

GENERAL CONDITIONS

1. ACCEPTANCE:

"Orders are an offer by the Buyer to the terms and conditions herein set forth on the face of the Purchase Order, and Seller's acceptance of the order, either oral, written or by action, shall constitute agreement to all the terms contained herein. Terms or conditions stated by the Seller in acknowledging receipt of the order shall not be binding on the Buyer if in conflict with, or in addition to any of the provisions of the order unless expressly agreed to in writing by the Buyer, notwithstanding the Buyer's act of accepting or paying for any shipment or similar act of the Buyer. The order when accepted by the Seller shall constitute the entire contract between the parties. PolyMet Mining Inc. expressly rejects any proposed or additional terms."

2. WARRANTIES AND INSPECTION:

All goods furnished must conform strictly to specifications, drawings, samples or other descriptions furnished; the workmanship and, where the materials to be used are not specified, the materials must be the best of their respective kinds. All goods will be subject to inspection and approval by Buyer. Buyer; if rejected will make final inspection after receipt of the goods, they will be held for disposition at Seller's risk and expense and any payment on account thereof shall be promptly refunded by Seller. Any inspection or approval at Seller's works or elsewhere during or after manufacture, whether or not such inspection or approval be provided for by the terms of the Purchase Order, shall be provisional only and shall not constitute final acceptance or be construed as a waiver of the foregoing right of inspection and approval or rejection after receipt of goods by Buyer. If specifications for the manufacture of goods covered by the Purchase Order have been given by Buyer, Seller may be given a reasonable opportunity to correct defects after the receipt of such goods by Buyer but only in case correction can be made within a reasonable time. Seller expressly warrants that the goods furnished pursuant to the Purchase Order are fit and sufficient for the purpose intended, the goods are merchantable, of good quality, and free from defects, whether patent or latent, in material and workmanship. Seller guarantees that such goods or any part thereof found defective within one year after being put into use by Buyer will be replaced without charge. Such replacement is without prejudice to any other remedy of Buyer.

3. QUANTITY:

The quantity of goods delivered by Seller pursuant to this Purchase Order shall not exceed nor be less than the quantity specified, without Buyer's prior written permission.

4. ROUTING:

All goods must be forwarded by the route and class of service taking the lowest transportation rate (including rail, motor truck, express and parcel post) or in accordance with such special shipping instructions as may be issued by Buyer. Any extra transportation cost resulting from failure to comply with this Section 4 will be charged to Seller's account. When the applicable carrier's tariffs do not include insurance, all shipments must be forwarded properly insured. No charges will be allowed for cartage, boxing, crating or other packing unless specifically agreed to in writing by Buyer.

5. DELIVERY

Time is of the essence. If delivery dates cannot be met, Seller shall notify the Buyer in writing of Seller's earliest possible delivery time for Buyer's approval. If the alternative delivery dates do not meet with Buyer's approval, Buyer shall have the right to cancel the order without further liability, purchase elsewhere, and/or hold the Seller accountable for all damages resulting from the Seller's delayed delivery dates. Delivery shall not be deemed to be complete until material is actually received and accepted by Buyer.

6. INVOICES AND STATEMENTS:

Unless otherwise specified, itemized invoices, in triplicate or such larger number as may be requested, and on Seller's forms, must be rendered to Buyer at the time each shipment, accompanied by original Bill of Lading or express receipt, otherwise Buyer cannot prevent delays in payment.

Each invoice shall include:(a) Buyer's Purchase Order number, (b) date and method of shipment (c) terms of shipment i.e., f.o.b. point of shipment, freight allowed; or f.o.b. destination, (d) whether the shipment moved prepaid or collect, (e) car initials and numbers and routing, if shipment was made by railroad, (f) itemized quantities and description and the applicable prices of the goods shipped, (g) discount terms and (h) stock number. Monthly statements of account, if rendered, should be mailed to Buyer.

7. TERMS:

Invoices shall be payable on the 15th and 30th of the month following shipment, if the price and payment terms of the invoices shall be in accordance with the price and payment terms specified in the Purchase Order and if the goods shall have been received in apparent good condition. Payment of invoices does not constitute acceptance of goods, articles, work or labor covered by this Purchase Order (and payment thereof is without prejudice to any and all claims of the Buyer against the Seller).

Drafts for the purchase made under this Purchase Order will not be honored. C.O.D. delivery without Buyer's prior written consent will not be accepted and will be at Seller's risk.

8. INDEMNITY:

Seller will indemnify and save harmless Buyer (which term used in this Section 8 only means PolyMet Mining, Inc. its successors and assigns, and any purchaser from or through it of the materials or work furnished under the Purchase Order) from and against all costs, damages and expenses of any kind or nature whatsoever, which may arise out of, or result from or be reasonably incurred in contesting any claim by any person, firm or corporation that the manufacture, purchase, use or sale of any said goods infringe or contribute to the infringement of any letters patent. Without prejudice to the generality of the foregoing, at the request of Buyer, Seller will defend at its own expense any suit brought against Buyer to enforce any such claim, it being understood that Buyer will give Seller notice in writing of the starting of any such suit, and will render all reasonable assistance which the Seller may desire in defending such suit, Seller hereby agreeing to reimburse Buyer upon demand for any such expense incurred by it in rendering such assistance.

Seller will also indemnify and save harmless Buyer from and against loss of or damage to patterns, molds, templates or materials delivered to Seller by or for Buyer so long as the same shall be in the Seller's possession; however such loss or damage may occur.

Seller further will indemnify and save harmless Buyer, its agents and employees from and against any and all liability for loss or damage to property, or injury to or death of any person or persons, arising from or growing out of the work or operations under the Purchase Order, including all expenses, costs and attorney's fees incurred in connection therewith, however such injury or death may be caused, whether caused or alleged to be caused by the negligence of Buyer, its employees or its agents, the condition of the premises, or otherwise. Buyer may withhold from any amounts at any time payable to Seller under the Purchase Order such sum as Buyer may deem necessary to protect itself against possible loss or expense arising hereunder, without limiting its right to other legal action.

9. WORKMEN'S COMPENSATION LAWS, ETC.:

Seller will comply with all provisions of the Federal and State Workmen's Compensation laws and other applicable laws relating to or affecting the employment of labor, as may be appropriate to the Purchase Order.

10. SERVICE PROVISIONS:

With regard to any services provided by Seller and unless more specifically described in a Separate Service Contract, Seller shall maintain and provide adequate evidence of the following insurance.

- a.) Employee's liability for accident and occupational disease in an amount not less than \$1,000,000.
- b.) Commercial General Liability for the benefit and protection of Buyer and Seller as respects to services provided to Buyer by Seller, including the liability by the Seller under the order, in an amount not less than \$2,000,000 for occurrence.
- c.) Automobile Liability Insurance in limits not less than \$1,000,000 combined single limit each accident for bodily injury and property damage. Said policy shall apply to all owned, leased, hired, borrowed and non-owned vehicles used in conjunction with the service.

11. LIENS:

All goods delivered and labor performed under this Purchase Order shall be free of all liens and, if Buyer requests, a proper release of all liens or satisfactory evidence of freedom from liens will be delivered to Buyer.

12. ASSIGNMENT:

This Purchase Order or moneys payable hereunder shall not be assigned in whole or in part without Buyer's prior written permission.

13. CHANGE ORDERS AND MODIFICATIONS:

Buyer reserves the right to make changes in specifications, drawings and data incorporated where the goods to be furnished are to be specially manufactured and in methods of shipment or packaging or in the time or place of delivery. If any such change varies the costs of or time required for performance, an equitable adjustment shall be made in the price and/or delivery schedule. Change Orders may be made only when signed by Buyer and any claim by Seller that such order will require a price increase or extension of time must be made by Seller in writing within ten days of receipt of the Change Order. All modifications of the Purchase Order must be made in writing and signed by Buyer.

14. TERMINATION OR CANCELLATION:

Buyer may terminate this agreement or cancel any purchase order at any time, with or without cause, by providing Seller with 10 days written notice. Buyer will not be liable for costs incurred by Seller after Seller receives the notice of termination or cancellation.

15. Buyer shall not be liable for failure to accept any part of this order, if such failure is the result of any cause beyond the control of Buyer. Among such causes, but not limited thereto, are fires, strikes, differences with employees, casualties, delays in transportation, shortages of cars, inability to obtain necessary materials or machinery or total or partial shut down of Buyer's plant for any cause.

16. CONFIDENTIAL NATURE OF INFORMATION:

All information on or in connection with the Purchase Order or any drawings or specifications pertaining hereto, being the sole property of the Buyer, are to be treated as confidential, and shall not be disclosed in any manner to any other person, firm or corporation without the express written consent of the Buyer.

17. GOVERNING LAW:

All terms and conditions of the Purchase Order shall be construed and interpreted in accordance with the laws of the State of Minnesota and all questions of performance hereunder shall be determined in accordance with such laws.

18. OWNERSHIP OF PATTERNS:

When the cost of patterns involved in the manufacture of parts covered by an order and is included in the price, then such patterns automatically become the Buyer's property.

19. FEDERAL AND STATE REQUIREMENTS:

Seller warrants that the goods furnished pursuant to this Purchase Order comply with the provisions of all applicable Federal and State health and safety laws and regulations. Seller specifically agrees to indemnify and save harmless Buyer and its agents from any and all costs, damages, fines or assessments resulting from failure of goods covered by the Purchase Order to comply with the provisions of the aforesaid laws and regulations.

20. EQUAL EMPLOYMENT OPPORTUNITY:

Seller agrees that unless specifically exempted, to the extent applicable, Seller will comply with all equal opportunity requirements, including, but not limited to, Executive Order 11246 (41 CFR 60A1 and 60A2), relating to equal employment opportunity and non-segregated facilities; Executive Order 11625 (41 CFR 1A1.13), relating to the utilization of minority business enterprises; the Vietnam Era Readjustment Assistance Act of 1974 (41 CFR 60A250) and Executive Order 11701 relating to the employment of veterans; the Rehabilitation Act of 1973 (41 CFR 60A741) and Executive Orders 11758 and 12086, relating to the employment of handicapped persons; and all amendments thereto and all regulations, rules and orders issued there under.

21. RESPONSIBILITY UNDER MSHA OF 1977:

Seller agrees to comply with the training provisions of the Mine Safety and Health Act of 1977 (MSHA) with respect to Seller's employees. Arrangements for the training of employees and the cost of training are the responsibility of Seller. Each employee of Seller shall have in his possession a current MSHA Certificate of Training (MSHA Form 5000A23) for presentation to Buyer's representative prior to entering Buyer's premises. Seller's employees who have not met the mandatory MSHA training requirements may be prohibited from entering Buyer's premises.

22. LIMITATION OF LIABILITY:

The Buyer, in placing the Purchase Order is acting only for and on behalf of the Buyer, and the obligations of the Buyer hereunder are solely the obligations of the Buyer.

23. RIGHT TO AUDIT:

By acceptance of this Contract, the Seller certifies that its policy is to conduct business with a high standard of ethics and to comply with the Buyer's policies regarding gifts to employees and business ethics.

The Buyer reserves the right to examine, or to employ an agent to examine, the books and records of the Seller relating to its activities under or in respect to this Contract, including, but not limited to, records of Seller's expenses in procuring or performing this Contract whether or not Seller has allocated such expenses to this Contract. The Buyer will provide adequate notice to the Seller of the intent to audit and the Seller will make available to the auditor(s) the appropriate records and supporting documentation during normal business hours.