



## LETTER TO SHAREHOLDERS

September 28, 2023

Dear fellow Shareholder:

I am pleased and excited to invite you to attend a special meeting of holders of common shares (the "**Shareholders**") of PolyMet Mining Corp. ("**we**", "**PolyMet**" or the "**Company**") to be held in person and online on November 1, 2023 at 9:00 a.m. (Pacific time) (the "**Meeting**"). The purpose of the Meeting is to allow Shareholders to consider an offer by Glencore AG ("**Glencore**") to acquire all of the common shares of PolyMet (each, a "**Share**") not currently owned by Glencore or its affiliates (each, a "**Minority Share**") at an all-cash price of US\$2.11 per Share (the "**Consideration**") by way of a Court-approved statutory plan of arrangement (the "**Arrangement**") involving PolyMet and Glencore pursuant to the provisions of the *Business Corporations Act* (British Columbia).

A special committee of the Board of Directors of the Company (the "**Board**") consisting entirely of independent directors (the "**Special Committee**") conducted, with the assistance of its experienced and qualified independent financial and legal advisors, a review of the Company's operations and financing needs and alternatives available to the Company and obtained an independent formal valuation of the Shares as well as two fairness opinions in respect of the consideration to be received by the holders of the Minority Shares, including the Company's "unaffiliated security holders" as defined in Rule 13e-3 under the U.S. Exchange Act (the "**Minority Shareholders**"). Following this process, and after careful consideration, the Special Committee unanimously determined that the Arrangement is in the best interests of the Company and fair to the Minority Shareholders and recommended to the Board that it: (i) determine that the Arrangement is in the best interests of the Company; (ii) determine that the Arrangement is fair to the Minority Shareholders; and (iii) recommend to the Minority Shareholders that they vote their Shares in favor of the Arrangement.

On the unanimous recommendation of the Special Committee, the Board (with John Burton, Stephen Rowland and Matthew Rowlinson (being the three directors on the Board affiliated with Glencore)(the "**Conflicted Directors**") having recused themselves), and following careful consideration of, among other things, the items below, unanimously determined that the Arrangement is in the best interests of the Company and fair to the Minority Shareholders and unanimously recommends that the Minority Shareholders vote in favor of the Arrangement.

In reaching its conclusion, the Special Committee took into consideration, among other things, the following:

- **Significant Premium.** The Consideration represents a 167% premium to the closing price of C\$1.04 (US\$0.79 based on the daily average exchange rate of C\$1.00 = US\$0.7553 and US\$1.00 = C\$1.3240 for June 30, 2023 as reported by the Bank of Canada) of the Shares on the Toronto Stock Exchange ("**TSX**") and a 167% premium to the closing price of US\$0.79 of the Shares on the NYSE American ("**NYSE American**") on June 30, 2023, being the last trading date prior to the announcement of Glencore's Non-Binding Proposal to acquire the Minority Shares. The Consideration also represents a premium of approximately 34% to the closing price of the Company's shares on the NYSE American on June 6, 2023, being the last trading day before the announcement of the CWA Section 404 permit revocation.
- **Formal Valuation.** The formal valuation carried out by Maxit Capital LP ("**Maxit**"), the independent valuator retained by the Special Committee, which determined that as of July 15, 2023 and based upon and subject to the assumptions, limitations and qualifications set out therein, the fair market value of the Shares is in the range of US\$1.40 to US\$2.50 per Share, placing the US\$2.11 cash per Minority Share that the Minority Shareholders are to receive at the 65<sup>th</sup> percentile of the range. Maxit was engaged to provide the formal valuation and its fairness opinion on a fixed fee basis that was not contingent on the conclusions reached therein or the completion of the Arrangement.
- **Two Independent Fairness Opinions.** PolyMet received a fairness opinion from Paradigm Capital Inc. ("**Paradigm**"), the financial advisor retained by the Company, to the effect that, as of July 15, 2023 and based upon and subject to the assumptions, limitations and qualifications set out therein and such other matters as

Paradigm considered relevant, the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Minority Shareholders. Additionally, the Special Committee received a fairness opinion from Maxit, the independent valuator retained by the Special Committee, to the effect that, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set out therein, the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Minority Shareholders.

- **Certainty of Value and Removal of Risk.** The Consideration is all cash, which provides Minority Shareholders with certainty of value and immediate liquidity. The Arrangement crystalizes value for Minority Shareholders and removes uncertainty and risk around the development of the mineral assets of NewRange Copper Nickel LLC, PolyMet's 50:50 joint venture with Teck American Inc., a wholly-owned subsidiary of Teck Resources Limited, and the generally uncertain macroeconomic environment.
- **Thorough Process Conducted by Special Committee.** The Arrangement is the result of a process that included robust, arm's length negotiations and procedural safeguards.
- **Limited Alternatives.** There are limited alternatives for a sale to third parties, including due to Glencore's 82% controlling interest in the Company and the fact that Glencore informed PolyMet that it was not interested in pursuing any alternative transaction.
- **Limited Conditions and Short Timeline to Closing.** There are a limited number of closing conditions and, if approved, completion of the Arrangement is anticipated to take place shortly after the Meeting.

#### **Procedural Safeguards for the Minority Shareholders**

The negotiations leading to the execution and announcement of the Arrangement Agreement were undertaken by the Special Committee, which was comprised solely of independent directors and advised by experienced and qualified independent financial and legal advisors. The Arrangement is subject to the following approvals from Shareholders and the Supreme Court of British Columbia (the "**Court**"), which provides additional protection to the Minority Shareholders:

- (a) a special resolution (the "**Arrangement Resolution**"), the full text of which is outlined in Appendix A of the accompanying management proxy circular (the "**Circular**"), which must be approved by at least two-thirds (66⅔%) of the votes cast by Shareholders present in person, virtually present or represented by proxy at the Meeting, voting as a single class;
- (b) as the Arrangement constitutes a "business combination" for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), the Arrangement Resolution must also be approved by a simple majority (more than 50%) of the votes cast by Shareholders present in person, virtually present or represented by proxy at the Meeting, excluding, for this purpose, the votes attached to the Shares held by Glencore and its affiliates and the Shares held by any other Shareholders required to be excluded under MI 61-101; and
- (c) the Arrangement must be approved by the Court, after considering the procedural and substantive fairness of the Arrangement at a hearing at which Minority Shareholders and certain others are entitled to be heard.

The 159,806,774 Shares beneficially owned by Glencore and its affiliates, representing approximately 82.18% of the issued and outstanding Shares, will be excluded for the purposes of the "minority approval" required under MI 61-101 and referred to in paragraph (b) above.

In connection with the proposed Arrangement, all directors and executive officers of the Company who hold securities of the Company entered into voting and support agreements pursuant to which they have agreed, subject to the terms thereof, to vote all of their Shares **IN FAVOR** of the Arrangement Resolution.

The Arrangement is currently scheduled to be completed on or about November 7, 2023 based on the assumption that all required Shareholder and Court approvals are obtained and all other conditions to the Arrangement are satisfied or waived prior to such date.

The Meeting will be a hybrid meeting, held in person at Farris LLP, 2500 - 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3 and online via live webcast. Shareholders will be able to participate and vote at the Meeting online regardless of the geographic location at [www.virtualshareholdermeeting.com/PLM2023SM](http://www.virtualshareholdermeeting.com/PLM2023SM).

Please arrange for your proxy to be received by Broadridge, Attention: Vote Processing, 51 Mercedes Way, Edgewood, NY, 11717, by no later than 12:00 p.m. (Eastern time) on October 30, 2023 (or, if the Meeting is adjourned or postponed, 48 hours, excluding Saturdays, Sundays, and statutory holidays, prior to the commencement of the reconvened Meeting). Late proxies may be accepted or rejected by the Chair of the Meeting at his discretion, subject to the terms of the Arrangement Agreement, and the Chair of the Meeting is under no obligation to accept or reject any particular late proxy.

Shareholders should review the accompanying notice of special meeting of Shareholders and the Circular, which describes, among other things, the background to the Arrangement as well as the reasons for the determinations and recommendations of the Special Committee and the Board (other than the Conflicted Directors) (the “**Unconflicted Board of Directors**”). The Circular contains a detailed description of the Arrangement and includes additional information to assist you in considering how to vote at the Meeting. **You are urged to read this information carefully and, if you require assistance, you are urged to consult your financial, legal, tax or other professional advisors.**

**Your vote is important regardless of the number of Shares you own. If you are unable to attend the Meeting online or in person, we encourage you to take the time now to complete, sign, date and return the enclosed form of proxy or voting instruction form, as applicable, so that your Shares can be voted at the Meeting in accordance with your instructions.** If you are a registered Shareholder, we also encourage you to complete, sign, date and return the enclosed letter of transmittal, which will help the Company arrange for the prompt payment for your Shares if the Arrangement is completed.

If you have any questions about the information contained in the Circular or require assistance in completing your form of proxy please contact our proxy solicitation agent, Laurel Hill Advisory Group, by telephone at 1-877-452-7184 (North American Toll Free); or 1-416-304-0211 (collect outside North America); or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com). Questions on how to complete the Letter of Transmittal should be directed to the Company’s depository, Computershare, at 1-800-564-6253 (toll free in North America) or 1-514-982-7555 (outside North America), by facsimile at 1-905-771-4082 or by email at [corporateactions@computershare.com](mailto:corporateactions@computershare.com).

On behalf of the Unconflicted Board of Directors, we would like to take this opportunity to thank you for the support you have shown as Shareholders of the Company.

Yours very truly,

(signed) “Alan R. Hodnik”  
Alan R. Hodnik  
Lead Independent Director  
Chair, Special Committee