

Metallon Corporation
Q1 2016 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 for Q1 2016 and an update on corporate activities. These results are unaudited and are therefore subject to final adjustment.

Q1 2016 Production Highlights:

Mine	January production (oz)	February production (oz)	March production (oz)	Q1 2016 production (oz)	Q1 2015 production (oz)
How	2,722	2,815	4,004	9,540	13,680
Shamva	1,717	1,561	1,785	5,063	6,120
Mazowe	969	942	991	2,902	3,083
Arcturus	543	193	52	788	1,503
Redwing	651	702	1,026	2,379	-
TOTAL	6,602	6,213	7,858	20,673	24,386
Group C1 costs (\$/oz)	1,008	969	713	884	773
Group C3 (\$/oz)	1,194	1,225	1,081	1,160	962

- The Group gold production for Q1 2016 was 20,672 ounces – 15% lower than the same period last year (Q1 2015: 24,386).
- The gold production shortfall for the Q1 2016 was mostly due:
 - Increased power interruptions affecting operations. Metallon lost 324 hours of production in Q1 2016 which equates to approximately 4,275 ounces. In Q1 2015, Metallon lost 167 hours of production due to power interruptions. Metallon is progressing well in regards to possible solutions for supplementing grid power supply.



- Breakdowns at the Primary Mill and North Shaft Hoist at How Mine in January and February 2016. Tonnage throughput is stabilizing and the focus is on achieving target feed grade to make up for lost ounces.
 - Ore generation challenges at Shamva Mine due to equipment breakdown underground. Equipment has been replaced and Management is currently working to ensure maximum capacity utilisation of the Shamva Mine process plant.
 - Breakdown of the Symons Crusher at Mazowe Mine in March 2016, which has now been repaired.
 - The suspension of operations at Arcturus Mine in March 2016.
- The Group C1 costs and C3 costs for Q1 2016 were US\$884 and US\$1,081 per ounce respectively. Costs were higher than expected due to production shortfalls and increased expenditure. As production and cost efficiencies improve throughout the year with new equipment and increased capacity, Metallon expects these costs to reduce further.

Corporate Update:

- In 2016, Metallon will be focusing on upgrading and refurbishing mining equipment and processing plants across the Group operations. This will reduce breakdowns, increase efficiencies and lead to lower costs. Metallon will also be upgrading the Inferred section of the 9.6 million ounce resource into the Measured & Indicated category. Exploration has commenced at Mazowe Mine and will continue over the next six months. This exploration and investment across Metallon's mines is positioning the Company for increased production over the next five years.
- Redwing Mine continues to increase production since the resumption of operations in November 2015. In March 2016, gold production reached over 1,000 ounces, which is a significant achievement. Efforts are now focused on ramping up production to the plant capacity of 22,000 tonnes per month by June 2016. At this capacity, Redwing Mine will employ over 700 employees.
- Construction on the new Mazowe Processing Plant and the new Tailing Facilities at both Mazowe and Shamva Mine are progressing well. Target commissioning is expected in Q3 2016. The new Mazowe Processing Plant will increase capacity at the mine to 70,000 tonnes per month, therefore the mine will be producing approximately 22,000 ounces per annum. The new plant will create approximately 100 direct jobs and additional employment opportunities.
- Gold production target for 2016 is approximately 120,000 ounces.

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

“There have been some challenges in production during the first quarter due to equipment breakdowns at How and Shamva Mines and significant power interruptions. This year we will be investing in our assets by refurbishing and upgrading operations and expanding capacity which will deliver economies of scale and significantly lower costs. This investment and the



exploration taking place will put Metallon on course to increased production over the next five years. Metallon is committed to mining in Zimbabwe and we are especially pleased with the tremendous progress at Redwing Mine since the resumption of operations in November 2015. All mining operations made a profit in March 2016 and Metallon now looks towards the future with a production target of 120,000 ounces in 2016.”

For more information please contact:

Klara Kaczmarek

Head of Communications
Metallon Corporation

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