

Alyssa Bryant

From: Jeff Cox
Sent: Thursday, September 08, 2016 2:02 PM
To: Alyssa Bryant
Subject: FW: An unpublished column with a lot of information in it that should even give sulfide mining proponents pause.
Attachments: Duty to Warn PolyMet Corporation and its Investors.docx

From: Gary Kohls [mailto:ggkohls@gmail.com]
Sent: Thursday, September 08, 2016 12:27 PM
To: Council <Council@duluthmn.gov>
Cc: Sen. Amy Klobuchar <followthenorthstarfund1@gmail.com>; Senator Al Franken <noreply@franken.senate.gov>; Rep Rick Nolan <info@ricknolan.org>; Rep Jennifer Schultz <Rep.Jennifer.Schultz@house.mn>
Subject: An unpublished column with a lot of information in it that should even give sulfide mining proponents pause.

This research piece hasn't been submitted for publication to the Reader (it exceeds the usual length restrictions by several thousand words). It has a lot of incriminating information in it that should be considered by policy-makers and political leaders like the Duluth City Council and Amy Klobuchar, AL Franken and Rick Nolan.

Gary

Duty to Warn

PolyMet's Insiders:

What Investigative Journalists and Critics of Sulfide Mining in Northern Minnesota Should Know About PolyMet's Stakeholders

By Gary G. Kohls, MD

"If public tarring and feathering was a possible consequence if sulfide mining in environmentally sensitive northern Minnesota were to adversely affect the environment, I suspect that the IRRRB board members and even Representative Rick Nolan, candidate Stuart Mills and Senators Amy Klobuchar and Al Franken would quickly re-think their uninformed endorsements and carefully re-evaluate their positions." – GGK

"ALL tailings 'ponds' are a problem. If they don't breach and spill massive amounts of toxic sludge into the environment like at Mount Polley, they leach that contamination slowly, poisoning the waters and lands around them." -- From: <http://canadians.org/blog/update-mount-polley-mine-disaster-imperial-metals-and-government-focus-covering-instead>;

Below is important executive and shareholder information on PolyMet from its latest SEC filing. (the excerpts alone amount to 4,500+ words and the total piece is 5,600+ words)

Brief summary: PolyMet is a penny stock company, a so-called “junior” exploration and development mining company based in Canada that has never operated a single mine and has never earned a dime since its incorporation in British Columbia less than a decade ago. The stock price has averaged 80 cents per share over the past few years. There are 277 million shares outstanding.

The NorthMet project, PolyMet’s proposed open pit copper/nickel mine located on the edge of the environmentally sensitive Boundary Waters Canoe Area wilderness and at the head of the equally environmentally-sensitive St Louis River flowage (that empties into Lake Superior), is its only project and property. The Swiss multinational, Glencore/Xstrata, one of the largest commodities trading and mining companies in the world, owns nearly a third of PolyMet’s common stock. Glencore has an agreement with PolyMet to purchase all of the copper produced at the mine for years to come and would be the mine owner and operator in the future.

Go to https://en.wikipedia.org/wiki/Glencore#Relationship_with_Xstrata to learn about some of the many incidences of human rights abuses, corruption, kickbacks, deception, money-laundering, tax evasion, use of child labor, involvement with dictators, use of paramilitary and military thugs for “security purposes”, killing of union organizers and commodities price manipulation that Glencore has been involved in in the past. It should be noted that Glencore was founded in 1974 by Marc Rich, who was pardoned by then-president of the US Bill Clinton for crimes he had been convicted of.

Four of the ten directors on PolyMet’s board currently reside in Minnesota (no addresses available, but it is possible that at least two of them moved to Minnesota from out-of-state residences to facilitate the regulatory process that PolyMet is involved in. These four Minnesota members (Jonathan Cherry, Bradley Moore, Alan Hodnik and Michael Sill) own many millions of the company’s shares (plus stock options) and Hodnik and Sill appear to be handsomely compensated for their directorship roles by the perennially money-losing company.

Jonathan Cherry, PolyMet’s President and CEO, has a compensation package valued at over \$800,000/year, and Bradley Moore, Executive Vice President has a compensation package that is valued at over \$350,000/year. Alan Hodnik and Michael Sill receive no annual salaries, but each receives \$40,000 to serve on PolyMet’s board of directors. A recent stock price quote was 76 cents per share.

Some of the following information will interest the public, the rare truly investigative journalist and critics of the project. The entire SEC document is posted online at:

http://secfilings.nasdaq.com/edgar_conv_html%2f2016%2f04%2f21%2f0001062993-16-009152.html#FIS_COMPANY_INFORMATION

I have excerpted the following information and bolded certain parts that apply to the four PolyMet directors whom the filings claim currently reside in Minnesota.

I have also bolded information that might be of interest to critics of transnational mining corporations that have been responsible for massive pollution, environmental degradation and many ecological disasters.

One of the executives (Bradley Moore) has past connections to the Minnesota Department of Natural Resources (MN DNR), which is responsible for protecting Minnesota’s environment, and Alan Hodnik was once mayor of Aurora, MN, an iron range town that has gone through booms and busts depending on the vagaries of the iron ore market and the price of steel. (Aurora and Hoyt Lakes, incidentally, are co-hosts of the PolyMet site location.)

A penny stock mining company called Twin Metals was once a Toronto-based exploratory and development mining company that was owned by Duluth Metals, Inc, (prior to being bought out - in 2015 - by South American copper mining corporation Andofagasta, PLC). Duluth Metals, Inc no longer exists as a publicly-traded penny stock company, but the northern Minnesota project is still called Twin Metals.

The sole reason for the existence of Duluth Metals was to develop an underground copper-nickel mine in the iron range of northern Minnesota. Andofagasta, the multinational giant from Chile, bought out all the stock in 2015 and now owns all the mineral rights and property. It will be the operator of any future mine.

The Iron Range Resources and Rehabilitation Board (IRRRB) and the Minnesota Department of Employment and Economic Development Minnesota (DEED) each lost a quarter of a million dollars in a questionable investment that each agency made when the share price was in the \$2.50 per share range. Within a few years the stock price dropped as low as \$0.07 per share!

A few months later Andofagasta bought all of Duluth Metals shares for \$0.45 per share! One can only imagine the red faces and the amount of blood, sweat, tears and embarrassment suffered by the members of these two governmental agencies as their “investment” went sour and they realized that they had been duped into financing a losing cause.

And one can only imagine how conflicted are the members of the IRRRB as they become (hopefully) more fully informed about the potentially massive environmental pollution that these foreign penny stock company bedfellows are quite willing to risk so far away from THEIR homes in Vancouver, Toronto, Switzerland and Chile.

We have all seen the three piece suit-wearing PolyMet executives, lobbyists and lawyers that are conspiring to hood-wink the populace with their friendly-faced TV commercials and deceptive environmental impact statements.

I wonder how gung-ho would be the IRRRB members and other blind supporters of copper/nickel acid mining projects if they had been forced to show how strong was their confidence in the safety of the mines by volunteering to be publicly tarred, feathered and run out of town on a rail if the mines ever were found to pollute the aquifers and lakes of the region or if one of the tailings ponds burst, devastating the streams and rivers of the St Louis River system and Lake Superior downstream.

If public tarring and feathering was a possible consequence if sulfide mining in environmentally sensitive northern Minnesota were to adversely affect the environment, I suspect that the IRRRB board members and even Representative Rick Nolan, candidate Stuart Mills and Senators Amy Klobuchar and Al Franken would quickly re-think their uninformed endorsements and carefully re-evaluate their positions.

<<snip>>

ITEM 6. (PolyMet’s) DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Each Director serves until the next annual general meeting of shareholders or until his/her successor is duly elected, unless his/her office is vacated in accordance with our Articles of Incorporation. Vacancies on the Board of Directors are filled by election from nominees chosen by the remaining Directors and the persons filling those vacancies will hold office until the next annual general meeting of shareholders, at which time they may be re-elected or replaced.

The following is a list of the names and ages of our directors and senior management:

Name	Age	Position
W. Ian L. Forrest	77	Chairman, Director
Jonathan Cherry	46	Director, President, and Chief Executive Officer
Matthew Daley	37	Director
David Dreisinger	58	Director
Alan R. Hodnik	56	Director
William Murray	67	Director
Stephen Rowland	54	Director
Michael M. Sill	54	Director
Douglas J. Newby	57	Chief Financial Officer
Bradley Moore	55	Executive Vice President, Environmental & Governmental Affairs

W. Ian L. Forrest has served as a member of our board of directors since October 2003 and our Chairman since July 2012. Mr. Forrest previously served as Chairman of our board until from May 2004 to February 2008 and Co-Chairman from January 2011 to July 2012. He also serves as the Chair on both our Business Development and Risk Management and our Nominating and Corporate Governance committees and serves on our Audit, our Compensation, and our Capital Finance committees. Mr. Forrest played an important role in our revival in 2003. Mr. Forrest is a member of the Institute of Chartered Accountants of Scotland. Mr. Forrest has more than 40 years of experience with public companies in the resource sector. His experience encompasses the areas of promotion, financing, exploration, production and company management. **He has also participated in several notable projects including Gulfstream's North Dome gas discovery, Qatar, Reunion Mining's Scorpion zinc, Namibia**, which was subsequently developed by Anglo American, and **Ocean Diamond Mining**, which pioneered the independent diamond dredging industry off the west coast of southern Africa. He also served as a director of Tanager Energy Inc. (formerly MGold Resources Inc.) until October, 2011 and Belmore Resources (Holdings) plc until July, 2011 when it was acquired by Lundin Mining Ltd. He currently serves on the boards of Georex SA and Poros SAS. **Mr. Forrest was a director of Viatrade plc, which was put into receivership in August 2009. Mr. Forrest currently resides in Vaud, Switzerland.**

Jonathan Cherry has served as our **President and Chief Executive Officer** and as a member of our board of directors since July 2012. He also serves as the Chair on both our Safety, Health and Environmental and our Capital Finance committees and serves on our Technical Steering committee. Prior to July 2012, **Mr. Cherry's career spanned more than 20 years with Rio Tinto** where he worked in a number of positions, including general manager, where he was responsible for permitting and the initial development of the Eagle Mine in Michigan's Upper Peninsula. **His last position was Vice President with Rio Tinto**, responsible for strategic direction in environmental permitting and compliance, legal matters and external relations related to mine development of the Resolution copper project in Arizona. Mr. Cherry is a licensed Professional Engineer. **Mr. Cherry currently resides in Minnesota, United States.**

Matthew Daley has served as a member of our board of directors since July 2014. He also serves on both our Technical Steering and our Safety, Health and Environmental committees. Mr. Daley started his career with Mount Isa Mines in Australia, then **held senior management positions with Xstrata plc in Australia, Asia and South America before joining Glencore Xstrata plc in Canada in 2013.** He is responsible for technical and project support for **Glencore's copper assets in Australia, Asia and the Americas. Mr. Daley currently resides in Ontario, Canada.**

Dr. David Dreisinger has served as a member of our board of directors since October 2003. He serves on our Safety, Health and Environmental, our Audit, our Technical Steering and on our Nominating and Corporate

Governance committees. Since 1988, Dr. Dreisinger has been a member of the faculty at the University of British Columbia in the Department of Materials Engineering and is currently Professor and Chairholder of the Industrial Research and Chair in Hydrometallurgy. He has published over 250 papers and has been extensively involved as a process consultant in industrial research programs with metallurgical companies. Dr. Dreisinger has participated in 19 U.S. patents for work in areas such as pressure leaching, ion exchange removal of impurities from process solutions, **use of thiosulfate as an alternative to cyanide in gold leaching, and leach-electrolysis treatment of copper recovery from sulfide ores**, and the Sepon Copper Process for copper recovery from sulfidic-clayey ores. Dr. Dreisinger serves as a director of Search Minerals, Inc. and as Vice President – Metallurgy for each of Baja Mining Corp, Search Minerals Inc., and TriMetals Mining Inc. **Dr. Dreisinger currently resides in British Columbia, Canada.**

Alan R. Hodnik has served as a member of our board of directors since March 2011. He also serves as the Chair on our Compensation Committee and serves on our Safety, Health and Environmental, our Business Development and Risk Management and our Nominating and Corporate Governance committees. **Mr. Hodnik was named President of ALLETE, Inc. in May 2009, CEO in May 2010, and Chairman of that company in May 2011.** Since joining ALLETE in 1982, Mr. Hodnik has served as Vice President-Generation Operations, Senior Vice President of Minnesota Power Operations, and Chief Operating Officer. As Chief Operating Officer, he led **BNI Coal Mining**, Superior Water Light & Power (SWLP) and transmission, distribution, generation, customer service and engineering for all aspects of Minnesota Power. Mr. Hodnik also serves on the Edison Electric Institute (EEI) Board of Directors. **Mr. Hodnik was elected and served as Mayor of the City of Aurora, Minnesota from 1987-1998.** The cities of Aurora and Hoyt Lakes co-host our PolyMet Erie Mine site location. **He is a member of the board of Essentia Health-East Region** and the Area Partnership for Economic Expansion (APEX). **Mr. Hodnik currently resides in Minnesota, United States.**

William Murray served as our Executive Chairman from February 2008 to December 2010 and has served as a member of our board of directors since March 2003. He previously served as our President and Chief Executive Officer from March 2003 until February 2008. He also serves as the Chair of our Technical Steering Committee and serves on our Business Development and Risk Management, Capital Finance and our Compensation committees. Mr. Murray is an engineer in the mining industry with more than 35 years of experience in construction management, project evaluation in North America and Africa. From April 1993 to 2003, Mr. Murray provided consulting services to the mining industry as a principal of Optimum Project Services Ltd. Prior to that, Mr. Murray was employed by Fluor Daniel, a large U.S. Engineering & Construction contractor, as the Director of New Business from October 1989 to April 1993. From September 1981 to May 1986, Mr. Murray was a Director of Project Services at Denison Mines where **he was part of the core team that built the \$1.2 billion Quintette Coal project.** From September 1970 to August 1981, **Mr. Murray held a number of positions at Anglo American Corp in South Africa, principally in the Gold Division.** Mr. Murray is also a director of Aura Minerals, Inc., and **Prospero Silver Corp.** **Mr. Murray currently resides in British Columbia, Canada.**

Stephen Rowland has served as a member of our board of directors since October 2008. He also serves on our Technical Steering Committee and as an ex-officio member of our Nominating and Corporate Governance Committee. **Mr. Rowland has been an executive with Glencore**, a diversified natural resources company, since 1988. Mr. Rowland has held various positions with responsibility for international trading in metals and minerals in London, Switzerland, and the United States. **Prior to joining Glencore, Mr. Rowland started his career in 1985 with Cargill, Inc. in Minneapolis.** **Mr. Rowland currently resides in Connecticut, United States.**

Michael M. Sill has served as a member of our board of directors since March 2011. He also serves as the Chair on our Audit Committee and serves on our Capital Finance, our Safety, Health and Environmental and our Compensation committees. Mr. Sill has served as President and CEO of Road Machinery & Supplies Co. since 1994, having joined Road Machinery in 1988. Road Machinery is a distributor of construction, mining

and forestry equipment. Educated at Dartmouth College and J.L. Kellogg Graduate School of Management, Mr. Sill started his career as a financial analyst and commercial lending officer with The Northern Trust Company. He has served on the boards of the Associated Equipment Distributors, Associated General Contractors of Minnesota, the **Twin Cities Regional Board of US Bank, and Dunwoody College of Technology. Mr. Sill currently resides in Minnesota, United States.**

Douglas J. Newby has served as our Chief Financial Officer since November 2005. Mr. Newby has more than 30 years of experience in the evaluation and financing of mining companies and projects around the world. **Before coming to PolyMet, Mr. Newby served variously as a Director, Executive Vice President, interim Chairman, President and Chief Executive Officer of Western Goldfields, Inc. (now New Gold, Inc.)** a US-based gold mining company. Mr. Newby has also been President of Proteus Capital Corp., a corporate advisory firm that specializes in the natural resource industries, since July 2001. Mr. Newby served as Managing Director of Proteus Consultants Ltd. from January 1991 to July 2001. Prior to January 1991, Mr. Newby held senior positions with the investment banking firms of S.G. Warburg & Co., Inc., Morgan Grenfell & Co., and James Capel & Co. From June 2011 to August 2014 **Mr. Newby served as a director of Coronet Metals, Inc., a Canadian company developing a gold mine in Peru. Mr. Newby currently resides in New York, United States.**

Bradley Moore has served as our Executive Vice President, Environmental & Government Affairs since January 2011. Mr. Moore has nearly 30 years experience in regulatory and government relation positions. **He served as Commissioner of the Minnesota Pollution Control Agency from 2006 to 2008, and as Assistant Commissioner for Operations of the MDNR from January 1999 to August 2006. Prior to that, he worked in leadership and policy analyst positions with the MDNR and the Minnesota Department of Public Service (now the Department of Commerce).** In December 2008, Mr. Moore joined Barr Engineering as Senior Advisor, Public and Governmental Affairs where he advised several companies on environmental strategy. **Mr. Moore currently resides in Minnesota, United States.**

B. Statement of Executive Compensation

During the fiscal year ended January 31, 2016, we had five Named Executive Officers (“NEOs”) (for the purposes of applicable securities legislation): Jonathan Cherry, President and Chief Executive Officer; Douglas Newby, Chief Financial Officer; Bradley Moore, Executive Vice President, Environmental & Governmental Affairs; Andrew Ware, Chief Geologist; and Bruce Richardson, Vice President, Corp Communications and External Affairs. Mr. Ware and Mr. Richardson are not executive officers (for the purposes of applicable securities legislation) but constitute NEOs.

The following table sets forth the compensation paid to our Named Executive Officers for the fiscal year ended January 31, 2016:

Named Executive Officer	Salaries Commissions and Bonuses	Options / Restricted Share Units	Pension, Retirement and Similar Benefits ⁽¹⁾	Total Compensation
Jonathan Cherry, Director, President and Chief Executive Officer	\$ 812,500	\$ -	\$ 15,900	\$ 828,400
Douglas Newby, Chief Financial Officer	\$ 367,300	\$ -	\$ 7,600	\$ 374,900

Bradley Moore, Executive Vice President, Environmental and Governmental Affairs	\$ 355,200	\$ -	\$ 12,300	\$ 367,500
Andrew Ware, Chief Geologist	\$ 225,700	\$ -	\$ 9,200	\$ 234,900
Bruce Richardson, Vice President, Corp Communications and External Affairs	\$ 220,400	\$ -	\$ 9,100	\$ 229,500

⁽¹⁾ Balances represent Company contributions under 401k pension plans.

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We have no pension plan or other arrangement for non-cash compensation to the NEOs.

Other than the arrangements noted in the tables above and below, during the fiscal year ended January 31, 2016, no compensation was paid or is payable by us to the directors of the Company, or our subsidiaries, if any, for their services in their capacity as directors, including any amounts payable for committee participation or special assignments:

Director	Director's Fees	Options / Restricted Share Units	Total Compensation
W. Ian L. Forrest	\$ 50,000	\$ -	\$ 50,000
Matthew Daley	\$ 40,000	\$ -	\$ 40,000
David Dreisinger	\$ 40,000	\$ -	\$ 40,000
Alan R. Hodnik	\$ 40,000	\$ -	\$ 40,000
William Murray	\$ 40,000	\$ -	\$ 40,000
Stephen Rowland	\$ 40,000	\$ -	\$ 40,000
Michael M. Sill	\$ 40,000	\$ -	\$ 40,000

Other than the President and Chief Executive Officer, none of our other directors has a service contract with us providing for benefits upon termination of his employment.

C. Board Practices

All of our directors hold office until the next annual meeting of shareholders and until their successors have been elected and qualified. Our officers are elected by the Board of Directors at the first Board of Directors meeting after each annual meeting of shareholders and hold office until death, resignation, or upon removal from office.

Our **Audit Committee** consists of **Michael M. Sill (Chair)**, W. Ian L. Forrest, and Dr. David Dreisinger, all of whom are independent directors. Mr. Forrest meets the criteria of an "Audit Committee Financial Expert" under the applicable rules and regulations of the SEC and such designation has been ratified by the Board of Directors. The Audit Committee oversees our auditing procedures, receives and accepts the reports of our independent chartered professional accountants, oversees our internal systems of accounting and management controls, and makes recommendations to the Board of Directors as to the selection and appointment of our auditors.

Our **Compensation Committee** consists of **Alan R. Hodnik (Chair)**, W. Ian L. Forrest, William Murray and **Michael M. Sill**, all of whom are independent directors. The function of the Compensation Committee is to

administer the 2007 PolyMet Omnibus Share Compensation Plan and to have authority over the salaries, bonuses, and other compensation arrangements of our executive officers.

Our **Nominating and Corporate Governance Committee** consists of W. Ian L. Forrest (Chair), **Alan R. Hodnik**, and David Dreisinger, all of whom are independent directors. Stephen Rowland is an ex-officio member as he is not considered independent. The committee (1) identifies individuals qualified to become members of the Board, (2) selects, or recommends to the Board, the director nominees for the next annual shareholders meeting, (3) selects candidates to fill any vacancies on the Board, and (4) develops and recommends to the Board a set of corporate governance principles applicable to PolyMet.

D. Employees

As at January 31, 2016 we had 21 full-time employees, with 1 located in our Toronto office, 12 located in our Hoyt Lakes office, and 8 located in our St. Paul office . None of our employees are covered by a collective bargaining agreement. We believe that our relations with our employees are good.

E. Share Ownership

See Item 7(A) for shareholdings of persons listed in Item 6(B).

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ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth certain information that has been provided to us regarding the beneficial ownership of our common shares as of April 15, 2016 by those known to our management to be (i) the beneficial owner of more than 5% of our outstanding common shares, (ii) our directors, (iii) our current executive officers identified under Item 6(A), and (iv) all directors and executive officers as a group.

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership (2)	Percent of Common Shares (3)
Jonathan Cherry (4)	4,659,356	1.7%
W. Ian L. Forrest (5)	3,259,262	1.2%
William Murray (6)	2,573,816	*
Douglas J. Newby (7)	1,618,553	*
Bradley Moore (8)	1,247,608	*
Michael M. Sill (9)	1,059,963	*
David Dreisinger (10)	987,292	*
Stephen Rowland (11)	929,762	*
Alan R. Hodnik (12)	880,262	*
Matthew Daley (13)	250,000	*
Total directors and executive officers as a group (14)	17,465,874	6.1%
5% or more shareholders:		
Glencore (15)	113,777,209	36.4%
Baarermattstrasse 3 CH-6341 Baar, Switzerland		

* Less than 1.0%

- (1) The address of each person, unless otherwise noted, is c/o PolyMet Mining Corp., 100 King Street West, Suite 5700, Toronto, Ontario M5X 1C7.
- (2) The number of shares beneficially owned by each person or group includes common shares that such person or group had the right to acquire on or within 60 days after that date, including, but not limited to, upon the exercise of options and vesting and release of restricted stock units. To our knowledge, except as otherwise indicated in the footnotes to this table and subject to applicable community property laws, each shareholder named in the table has the power to vote or direct the voting of (voting power) and the power to sell or otherwise direct the disposition of (dispositive power) the shares set forth opposite such shareholder's name.
- (3) For each person and group included in the table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group as described above by the sum of the 277,672,970, common shares outstanding on April 15, 2016 and the number of common shares that such person or group had the right to acquire on or within 60 days of that date, including, but not limited to, upon the exercise of options and upon vesting and payment of restricted stock units.
- (4) **Includes 781,689 common shares directly owned by Mr. Cherry, 1,666,667 common shares issuable upon exercise of options at an exercise price of \$0.7613 per share set to expire on June 21, 2022, 562,000 common shares issuable upon exercise of options at an exercise price of \$0.98 set to expire January 17, 2024, 502,000 common shares issuable upon exercise of options at an exercise price of \$1.0700 set to expire January 5, 2020, and 1,147,000 common shares issuable upon exercise of options at an exercise price of \$0.7600 set to expire February 1, 2021.**

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In addition, Mr. Cherry holds currently un-exercisable options to acquire 833,333 common shares at an exercise price of \$0.7613 per share set to expire on June 21, 2022 and has the right, upon certain milestones, to receive 544,317 common shares issuable under Restricted Share Units for which he currently has neither voting nor dispositive rights.

- (5) Includes 29,762 common shares directly owned by Mr. Forrest, 2,217,000 common shares owned in the name of Micor Trading SA of which Mr. Forrest is a director and has voting and dispositive control, 562,500 common shares owned in the name of Panares Resources Inc. of which he is a director and has voting and dispositive control, 150,000 common shares issuable upon exercise of options at an exercise price of \$0.7110 per share set to expire on February 17, 2019 and 300,000 common shares issuable upon exercise of options at an exercise price of \$0.9800 per share set to expire December 16, 2023. In addition, Mr. Forrest has the right, upon certain milestones, to receive 52,879 common shares issuable under Restricted Share Units for which he currently has neither voting nor dispositive rights.
- (6) Includes 963,852 common shares directly owned by Mr. Murray and 959,964 common shares held in the name of Group 4 Ventures of which he is the sole shareholder, 200,000 common shares issuable upon exercise of options at an exercise price of \$0.7110 per share set to expire on February 17, 2019, 150,000 common shares issuable upon exercise of options at an exercise price of \$0.8237 per share set to expire July 11, 2022 and 300,000 common shares issuable upon exercise of options at an exercise price of \$0.9800 per share set to expire December 16, 2023. In addition, Mr. Murray has the right, upon certain milestones, to receive 93,133 common shares issuable under Restricted Share Units for which he currently has neither voting nor dispositive rights.
- (7) Includes 229,553 common shares directly owned by Mr. Newby, 100,000 common shares held indirectly by Kathryn Levy, the spouse of Mr. Newby, 25,000 common shares held in the name of Proteus Capital Corp. of which Mr. Newby is the President and controlling shareholder, 45,000 restricted common shares for which he has voting power but does not currently have dispositive control, 200,000 common shares issuable upon exercise of options at an exercise price of \$1.0318 per share set to expire on March 8, 2022, 100,000 common shares issuable upon exercise of options at an exercise price of \$0.7977 per share set to expire on January 7, 2023, 219,000 common shares issuable upon exercise of options at an exercise price of \$0.9800 set to expire January 17, 2024, 213,000 common shares issuable upon exercise of options at an exercise price of \$1.0700 set to expire January 5, 2020 and 487,000 common shares issuable upon exercise of options at an exercise price of \$0.7600 set to expire February 1, 2021. In addition, Mr. Newby has the right, upon certain milestones, to receive 231,252 common shares issuable under Restricted Share Units for which he currently has neither voting nor dispositive rights.

- (8) Includes 39,608 common shares directly owned by Mr. Moore, 300,000 common shares issuable upon exercise of options at an exercise price of \$1.8816 per share set to expire on January 25, 2021, 100,000 common shares issuable upon exercise of options at an exercise price of \$1.0318 per share set to expire on March 8, 2022, 160,000 common shares issuable upon exercise of options at an exercise price of \$0.9800 per share set to expire January 17, 2024, 138,000 common shares issuable upon exercise of options at an exercise price of \$1.0700 per share set to expire on January 5, 2020, and 510,000 common shares issuable upon exercise of options at an exercise price of \$0.7600 set to expire February 1, 2021. In addition, Mr. Moore has the right, upon certain milestones, to receive 216,498 common shares issuable under Restricted Share Units for which he currently has neither voting nor dispositive rights.
- (9) Includes 281,262 common shares directly owned by Mr. Sill, 6,201 common shares held in the name of Matthew Sill, 22,500 common shares held in the name of Michael R. Sill Family Trust, of which Mr. Sill is a trustee, 250,000 common shares issuable upon exercise of options by Mr. Sill at an exercise price of USD \$1.7689 per share set to expire on March 10, 2021, 200,000 common shares issuable upon exercise of options at an exercise price of \$1.0318 per share set to expire on March 8, 2022 and 300,000 common shares issuable upon exercise of options at an exercise price of \$0.9800 per share set to expire December 16, 2023. In addition, Mr. Sill has the right, upon certain milestones, to receive 52,879 common shares issuable under Restricted Share Units for which he currently has neither voting nor dispositive rights.

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- (10) Includes 387,292 common shares directly owned by Dr. Dreisinger, 150,000 common shares issuable upon exercise of options at an exercise price of \$0.7110 per share set to expire on February 17, 2019, 150,000 common shares issuable upon exercise of options at an exercise price of \$0.7977 per share set to expire on January 7, 2023 and 300,000 common shares issuable upon exercise of options at an exercise price of \$0.9800 per share set to expire December 16, 2023. Mr. Dreisinger has the right, upon certain milestones, to receive 52,879 common shares issuable under Restricted Share Units for which he currently has neither voting nor dispositive rights.
- (11) Includes 179,762 common shares directly owned by Mr. Rowland, 250,000 common shares issuable upon exercise of options at an exercise price of \$1.0318 per share set to expire on March 8, 2022, 300,000 common shares issuable upon exercise of options at an exercise price of \$0.9800 per share set to expire December 16, 2023 and 200,000 common shares issuable upon exercise of options at an exercise price of \$0.9300 per share set to expire January 9, 2024. In addition, Mr. Rowland has the right, upon certain milestones, to receive 52,879 common shares issuable under Restricted Share Units for which he currently has neither voting nor dispositive rights.
- (12) Includes 130,262 common shares directly owned by Mr. Hodnik, 250,000 common shares issuable upon exercise of options at an exercise price of USD \$1.7689 per share set to expire on March 10, 2021, 200,000 common shares issuable upon exercise of options at an exercise price of \$1.0318 per share set to expire on March 8, 2022 and 300,000 common shares issuable upon exercise of options at an exercise price of \$0.9800 per share set to expire December 16, 2023. In addition, Mr. Hodnik has the right, upon certain milestones, to receive 52,879 common shares issuable under Restricted Share Units for which he currently has neither voting nor dispositive rights.
- (13) Includes 250,000 common shares issuance upon exercise of options at an exercise price of \$1.0700 per share set to expire on July 9, 2024. In addition, Mr. Daley has the right, upon certain milestones, to receive 52,879 common shares issuable under Restricted Share Units for which he currently has neither voting nor dispositive rights.
- (14) Includes 6,916,207 common shares owned, 10,504,667 common shares issuable upon exercise of options, and 45,000 restricted common shares for which the holder has voting power but does not currently have dispositive control. Does not include 1,402,474 common shares issuable under Restricted Share Units for which the holder currently has neither voting nor dispositive rights nor currently un-exercisable options to acquire 833,333 common shares.
- (15) Includes 78,724,821 common shares owned, \$25.0 million initial principal debentures exchangeable into 28,594,387 of our common shares (including interest capitalized as at March 31, 2016) and warrants to acquire 6,458,001 of our common shares at \$0.8231 per share.

Our shareholder who beneficially owns more than 5% of our common shares outstanding do not have voting rights different from any other shareholders of common shares.

As at April 15, 2016, there were 338 holders of record of our common shares of which 264 were U.S. residents owning 24.26% of our outstanding common shares.

B. Related Party Transactions

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

(in \$000's)	Year ended January 31		
	2016	2015	2014
Salaries and other short-term benefits	\$ 1,825	\$ 1,509	\$ 1,718
Other long-term benefits	34	49	60
Share-based payments ⁽¹⁾		1,093	2,366
Total	\$ 1,861	\$ 2,651	\$ 4,144

⁽¹⁾ Share-based payment represents the fair value determined at grant date to be expensed over the vesting period.

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

As a result of **Glencore's ownership of 28.4%** of us it is also a related party. We have entered into a Technical Services Agreement with Glencore whereby PolyMet reimburses Glencore for costs associated with providing technical support to PolyMet, primarily in detailed project design and mineral processing where PolyMet requests assistance under an agreed scope of work. Transactions with Glencore are described in Item 5(b) above.

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Dr Kohls is a retired physician from Duluth, MN, USA. He writes a weekly column for the Reader, Duluth's alternative newsweekly magazine. His columns mostly deal with the dangers of American fascism, corporatism, militarism, racism, malnutrition, psychiatric drugging, over-vaccination regimens, Big Pharma and other movements that threaten the environment or America's health, democracy, civility and longevity. Many of his columns are archived at http://duluthreader.com/articles/categories/200_Duty_to_Warn, http://www.globalresearch.ca/authors?query=Gary+Kohls+articles&by=&p=&page_id= or at <https://www.transcend.org/tms/search/?q=gary+kohls+articles>