to $396.9 million in 2018 from $nil in 2017. The increase in copper revenue in both periods and the increase in cobalt revenue in 2018 compared to 2017 are due to the resumption of production in December 2017 following the completion of phase 1 of the whole ore leach project ("WOL Project") and the ongoing ramp-up of production in 2018. The decrease in cobalt revenue in Q4 2018 compared to Q3 2018 is due to the temporary suspension of cobalt sales.
- Included in sales is a net provisional pricing adjustment resulting from movements in the commodity price between the date of sale and the final pricing based on average prices for a specified period thereafter. At each reporting date, provisionally priced sales that have not been finalized retain an exposure to future changes in prices and are marked-to-market based on London Metal Exchange ("LME") and Metal Bulletin ("MB") forward prices. These adjustments were recorded in sales in the statement of loss and comprehensive loss and within receivables on the statement of financial position.

The movement in cost of sales and operating expenses is due to the considerations detailed in the table below:

		Three months ended			Year ended	
		Dec 31, 2018	Sep 30, 2018	Dec 31, 2017	**Dec 31, 2018**	Dec 31, 2017
Open pit mining costs	$'000	37,283	29,550	-	116,985	-
Underground mining costs	$'000	14,003	14,361	-	51,107	-
KTC processing costs	$'000	28,533	21,902	-	81,260	-
Luilu refinery costs	$'000	113,937	83,330	-	300,736	-
Change in metal stock	$'000	11,806	13,371	4,289	(63,355)	31,839
Mine infrastructure and support costs	$'000	114,544	57,357	-	283,494	-
Expense on issue of capital spares to production	$'000	620	411	-	3,104	-
Depreciation	$'000	85,721	74,955	-	276,638	-
Royalties and transportation costs	$'000	54,326	73,704	-	201,682	-
Total cost of sales	$'000	**460,773**	**368,941**	**4,289**	**1,251,651**	**31,839**
Open pit mining care and maintenance costs	$'000	-	-	15,812	-	49,447
Underground mining care and maintenance costs	$'000	-	-	8,595	-	28,479
KTC processing care and maintenance costs	$'000	-	-	10,882	-	33,043
Luilu refinery care and maintenance costs	$'000	-	-	10,064	-	20,778
Mine infrastructure and support care and maintenance costs	$'000	-	-	110,914	-	193,565
Expense on issue of capital spares to production	$'000	-	-	1,479	-	9,662
Depreciation	$'000	-	-	31,197	-	81,424
Royalties and transportation costs	$'000	-	-	1,085	-	3,636
Total operating expenses	$'000	-	-	**190,028**	-	**420,034**

Review of Q4 2018 Expenses

- A gross loss was incurred of $116.1 million in Q4 2018 compared to a gross profit of $59.2 million in Q3 2018. The gross loss is driven by lower revenue due to the temporary suspension of cobalt sales, increased reagent costs at the Luilu metallurgical plant and increased mine infrastructure and support costs. This was offset by an increase in copper sales in the quarter;

- Open pit mining costs increased to $37.3 million in Q4 2018 from $29.6 million in Q3 2018. The increase in open pit mining costs is due to increased maintenance activity surrounding the ongoing ramp-up of production;

- KTC processing costs increased to $28.5 million in Q4 2018 from $21.9 million in Q3 2018. KTC processing costs have increased due to the increase in total material milled and processed, in line with the optimized mine plan;

- Luilu refinery costs increased to $113.9 million in Q4 2018 from $83.3 million in Q3 2018. Luilu refinery costs have increased due to increased reagent costs and an increase in total oxide feed from KTC, in line with the optimized mine plan;

- Mine infrastructure and support costs increased to $114.5 million in Q4 2018 from $57.4 million in Q3 2018. The increase in mine infrastructure and support costs is driven by an increase in provisions relating to slow moving stock, an increase in provisions for other receivables and increased support costs for site activities following the ongoing ramp-up of production; and

- Royalties and transportation costs decreased to $54.3 million in Q4 2018 from $73.7 million in Q3 2018. Royalties and transportation costs have decreased due to the temporary suspension of cobalt sales.

Review of 2018 Full Year Expenses

- Gross profit increased to $13.4 million in 2018 from a $6.5 million gross loss in 2017. The increase in gross profit is related to the resumption of production in December 2017 following the completion of phase 1 of the WOL Project and the ongoing ramp-up of production during 2018. The gross profit in 2018 was impacted by the temporary suspension of cobalt sales, the impact of the DRC's new Mining Code adopted in January 2018 (the "New DRC Mining Code") and increased mine infrastructure and support costs;

- Income tax expense increased to $12.9 million in 2018 from $1.5 million in 2017. The increase in income tax expense is due to the minimum tax of 1% of revenues imposed under the New DRC Mining Code;

- Open pit mining costs increased to $117.0 million in 2018 from $49.5 million in 2017 (previously disclosed under operating expenses). The increase in open pit mining costs in 2018 compared to 2017 is due to the resumption of ore mining activities which were suspended during the 2017 comparative period to ensure sufficient ore availability for the WOL Project, of which, phase 1 was completed in December 2017 as well as the ongoing ramp-up of production in 2018;

- Underground mining costs increased to $51.1 million in 2018 from $28.5 million in 2017 (previously disclosed under operating expenses). The increase in underground mining costs reflects an increase in total underground material mined following the commencement of secondary development activities as well as the continuation of primary development activities in 2018;

- KTC processing costs increased to $81.3 million in 2018 from $33.0 million in 2017 (previously disclosed under operating expenses). The increase in KTC processing costs is due to the increase in total material milled and maintenance activities performed related to the resumption of production in December 2017 following the completion of phase 1 of the WOL Project and the ongoing ramp-up of production during 2018. Processing activities were largely suspended during the comparative period in 2017;

- Luilu refinery costs increased to $300.7 million in 2018 from $20.8 million in 2017 (previously disclosed under operating expenses). The increase in Luilu refinery costs is due to an increase in copper cathode and cobalt contained in hydroxide produced related to the resumption of production in December 2017 following the completion of phase 1 of the WOL Project and the on-going ramp-up of production during 2018. Processing activities were largely suspended during the comparative period in 2017;

- Change in metal stock was $(63.4 million) in 2018 and $31.8 million in 2017. The change in metal stock reflects a decrease in cost of sales during 2018 compared to 2017 due to increased volumes of ore in stockpile inventory, work in progress inventory and finished goods inventory. The increased volumes are due to the ongoing ramp-up of production in 2018. The increase in inventory was offset by a $24.3 million net realizable value adjustment on ore in stockpile inventory due to lower realized copper and cobalt prices. Ore mining and processing activities were largely suspended during the comparative period in 2017;

- Mine infrastructure and support costs increased to $283.5 million in 2018 from $193.6 million in 2017 (previously disclosed under operating expenses). The movement in mine infrastructure and support costs is due to increased site activity following the resumption of production in December 2017 and the ongoing ramp-up of production in 2018, an increase in provisions for other receivables and increased support costs for site activities following the ongoing ramp-up of production;

- Depreciation increased to $276.6 million in 2018 from $81.4 million in 2017 (previously disclosed under operating expenses). The increase in depreciation reflects the resumption of production in Q4 2017 and the ongoing ramp-up of production in 2018 which drove the application of the unit of production depreciation method against specific production assets as well as the commencement of depreciation in 2018 of phase 1 and phase 2 of the WOL Project; and

- Royalties and transportation costs increased to $201.7 million in 2018 from $3.6 million in 2017 (previously disclosed under operating expenses). The increase in royalties and transportation costs is due to increased sales of copper cathode and cobalt contained in hydroxide following the resumption of production in December 2017 and the ongoing ramp-up of production in 2018. Government royalty costs for copper and cobalt have increased to 3.5% of gross revenue from 2.5% of net revenue in 2018 due to the implementation of the New DRC Mining Code.

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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. 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.

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. 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.