



POLYMET
MINING

POLYMET MINING CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2013

PolyMet Mining Corp.
(a development stage company)
Condensed Interim Consolidated Balance Sheets

All figures in Thousands of U.S. Dollars

	October 31, 2013	January 31, 2013
ASSETS		
Current		
Cash and cash equivalents	\$ 40,508	\$ 8,088
Trade and other receivables	1,370	830
Investment	-	17
Prepaid expenses	970	771
	<u>42,848</u>	<u>9,706</u>
Non-Current		
Mineral Property, Plant and Equipment (Notes 3 and 4)	236,155	220,429
Wetland Credit Intangible (Note 5)	5,992	5,992
Total Assets	\$ 284,995	\$ 236,127
LIABILITIES		
Current		
Trade payables and accrued liabilities	\$ 3,196	\$ 5,269
Convertible debt (Note 8)	31,603	-
Environmental rehabilitation provision (Note 6)	1,115	1,808
	<u>35,914</u>	<u>7,077</u>
Non-Current		
Long term debt (Note 7)	4,194	3,950
Convertible debt (Note 8)	-	30,508
Environmental rehabilitation provision (Note 6)	47,415	51,680
	<u>47,415</u>	<u>51,680</u>
Total Liabilities	87,523	93,215
SHAREHOLDERS' EQUITY		
Share Capital (Note 10)	239,680	181,215
Share Premium	3,007	3,007
Equity Reserves	48,376	47,106
Deficit	(93,591)	(88,416)
	<u>197,472</u>	<u>142,912</u>
Total Shareholders' Equity	197,472	142,912
Total Liabilities and Shareholders' Equity	\$ 284,995	\$ 236,127

Nature of Business (Note 1)

Commitments and Contingencies (Notes 3, 5, 6, 7, 8, 9, 10, and 15)

ON BEHALF OF THE BOARD OF DIRECTORS:

/S/ Jonathan Cherry, Director

/S/ William Murray, Director

- See Accompanying Notes -

PolyMet Mining Corp.
(a development stage company)

**Condensed Interim Consolidated Statements of Loss and
Comprehensive Loss**

For the periods ended October 31

All figures in Thousands of U.S. Dollars, except per share amounts

	Three months ended October 31		Nine months ended October 31	
	2013	2012	2013	2012
General and Administrative				
Salaries and benefits	\$ 271	\$ 589	\$ 839	\$ 1,068
Share-based compensation (Note 10)	84	214	357	1,951
Director fees and expenses	76	73	220	217
Consulting fees	1	11	22	57
Professional fees	70	62	274	223
Filing and regulatory fees	40	21	97	79
Shareholder, investor, and public relations	645	132	1,720	431
Travel	60	72	234	230
Rent and other office expenses	69	42	158	114
Insurance	47	37	109	102
Amortization	10	8	22	30
	1,373	1,261	4,052	4,502
Other Expenses (Income)				
Finance costs (Note 11)	345	2	1,096	36
Loss (gain) on foreign exchange	(5)	16	11	(3)
Loss on investment	48	-	48	-
Rental income	(8)	(26)	(32)	(50)
	380	(8)	1,123	(17)
Loss for the period	1,753	1,253	5,175	4,485
Other Comprehensive Loss				
Unrealized loss (gain) on investment	(1)	1	(7)	16
Reclass loss on investment	(48)	-	(48)	-
Total Comprehensive Loss for the period	1,704	1,254	5,120	4,501
Basic and Diluted Loss per Share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted Average Number of Shares	274,964,697	178,682,678	223,233,090	177,623,634

- See Accompanying Notes -

PolyMet Mining Corp.
(a development stage company)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended October 31

All figures in Thousands of U.S. Dollars, except for Shares

	Share Capital (authorized = unlimited)			Equity Reserves			Total Shareholders' Equity	
	Issued Shares	Paid-in Share Capital	Share Share Premium	Warrants and Share-based Payments	Accumulated Other Comp Loss	Total Equity Reserves		Deficit
Balance - January 31, 2012	174,738,124	\$ 168,434	\$ 2,132	\$ 43,632	\$ (42)	\$ 43,590	\$ (81,790)	\$ 132,366
Loss and comprehensive loss for the period	-	-	-	-	(16)	(16)	(4,485)	(4,501)
Shares and warrants issued:								
Equity offering and issuance costs (Note 10)	5,000,000	9,107	875	-	-	-	-	9,982
Exercise of options (Note 10)	185,000	148	-	-	-	-	-	148
Fair value transfer on exercised options (Note 10)	-	62	-	(62)	-	(62)	-	-
Purchase of wetland credit intangibles (Note 5)	2,788,902	3,375	-	525	-	525	-	3,900
Land purchase options	60,000	64	-	-	-	-	-	64
Share option modification (Note 10)	-	-	-	795	-	795	-	795
Share-based compensation (Note 10)	-	-	-	1,517	-	1,517	-	1,517
Bonus Share cost amortization (Note 10)	-	-	-	574	-	574	-	574
Balance - October 31, 2012	182,772,026	\$ 181,190	\$ 3,007	\$ 46,981	\$ (58)	\$ 46,923	\$ (86,275)	\$ 144,845

	Share Capital (authorized = unlimited)			Equity Reserves			Total Shareholders' Equity	
	Issued Shares	Paid-in Share Capital	Share Share Premium	Warrants and Share-based Payments	Accumulated Other Comp Loss	Total Equity Reserves		Deficit
Balance - January 31, 2013	183,250,082	\$ 181,215	\$ 3,007	\$ 47,161	\$ (55)	\$ 47,106	\$ (88,416)	\$ 142,912
Loss and comprehensive loss for the period	-	-	-	-	55	55	(5,175)	(5,120)
Shares and warrants issued:								
Rights offering (Note 10)	91,636,202	58,372	-	-	-	-	-	58,372
Land purchase options	108,123	93	-	-	-	-	-	93
Share-based compensation (Note 10)	-	-	-	669	-	669	-	669
Bonus Share cost amortization (Note 10)	-	-	-	546	-	546	-	546
Balance - October 31, 2013	274,994,407	\$ 239,680	\$ 3,007	\$ 48,376	\$ -	\$ 48,376	\$ (93,591)	\$ 197,472

- See Accompanying Notes -

PolyMet Mining Corp.
(a development stage company)

Condensed Interim Consolidated Statements of Cash Flows

For the periods ended October 31

All figures in Thousands of U.S. Dollars

	Three months ended October 31		Nine months ended October 31	
	2013	2012	2013	2012
Operating Activities				
Loss for the period	\$ (1,753)	\$ (1,253)	\$ (5,175)	\$ (4,485)
Items not involving cash				
Amortization	10	8	22	30
Accretion of environmental rehabilitation provision (Note 6)	407	5	1,117	57
Share-based compensation (Note 10)	103	214	453	1,951
Investment loss	48	-	48	-
Changes in non-cash working capital				
Trade and other receivables	(267)	(132)	(540)	(357)
Prepaid expenses	42	(171)	(199)	224
Trade payables and accrued liabilities	(545)	381	(2,267)	87
Net cash used in operating activities	(1,955)	(948)	(6,541)	(2,493)
Financing Activities				
Proceeds from share issuance (Note 10)	-	9,982	58,372	10,131
Debenture funding (Note 9)	-	-	20,000	-
Debenture repayment (Note 9)	-	-	(20,000)	-
Net cash provided by financing activities	-	9,982	58,372	10,131
Investing Activities				
Purchase of property, plant and equipment (Note 4)	(6,339)	(3,797)	(19,435)	(11,966)
Proceeds from sale of investment	24	-	24	-
Purchase of Wetland Credit Intangible (Note 5)	-	-	-	(2,092)
Net cash used in investing activities	(6,315)	(3,797)	(19,411)	(14,058)
Net Increase (Decrease) in Cash and Cash Equivalents	(8,270)	5,237	32,420	(6,420)
Cash and Cash Equivalents - beginning of period	48,778	5,821	8,088	17,478
Cash and Cash Equivalents - end of period	\$ 40,508	\$ 11,058	\$ 40,508	\$ 11,058

Supplemental Disclosure with Respect to Statement of Cash Flows (Note 12)

- See Accompanying Notes -

Notes to Condensed Interim Consolidated Financial Statements

October 31, 2013

Tabular amounts in thousands of U.S. Dollars except for price per share, shares and options

1. Nature of Business and Liquidity

PolyMet Mining Corp. ("PolyMet" or the "Company") was incorporated in British Columbia, Canada on March 4, 1981 under the name Fleck Resources Ltd. The Company changed its name from Fleck Resources to PolyMet Mining Corp. on June 10, 1998. The Company is engaged in the exploration and development, when warranted, of natural resource properties. The Company's primary mineral property is the NorthMet Project ("NorthMet" or "Project"), a polymetallic project in northeastern Minnesota, USA which comprises the NorthMet copper-nickel-precious metals ore body and the Erie Plant, a large processing facility located approximately six miles from the ore body. The realization of the Company's investment in NorthMet and other assets is dependent upon various factors, including the existence of economically recoverable mineral reserves, the ability to complete the environmental review and obtain permits necessary to construct and operate NorthMet, the ability to obtain financing necessary to complete the exploration and development of NorthMet, and future profitable operations or alternatively, disposal of the investment on an advantageous basis.

On September 25, 2006, the Company received the results of a Definitive Feasibility Study prepared by Bateman Engineering (Pty) Ltd. and NorthMet moved from the exploration stage to the development stage. An updated Technical Report under NI 43-101 was filed January 2013.

The corporate address and records office of the Company are located at 100 King Street West, Suite 5700, Toronto, Ontario, Canada M5X 1C7, and 700 West Georgia, 25th Floor, Vancouver, British Columbia, Canada, V7Y 1B3, respectively. The executive office of Poly Met Mining, Inc. ("PolyMet US"), the Company's wholly-owned subsidiary, is located at 444 Cedar Street, Suite 2060, St. Paul, Minnesota, United States of America, 55101.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations.

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they become due. As at October 31, 2013, PolyMet had cash of \$40.508 million and working capital of \$6.934 million. The significant reduction in working capital during the period is a result of the \$31.603 million convertible debenture due to Glencore AG ("Glencore") becoming a current liability on the basis it matures on September 30, 2014.

PolyMet will need to renegotiate the convertible debenture or raise sufficient funds to meet its current obligations as well as fund ongoing development, capital expenditures and administration expenses, in accordance with the Company's spending plans for the next year. While in the past the Company has been successful in renegotiating the convertible debenture with Glencore and closing financing agreements, there can be no assurance it will be able to do so again.

Management believes that, based upon the underlying value of the NorthMet Project, it will be able to extend the term of the convertible debenture or obtain the necessary financing to meet the Company's minimum obligations for at least the next 12 months. However, there are no assurances that these initiatives will be successful or sufficient to meet the Company's liquidity requirements.

Notes to Condensed Interim Consolidated Financial Statements

October 31, 2013

Tabular amounts in thousands of U.S. Dollars except for price per share, shares and options

2. Basis of Preparation

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including IAS 34, Interim Financial Reporting.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as set out in Note 3 of the annual consolidated financial statements for the year ended January 31, 2013, except as outlined in Note 2d. These condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's annual consolidated financial statements for the year ended January 31, 2013.

These condensed interim consolidated financial statements were approved by the Board of Directors on December 5, 2013.

b) Basis of Presentation

The condensed interim consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of assets available-for-sale. All dollar amounts presented are in United States ("US") dollars unless otherwise specified.

c) Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Inter-company balances and transactions have been eliminated on consolidation.

Notes to Condensed Interim Consolidated Financial Statements

October 31, 2013

Tabular amounts in thousands of U.S. Dollars except for price per share, shares and options

2. Basis of Preparation - Continued

d) Adoption of New or Amended IFRS

On February 1, 2013, the Company adopted the following new or amended accounting standards that were previously issued by the IASB, which did not have a significant impact on the Company's consolidated financial statements.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. IFRS 10 is effective for annual periods beginning on or after January 1, 2013.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

Notes to Condensed Interim Consolidated Financial Statements

October 31, 2013

Tabular amounts in thousands of U.S. Dollars except for price per share, shares and options

2. Basis of Preparation - Continued

d) Adoption of New or Amended IFRS - Continued

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

On October 20, 2011, the IASB issued a new interpretation, IFRIC 20, to address accounting issues regarding waste removal costs incurred in surface mining activities during the production phase of a mine, referred to as production stripping costs. The new interpretation addresses the classification and measurement of production stripping costs as either inventory or as a tangible or intangible non-current 'stripping activity asset'. The standard also provides guidance for the depreciation or amortization and impairment of such assets. IFRIC 20 is effective for reporting years beginning on or after January 1, 2013, although earlier application is permitted.

IAS 1 – Presentation of Items of Other Comprehensive Income

The amendments of IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to net earnings at a future point in time would be presented separately from items that will never be reclassified. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

e) Future Accounting Changes

The Company anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements and are therefore not discussed below.

IFRS 9 – Financial Instruments - Classification and Measurement

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Requirements for financial liabilities were added to IFRS 9 in October 2010. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements, including the applicability of early adoption.

Notes to Condensed Interim Consolidated Financial Statements

October 31, 2013

Tabular amounts in thousands of U.S. Dollars except for price per share, shares and options

3. Mineral Property Agreements

NorthMet, Minnesota, U.S.A.

Pursuant to an agreement dated January 4, 1989, subsequently amended and assigned, the Company leases 4,162 acres in St. Louis County, Minnesota from RGGGS Land & Minerals Ltd., L.P. The original term of the renewable lease was 20 years and called for total lease payments of \$1,475,000. The Company can, at its option, terminate the lease at any time by giving written notice to the lessor not less than 90 days prior to the effective termination date or can indefinitely extend the 20-year term by continuing to make \$150,000 annual lease payments on each successive anniversary date. All lease payments have been paid or accrued to October 31, 2013. The next payment is due in January 2014.

The lease payments are considered advance royalty payments and shall be deducted from future production royalties payable to the lessor, which range from 3% to 5% based on the net smelter return received by the Company. The Company's recovery of \$2.075 million in advance royalty payments is subject to the lessor receiving an amount not less than the amount of the annual lease payment due for that year.

Pursuant to an agreement effective December 1, 2008, the Company leases 120 acres in St. Louis County, Minnesota from LMC Minerals. The initial term of the renewable lease is 20 years and calls for minimum annual lease payments of \$3,000 for the first four years after which the minimum annual lease payment increases to \$30,000. The initial term may be extended for up to four additional five-year periods on the same terms. All lease payments have been paid or accrued to October 31, 2013. The next payment is due in November 2013 (paid subsequent to period end).

The lease payments are considered advance royalty payments and will be deducted from future production royalties payable to the lessor, which range from 3% to 5% based on the net smelter return that we receive. The Company's recovery of \$0.042 million in advance royalty payments is subject to the lessor receiving an amount not less than the amount of the annual lease payment due for that year.

Pursuant to the leases, PolyMet holds mineral rights and the right to mine. PolyMet intends to acquire surface rights through a land exchange with the United States Forest Service (Note 7).

4. Mineral Property, Plant and Equipment

Details of Mineral Property, Plant, and Equipment are as follows:

Net Book Value	NorthMet	Other fixed assets	Total
Balance at January 31, 2013	\$ 220,293	\$ 136	\$ 220,429
Additions	20,349	60	20,409
Changes to environmental rehabilitation provision (Note 6)	(4,661)	-	(4,661)
Amortization	-	(22)	(22)
Balance at October 31, 2013	\$ 235,981	\$ 174	\$ 236,155

PolyMet Mining Corp.
(a development stage company)

Notes to Condensed Interim Consolidated Financial Statements

October 31, 2013

Tabular amounts in thousands of U.S. Dollars except for price per share, shares and options

4. Mineral Property, Plant and Equipment - Continued

NorthMet	October 31, 2013		January 31, 2013	
Mineral property acquisition and interest costs	\$	46,096	\$	44,514
Mine plan and development		37,733		35,688
Environmental		58,171		46,198
Consulting and wages		32,315		29,132
Environmental rehabilitation (Note 6)		46,689		51,350
Site activities		14,028		12,462
Mine equipment		949		949
Total	\$	235,981	\$	220,293

Erie Plant, Minnesota, U.S.A.

In October 2003, the Company entered into an option with Cliffs Natural Resources Inc. ("Cliffs") to purchase 100% ownership of large parts of the former LTV Steel Mining Company ore processing plant in northeastern Minnesota. The Company paid \$500,000 in cash and issued 1,000,000 common shares (at fair value of \$229,320) for this option, which it exercised on November 15, 2005 under the Asset Purchase Agreement with Cliffs ("Cliffs I").

On December 20, 2006, the Company closed a transaction ("Cliffs II") in which it acquired, from Cliffs, property and associated rights sufficient to provide it with a railroad connection linking the mine development site and the Erie Plant. The transaction also included a 120-railcar fleet, locomotive fuelling and maintenance facilities, water rights and pipelines, large administrative offices on site and an additional 6,000 acres to the east and west of and contiguous to its existing tailing facilities.

The cost of acquisition of the Erie Plant and associated infrastructure was \$18.9 million in cash and 9,200,547 shares at a fair market value of \$13.953 million.

The Company assumed certain ongoing site-related environmental and reclamation obligations as a result of the above purchases (Note 6). These environmental and reclamation obligations are presently contracted under the terms of the purchase agreements with Cliffs. Once the Company obtains its permit to mine and Cliffs is released from its obligations by the State agencies, the environmental and reclamation obligations will be direct with the governing bodies.

During the nine months ended October 31, 2013, the Company capitalized 100% of borrowing costs on long-term (Note 7), convertible debt (Note 8), and other debentures (Note 9) in the amount of \$1.658 million (October 31, 2012 - \$1.316 million) as part of the cost of NorthMet assets.

As NorthMet assets are not in use or capable of operating in a manner intended by management, no amortization of these assets has been recorded to October 31, 2013.

Notes to Condensed Interim Consolidated Financial Statements

October 31, 2013

Tabular amounts in thousands of U.S. Dollars except for price per share, shares and options

5. Wetland Credit Intangible

Details of Wetland Credit Intangibles are as follows:

	October 31, 2013	January 31, 2013
Wetland Credit Intangible – Exercised options	\$ 1,579	\$ 1,579
Wetland Credit Intangible – Unexercised options	4,413	4,413
	\$ 5,992	\$ 5,992

On March 9, 2012 the Company acquired a secured interest in land ("AG Land") owned by AG for Waterfowl, LLP ("AG") that is permitted for restoration to wetland. AG was subsequently acquired by Environmental Investment Partners ("EIP") and the Company consented to the assignment of the agreement to EIP on September 7, 2012. EIP will restore the wetlands and, upon completion, wetland credits are to be issued by the proper governmental authorities. The Company plans to use the wetland credits to offset wetlands disturbed during construction and operation of NorthMet. The Company holds a first mortgage on the AG Land, which will be proportionately released as wetland credits are transferred to the Company. The Company has the option to exercise five separate phases of wetland credit development. Any option not exercised by February 28, 2017 will expire and the remaining mortgage, if any, will be released. As at October 31, 2013, the Company had exercised the option on phase 1.

The Company paid initial consideration of \$2.0 million cash and issued 2,788,902 of the Company's common shares valued at \$3.375 million (of which 371,854 held in escrow pending completion of construction of the first phase) and a warrant to purchase 1,083,333 of the Company's common shares at \$1.50 per share at any time until December 31, 2015 as consideration for a \$5.9 million mortgage to secure performance by EIP. The exercise price of the exchange warrants and the number of warrants are subject to conventional anti-dilution provisions. Effective July 5, 2013, the Company increased the number of common shares issuable to 1,249,315 and reduced the exercise price to \$1.3007, to reflect the dilutive effect of the 91.6 million common shares that were issued at \$0.66 per share in connection with the Rights Offering (the "Rights Offering") (Note 10).

In addition to the initial consideration, performance commitments for phase 1 totaling \$0.68 million will be due over the seven years following wetland construction completion for ongoing maintenance by EIP. Performance payments totaling \$1.063 million per phase for completion and maintenance of phase 2 through 5 will only be incurred if and when the Company exercises its option on those phases and will be due over the seven years following completion of each phase. If wetland credits are issued by the proper governmental authorities before the seven-year anniversary, any unpaid amounts are due upon issuance of the wetland credits.

The Company has concluded the transaction was negotiated between unrelated parties and therefore at the fair value of the services received. To date, the Company has recorded of \$5.992 million to Wetland Credit Intangibles which comprises the aggregate value of shares (\$3.375 million), warrants (\$0.525 million), cash paid (\$2.0 million), and transaction costs (\$0.092 million). Since the Company expects to exercise each of the remaining options prior to expiration, the Company determined that the total consideration price of \$10.833 million should be allocated equally amongst the total credits with \$2.167 million being allocated to each phase after all payments have been made.

Notes to Condensed Interim Consolidated Financial Statements

October 31, 2013

Tabular amounts in thousands of U.S. Dollars except for price per share, shares and options

6. Environmental Rehabilitation Provision

Details of Environmental Rehabilitation Provision are as follows:

	Nine months ended October 31, 2013	Year ended January 31, 2013
Environmental Rehabilitation Provision – beginning of period	\$ 53,488	\$ 22,836
Change in estimated liability	-	31,845
Liabilities discharged	(1,414)	(565)
Accretion expense	1,117	792
Change in pre-tax risk-free interest rate	(4,661)	(1,420)
Environmental Rehabilitation Provision – end of period	48,530	53,488
Less current portion	(1,115)	(1,808)
Non-current portion	\$ 47,415	\$ 51,680

As part of the consideration for the Cliffs Purchase Agreements (Note 4), the Company indemnified Cliffs for the liability related to final reclamation and closure of the acquired property.

Federal, state and local laws and regulations concerning environmental protection affect the Company's operations. Under current regulations, the Company is contracted to indemnify Cliffs requirement to meet performance standards to minimize environmental impact from operations and to perform site restoration and other closure activities. Once the Company obtains its permit to mine the environmental and reclamation obligations will be direct with the governing bodies. The Company's provisions for future site closure and reclamation costs are based upon existing reclamation requirements at October 31, 2013. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

In April 2010, Cliffs entered into a consent decree with the Minnesota Pollution Control Agency ("MPCA") relating to alleged violations on the Cliffs Erie Property. This consent decree required submission of Field Study Plan Outlines and Short Term Mitigation Plans. In April 2012, long-term mitigation plans were submitted to the MPCA for its review and approval. In October 2012, a response was received from the MPCA approving plans for pilot tests of various treatment options to determine the best course of action. Although there is substantial uncertainty related to applicable water quality standards, engineering scope, and responsibility for the financial liability, the October 2012 response from the MPCA provides clarification to the potential liability for the Long Term Mitigation Plan. The Company's best estimate of the liability related to this consent decree at October 31, 2013 was \$30.6 million (January 31, 2013 - \$31.8 million) which is included in the environmental rehabilitation provision.

The Company's best estimate of the environmental rehabilitation provision at October 31, 2013 was \$48.5 million (January 31, 2013 - \$53.5 million) based on estimated cash flows required to settle this obligation in present day costs of \$24.3 million (January 31, 2013 - \$24.5 million) for Cliffs I and \$31.9 million (January 31, 2013 - \$33.0 million) for Cliffs II, an annual inflation rate of 2.00% (January 31, 2013 – 2.00%), a risk-free interest rate of 3.33% (January 31, 2013 – 2.79%), a mine life of 20 years and a rehabilitation period of 10 years.

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(a development stage company)

Notes to Condensed Interim Consolidated Financial Statements

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Tabular amounts in thousands of U.S. Dollars except for price per share, shares and options

7. Long Term Debt

Details of Long Term Debt are as follows:

	Nine months ended October 31, 2013	Year ended January 31, 2013
Long Term Debt – beginning of period	\$ 3,950	\$ 3,672
Accretion and capitalized interest	244	278
Long Term Debt – end of period	4,194	3,950
Less current portion	-	-
Non-current portion	\$ 4,194	\$ 3,950

On June 30, 2011 the Company closed a \$4.0 million loan from Iron Range Resources & Rehabilitation Board ("IRRRB"), a development agency created by the State of Minnesota to stabilize and enhance the economy of northeastern Minnesota. At the same time, the Company exercised its options to acquire two tracts of land as part of the proposed land exchange with the U.S. Forest Service ("USFS"). The loan is secured by the land acquired, carries a fixed interest rate of 5% per annum, compounded annually, and is repayable on the earlier of June 30, 2016 or the date which the related land is exchanged with the USFS (not expected to occur within 12 months from October 31, 2013). The Company has issued warrants giving the IRRRB the right to purchase 400,000 shares of its common shares at \$2.50 per share at any time until the earlier of June 30, 2016, the date the land is exchanged with the USFS or an alternative date as determined between the parties as the due date of the loan ("IRRRB Warrants"). Effective July 5, 2013, the Company increased the number of common shares issuable to 461,286 and reduced the exercise price to \$2.1678, to reflect the dilutive effect of the 91.6 million common shares that were issued at \$0.66 per share in connection with the Rights Offering (Note 10). All long term debt borrowing costs were eligible for capitalization and 100% of these costs were capitalized during the nine months ended October 31, 2013.

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8. Convertible Debt

Details of Convertible Debt are as follows:

	Nine months ended October 31, 2013		Year ended January 31, 2013
Convertible Debt – beginning of period	\$	30,508	\$ 29,018
Accretion and capitalized interest		1,095	1,490
Convertible Debt – end of period		31,603	30,508
Less current portion		31,603	-
Non-current portion	\$	-	\$ 30,508

On October 31, 2008, the Company issued \$25.0 million of Debentures to Glencore AG ("Glencore") that bear interest at 12-month US dollar LIBOR plus 4%, compounded quarterly. Interest is payable in cash or by increasing the principal amount of the Debentures, at Glencore's option. At October 31, 2013, \$6.603 million (January 31, 2013 - \$5.508 million) of interest had been added to the principal amount of the debt since inception. The Company has provided security on the Debentures covering all of the assets of PolyMet and PolyMet US, including a pledge of PolyMet's 100% shareholding in PolyMet US. The due date of the Debentures is the earlier of i) PolyMet giving Glencore ten days' notice that PolyMet has received permits necessary to start construction of NorthMet and availability of senior construction finance, in a form reasonably acceptable to Glencore (the "Early Maturity Event"), and ii) September 30, 2014, on which date all principal and interest accrued to such date will be due and payable. Upon occurrence of the Early Maturity Event and at the Company's option, the initial principal and capitalized interest would have been exchangeable into common shares of PolyMet at \$1.50 per share. Effective July 5, 2013, the Company reduced the exchange price to \$1.2920, to reflect the dilutive effect of the 91.6 million common shares that were issued at \$0.66 per share in connection with the Rights Offering (Note 10). Glencore has the right to exchange some or all of the debentures at any time under the same conversion terms. All convertible debt borrowing costs were eligible for capitalization and 100% of these costs were capitalized during the nine months ended October 31, 2013.

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9. Glencore Financing

Since October 31, 2008 the Company and Glencore have entered into a series of financing agreements and a marketing agreement whereby Glencore committed to purchase all of the Company's production of concentrates, metal, or intermediate products on market terms at the time of delivery, for at least the first five years of production. As part of the 2013 financing, PolyMet and Glencore entered into a Corporate Governance Agreement whereby from January 1, 2014 as long as Glencore holds 10% or more of PolyMet's shares (on a fully diluted basis) Glencore shall have the right, but not obligation to designate at least one director and not more than the number of directors proportionate to Glencore's fully diluted ownership of PolyMet, rounded down to the nearest whole number, such number to not exceed 49% of the total board. PolyMet previously appointed a senior member of Glencore's technical team to PolyMet's Technical Steering Committee.

The financing agreements comprise \$25.0 million initial principal Series A-D debentures in calendar 2008 drawn in four tranches, \$25.0 million placement of PolyMet common shares in calendar 2009 in two tranches, \$30.0 million placement of PolyMet common shares in calendar 2010 in three tranches, \$20.0 million in calendar 2011 in one tranche, and \$20.960 million purchase of PolyMet common shares in the 2013 Rights Offering. As a result of the series of financing transactions and the purchase by Glencore of PolyMet common shares previously owned by Cliffs, Glencore's current ownership and ownership rights of PolyMet comprises:

- 78,724,821 shares representing 28.6% of PolyMet's issued shares;
- \$25.0 million initial principal floating rate secured debentures due September 30, 2014 (Note 8). Including capitalized interest as at October 31, 2013, these debentures are exchangeable at \$1.2920 per share into 24,459,480 common shares of PolyMet upon PolyMet giving Glencore notice that it has received permits necessary to start construction of NorthMet and availability of senior construction finance in a form reasonably acceptable to Glencore or are repayable on September 30, 2014. The exercise price of the exchange warrants and the number of warrants are subject to conventional anti-dilution provisions triggered upon close of the Rights Offering (Note 10); and
- Glencore holds warrants to purchase 6,458,001 million common shares at \$1.3007 per share at any time until December 31, 2015, subject to mandatory exercise if the 20-day Value Weighted Average Price ("VWAP") of PolyMet common shares is equal to or greater than 150% the exercise price and PolyMet provides notice to Glencore that it has received permits necessary to start construction of NorthMet and availability of senior construction finance, in a form reasonably acceptable to Glencore. The exercise price of the purchase warrants and the number of warrants are subject to conventional anti-dilution provisions triggered upon close of the Rights Offering (Note 10).

If Glencore were to exercise all of its rights and obligations under these agreements, it would own 109,642,302 common shares of PolyMet, representing 35.8% on a partially diluted basis, that is, if no other options or warrants were exercised or 34.0% on a fully diluted basis.

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9. Glencore Financing - Continued

2013 Agreement

On April 10, 2013, the Company amended its previous financing arrangement and issued a new Tranche E debenture ("Debenture") with the principal amount of \$20.0 million to Glencore and Glencore agreed to a Standby Purchase Agreement ("Standby") related to a proposed \$60.480 million Rights Offering by the Company. Under the Standby, Glencore agreed to purchase any common shares offered under the Rights Offering that were not subscribed for by holders of the rights, subject to certain conditions and limitations. The \$20.0 million Debenture carried a fixed interest rate of 4.721% per annum payable in cash monthly and matured on the earlier of (i) closing of the Rights Offering by the Company or (ii) May 1, 2014. The Company provided security by way of a guarantee and by the assets of the Company and its wholly-owned subsidiary. The sale of the Debenture was consummated on April 11, 2013. The Company accounted for the Debenture issued initially at fair value and subsequently at its amortized cost. Transaction costs of \$103,101 relating to the Debenture were capitalized against the balance. The Debenture was repaid upon the closing of the Rights Offering on July 5, 2013.

Glencore purchased PolyMet common shares for \$20.960 million in the Rights Offering (Note 10), which closed on July 5, 2013.

10. Share Capital

a) Share Issuances for Cash

On October 15, 2012, the Company closed the third tranche of its 2010 equity financing with Glencore for 5,000,000 common shares at \$2.00 per share for gross proceeds of \$10.0 million. For accounting purposes, the \$875,000 premium over the market price at the time of the arrangement was debited to share capital and credited to equity reserves. Transaction costs for the financing were \$18,000.

On May 24, 2013, the Company filed the final prospectus for an offering of rights ("Rights") to holders of common shares of the Company to raise up to \$60.480 million in gross proceeds. Every shareholder received one Right for each common share owned on June 4, 2013, the Record Date, and two Rights entitled the holder to acquire one new common share of the Company at \$0.66 per share. The Rights expired on July 3, 2013.

Under the terms of a Standby Purchase Agreement, Glencore agreed to purchase any common shares not subscribed for by holders of Rights, subject to certain conditions and limitations guaranteeing a minimum of \$53.0 million in gross proceeds. Because the Rights Offering was oversubscribed, Glencore did not purchase any shares under its standby commitment.

Upon the closing of the Rights Offering on July 5, 2013, the Company issued a total of 91,636,202 common shares for gross proceeds of \$60.480 million. Expenses and fees relating to the Rights Offering were \$2.108 million, including the \$1.061 million standby commitment fee paid to Glencore, and reduced the gross proceeds recorded as share capital. The closing of the Rights Offering triggered customary anti-dilution provisions for outstanding warrants, share options, and unissued RSUs.

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10. Share Capital - Continued

a) Share Issuances for Cash - Continued

During the nine months ended October 31, 2013 the Company issued nil shares (October 31, 2012 – 185,000) pursuant to the exercise of share options for total proceeds of \$nil (October 31, 2012 - \$148,000).

b) Share-Based Compensation

The Omnibus Share Compensation Plan (“Omnibus Plan”) was created to align the interests of the Company’s employees, directors, officers and consultants with those of shareholders. Effective May 25, 2007, the Company adopted the Omnibus Plan, which was approved by the Company’s shareholders’ on June 27, 2007, modified and further ratified and reconfirmed by the Company’s shareholders most recently on July 10, 2012. The Omnibus Plan restricts the award of share options, restricted shares, and bonus shares to 10% of the common shares issued and outstanding on the grant date, excluding 2,500,000 common shares pursuant to an exemption approved by the Toronto Stock Exchange.

During the nine months ended October 31, 2013, the Company recorded \$0.669 million for share-based compensation (October 31, 2012 - \$2.311 million) with \$0.357 million expensed to share-based compensation (October 31, 2012 - \$1.951 million), \$0.096 million expensed to investor relations (October 31, 2012 - \$nil), and \$0.216 million capitalized to mineral property, plant and equipment (October 31, 2012 - \$0.360 million). The offsetting entries were to warrants and share-based payment reserve. Total share-based compensation for the period includes \$0.412 million for share options (October 31, 2012 - \$1.362 million) and \$0.257 million for restricted shares (October 31, 2012 - \$0.155 million). The prior year period included \$0.795 million related to the three year term extension as a result of the option modification of 14,420,000 options outstanding at July 10, 2012.

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10. Share Capital - Continued

c) Share Options

Details of share option activity are as follows:

	Nine months ended October 31, 2013		Year ended January 31, 2013	
	Options	Weighted Average Exercise Price (US\$)	Options	Weighted Average Exercise Price (US\$)
Outstanding – beginning of period	14,920,000	1.94	11,195,000	1.57
Granted	450,000	0.97	4,375,000	0.97
Exercised	-	-	(185,000)	1.12
Cancelled	(150,000)	2.75	(425,000)	2.73
Expired	-	-	(40,000)	0.94
Anti-dilution price adjustment	-	(0.26)	-	-
Outstanding – end of period	15,220,000	1.63	14,920,000	1.94

Effective July 5, 2013, the Company reduced the exercise price of all options that were outstanding prior to the Rights Offering, to reflect the dilutive effect of the 91.6 million common shares that were issued at \$0.66 per share in connection with the Rights Offering. The adjustment did not impact the financial statements.

The fair value of share options granted was estimated at the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	Nine months ended October 31, 2013	Year ended January 31, 2013
Risk-free interest rate	0.23% to 0.31%	0.27% to 0.50%
Expected dividend yield	Nil	Nil
Expected forfeiture rate	Nil	Nil
Expected share price volatility	81.78% to 90.43%	96.90% to 125.92%
Expected option life in years	1.91 to 2.00	2.25 to 3.00

The expected forfeiture rate reflects the Company's expectations that its key staff and directors who have received incentive options will continue to work for the Company. The Company has no current plans to reduce staffing levels and anticipates that the likelihood of resignations will diminish as the permitting process proceeds.

The expected share price volatility reflects the Company's expectation that historical volatility over a period similar to the life of the option is indicative of future trends, which may or may not necessarily be the actual outcome.

The weighted fair value of share options granted during the nine months ended October 31, 2013 was \$0.38 (October 31, 2012 - \$0.43). Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

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Tabular amounts in thousands of U.S. Dollars except for price per share, shares and options

10. Share Capital - Continued

c) **Share Options - Continued**

Details of share options outstanding as at October 31, 2013 are as follows:

Expiry Date	Exercise Price (US\$) **	Exercise Price (CDN\$) **	Number of options outstanding
September 19, 2015	1.1272	1.1793 *	1,190,000
October 24, 2015	0.9946	1.0405 *	200,000
December 5, 2015	0.9532	0.9972 *	125,000
March 20, 2016	2.2875	2.3932 *	1,950,000
April 1, 2016	1.0232		250,000
June 19, 2016	2.4616	2.5753 *	325,000
September 1, 2016	3.1660	3.3123 *	300,000
January 5, 2017	2.7350	2.8614 *	525,000
February 13, 2017	2.5926		1,250,000
March 12, 2017	2.5319		250,000
March 23, 2017	2.5059		50,000
September 4, 2017	2.6013		360,000
December 12, 2017	2.6447		205,000
January 11, 2018	2.6273		70,000
January 31, 2018	2.4886		100,000
February 15, 2018	2.3585		500,000
June 2, 2018	3.3990		100,000
July 30, 2018	2.7921		175,000
January 30, 2019	0.7110		585,000
February 17, 2019	0.7110		910,000
October 15, 2019	2.3152		115,000
January 8, 2020	3.0695		60,000
January 25, 2021	1.8816		300,000
March 10, 2021	1.7689		750,000
March 8, 2022	1.0318		1,150,000
April 2, 2022	1.0058		100,000
June 21, 2022	0.7613		2,500,000
July 9, 2022	0.7240		125,000
July 11, 2022	0.8237		150,000
July 25, 2022	0.8671		50,000
January 7, 2023	0.7977		300,000
April 3, 2023	0.9972		100,000
October 2, 2023	0.8200		100,000
Weighted average exercise price and total number of options outstanding	1.6264		15,220,000

* For information purposes, those share options granted with an exercise price in Canadian dollars ("CDN") have been translated to the Company's reporting currency using the exchange rate as at October 31, 2013 of 1.00 US\$ = 1.0462 CDN\$.

** Effective July 5, 2013, the Company reduced the exercise price of all options that were outstanding prior to the Rights Offering, to reflect the dilutive effect of the 91.6 million common shares that were issued at \$0.66 per share in connection with the Rights Offering. The adjustment did not impact the financial statements.

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10. Share Capital - Continued

c) **Share Options - Continued**

As at October 31, 2013 all share options had vested and were exercisable, with the exception of 3,629,166, which vest upon completion of specific targets (Publication of SDEIS – 933,333; Publication of final EIS – 160,000; Issuance of Permits – 1,115,833; Start of Construction – 960,000; Start of Commercial Production – 300,000; Other – 160,000).

d) **Restricted Shares**

Details of restricted share activity are as follows:

	Nine months ended October 31, 2013	Year ended January 31, 2013
Outstanding - beginning of period	785,882	327,500
Granted	-	458,382
Anti-dilution restricted shares	11,407	-
Outstanding - end of period	797,289	785,882

Effective July 5, 2013, the Company increased the number of common shares issuable for all restricted stock units that were unissued prior to the Rights Offering, to reflect the dilutive effect of the 91.6 million common shares that were issued at \$0.66 per share in connection with the Rights Offering. The adjustment did not impact the financial statements.

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10. Share Capital - Continued

e) Bonus Shares

The Company has instituted a bonus share plan as part of its employment, management and consulting contracts for key directors, management and project personnel. This bonus share plan adds incentive for key personnel to reach certain prescribed milestones required to reach commercial production at NorthMet. As at October 31, 2013, the Company had received shareholder approval of the bonus shares for Milestones 1 to 4 and regulatory approval for Milestones 1, 2 and 3. Milestone 4 is subject to regulatory approval. To October 31, 2013, 5,240,000 shares have been issued for the achievement of Milestones 1, 2 and 3.

The summary of the bonus share plan is as follows:

	Bonus Shares	Status
Milestone 1	1,590,000	issued
Milestone 2	1,300,000	issued
Milestone 3	2,350,000	issued
Milestone 4	3,640,000	(i) and (ii)

- (i) Milestone 4 – Commencement of commercial production at NorthMet at a time when the Company has not less than 50% ownership interest.
- (ii) At the Annual General Meeting of shareholders of the Company, held on June 17, 2008, the disinterested shareholders approved the bonus shares for Milestone 4. The bonus shares allocated to Milestone 4 are valued at \$3.80, the Company's closing trading price on June 17, 2008.

During the nine months ended October 31, 2013, the Company recorded \$0.546 million amortization related to Milestone 4 (October 31, 2012 – \$0.574 million), which was capitalized to Mineral Property, Plant and Equipment. The fair value of these unissued bonus shares is being amortized until the estimated date of issuance.

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10. Share Capital - Continued

f) Share Purchase Warrants

Details of share purchase warrants are as follows:

	Nine months ended October 31, 2013		Year ended January 31, 2013	
	Warrants	Weighted Average Exercise Price (US\$)	Warrants	Weighted Average Exercise Price (US\$)
Outstanding – beginning of period	7,083,333	1.56	6,000,000	1.57
Issued (Note 5)	-	-	1,083,333	1.50
Anti-dilution price adjustment	-	(0.21)	-	-
Anti-dilution warrants issued	1,085,269	-	-	-
Outstanding – end of period	8,168,602	1.35	7,083,333	1.56

Effective July 5, 2013, the Company increased the number of common shares issuable and reduced the exercise price of all warrants that were outstanding prior to the Rights Offering, to reflect the dilutive effect of the 91.6 million common shares that were issued in connection with the Rights Offering. The adjustment did not impact the financial statements.

11. Finance Costs

Details of Finance Income and Costs are as follows:

	Nine months ended October 31,	
	2013	2012
Interest and financing costs, net	\$ (21)	\$ (21)
Accretion of environmental rehabilitation provision (Note 6)	1,117	57
Finance costs	\$ 1,096	\$ 36

12. Supplemental Disclosure With Respect to Statements of Cash Flows

The Company entered into the following non-cash investing and financing activities:

	Nine months ended October 31,	
	2013	2012
Changes in trade payables and accrued liabilities related to investing activities	\$ 194	\$ 1,031
Accretion of environment rehabilitation provision and accrued interest	2,456	1,373
Share-based compensation	669	2,312
Bonus Share Milestone 4 amortization	546	574
Shares and warrants issued for Wetland Credit Intangible	-	3,900
Shares issued for land options	\$ 93	\$ 64

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13. Related Party Transactions

The Company conducted transactions with senior management, directors and persons or companies related to these individuals, and paid or accrued amounts as follows:

	Nine months ended October 31,	
	2013	2012
Salaries and other short-term benefits	\$ 1,121	\$ 1,081
Other long-term benefits	45	38
Termination benefits	-	279
Share-based payment ⁽¹⁾	-	1,886
Total	\$ 1,166	\$ 3,284

(1) Share-based payment represents the fair value determined at grant date to be expensed over the vesting period. Share-based payments are described in Note 10.

There are agreements with key employees that contain severance provisions for termination without cause or in the event of a take-over bid. Other than the President and Chief Executive Officer, none of PolyMet's other directors has a service contract with the Company providing for benefits upon termination of his employment.

As a result of Glencore's ownership of 28.6% of the Company it is also a related party. Transactions with Glencore are described in Notes 8, 9, and 10.

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14. Segmented Information

The Company's primary mineral property is the NorthMet Project, which is in the permitting stage of development. Financing and administrative functions are provided at the corporate office. Segmented information is as follows:

October 31, 2013	Corporate	NorthMet Operations	Consolidated
Cash and cash equivalents	\$ 40,314	\$ 194	\$ 40,508
Trade and other receivables	10	1,360	1,370
Prepaid expenses	154	816	970
Wetland Credit Intangible	-	5,992	5,992
Mineral Property, Plant & Equipment	119	236,036	236,155
Total assets	40,597	244,398	284,995
Trade payables and accrued liabilities	66	3,130	3,196
Long term debt	-	4,194	4,194
Convertible debt	31,603	-	31,603
Environmental rehabilitation provision	-	48,530	48,530
Total liabilities	31,669	55,854	87,523
General and administrative	2,995	1,057	4,052
Interest and financing costs, net	(20)	(1)	(21)
Accretion of environmental rehabilitation provision	-	1,117	1,117
Investment Loss	48	-	48
Other (Income) Expense	11	(32)	(21)
Segmented loss	\$ 3,034	\$ 2,141	\$ 5,175

October 31, 2012	Corporate	NorthMet Operations	Consolidated
Cash and cash equivalents	\$ 10,923	\$ 135	\$ 11,058
Trade and other receivables	184	612	797
Investment	14	-	14
Prepaid expenses	103	607	710
Wetland Credit Intangible	-	5,992	5,992
Mineral Property, Plant & Equipment	93	221,675	221,768
Total assets	11,317	229,021	240,339
Trade payables and accrued liabilities	336	2,461	2,797
Long term debt	-	3,870	3,870
Convertible debt	30,136	-	30,136
Environmental rehabilitation provision	-	58,691	58,691
Total liabilities	30,472	65,022	95,494
General and administrative	4,123	379	4,502
Interest and financing costs, net	(21)	-	(21)
Accretion of environmental rehabilitation provision	-	57	57
Other (Income) Expense	(3)	(50)	(53)
Segmented loss	\$ 4,099	\$ 386	\$ 4,485

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15. Commitments and Contingencies

In addition to items described elsewhere in these financial statements:

- a) On October 31, 2008, the Company entered into agreements with Glencore wherein Glencore will provide marketing services covering concentrates, metal, or intermediate products at prevailing market terms for at least the first five years of production.
- b) As at October 31, 2013, the Company had firm commitments related to the environmental review process, land options, wetland credit intangibles, consultants, and rent of approximately \$4.9 million with the majority due over the next year and the remainder due over seven years.
- c) As at October 31, 2013, the Company had non-binding commitments to maintain its mineral lease rights of \$180,000 with all due in the next year.