

## About Polymetals

Polymetals Mining Limited is an Australian mining company focused on precious and base metal production.

Polymetals has a 25-year history of delivering profitable resource production projects.

Over that time the Company has generated significant returns for shareholders.

Polymetals' successful track record is built on acquisition, exploration, development and operation of precious and base metals projects.

The Company has current production, positive cashflow and tenements in some of Australia's most prospective mining regions.

Polymetals has strong growth potential.

Polymetals Mining Limited  
(ASX:PLY)  
ACN: 075 664 961

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Australia

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## ASX ANNOUNCEMENT / MEDIA RELEASE

9 January 2012

### Polymetals strengthens its position in Drew Hill

- **Equity increase in Drew Hill JVs to 50%**
- **Mining to start on Vertigo Project in this month**
- **\$1.3M to be spent on exploration in FY 2012**
- **Increased leverage in prospective mineral province**

Polymetals Mining Limited (ASX:PLY) has entered into an agreement to acquire an additional 25 per cent equity interest in the Drew Hill Project, lifting its stake to 50 per cent in both the mining and exploration joint ventures.

The Drew Hill Project involves the White Dam Mine (Hannaford Pit), the Vertigo Project, and Drew Hill exploration tenements.

The agreement reached with our joint venture partner, Exco Resources Limited (ASX:EXS), will include a transfer of 25 per cent of EXS's equity to PLY and a commitment from PLY to spend \$1.3M on exploration on Drew Hill tenements prior to 30 June 2012.

Production from the currently producing Hannaford Pit will continue to be split 25:75 (PLY:EXS). Production from Vertigo and any other deposits developed will be split 50:50.

The agreement also enables PLY to increase its interest in Drew Hill infrastructure, including plant and camp facilities, from 25 per cent to 50 per cent based on an independent valuation.

The transaction will be formalised upon completion and execution of transaction documentation.

Mining at Vertigo is due to begin this month and will extend production operations at Drew Hill to June 2012. Processing of Vertigo ore will mainly use existing infrastructure and so capital expenditure is negligible.

The Drew Hill exploration program is focused on regional opportunities involving historical workings and targets that are largely under-explored. Drew Hill tenements comprise an area of 728km<sup>2</sup>. The aim of the program is to extend the life of operations.

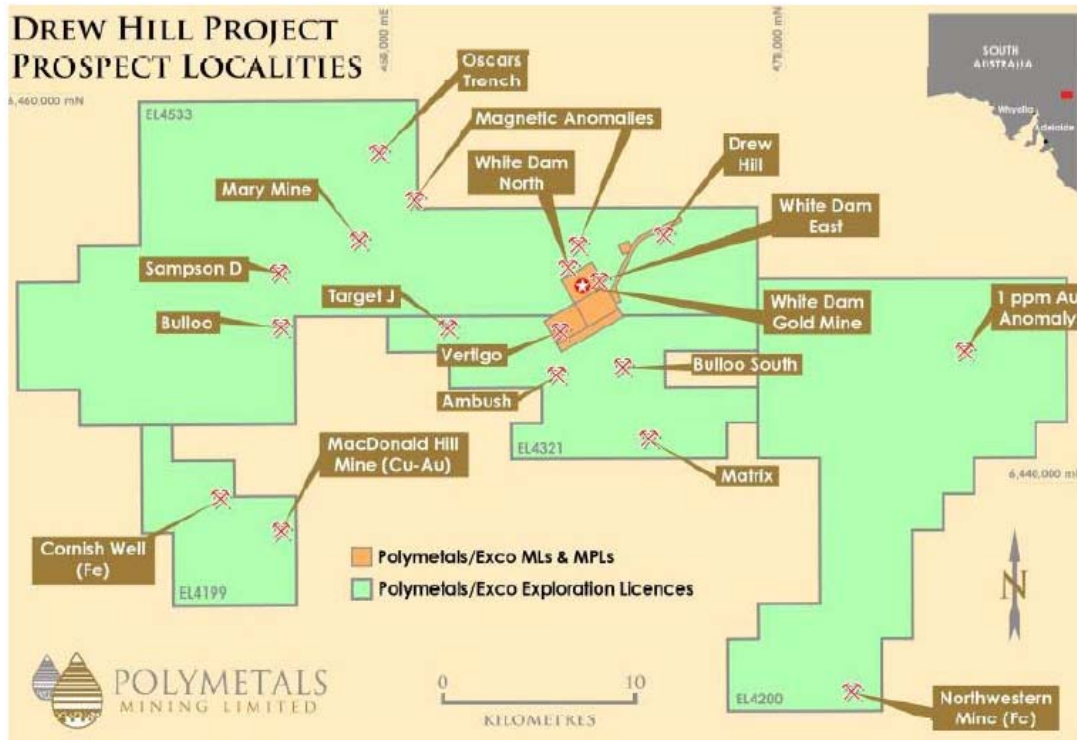


**David Sproule**  
Chairman

**Fulton Smith**  
Chief Executive Officer

The strengthened position in Drew Hill will enable PLY to leverage its established production presence in the highly prospective Curnamona mineral province.

To date, The Drew Hill Project has produced over 120,000 ounces of gold from the White Dam Mine which Polymetals operates and manages.



Drew Hill tenements, White Dam Mine and prospective targets

"In line with our commitment to Shareholders of adding value to the Company, this uplift in equity over highly prospective ground in a well regarded mining region is an excellent outcome. And extending operations by developing Verigo will add value and support the exploration effort" said CEO, Fulton Smith.

## Corporate Directory

### Board of Directors

David Sproule  
Chairman

Fulton Smith  
Chief Executive Officer

Jon Parker  
Non-executive Director

David Carland  
Non-executive Director

### Company Secretary

David Kinsman

### Share Capital

36.617 million ordinary shares

### Share price activity

To 06 January 2012

	High	Low	Last
2012	\$0.70	\$0.70	\$0.70

### Registered office

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### Postal address

Polymetals Mining Limited  
PO Box 570  
Samford, Queensland 4520

### Share registry

Link Market Services Limited  
Level 15  
324 Queen Street  
Brisbane, Queensland, 4000  
P: 1300 554 474

Please direct shareholding enquiries to the share registry.

### Forward Looking and Competent Persons Statement

This announcement contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

All references to dollars, cents or \$ in this announcement are to AUD currency, unless otherwise stated.

The information in this announcement that relates to Mt Boppy Mineral Resources is based on information compiled by Mr Paul Blackney who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists and is a fulltime employee of Optiro Pty Ltd.

The information in this announcement that relates to White Dam Mineral Resources is based on information compiled by Mr Troy Lowien, Polymetals Senior Resource Geologist who is a Member of The Australasian Institute of Mining and Metallurgy and is a fulltime employee of Polymetals Mining Limited.

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Jess Oram, Polymetals Exploration Manager who is a Member of the Australian Institute of Geoscientists and is a fulltime employee of Polymetals Mining Limited.

Messer's Blackney, Lowien and Oram have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities which they undertook to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Messer's Blackney, Lowien and Oram consent to the inclusion of matters based on their information in the form and context in which it appears in this report.

### Company Resources

The table below notes the Company's Resources as at 30 June 2011.

#### Canbelego (incl. Mt Boppy) resource statement

(2.5g/t cut-off)

	kt	g/t	koz
Measured	30	5.0	4.8
Indicated			
in-situ	45	4.5	6.5
backfill	195	3.6	22.6
Inferred	365	4.6	54.0
Total	635	4.3	87.9

#### Drew Hill (incl. White Dam and Vertigo) resource statement

(White Dam: 0.3g/t cut-off, Vertigo: 0.4g/t cut-off, depleted to end June 2011)

	kt	g/t	koz
Indicated	2,728	1.1	94.7
Inferred	3,283	0.9	94.0
Total	6,011	1.0	188.7

All grades and ounces are gold

For further enquiries please refer to the company website

[www.polymetals.com.au](http://www.polymetals.com.au)

or contact:

**Fulton Smith**  
Chief Executive Officer

**David Kinsman**  
CFO/Company Secretary

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