



# GLENCORE

## Joint News Release

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### **Katanga Announces Filing of Final Prospectus and Record Date in Respect of US\$250 Million Rights Offering**

LONDON, UK May 22, 2009 – **Katanga Mining Limited** (TSX – KAT) (“Katanga” or the “Company”) today announced that it has filed a final short form prospectus (the “Prospectus”) with the securities regulatory authorities in each of the provinces and territories of Canada in connection with its previously announced US\$250 million rights offering (the “Offering”).

Under the Offering, shareholders of record on June 3, 2009 (the “Record Date”) will receive one Right for each Katanga common share (“Common Share”) held. For every 1.648281 Rights held the holder will be entitled to subscribe for one Common Share at a price of US\$0.35 per Common Share (the “Subscription Price”) – no fractional Common Shares will be issued. Shareholders who fully exercise their Rights are entitled to subscribe pro-rata for additional Common Shares, if available, that were not subscribed for initially by other Shareholders on or before June 26, 2009 (the “Expiry Date”). Shareholders should consult the final short form prospectus and their financial advisors to determine their rights and entitlements under the Offering.

The final prospectus along with the certificates representing the Rights will be mailed to eligible shareholders beginning on or about June 5, 2009. Registered shareholders wishing to exercise their Rights must forward the completed certificate representing such Rights, along with the applicable funds to Equity Transfer & Trust Company in Toronto, Ontario by 5:00 p.m. on the Expiry Date. Shareholders who hold their Common Shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary.

Based on the conditional approval letter of the Toronto Stock Exchange, the Common Shares are expected to commence trading on the TSX on an ex-Rights basis at the opening of business on June 1, 2009 meaning that Common Shares purchased on, or following, that date will not be entitled to receive the Rights under this Offering. At the same time, the Rights are expected to be posted for trading on the TSX on a “when-issued” basis and will thereafter trade under the symbol “KAT.RT”. Trading of the Rights is expected to continue until noon (Toronto time) on the Expiry Date. The Common Shares trade on the TSX under the symbol “KAT”.

On April 27, 2009, Katanga entered into a transaction agreement (the “Transaction Agreement”) with Glencore Finance (Bermuda) Limited (“Glencore”) pursuant to which Glencore agreed to subscribe for such number of Common Shares at the conclusion of the Offering as is necessary to ensure that Katanga raises gross proceeds of US\$250 million under the Offering (the “Standby Commitment”). The Transaction Agreement provided that the subscription price per Common

Share would not be less than the U.S. dollar equivalent of the market price of the Common Shares on the TSX on the day prior to the filing of the Prospectus, less a 25% discount. As a result of the recent volatility in the trading price of the Common Shares, market precedent and in order to remain in compliance with applicable Canadian regulatory requirements concerning the pricing of rights offerings backstopped by related parties, Katanga's board of directors set the Subscription Price at a deeper discount and entered into an amendment agreement (the "Amendment Agreement") dated May 22, 2009 with Glencore setting the Subscription Price.

In addition, as contemplated by the Transaction Agreement, Katanga, Glencore and Jangleglade Limited (the "Standby Purchaser"), a wholly-owned subsidiary of Glencore International AG, have agreed, pursuant to a novation agreement dated May 22, 2009, to novate all of Glencore's rights and obligations under the Transaction Agreement to the Standby Purchaser, with Glencore guaranteeing the obligations of the Standby Purchaser under the Transaction Agreement, including the Standby Commitment. The parties have also agreed that the fee payable in Common Shares to the Standby Purchaser for providing the Standby Commitment (the "Standby Fee Shares") will be calculated by reference to a per Common Share price of US\$0.8284, the five day volume weighted average price of the Common Shares on the TSX as of May 21, 2009.

### **Early Warning Disclosure**

On May 22, 2009, Glencore and the Standby Purchaser entered into various assignment and transfer agreements pursuant to which Glencore transferred all of the Common Shares held by it (being 17,583,369 Common Shares) to the Standby Purchaser, and assigned a portion of its loan participation under the Facility Agreement (as defined in the Prospectus) and its corresponding rights and obligations to exchange such loan participation into Common Shares. The amount of Glencore's loan participation in the Facility assigned to the Standby Purchaser is equal to US\$201.5 million principal amount, together with any interest that has accrued on such amount and not yet been paid or capitalised. The remaining US\$16 million participation in the Facility (plus any accrued interest thereon), which is subject to a Call Option (as defined below) remains with Glencore.

As of May 22, 2009, the Standby Purchaser's participation in the Facility was approximately US\$204.4 million (including accrued interest) or 75.8% of the Facility and the Standby Purchaser held 17,583,369 Common Shares (approximately 8.5% of the then issued and outstanding Common Shares), and Glencore's participation in the Facility was approximately US\$16.2 million (including accrued interest) or 6.0% of the Facility.

Upon exchange of its participation in the Facility on June 2, 2009, the Standby Purchaser will own, or exercise control or direction over, 753,178,633 Common Shares representing approximately 64.0% of the total issued and outstanding Common Shares on a partially diluted basis assuming exchange of all participations in the Facility on such date at an exchange price of US\$0.2783 per share. Following completion of the Offering, the Standby Purchaser will beneficially own, or exercise control or direction over, the number of Common Shares as set out below, in each of the following circumstances:

*Exchange of the Facility prior to the Record Date of the Offering by all Lenders under the Facility and Full Exercise of Rights by other Shareholders.*

Assuming: (i) holders of Rights take up their Basic Subscription Privilege in full and the Standby Commitment is not utilized; and (ii) the Standby Purchaser only exercises its Basic Subscription Privilege (as defined in the Prospectus), following closing of the Offering the Standby Purchaser would beneficially own, or exercise control or direction over, 1,213,876,820 Common Shares representing approximately 64.0% of the 1,895,380,413 issued and outstanding Common Shares. This assumes the exchange of all participations in the Facility prior to the Record Date. The number of Common Shares and the percentage of the total outstanding Common Shares stated in the preceding sentence are based on: (i) the Standby Purchaser holding 17,583,369 Common Shares prior to the exchange of its participation in the Facility; (ii) the number of Common Shares outstanding immediately prior to the Record Date (other than those issuable on the exchange by all lenders under the Facility) being 206,320,802; (iii) the exchange of all participations in the Facility on June 2, 2009 at an exchange price of US\$0.2783 per share; (iv) the issuance of 3,750,229 Standby Fee Shares to the Standby Purchaser; and (v) the issuance of 456,947,958 Common Shares to the Standby Purchaser under the Offering.

Glencore has previously issued a call option (the “Call Option”) to Ellesmere Global Limited over a US\$16 million participation in the Facility (plus any accrued interest thereon), and accordingly has retained this participation in the Facility (which has not been assigned to the Standby Purchaser). Assuming the Call Option is not exercised, Glencore would receive 58,400,760 Common Shares on exercise of its exchange rights under the Facility, and on exercise of its Basic Subscription Privilege in respect of the Rights relating to such Common Shares, would receive an additional 35,431,312 Common Shares. Accordingly, after exercise of Glencore’s exchange rights under the Facility and its Basic Subscription Privilege under the Offering, Glencore and the Standby Purchaser will beneficially own, or exercise control or direction over, 1,307,708,892 Common Shares representing approximately 69.0% of the issued and outstanding Common Shares.

*Exchange of the Facility prior to the Record Date of the Offering by all Lenders under the Facility and No Exercise of Rights by Shareholders other than the Standby Purchaser and Glencore.*

Assuming none of the holders of Rights exercise their Basic Subscription Privilege and accordingly the Standby Purchaser provides its Standby Commitment in full, following closing of the Offering the Standby Purchaser would beneficially own, or exercise control or direction over, 1,435,783,603 Common Shares representing approximately 75.8% of the 1,895,380,413 issued and outstanding Common Shares. This assumes exchange of all participations in the Facility prior to the Record Date. The number of Common Shares and the percentage of the total outstanding Common Shares stated in the preceding sentence are based on: (i) the Standby Purchaser holding 17,583,369 Common Shares prior to the exchange of its participation in the Facility; (ii) the number of Common Shares outstanding immediately prior to the Record Date (other than those issuable on the exchange by all lenders under the Facility) being 206,320,802; (iii) the exchange of all participations in the Facility on June 2, 2009 at an exchange price of US\$0.2783 per share; (iv) the issuance of 3,750,229 Standby Fee Shares to the Standby

Purchaser; and (v) the issuance of 678,854,741 Common Shares to the Standby Purchaser under the Offering.

In addition, assuming the Call Option is not exercised, Glencore would receive 58,400,760 Common Shares on exercise of its exchange rights under the Facility, and on exercise of its Basic Subscription Privilege in respect of the Rights relating to such Common Shares, would receive an additional 35,431,312 Common Shares. Accordingly, after exercise of its exchange rights under the Facility and its Basic Subscription Privilege under the Offering, Glencore and the Standby Purchaser will beneficially own, or exercise control or direction over, 1,529,615,675 Common Shares representing approximately 80.7% of the issued and outstanding Common Shares

### *Investment Intent*

The decision of Glencore and the Standby Purchaser to participate in the Rights Offering and, in the case of the Standby Purchaser, to provide the Standby Commitment, has been made for investment purposes. Each of Glencore and the Standby Purchaser will continue to review their investment alternatives from time to time and may determine to increase or decrease their equity ownership in Katanga through the acquisition or sale of additional outstanding Common Shares or other securities of Katanga through open market or privately negotiated transactions in accordance with applicable securities laws.

Glencore is negotiating with an unrelated third party to establish a joint venture with respect to the Common Shares held by the Standby Purchaser and/or Glencore. If the joint venture is established successfully it may provide that the Standby Purchaser and/or Glencore would contribute all of their Common Shares to the joint venture in exchange for a joint venture interest of 50%. The third party would obtain the other 50% interest in the joint venture by making a cash payment. The third party does not currently own any Shares. Glencore does not intend to update the market on its joint venture negotiations unless it signs a definitive joint venture agreement.

### **For further information regarding Katanga contact:**

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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.*

**For further information regarding Glencore contact:**

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**About Glencore**

*Glencore International AG, based in Baar, Switzerland, is the parent company of Glencore Finance (Bermuda) Limited and is a leading privately held, diversified natural resources company with worldwide activities in the smelting, refining, mining, processing, purchasing, selling and marketing of metals and minerals, energy products and agricultural products.*

*Persons who wish to obtain a copy of the Early Warning Report filed by Glencore in connection with this transaction may obtain a copy of such report from [www.sedar.com](http://www.sedar.com) or by contacting the persons listed above.*

**Forward-looking Information**

*This press release contains “forward-looking information” within the meaning of Canadian securities legislation, concerning the business, operations and financial performance and condition of Katanga. Forward-looking statements include, but are not limited to, the need for the Company to obtain additional equity or debt financing. Generally, these 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”, “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: risks related to failure to obtain additional equity or debt financing within a reasonable time period; unexpected events during construction, expansion and start-up; variations in ore grade, tonnes mined; future prices of copper and cobalt; 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 herein or 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](http://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 such 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. Katanga does not undertake to update any forward-looking statements that are incorporated herein, except in accordance with applicable securities laws.*