

Metallon Corporation
Q1 2015 Production and Corporate Update

Metallon Corporation, a gold mining company with producing assets in Zimbabwe and exploration assets in Zimbabwe, Tanzania and DRC, announces its production update for Q1 2015 and an update on corporate activities.

Q1 2015 Production Highlights:

Mine	January production (oz)	February production (oz)	March production (oz)	Q1 2015 production (oz)	Q1 2014 production (oz)
How	4,298	4,595	4,787	13,680	13,518
Shamva	2,215	2,018	1,887	6,120	4,932
Mazowe	875	1,072	1,137	3,083	2,426
Arcturus	589	604	310	1,503	1,705
TOTAL	7,977	8,289	8,120	24,385	22,581
Group C1 costs (\$/oz)	775	740	802	772	828
Group AISC (\$/oz)	1,002	972	1,048	1,007	1,041

- The Group gold production for Q1 2015 was 24,385 ounces. This was 15% below the budget of 28,654 ounces. However the Group's performance for the first quarter was 8% higher than the same period last year.
- The Group C1 costs and all-in-sustaining costs for Q1 2015 were US\$772 and US\$1,007 per ounce respectively. There has been a significant improvement of costs from Q1 2014. As production and cost efficiencies improve throughout the year, Metallon expects these costs to reduce further.
- Metallon's gold production guidance for 2015 remains approximately 150,000 ounces and all-in-sustaining costs of approximately US\$970 per ounce are expected in 2015.



- The gold production shortfall for the Q1 2015 was mostly due to equipment breakdowns (hoist, crushers and mills). This is being addressed through a phased equipment replacement programme. New locos and crushers have been ordered for Arcturus mine and a 4 1/4 crusher is also to be ordered for Mazowe mine.
- There were some highlights during the quarter, with How Mine milling an all-time record tonnage of 32,130 tonnes in March 2015.

Corporate Update:

- Throughout Q1 2015, Metallon has been focused on increasing production to full capacity at all mining operations and commencing work on new projects that will add further production.
- Work has commenced on the Sands Retreatment Project at Mazowe Mine. Metallon has appointed engineering company, Baldmin Engineering, in South Africa to build a 60,000 tonne per month plant. Fabrication of the plant is underway at the factory in South Africa, and is approximately 50% complete. Construction of civil engineering work at Mazowe Mine commenced in March 2015 and plant erection on site will commence in early June 2015, taking two months to complete. Commissioning of the plant is expected in September 2015.
- In March 2015, Metallon also appointed Fraser Alexander to construct new tailings dams at Shamva Mine and Mazowe Mine. Construction of the tailing dams will be in stages, with commission of the first stage six weeks after construction has begun.
- At Redwing Mine, which is currently under-development, development works above 6 Level have commenced and plant refurbishment work are to commence in the second quarter.
- Metallon has appointed KBA (Pty) Ltd as New Projects Co-ordinator. KBA (Pty) Ltd will be working closely with the Metallon New Projects Team in Zimbabwe on the 2015 Implementation Program. The key areas of project management will be the new Sands Retreatment Plant at Mazowe Mine, the Mazowe Plant & Underground Upgrade and new Tailings Dams at Mazowe & Shamva Mines. Another key focus will be bringing Redwing Mine back into production through Mine Dewatering and Plant & Underground Refurbishment.

Mzi Khumalo, Chief Executive and Deputy Chairman, Metallon Corporation, commented;

“There have been some challenges in production during the first quarter due to equipment breakdowns, however these issues have been addressed through the equipment replacement programme. Despite this we have still seen an improvement in production of 8% from Q1 2014 and work has advanced with our new projects. In the second quarter of 2015, we look forward to continued improvement in production and further progress in



projects implementation. Metallon remains committed to a reduction of costs and remaining a low cost gold producer.”

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