

Metallon Corporation
Q2 2016 Production and Corporate Update

Metallon Corporation, the gold mining, development and exploration company with producing assets in Zimbabwe and exploration assets in Tanzania and DRC, announces its production results for Q2 2016 and an update on corporate activities. These results are unaudited and are therefore subject to final adjustment.

Q2 2016 Production Highlights:

Mine	April production (oz)	May production (oz)	June production (oz)	Q2 2016 production (oz)	Q1 2016 production (oz)
How	3,578	4,717	4,436	12,731	9,540
Shamva	1,694	1,728	1,507	4,928	5,063
Mazowe	977	826	736	2,540	2,902
Arcturus	0	0	0	0	788
Redwing	873	740	753	2,366	2,379
TOTAL	7,122	8,011	7,432	22,565	20,673
Group C1 costs (\$/oz)	770	729	749	764	884
Group C3 (\$/oz)	1,069	967	915	983	962
Group AISC (\$/oz)	1,066	954	908	971	1,156

- Group gold production for Q2 2016 was 22,565 ounces, 9% higher than the previous quarter (Q1 2016: 20,673). Production for the year to date of 43,238 ounces. The increase in gold production in Q2 2016 was mostly due an outstanding performance at How Mine.
- Power interruptions continued to affect operations in Q2 2016. Metallon lost 112 hours of production in Q2 2016 which equates to approximately 1,700 ounces (Q1 2016: 4,275 ounces). Metallon is working on possible solutions for supplementing grid power supply.



- The Q2 2016 Group C1 costs were US\$764 per ounce and all-in-sustaining costs ('AISC') were US\$971 per ounce. This is an improvement of 14% and 16% compared to Q1 2016 (Q1 2016: C1 cost US\$884 and US\$1,156). This improvement was the result of increased production and cost savings from overtime control and central procurement. As production and cost efficiencies improve throughout the year with new equipment and increased capacity, Metallon expects these costs to reduce further.
- In Q2 2016 development metres drilled were 3,871, a 26.5% increase on 3,059 metres drilled in Q1 2016.

Group Expansion Update:

- **How Mine**
How Mine has commenced the deepening of the 16N7 Shaft in order to increase ore supply. The shaft deepening from 28L to 34L is to access ore below 28 Level which will increase future production. Commissioning of the deepened shaft is expected in 2018.
- **Shamva Mine**
The new Tailing Storage Facilities ('TSF') at Shamva Mine will be commissioned in Q4 2016. Plans are scheduled to refurbish the Processing Plant at Shamva Mine to 70,000 tonnes per month capacity, which would increase production in 2017. In Q2 2016 Management appointed contract miners at Shamva Mine. Contract miners commenced on 1st August 2016 and management are confident that positive results will be generated in Q3 2016. Dependant on performance, management may consider use of contract miners across the Group.
- **Mazowe Mine**
Construction on the new Processing Plant and TSF at Mazowe is currently at 80% and commissioning is expected in Q4 2016. The new Mazowe Processing Plant will increase capacity at the mine to 70,000 tonnes per month.
- **Redwing Mine**
Redwing Mine continues to increase production following the resumption of operations in November 2015. Production is expected to increase to 22,000 tonnes per month by Q4 2016. Plans are also underway to increase production to 50,000 tonnes per month in 2017.
- **Group Exploration**
Exploration drilling has commenced at Mazowe Mine and drill results will be published in Q3 2016. Metallon's next MRMR Group statement as at 30 June 2016 will be available in Q3 2016 and will include additional resources at Redwing Mine following the resumption of mining. In 2016, Metallon will be focused upgrading the Inferred section of its resource into the Measured & Indicated category. This exploration programme across Metallon's mines is positioning the Company for increased production over the next five years.



Ken Mekani, Chief Executive Officer, Metallon Corporation, commented;

“Metallon delivered a positive performance in Q2 2016. Production increased almost 10% and AISC reduced by 16% quarter on quarter, with the operations at How Mine especially achieving strong results. The New Processing Plant at Mazowe is 80% constructed with all key equipment on site and we have confirmation from our contractors that the Plant will be commissioned in Q4 2016. The appointment of contract miners at Shamva Mine and ramp up at Redwing Mine will also provide increased production in the second half of the year. We look forward to the continued expansion across the Group and reaffirm our production target of 120,000 ounces in 2016.”

“Metallon is currently investing significantly in Zimbabwe with the deepening of the shaft at How Mine, the refurbishment of the Processing Plant at Shamva Mine, the expansion at Redwing Mine and a targeted exploration programme across the Group. This large capital expenditure programme over the next few years will considerably increase our production and generate future revenue. Mining is viewed as one of the fundamental pillars of economic growth and development in Zimbabwe. Although the initial on-set of liquidity challenges impacted mining activities due to delays in paying for imported products, we are encouraged that the Reserve Bank of Zimbabwe is prioritising payments within the mining sector. Metallon continues to work closely with the Chamber of Mines and we are engaging regularly with the Ministry of Finance and the Ministry of Mines and Mining Development.”

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Notes to Editors:

Metallon Corporation Limited is the leading gold mining company in Zimbabwe. Metallon owns and operates four gold mining operations and has a world class gold resource of over 8.3Moz. How Mine, near Bulawayo, is the flagship operation and produces over 55% of production. Shamva and Mazowe Mines, both located near Harare, each produce



approximately 20% and Redwing Mine, near Mutare, reopened in November 2015 and is currently ramping up production. Gold production in 2015 was 97,000 ounces and the budget for 2016 is 120,000 ounces. Metallon is focused on increasing gold production significantly by improving current mining operations and through ambitious expansion across all operations, with a target to be a 500,000 ounce per annum producer in the next 5 years. Metallon, founded by its Chairman, Mzi Khumalo, is committed to investing in Zimbabwe and working responsibly in relation to our people, the environment and the communities in which we operate.