

P. ZIHLMANN INVESTMENT • MANAGEMENT AG

Your independent **Swiss** asset manager

THE TIMELESS PRECIOUS METAL FUND

POLYMET MINING CORP. (TSXV:POM/AMEX:PLM): FOLLOW-UP NO 2 / September 5, 2006

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POLYMET MINING CORP. LTD: RETURN ON CAD 10,000 INVESTMENT					
Purchase Date	No. of Shares	Purchase Price	Cost (CAD)	Price Today	Value Today
January 12, 2006	5'000	2.00	10'000.00		
Total	5'000	2.00	10'000.00	3.89	38'900.00
Profit					28'90.00
Profit (in %)					94%



SHARES OUTSTANDING	MARKET CAP
116,055,876	CAD 463.1 Million
52 WEEK LOW / HIGH	AVERAGE TSXV / AMEX
CAD 1.30 to 5.34	224,400 (200-day) / 249,000 (200-day)
RECOMMENDATION	RISK RATING
BUY	HIGH

THE WORLD'S LARGEST NON-FERROUS DEPOSITS IN MINNESOTA

Business Summary

PolyMet Mining Corp. is a Canadian junior mining company whose principal asset is **one of the world's largest non-ferrous deposits** located near Babbitt, Minnesota. The 4,000-acre NorthMet resource contains valuable quantities of **platinum group metals, copper, nickel, cobalt, gold and silver**.

The Company holds an exclusive option on adjacent taconite processing plant and infrastructure called Cliff's-Erie that dramatically reduces capital costs for project development.

Project

The NorthMet Project is located in **northeastern Minnesota**, near the Mesabi Iron Range and 6 miles south of the town of Babbitt.

PolyMet has a 100% leasehold interest for the mineral rights on the 4,162 acres that make up the NorthMet property. The infrastructure is excellent. Available to the Project are low-cost power, well developed roads and railway networks, and supply-equipment centers that support the numerous operating iron ore mines, the nearest being two miles from NorthMet. There is an abundant supply of skilled labor locally.



The NorthMet deposit is the largest undeveloped non-ferrous metal project in the U.S. It is a polymetallic magmatic sulfide deposit containing **platinum, palladium, gold, copper, nickel, cobalt, and silver**, hosted near the base of the Duluth Mafic Complex.

The Northmet Property

In early 2003 a new management team took over the NorthMet Project in anticipation of **a new cycle of value in the base metals industry**.

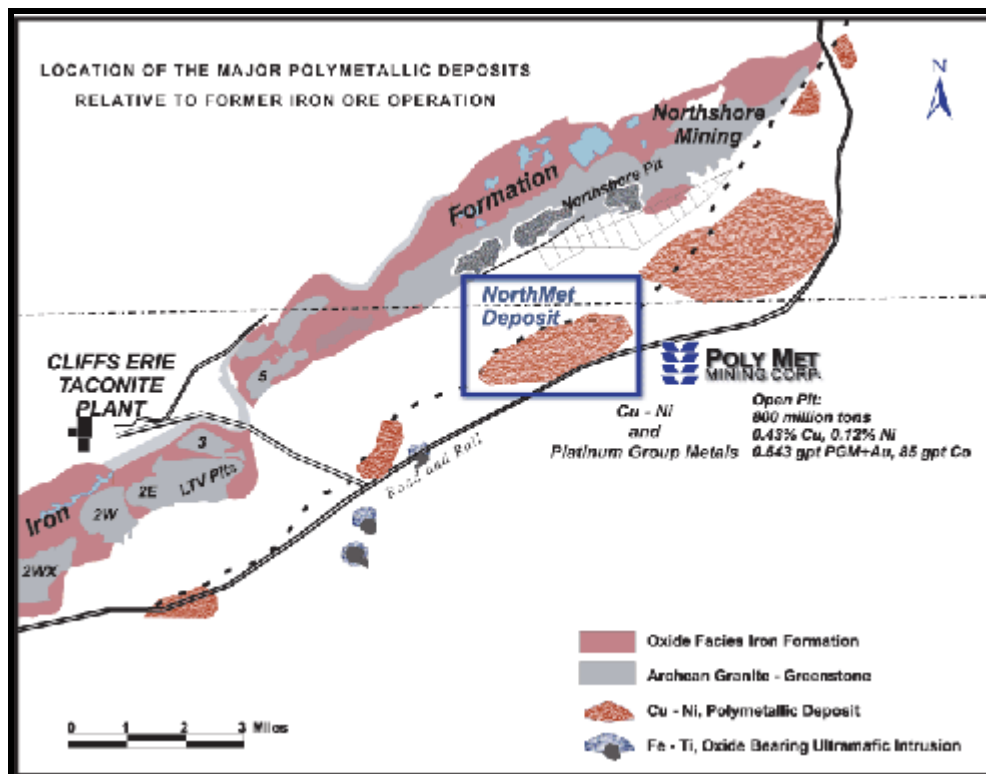
The approach to the development of the NorthMet Project was altered to take into account the somewhat depressed state of the mining industry. A technical rework of the pre-feasibility material has resulted in a technically simpler project, lower daily tonnage, higher grades and considerably less capital. This approach reduces technical risk and financial exposure. At current metal prices this approach appears to produce acceptable economics. The plan is to proceed through a feasibility study with one or more industry partners.

Project & Deposit

A total of 175,000 feet of drilling has been conducted on the NorthMet Project. **The NorthMet deposit is the largest undeveloped non-ferrous metal project in North America.**

It is a **polymetallic magmatic sulfide deposit** containing primarily copper, nickel and **platinum group metals ("PGM")**, hosted near the base of the Duluth Mafic Complex. The database for the model included 102 drill holes and 4,200 assayed samples. Using this data, an open-pit minable resource of 808 million tonnes containing 0.432% copper, 0.109% nickel, 0.116 g/t platinum, 0.437 g/t palladium, 0.061 g/t gold, and 1.5 g/t silver at a 4:1 stripping ratio.

PolyMet has a 100% leasehold interest for the mineral rights of the 4,162 acre NorthMet property. PolyMet pays the lease holder USX (U.S. Steel) US\$75,000 per year. The property is subject to a 3% Net Smelter Return ("NSR") royalty payable to USX.



Recent Developments: PolyMet Files Second Fiscal Quarter Results

PolyMet Mining Corp. announced that it has filed its financial statement for the three months ended July 31, 2006.

At July 31, 2006 PolyMet reported a cash balance of US\$17.3 million and working capital of US\$16.1 million, compared with \$11.7 million and US\$9.1 million respectively at January 31, 2006. During the three months ended July 31, 2006 PolyMet spent US\$2.8 million at its NorthMet project, compared with \$1.2 million in the equivalent period a year earlier. **This expenditure was primarily related to advancement of the Definitive Feasibility Study ("DFS") scheduled to be released before the end of September 2006.**

General and administrative costs in the quarter, excluding non-cash stock-based compensation expense, were \$0.751 million compared with \$0.384 million in the year earlier period, reflecting increased corporate activity leading to the completion of the DFS.

Douglas Newby, Chief Financial Officer of PolyMet, said **"Our working capital of US\$16.1 million demonstrates that we are well funded to complete the DFS and permitting of NorthMet."**

He continued, "This was our first reporting period since our shares were listed on the American Stock Exchange and also the first since we appointed PriceWaterhouse LLP as our auditors. I am particularly pleased that we have reported within a month of the end of our fiscal quarter."

Fundamental Considerations

- 100% leasehold interest for the mineral rights on the 4,162 acres at NorthMet
- Excellent Infrastructure
 - ◆ Low-cost power
 - ◆ Roads and rail
 - ◆ Mining equipment supply and use
 - ◆ Local skilled labour
- The NorthMet deposit is believed to be the largest undeveloped non-ferrous metal project in the U.S.
- PolyMetallic Sulfide containing Pt, Pd, Au, Cu, Ni, Co, Zn, Ag
- Historical approach – Cu/Ni Concentrates and Toll Smelting
- Current approach – Bulk Concentrate Flotation and On-Site Hydrometallurgical Treatment

- Definitive Feasibility Study Nearing Completion
- Drilling for Resource Definition Completed
- Environmental Permitting Process Underway
- LTV Plant Site Acquisition Complete
- Continuous Pilot Plant Successfully Completed
 - ◆ Bulk Concentrate Production Demonstrated
 - ◆ Hydromet Process for Concentrate Treatment Demonstrated
 - Copper Cathode of LME Grade A Quality
 - Au and PGM Precipitate for Toll Processing
 - Mixed Hydroxide Product Containing Ni-Co-Zn, or
 - Separate Purified Nickel and Cobalt Hydroxide Products and either a Zinc Hydroxide or a Zinc Strip Solution
 - Synthetic Gypsum

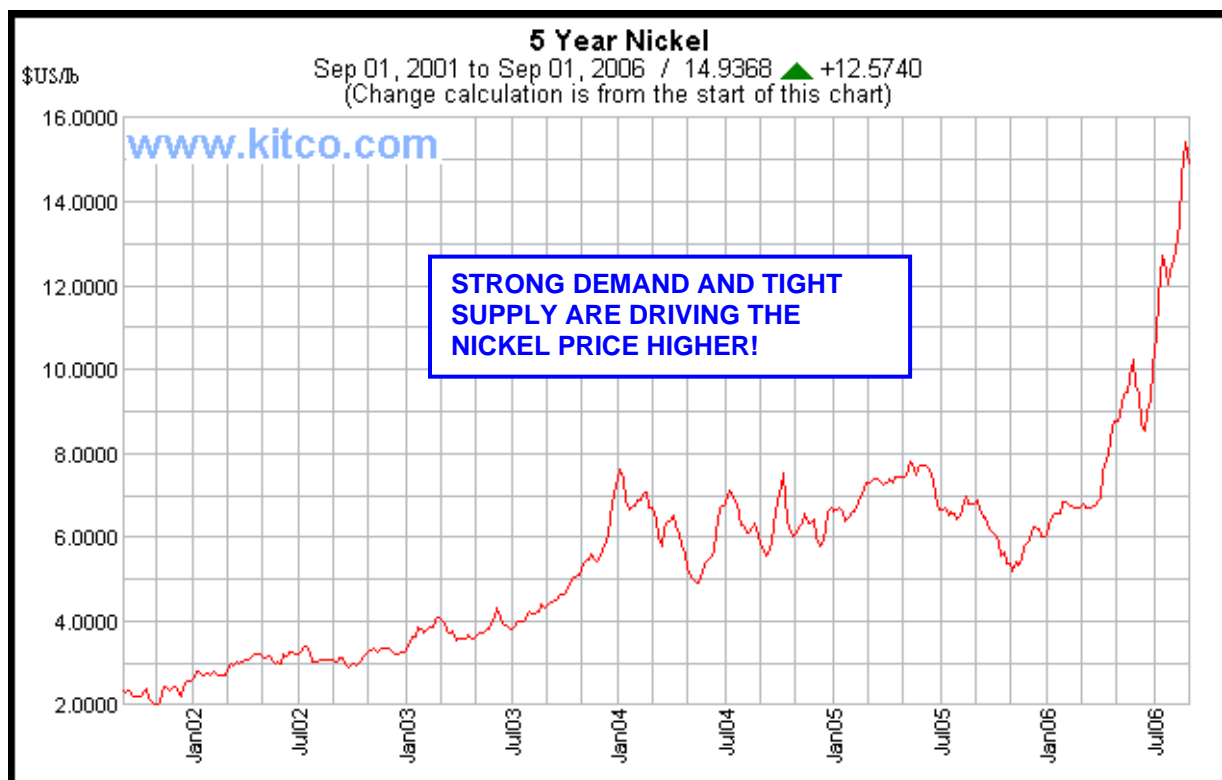
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Technical Considerations



According to certain forecasts, there will be a widening shortfall in the supply of copper as the compound growth in copper consumption cannot be met as a result of a lack of investment in exploration, mine development and closure of some existing mines.





"Strong demand for and limited supply of precious and base metals will cause prices to move higher in the foreseeable future.", we wrote in January. This statement is still valid today.



The well-established up-trend will lead the stock price to new all-time highs.

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THE TIMELESS PRECIOUS METAL FUND

is a shareholder in the company and will benefit from any increase in the company's share price.

Disclosure: The author has not been paid to write this article nor has he received any other inducement to do so. The author is a shareholder in the company and will benefit from any increase in the company's share price.

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