

Metallon Corporation
Full Year 2015 Production and Corporate Update

Metallon Corporation, a gold mining company with producing assets in Zimbabwe and exploration assets in Tanzania and DRC, announces its production for 2015, the outlook for 2016 and an update on corporate activities. These results are unaudited and are therefore subject to final adjustment.

Q4 and Full Year 2015 Production Highlights:

	October production (oz)	November production (oz)	December production (oz)	Q4 2015 production (oz)	FY 2015 production (oz)	<i>FY 2014 production (oz)</i>
How	3,784	3,241	6,189	13,214	52,314	55,008
Shamva	2,315	1,693	2,029	6,037	25,465	24,056
Mazowe	804	829	979	2,612	10,695	11,380
Arcturus	632	483	598	1,713	7,242	8,317
Redwing	-	278	536	814	814	104
TOTAL	7,535	6,524	10,331	24,390	96,530	98,863
Group C1 costs (\$/oz)	826	1,080	866	911	818	776
Group C3 costs (\$/oz)	983	1,297	1,050	1,095	1,017	926

- The Group gold production for Q4 2015 was 24,390 ounces – 1.6% higher than the previous quarter, Q3 2015 of 23,999 ounces. The Group gold production for Full Year 2015 was 96,530 ounces - 2.4% lower than 2014 (FY 2014: 98,863).
- Record monthly production was achieved in December 2015 with Group gold production of 10,331 ounces.
- Annual gold production was lower than expected, due to the following:
 - Equipment breakdowns at How, Shamva, Mazowe and Arcturus Mines. Key equipment was replaced over the period, resulting in greater capacity restoration CAPEX.
 - Increased power interruptions impacted both underground production and plant processes, with over 1000 hours of lost production. Metallon is looking at possible solutions in order to supplement grid power supply.
 - Delay in the commissioning of the Mazowe Sands Retreatment Project due to unforeseen equipment delays.

- The Group C1 costs and C3 costs for 2015 were US\$818 and US\$1,017 per ounce respectively. Compared to 2014, C1 costs were 5.4% higher due to lower production and C3 costs were 9.8% higher due to spending on New Projects and replacement CAPEX.
- In 2015, capital expenditure across the Group was US\$15m of which US\$5.3m was sustaining and restoration capital and US\$9.4m was expansion capital spent on New Projects. Such expenditure demonstrates Metallon's commitment to investing in Group assets in Zimbabwe.
- By the end of Q1 2016, Metallon will have repaid US\$8m of net debt, reducing the Group's current total debt position to US\$12m. Metallon has also repaid US\$18m net to outstanding statutory creditors. Metallon is committed to maintaining a low debt position and negotiating down the current cost of interest payments.

Outlook for 2016

- In 2016 Metallon's focus will be:
 - Completion of Mazowe Sands Retreatment Plant and the Mazowe and Shamva Tailings Facilities in Q2 2016.
 - Resource exploration across the Group with a budget of US\$1.6m committed to upgrade resources from Inferred to Measured & Indicated. The majority of the planned exploration will be underground and near surface at Mazowe Mine and at surface at Shamva Hill. At Mazowe Mine, dependant on the results of the exploration programme, the Sands Retreatment Plant will be upgraded to process ore from both near surface and underground from 2018.

New Projects Update

Reopening of Redwing Mine

- Redwing Mine has successfully resumed operations and produced 814 ounces in 2015. Ramp up will continue over the next six months to bring the mine to full production. At full production Redwing Mine will deliver approximately 1,600 ounces per month. De-watering will continue to open up more reserves in the lower levels of the mine.
- The reopening of Redwing Mine since discontinuing operations in 2008 will bring many major social and economic benefits to the local region and the country. Employment is one of these benefits, with the mine employing 484 staff at opening and over 700 employees once the mine reaches installed capacity in H2 2016. Redwing Mine will also contribute to the national economy through royalties, taxes and investment.

Sands Retreatment Project, Mazowe Mine

- Construction on the Mazowe Mine Sands Retreatment Project is almost complete. As mentioned above, there have been some unforeseen equipment delays and target commissioning is expected in Q2 2016.

New Tailing Facilities, Mazowe and Shamva Mines

- The New Tailing Facilities at both Mazowe and Shamva Mine are progressing well and the facilities should be ready for use in Q2 2016.



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

“2015 was an exciting and promising year for Metallon and the management team have been focused on making significant improvements to the business. Despite gold production for 2015 being marginally below that of 2014, we believe that advances made during the year will ensure Metallon is well positioned for future production growth. This is demonstrated by record monthly gold production in December 2015. Notably, Metallon spent over US\$15m on capital expenditure over the last 12 months and will also have repaid US\$8m of net debt by the end of Q1 2016. This establishes our commitment to reducing our net debt position and reinvesting in the business. The reopening of Redwing Mine in Q4 2015 has been a tremendous achievement and we look forward to increased production in 2016.

“In 2016, the focus will be on the commissioning of the Mazowe Sands Retreatment Plant and the Mazowe and Shamva Tailings Facilities and on exploration. The exploration programme is expected to upgrade more of our 9.6Moz resource into the Measured and Indicated categories, ahead of increased production. Metallon is also reviewing potential alternative power sources and will continue with the repayment of debt.”

For more information please contact:

Klara Kaczmarek

Head of Communications
Metallon Corporation

Tel: + (44) 203 178 7435
Mob: + (44) 7859 048 228