

**Metallon Corporation**

**Full Year 2016 Production Results and Corporate Update**

Metallon Corporation, the gold mining, development and exploration Company with producing assets in Zimbabwe, announces its Q4 2016 and Full Year 2016 production results and an update on corporate activities. These results are unaudited and are therefore subject to final adjustment.

**Q4 and Full Year 2016 Operational Highlights:**

	October production (oz)	November production (oz)	December production (oz)	Q4 2016 production (oz)	FY 2016 production (oz)	FY 2015 production (oz)
How	5,007	3,741	3,375	12,123	50,191	52,314
Shamva	2,198	2,085	2,045	6,328	21,067	25,465
Mazowe	1,151	1,133	1,007	3,291	12,060	10,695
Arcturus	-	-	-	-	788	7,242
Redwing	856	1,006	748	2,610	10,106	814
<b>TOTAL</b>	<b>9,212</b>	<b>7,965</b>	<b>7,175</b>	<b>24,352</b>	<b>94,212</b>	<b>96,530</b>
Group C1 costs (\$/oz)	740	848	976	845	809	818
Group AISC costs (\$/oz)	977	1,058	1,173	1,061	1,023	1,017

- The Group gold production for Full Year 2016 was 94,212 ounces - 2% lower than 2015 (FY 2015: 96,530 ounces). The Group gold production for Q4 2016 was 24,352 ounces – 8.5% lower than the previous quarter (Q3 2016: 26,622 ounces).
- Annual gold production was lower than planned due to:
  - the commissioning of the Mazowe Processing Plant being postponed due to equipment delays. Commissioning is now scheduled for Q1 2017.
  - the fall of ground incident at How Mine in December 2016, which impacted on production mainly to ensure safe working conditions.
  - lower ounces produced at Shamva Mine due to planned repair work of the loading station. Contract mining was introduced in September 2016 and investments and repairs were carried out across the production chain. Once improvements were completed, Shamva Mine averaged 2,100oz/month in Q4 2016, compared with 1,600oz/month for the first 9 months of the year. Further capitalisation and improvements are expected in 2017.
  - power supply interruptions affecting all operations, especially at Redwing Mine.



- The Group C1 costs and All-In-Sustaining Costs (AISC) for 2016 were US\$809 and US\$1,023 per ounce respectively (2015: C1 costs US\$818 and AISC US\$1,017). Compared to 2015, C1 costs were 1% lower due to focused cost efficiencies and AISC were 1% higher due to capital expenditure.
- In regards to Safety, Health, Environment and Quality, Lost Time Injury Frequency Rate (LTIFR) was 1.35 for 2016 compared to 1.95 for 2015.

#### **Full Year 2016 Financial Highlights:**

- EBITDA for 2016 was US\$18.6m in 2016, 40% improvement on US\$13.3m obtained in 2015.
- The average gold price realised in 2016 was US\$1,239 compared to US\$1,159 in 2015.
- In 2016, capital expenditure across the Group was US\$12m of which US\$3.7m was sustaining and restoration capital and US\$8.3m was expansion capital spent on New Projects. Such expenditure demonstrates Metallon's commitment to investing in Group assets in Zimbabwe.

#### **Outlook for 2017**

- Gold production is expected to be approximately 115,000 ounces in 2017.
- In 2017 Metallon's focus will be:
  - completion of Mazowe Processing Plant and the Mazowe and Shamva Tailings Facilities in Q1 2017
  - improved development and increased production across the Group and ramp up at Redwing Mine
  - exploration and development at brownfield assets in Tanzania.

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

*"2016 was a year of positive progress for Metallon. The business delivered an outstanding EBITDA with a 40% increase compared to 2015. This was attributable to solid production from operations, especially at How Mine, improved cost efficiencies and a strong gold price. Furthermore Metallon continued to invest its cashflows back into the business with over US\$12m spent on capital expenditure, testament to our commitment to improving our operations in Zimbabwe. However the year was not without its challenges, especially in regards to the completion of the Mazowe Processing Plant. There have been impediments in taking delivery of final materials and equipment partly due to delays in making external payments in Zimbabwe. The Plant is now constructed and scheduled for commissioning in Q1 2017.*

*"We look forward to even greater improvements in 2017 as we target approximately 115,000 ounces of production and receive additional benefits from increased sales volumes and lower average costs. Metallon will also be focusing on commencing exploration and development at brownfield sites in Tanzania. This is part of Metallon's long term strategy to become a 500,000 ounce per annum producer in the next 5 years."*



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**Notes:**

Metallon Corporation Limited is the leading gold mining company in Zimbabwe and is and currently in the process of securing exploration and development assets in Tanzania and DRC. Metallon owns and operates four gold mining operations and has a world class gold resource of over 8.3Moz in Zimbabwe. How Mine, near Bulawayo, is the flagship mining operation and produces over 55% of production. Shamva and Mazowe Mines, both located near Harare, each produce approximately 22% and 13% respectively and Redwing Mine, near Mutare, reopened in 2015 and is currently ramping up production. Gold production in 2016 was 94,212 ounces and the budget for 2017 is 115,000 ounces. Metallon is focused on increasing gold production significantly through expansion plans across all Zimbabwean operations and developing assets in Tanzania. The target is to be a 500,000 ounce per annum producer within the next five years. Metallon, founded by its Chairman, Mzi Khumalo, is committed to investing in all its operations and working responsibly in relation to our people, the environment and the communities in which we operate.