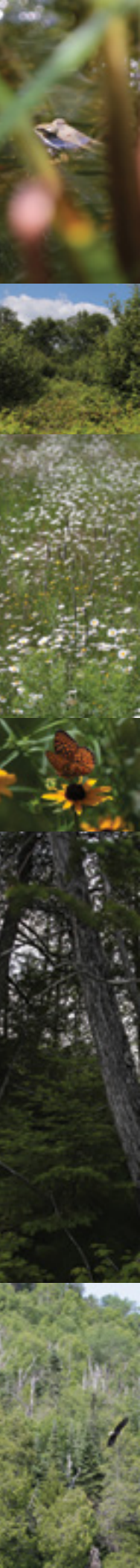




PolyMet Mining

NorthMet Project Land Exchange



A MUTUALLY BENEFICIAL LAND EXCHANGE

The U.S. Forest Service acquires 6,690 acres of land it identified as part of its growth goals. These will be managed as a part of the Superior National Forest for multiple uses including recreation, research and conservation.

According to the Forest Service¹, the exchange:

- Results in 505-acre net increase of wetlands to the federal estate
- Results in a 94-acre net gain of lakes with water frontage available for public and tribal use
- Results in a 40-acre net gain in National Forest System lands
- Improves the special arrangement of National Forest System lands by reducing the amount of ownership boundaries to be managed by 33 miles
- Improves management effectiveness by exchanging federal lands that have no public overland access
- Results in federal cost savings by eliminating two easements and their associated administrative costs
- Conveys federal lands already adjacent to intensively developed private lands including ferrous mining areas

PolyMet Mining acquires 6,650 acres of surface land over the mineral deposit it already controls, in an established mining area on the Iron Range.

¹NorthMet Project Land Exchange, Final Record of Decision, Superior National Forest, January 9, 2017.

Lands exchanged are subject to appraisal.
This exchange does not permit or approve the proposed mine.

THE OVERVIEW

PolyMet Mining and the U.S. Forest Service have proposed a land exchange in the Mesabi Iron Range of Minnesota to consolidate their respective land ownerships. In this land exchange:

The Forest Service obtains holdings within the Superior National Forest boundaries, which are currently in private ownership.

PolyMet receives the surface ownership of federal lands overlying its NorthMet mineral deposit, near an area heavily used for mining and mine infrastructure.

The Forest Service states in its Final Record of Decision on the NorthMet Environmental Impact Statement that the proposed exchange is in the public interest.

THE TERMS

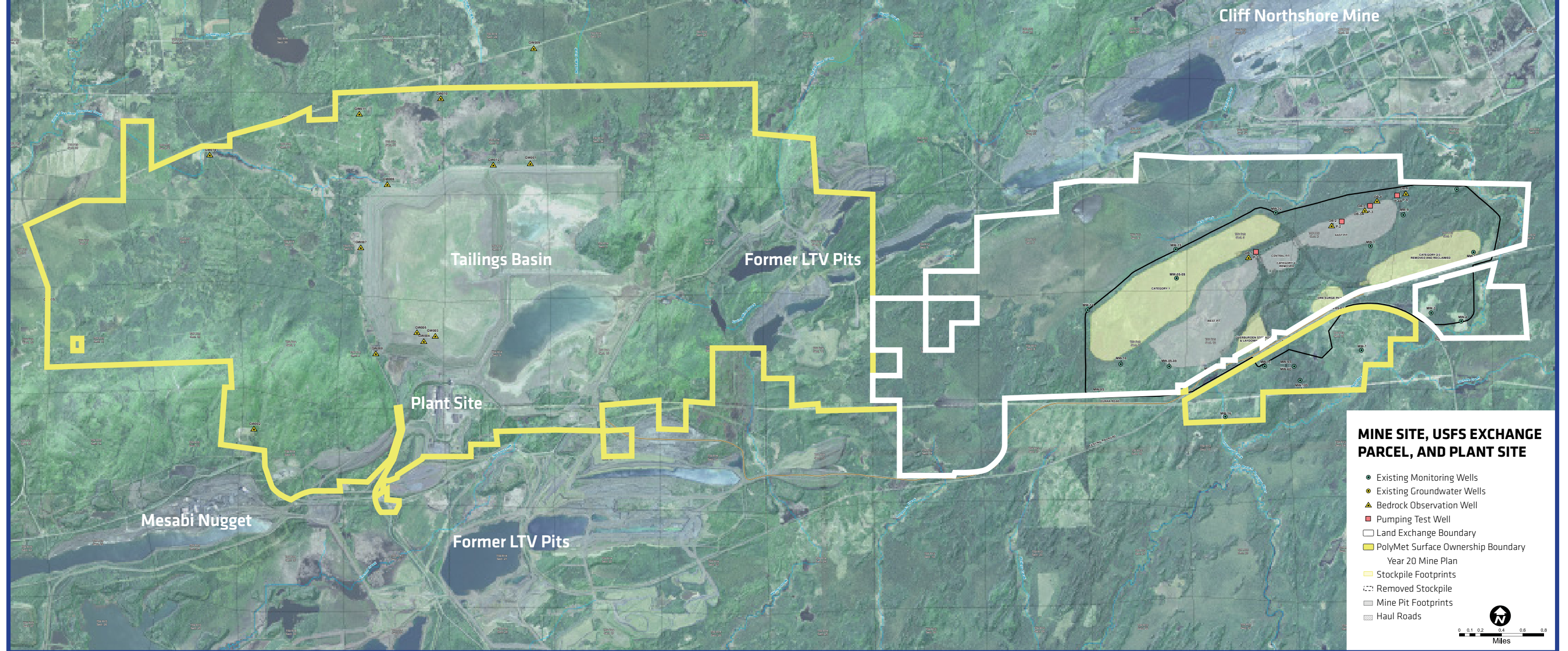
Administrative Land Exchange:

- The Forest Service will acquire 6,690 acres of private land in four separate tracts currently held by PolyMet, to become part of the Superior National Forest and managed under the laws relating to the National Forest System.
- United States will convey 6,650 acres of federally owned surface land to PolyMet, where PolyMet would then develop a copper-nickel mine.

VALUES

By law, the lands to be exchanged must be of equal value. If not equal, values can be equalized by a cash payment. To establish values prior to the exchange, lands are subject to appraisal using the well-established Uniform Appraisal Standards for Federal Land Acquisitions published by the U.S. Department of Justice (commonly referred to as the Yellow Book).

Note: the land exchange does not permit or approve construction. Mine development and operations are subject to regulation and permits issued by the State of Minnesota and the U.S. Army Corps of Engineers.



Federal Land

(Superior National Forest land to be conveyed to PolyMet)

The federal land (6,650 acres) is a contiguous tract of forested land located at the northern boundary of the Superior National Forest, approximately six miles south of Babbitt in St. Louis County.

The parcel has limited public access and is adjacent to existing private land with surface mining operations, tailings, basins, waste rock stockpiles, roads, railroad grades and other general mining facilities and infrastructure. The land is mostly timbered, has been clear-cut multiple times, and encompasses a small portion of the One Hundred Mile Swamp, a large black spruce, tamarack and cedar wetland, and also contains Mud Lake as well as some grassland and bushland. Yelp Creek and the Partridge River flow through the property. Wetlands comprise 4,164 acres of the tract.

Under PolyMet's plans, more than half of the total acreage received by the company in the exchange will remain undisturbed as wildlife habitat. The remaining portion will be used for the mine and related activities. Of that, only about one quarter is wetlands.

PolyMet's federal wetlands permit application provides that impacted wetlands will be offset at a ratio greater than what is disturbed in compliance with federal regulations. The wetlands permit is one of many state and federal permits to which the mine is subjected.

Private Land

(PolyMet lands to be conveyed to the Superior National Forest)

The private land, (6,690 acres) comprises four separate tracts owned by PolyMet. The wetland and other environmental values of these private lands are generally equal to or greater than those of the federal land.

Except for some timber harvest, these private lands are generally undisturbed with native forest cover, are all located within a 90-mile radius of the project site, and are within the Superior National Forest boundaries.

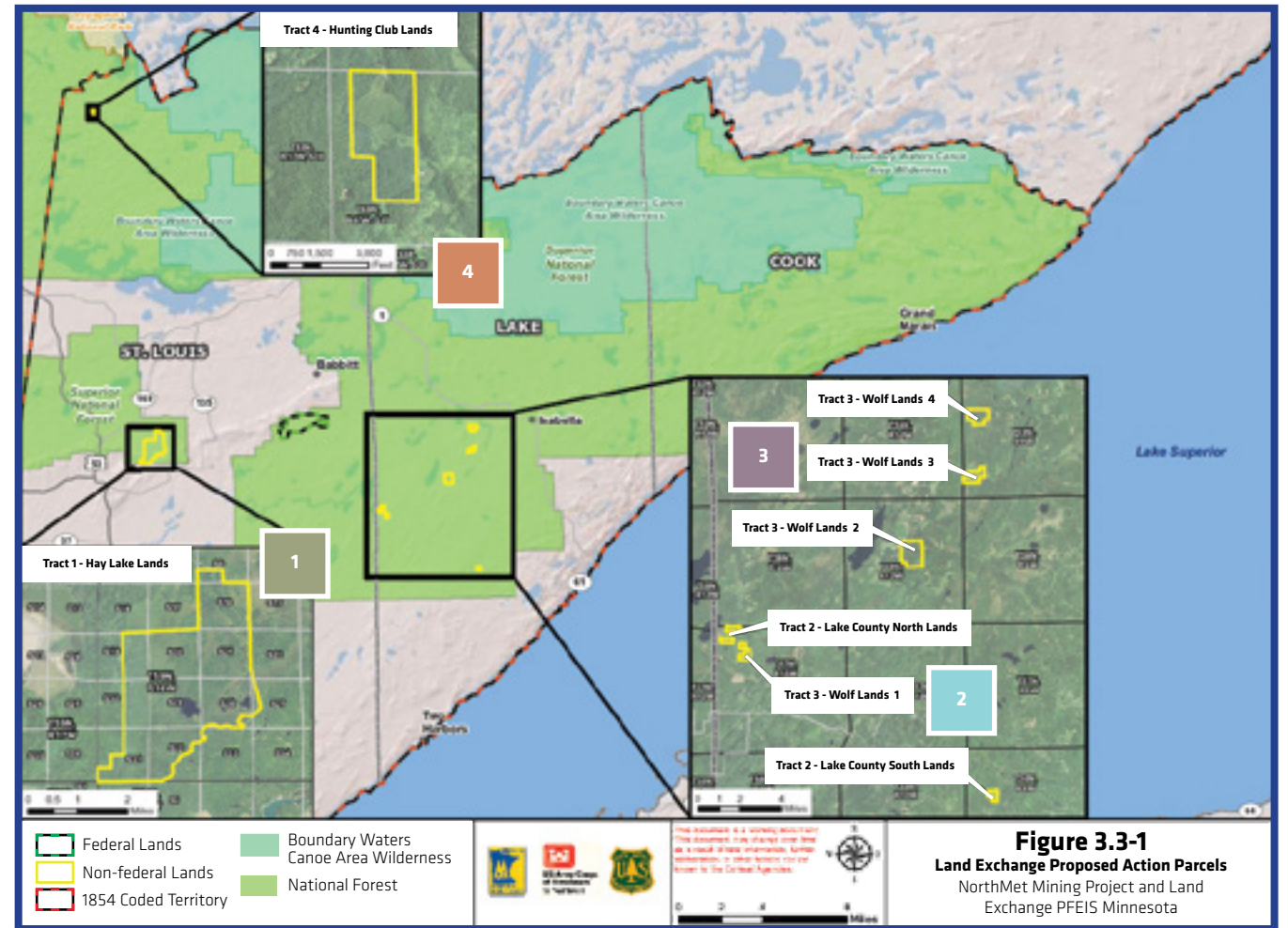
Habitat and vegetative types are similar to others in the Mesabi Iron Range and northeastern Minnesota, including coniferous, deciduous and mixed coniferous and deciduous forests, and a variety of wetland habitats. Generally, the tracts are a mosaic of slightly elevated upland areas surrounded by wetland areas.

These tracts have conservation values in addition to providing excellent recreational access and timber management opportunities. They also provide greater public access than current federal lands and contain lakes with wild rice.

The Forest Service helped identify these parcels based on the goals of the Superior National Forest Land and Resource Management Plan.

Area of Proposed Land Exchange

LAND DESCRIPTORS



1 HAY LAKE LANDS 2 LAKE COUNTY LANDS 3 WOLF LANDS 4 HUNTING CLUB LANDS

HAY LAKE LANDS | 4,651.5 ACRES

1



Parcel: Hay Lake Lands

Acres: 4,651.5

Location: West of Giants Ridge ski area near Biwabik in St. Louis County

Description:

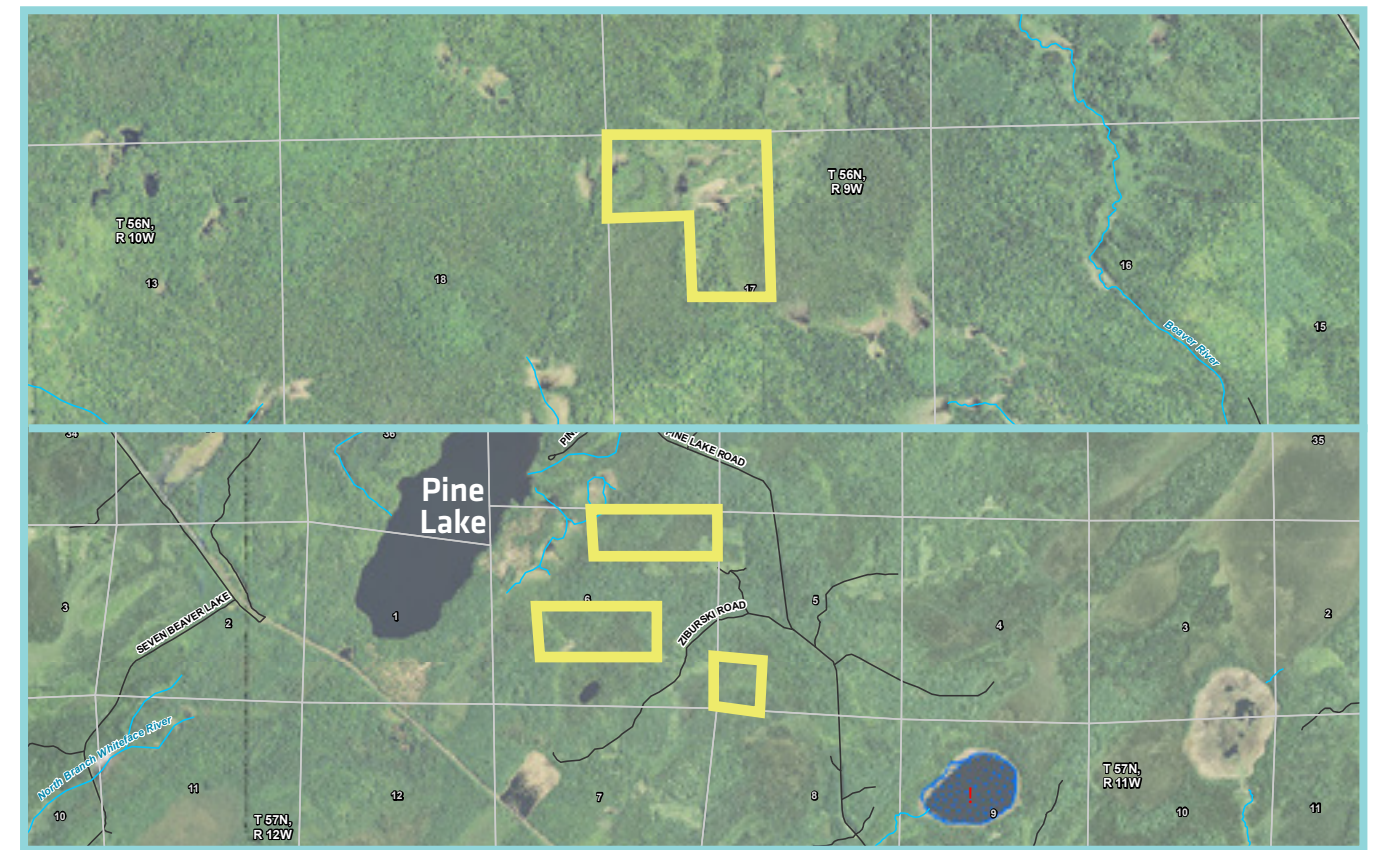
Includes Hay Lake, Little Rice Lake and an unnamed lake.

Hay Lake is identified as wild rice water by the Minnesota Department of Natural Resources. The largest tract of non-federal lands in the proposed exchange, this is designated as lynx critical habitat and contains heavily vegetated riparian and excellent fishery habitats.

About eight miles of the upper Pike River flow through the property. Hay and Rice lakes are accessible by canoe from the river. Wildlife is abundant in the area with wildlife survey evidence of moose, wolf, river otter, bear, pine marten, white-tailed deer, beaver and other wildlife.

LAKE COUNTY LANDS | 319.5 ACRES

2



Parcel: Lake County Lands

Acres: 319.5

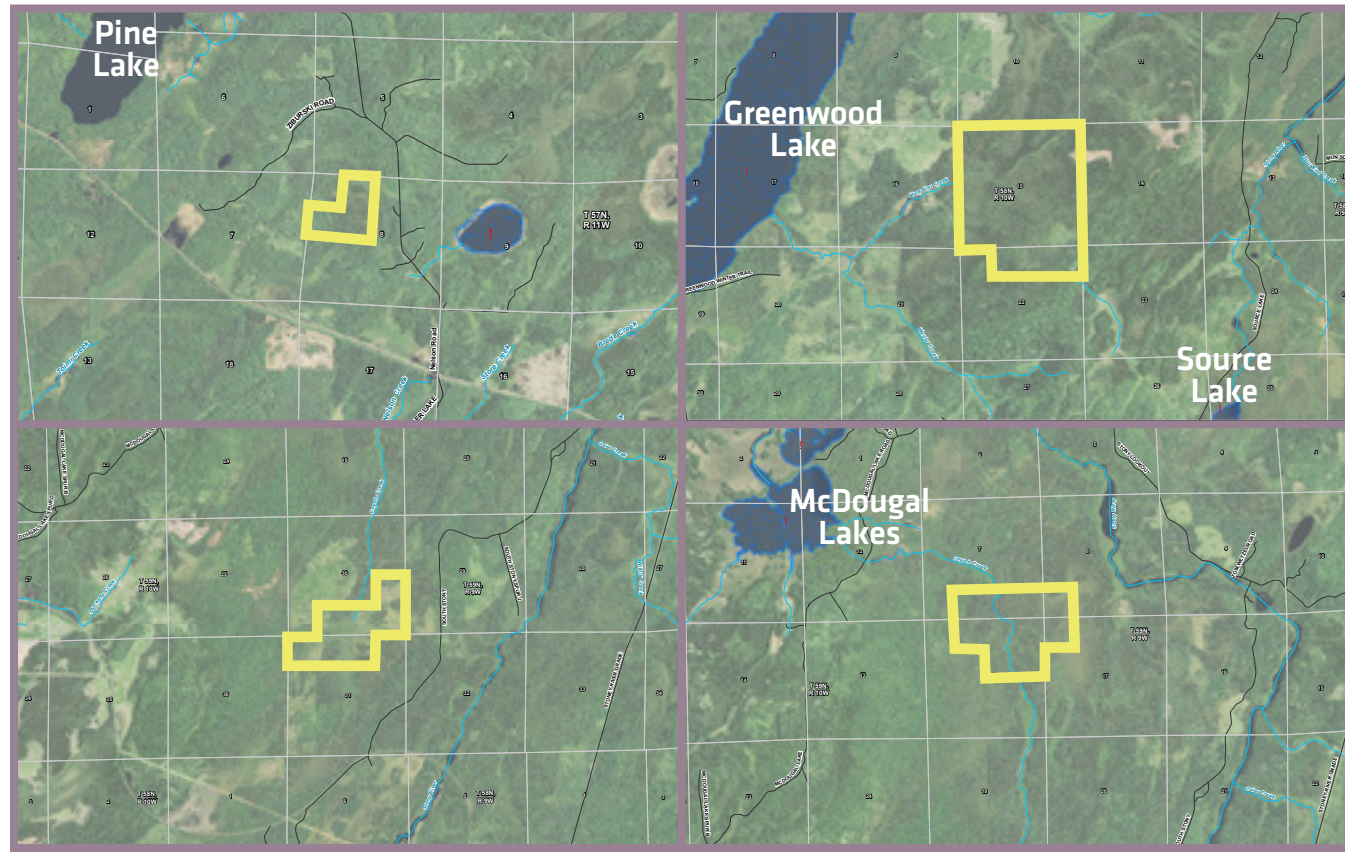
Location: West and southwest of Isabella in Lake County

Description:

Four distinct parcels of largely wooded land containing sapling northern white cedar and black spruce with lesser amounts of tamarack. It contains a high percentage of wetland (74 percent), the most common of which is coniferous swamps. It is one of two of the non-federal parcels in the proposed exchange that has no rivers, streams, creeks or lakes.

This tract would supplement National Forest ownership by reducing federal exterior boundaries and eliminating several private in-holdings.

This land is within designated lynx critical habitat. It also is located in federal Wolf Zone 2 and Minnesota Northeast Wolf Zone. The tract contains signs of a variety of wildlife including moose, white-tailed deer, beaver, snowshoe hare, pileated woodpecker, mink and pine marten.



Parcel: Wolf Lands

Acres: 1,559.4

Location: Within the Laurentian and Tofte Ranger Districts, west and southwest of Isabella and southeast of Pine Lake

Description:

Wolf Lands comprises four individual parcels. Coyote Creek is the only surface water feature on the property and is a headwater stream that begins on the parcel and provides robust riparian habitat. All four parcels contain wetlands, bogs and forests. Of the total land, 88 percent is identified as wetlands, with 80 percent of these wetlands coniferous swamps and the remainder shrub. Black spruce, northern white cedar and tamarack are abundant. A relatively small portion of the land recently was logged under an existing timber harvest agreement that encumbers a small portion of the parcel. The logged area is dominated by grasses, forbs and low-growing shrub.

All four of the Wolf Lands tracts are within designated lynx critical habitat and are located in federal Wolf Zone 2 and Minnesota Northeast Wolf Zone. Signs of wolves and moose were found during wildlife surveys. The parcel provides habitat for a variety of wildlife including the black-backed woodpecker, American badger, sharp-tailed and spruce grouse, common snapping turtle and common loon.



Parcel: Hunting Club Lands

Acres: 160

Location: Five miles southwest of Crane Lake in northwestern St. Louis County

Description:

A single parcel, approximately 40 percent of the tract is high-ecological-value wetland habitat featuring alder thickets, shallow marshes and coniferous swamps dominated by beaver ponds.

White-tailed deer, red fox, pine marten, snowshoe hare, red squirrel, pileated woodpecker and several songbird species make their homes here. The tract is located in federal Wolf Zone 2 and Minnesota Northeast Wolf Zone and is designated lynx critical habitat.

LAND MANAGEMENT BENEFITS

The federal land proposed for the exchange has been harvested for timber and is adjacent to an area that is already heavily mined. The federal government acquired these lands in the 1930s, but did not acquire the underlying mineral rights, which are now controlled by PolyMet.

The different ownership of the surface and subsurface rights is known as a "split estate" which hinders management options for both owners, and which have frequently resulted in litigation. The proposed land exchange eliminates this conflict.

The Forest Service will obtain lands of equal or greater value. Furthermore, PolyMet's mining plans are consistent with regional land uses and will generate economic

benefits to the area through employment and tax revenues.

All of the lands proposed for exchange are located within the 1854 Ceded Territory of northeastern Minnesota and, as stated in the Forest Service draft Record of Decision, "the land exchange results in a net gain in acreage to the 1854 Ceded Territory and increased access to those lands."

BENEFITS TO THE PUBLIC OF THE LAND EXCHANGE:

- 505-acre net increase of wetlands to the federal estate
- 94-acre net gain of lakes with water frontage available for public and tribal use
- 40-acre net gain in National Forest System lands
- Reduces the amount of ownership boundaries to be managed by the Forest Service by 33 miles, simplifying management of these lands
- Improves management effectiveness by exchanging federal lands that have no public overland access
- Results in federal cost savings by eliminating two easements and their associated administrative costs
- Conveys federal lands adjacent to intensively developed private lands including iron mining areas



