FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS

I, William Murray, President and Chief Executive Officer, of PolyMet Mining Corp. certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109, *Certification of Disclosure in Issuer's Annual and Interim Filings*) of PolyMet Mining Corp. (the "Issuer") for the interim period ending April 30, 2007;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer, as of the date and for the periods presented in the interim filings;

4. The Issuer's other certifying officers are I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared, and

   (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP; and

5. I have caused the Issuer to disclose in the interim MD & A any change in the Issuer's internal control over financial reporting that occurred during the Issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting.

DATED June 13, 2007

William Murray, President and Chief Executive Officer

"William Murray"

FORM 52-109F1
CERTIFICATION OF INTERIM FILINGS

I, Douglas Newby, Chief Financial Officer, of PolyMet Mining Corp. certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109, *Certification of Disclosure in Issuer's Annual and Interim Filings*), of PolyMet Mining Corp. (the "Issuer") for the interim period ending April 30, 2007;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer, as of the date and for the periods presented in the interim filings;

4. The Issuer's other certifying officers are I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared, and

   (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP; and

5. I have caused the Issuer to disclose in the interim MD & A any change in the Issuer's internal control over financial reporting that occurred during the Issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting.

DATED June 13, 2007

Douglas Newby, Chief Financial Officer

"Douglas Newby"

POLYMET MINING CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 April 2007

U.S. Funds

Suite 1003 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3

E-MAIL: info@polymetmining.com OR VISIT OUR WEBSITE AT: www.polymetmining.com

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PolyMet Mining Corp.

Interim Consolidated Balance Sheets

As at 30 April and 31 January

All figures in Thousands of U.S. Dollars

		30 April 2007 (unaudited)		31 January 2007
ASSETS				
Current				
Cash	$	44,555	$	8,897
Restricted cash *(Note 10e))*		500		-
Accounts receivable and advances		68		61
Prepaid expenses		193		210
		45,316		9,168
Deferred Financing Costs *(Note 10d))*		1,574		1,397
Mineral Property, Plant and Equipment *(Notes 3 and 4)*		42,797		38,166
	$	89,687	$	48,731
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	2,948	$	1,518
Current portion of long term debt *(Note 5)*		2,000		2,000
		4,948		3,518
Long term				
Long term debt *(Note 5)*		11,362		11,853
Asset retirement obligation *(Note 6)*		3,523		3,422
		19,833		18,793
SHAREHOLDERS' EQUITY				
Share Capital - *(Note 7)*		104,233		72,923
Contributed Surplus – *(Note 7d))*		19,117		9,614
Deficit		(53,496)		(52,599)
		69,854		29,938
	$	89,687	$	48,731

Contingent Liabilities and Commitments *(Notes 4 and 10)*

ON BEHALF OF THE BOARD:

"William Murray" Director

"David Dreisinger" Director

- See Accompanying Notes -

PolyMet Mining Corp.

Interim Consolidated Statements of Loss, Other Comprehensive Income and Deficit

For the three months ended 30 April

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

	2007 *(unaudited)*	2006 *(restated – Note 2) (unaudited)*
Pre-feasibility Costs		
See Schedule 1 *(Note 1)*	**$ -**	$ 3,695
General and Administrative		
Administration fees and wages	**77**	62
Amortization	**5**	1
Conferences	**7**	11
Consulting fees	**159**	85
Insurance	**11**	7
Investor relations and financing	**48**	13
Management fees	**44**	60
Office and telephone	**66**	24
Professional fees	**171**	81
Rent	**23**	15
Shareholders' information	**54**	45
Stock-based compensation expense *(Note 7c))*	**391**	3,789
Transfer agent and filing fees	**53**	24
Travel	**186**	88
	1,295	4,305
Other Expenses (Income)		
Interest income, net	**(62)**	(63)
Loss (gain) on foreign exchange conversion	**(324)**	(59)
Rental income	**(12)**	-
	(398)	(122)
Loss for the Period	**$ 897**	$ 7,878
Other Comprehensive Income	**-**	-
Comprehensive Loss	**897**	7,878
Deficit – Beginning of the Period	**52,599**	34,706
Deficit – End of the Period	**$ 53,496**	$ 42,584
Loss per Share	**$ (0.01)**	$ (0.07)
Weighted Average Number of Shares	**124,272,696**	105,480,497

PolyMet Mining Corp.

Interim Consolidated Statements of Changes in Shareholders' Equity

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

	Common Shares (*Note 7*)									
	Authorized Shares	Shares		Amount		Contributed Surplus *(restated – Note 2)*		Deficit *(restated – Note 2)*		Total *(restated – Note 2)*
Balance – 31 January 2006	Unlimited	100,173,173	$	46,009	$	8,084	$	(34,706)	$	19,387
Loss for the year	-	-		-		-		(17,893)		(17,893)
Issuance of shares for bonus (*Note 10*)	-	2,350,000		1,289		-		-		1,289
Shares issued for cash:										
Exercise of warrants	-	14,662,703		17,963		(3,653)		-		14,310
Exercise of options	-	2,193,000		765		-		-		765
Shares issued for property (*Note 4*)		2,000,000		6,160		-		-		6,160
Stock-based compensation		-		-		4,723		-		4,723
Warrants issued for deferred financing costs	-	-		-		1,197		-		1,197
Fair value of stock options exercised	-	-		737		(737)		-		-
Balance – 31 January 2007	**Unlimited**	**121,378,876**	**$**	**72,923**	**$**	**9,614**	**$**	**(52,599)**	**$**	**29,938**
Loss for the period	**-**	**-**		**-**		**-**		**(897)**		**(897)**
Shares and warrants issued:										
Private placement and finders' fees	**-**	**15,150,000**		**31,310**		**8,346**		**-**		**39,656**
Stock-based compensation	**-**	**-**		**-**		**1,157**		**-**		**1,157**
Balance – 30 April 2007	**Unlimited**	**136,528,876**	**$**	**104,233**	**$**	**19,117**	**$**	**(53,496)**	**$**	**69,854**

Figures since 31 January 2007 unaudited, prepared by management

- See Accompanying Notes -

- See Accompanying Notes -

PolyMet Mining Corp.

Interim Consolidated Statements of Cash Flows

For the Three Months Ended 30 April

All figures in Thousands of U.S. Dollars

	2007 (unaudited)	2006 (restated – Note 2) (unaudited)
Operating Activities		
Loss for the period	**$ (897)**	$ (7,878)
Items not involving cash		
Amortization	**5**	1
Stock-based compensation	**391**	3,789
Changes in non-cash working capital items		
Accounts receivable and advances	**(7)**	(1)
Prepaid expenses	**17**	49
Accounts payable and accrued liabilities related to operating activities	**507**	(918)
Net cash provided by (used in) operating activities	**16**	(4,958)
Financing Activities		
Share capital – for cash	**39,656**	10,669
Changes in accounts payable and accrued liabilities related to financing activities	**923**	-
Deferred financing costs	**(177)**	-
Long-term debt repayment	**(500)**	(250)
Net cash provided by financing activities	**39,902**	10,419
Investing Activities		
Restricted cash	**(500)**	-
Purchase of mineral property, plant and equipment	**(3,760)**	(5)
Net cash used in investing activities	**(4,260)**	(5)
Net Increase in Cash Position	**35,658**	5,456
Cash Position - Beginning of Period	**8,897**	11,671
Cash Position - End of Period	**$ 44,555**	$ 17,127

Non-Cash Financing and Investing Activities

Interest and accretion on long-term debt	**$ 161**	$ 24

- See Accompanying Notes -

PolyMet Mining Corp. Schedule 1

Interim Consolidated Schedules of Pre-Feasibility Costs

For the Three Months Ended 30 April

All figures in Thousands of U.S. Dollars

	2007 (unaudited)	2006 (restated – Note 2) (unaudited)
Direct		
Camp and general	$ -	$ 85
Consulting fees	-	268
Drilling	-	56
Engineering	-	289
Environmental	-	1,783
Geological and geophysical	-	44
Insurance	-	11
Land lease, taxes and licenses	-	84
Metallurgical	-	8
Mine planning	-	842
Permitting	-	2
Plant maintenance and repair	-	88
Sampling	-	135
Total Costs for the Period (*Note 1*)	$ -	$ 3,695

- See Accompanying Notes -

1. Nature of Business and Significant Accounting Policies

PolyMet Mining Corp. ("PolyMet" or "the Company") was incorporated in British Columbia, Canada on 4 March 1981 under the name Fleck Resources Ltd. The Company changed its name from Fleck Resources to PolyMet Mining Corp. on 10 June 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, a polymetallic project in northeastern Minnesota, USA. The realization of the Company's investment in the NorthMet Project and other assets is dependant upon various factors, including the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete the exploration and development of the NorthMet Project, future profitable operations, or alternatively upon disposal of the investment on an advantageous basis.

On 25 September 2006, the Company received the results of the Definitive Feasibility Study ("DFS") prepared by Bateman Engineering (Pty) Ltd. that confirms the economic and technical viability of the NorthMet Project and, as such, the project has moved from the exploration stage to the development stage.

Basis of Presentation

The interim consolidated financial statements of PolyMet have been prepared in accordance with accounting principles generally accepted in Canada and follow the same accounting policies and methods consistent with those used in the preparation of the most recent annual audited financial statements. The interim consolidated financial statements do not include all information and note disclosures required by Canadian GAAP for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 January 2007.

Mineral Property, Plant and Equipment

Mineral property costs, aside from mineral property acquisitions costs, incurred prior to determination of the DFS are expensed as incurred and expenditures incurred subsequent to the DFS and mineral property acquisition costs are deferred or capitalized until the property is placed into production, sold, allowed to lapse or abandoned.

Acquisition costs include cash and fair market value of common shares.

Upon commencement of commercial production, mineral properties and acquisition costs relating to mines are amortized over the estimated life of the proven and probable mineral reserves to which they relate, calculated on a unit of production basis.

As a result of the DFS on the NorthMet Project, the Project has now entered the development stage and the Company has elected to defer mineral property development expenditures related to the NorthMet Project effective 1 October 2006.

Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to either operations or mineral property, plant and equipment, depending on the primary focus of their activities, with the offsetting credit to contributed surplus, on a grade method over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

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

Recent Accounting Pronouncements

The Company has adopted the following CICA standards effective for the Company first quarter commencing February 1, 2007:

a) Section 3855 – Financial Instruments – Recognition and Measurement. Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading, otherwise, they are measured at cost. Investments classified as held for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Investments subject to significant influence are reported at cost and not adjusted to fair market value.

b) Section 1530 – Comprehensive Income. Comprehensive income or loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income would include the holding gains and losses from available for sale securities which are not included in net loss until realized.

c) The adoption of Sections 1530 and 3855 does not have any impact on the opening equity and deficit of the Company.

2. Restatement

During the quarter ended 31 October 2006, the Company re-examined its accounting for stock-based compensation and its accrual procedures. As a result of this re-examination, the Company determined that stock-based compensation and pre-feasibility expense were inappropriately measured and recognized during the quarter ended 30 April 2006.

The company has restated its financial statements for the items above and the impacts on certain line items of the financial statements with significant changes for the quarter ended 30 April 2006 were as follows:

Line Item	As Previously Reported	Revised
Pre-feasibility costs	3,453	3,695
Stock-based compensation	1,952	3,789
General and administrative costs	2,345	4,305
Loss for the Period	5,675	7,878
Deficit	39,742	42,584
Loss per share	(0.05)	(0.07)
Accounts payable and accrued liabilities	491	799
Contributed surplus	5,860	7,697

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

3. Resource Property Agreements

NorthMet, Minnesota, U.S.A. - Lease

By an agreement dated 4 January 1989 and a subsequent amendment and assignment, the Company leases certain lands in St. Louis County, Minnesota from RGGS Land & Minerals Ltd., L.P. The current term of the renewable lease is 20 years and calls for total lease payments of $1,475,000. All lease payments have been paid or accrued to 30 April 2007. The agreement requires future annual lease payments of $150,000 to 4 January 2009.

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.

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 the 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.

4. Mineral Property, Plant and Equipment

Details are as follows:

30 April 2007	Cost	Accumulated Amortization	**30 April 2007 Net Book Value**	31 January 2007 Net Book Value
NorthMet Project	$42,654	$ -	**$42,654**	$38,056
Leasehold improvements	41	2	**39**	41
Computers	19	6	**13**	12
Furniture and equipment	102	11	**91**	57
	$42,816	$ 19	**$42,797**	$38,166

Erie Plant, Minnesota, U.S.A.

By a Memorandum of Understanding dated 5 December 2003 and an option agreement dated 14 February 2004, the Company obtained an option ("Cliffs Option") to acquire certain property, plant and equipment ("Cliffs Assets") from Cleveland Cliffs of Cleveland, Ohio ("Cliffs") located near the Company's NorthMet Project.

As consideration for the exclusive Cliffs Option, the Company paid $500,000 prior to 31 January 2004 as required and issued to Cliffs 1,000,000 common shares on 30 March 2004, valued at $229,320 to maintain the exclusive rights until 30 June 2006.

On 14 September 2005 the Company reached an agreement in principle with Cliffs on the terms for the early exercise of the Cliffs option and the scope of the plant and equipment to be acquired. On 15 November 2005, the Company exercised this extended option and acquired 100% ownership of large portions of the former LTV Steel Mining Company ore processing plant in northeastern Minnesota under the Asset Purchase Agreement.

4. Property, Plant and Equipment - *continued*

The consideration for the Asset Purchase was $3.4 million in cash ($2,146,000 paid) and the issuance of 6,200,547 common shares (at fair market value of $7,564,444) in the capital stock of the Company. The remaining cash component will be paid in quarterly instalments of US$250,000 plus interest (Note 5).

On 20 December 2006, the Company closed a transaction (the "Asset Purchase Agreement 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 purchase price totalling 2 million shares and $15 million in cash and debt is in four tranches:

- 2 million shares of PolyMet, paid at closing;
- $1 million in cash, paid at closing;
- $7 million in cash, payable in quarterly instalments of $250,000 commencing 31 December 2006 with the balance payable upon receipt of production financing. Interest is payable quarterly starting 31 December 2006 at the *Wall Street Journal* Prime Rate; and,
- $7 million in cash, payable in quarterly instalments of $250,000 commencing on 31 December 2009. No interest will be payable until 31 December 2009 after which it will be payable quarterly at the *Wall Street Journal* Prime Rate, accordingly the debt has been fair valued, for balance sheet purposes, by discounting it at the *Wall Street Journal* Prime Rate.

The Company has assumed certain ongoing site-related environmental and reclamation obligations as a result of the above purchases. 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. The present value of the asset retirement obligation in the amount of $3,523,000 (Note 6) has been recorded as an increase in the carrying amount of the NorthMet Project assets and will be amortized over the life of the asset.

Under the terms of the agreement Cliffs has the right to participate on a pro-rata basis in future cash equity financings. The Company has a 20 business day first right to acquire or place any shares of PolyMet that Cliffs may chose to sell from time-to-time.

Interest and loan accretion in the amount of $330,000 has been capitalized as part of the cost of the NorthMet Project assets.

As the above assets are not in use, no amortization of these assets has been recorded to 30 April 2007.

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

5. Long Term Debt

Pursuant to the Asset Purchase Agreements (Note 4) the Company's wholly owned subsidiary Poly Met Mining, Inc. signed three notes payable to Cliffs in the amounts of $2,400,000, $7,000,000 and $7,000,000, respectively. The first note is interest bearing at the annual simple rate of four percent (4%) and shall be paid in quarterly instalments equal to $250,000 for total repayment of $2,500,000. The second note is interest bearing at the *Wall Street Journal* Prime Rate and shall be paid in quarterly instalments equal to $250,000 commencing 31 December 2006, with the balance repayable upon receipt of commercial financing, for total repayment of $7,000,000. The third note is interest bearing at the *Wall Street Journal* Prime Rate and shall be paid in quarterly instalments equal to $250,000 commencing on 31 December 2009 for total repayment of $7,000,000. No interest will be payable on the third note until 31 December 2009, accordingly it has been fair valued, for balance sheet purposes, by discounting it at the *Wall Street Journal* Prime Rate. As at 30 April 2007 the outstanding long term debt was as follows:

		30 April 2007		31 January 2007
Notes Payable	$	**13,353**	$	13,768
Accrued interest		**9**		85
Total debt		**13,362**		13,853
Less current portion		**(2,000)**		(2,000)
Long term debt	$	**11,362**	$	11,853

6. Asset Retirement Obligation

As part of the consideration for the Cliffs Purchase Agreements (Note 4), the Company indemnified Cliffs for the liability for final reclamation and closure of the mine and 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 Cliff's requirement to meet performance standards to minimize environmental impact from operations and to perform site restoration and other closure activities. The Company's provisions for future site closure and reclamation costs are based on known requirements. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments. The Company's estimate of the present value of the obligation to reclaim the NorthMet Project is based upon existing reclamation standards at 30 April 2007 and Canadian GAAP. Once the Company obtains its permit to mine, the environmental and reclamation obligations will be direct with the governing bodies.

The Company's estimate of the fair value of the asset retirement obligation was $3,523,000 (31 January 2007 - $3,422,000). These were based upon a 30 April 2007 undiscounted future cost of $21.6 million for the first Cliffs transaction and $1.8 million for Cliffs II, an annual inflation rate of 3.00%, and a credit-adjusted interest rate of 12.00% and a mine life of 20 years, commencing in early 2009 and a reclamation period of 5 years. Accretion of the liability of $381,000 (31 January 2007 - $280,000) until the commencement of commercial production will be capitalized to the NorthMet Project assets.

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

7. Share Capital

a) On 17 April 2007, the Company closed a non-brokered private placement financing of 15 million units at US$2.75 per unit, with each unit comprising one common share and one-half of one warrant (for accounting purposes, the value of the units was bifurcated between the common shares and the warrants). Each whole warrant is exercisable into a common share at a price of US$4.00 at any time until 13 October 2008, subject to an early trigger if the 20-day volume weighted average price of the common shares is US$6.00 or more. In connection with the private placement, the Company has paid finders' fees totalling US$1.43 million in cash, 150,000 shares and 520,000 broker warrants having the same terms as the warrants described above.

b) The Company has a stock option plan that covers its employees, directors, officers and consultants. The options are granted for varying terms ranging from two to five years. During the three month period, the Company granted 1,950,000 options. The maximum number of common shares under the stock option plan is 10% of the outstanding common shares of the Company at the time of granting of the options.

Details of stock option activity is as follows:

	3 Months ended 30 April 2007	Year ended 31 January 2007
Outstanding - Beginning of period	**9,090,000**	6,783,700
Granted	**1,950,000**	4,500,000
Cancelled	**-**	(700)
Exercised	**-**	(2,193,000)
Outstanding - End of period	**11,040,000**	9,090,000

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

7. Share Capital - *continued*

As at 30 April 2007, the following director, officer, consultant and employee stock options were outstanding:

Expiry Date	Exercise Price (USD)	Exercise Price (Cdn)	Number
9 March 2009	$0.36	$0.40	225,000
28 April 2009	$0.68	$0.75	150,000
05 July 2009	$0.59	$0.66	1,125,000
18 October 2009	$0.71	$0.79	50,000
30 March 2010	$0.59	$0.65	425,000
1 May 2010	$0.77	$0.85	350,000
15 June 2010	$0.85	$0.94	40,000
19 September 2010	$1.23	$1.36	1,690,000
24 October 2010	$1.08	$1.20	280,000
5 December 2010	$1.04	$1.15	255,000
20 March 2011	$2.49	$2.76	3,200,000
19 June 2011	$2.68	$2.97	325,000
1 September 2011	$3.44	$3.82	325,000
22 September 2011	$3.16	$3.51	75,000
5 January 2012	$2.97	$3.30	575,000
13 February 2012	$2.99	$3.32	1,250,000
8 March 2012	$2.88	$3.20	400,000
12 March 2012	$2.92	$3.24	250,000
23 March 2012	$2.89	$3.21	50,000
			11,040,000

As at 30 April 2007 all options had vested and were exercisable, with the exception of 1,100,000 which vest incrementally until 30 June 2008 and 950,000 which vest under completion of specific targets.

c) Stock-Based Compensation

During the three month period ended 30 April 2007, the Company issued 1,950,000 options to directors, officers, consultants and employees with an average exercise price of USD$2.96 per option. The fair value of stock-based compensation in the amount of $1,157,000 has been recorded in the accounts of the Company as an expense of $391,000 and a debit to mineral property, plant and equipment of $766,000, with the offsetting entries going to contributed surplus. These values were estimated at the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Risk-free interest rate	3.89% to 4.14%
Expected dividend yield	Nil
Expected stock price volatility	62.67% to 65.40%
Expected option life in years	2.33 to 3.00

The weighted fair value of options granted during the period was US$1.37 (Cdn$1.53).

Option pricing models require the input of highly subjective assumption including the estimate of the share price volatility. Changes in the subjective input assumption 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 stock options.

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

7. Share Capital – *continued*

d) Contributed Surplus

Contributed surplus represents accumulated stock-based compensation costs and warrants issued, reduced by the fair value of the stock options and warrants exercised.

Details are as follows:

		30 April 2007		Year ended 31 January 2007
Balance – Beginning of period	**$**	**9,614**	$	8,084
Current period fair value of stock-based compensation		**1,157**		4,723
Fair value of warrants issued as finder's fees		**695**		-
Fair value of warrants issued in unit financings		**7,651**		-
Fair value of warrants exercised during the period and transferred to share capital		-		(3,653)
Fair value of warrants issued for deferred financing costs		-		1,197
Fair value of stock options exercised during the period and transferred to share capital		-		(737)
Balance – End of period	**$**	**19,117**	$	9,614

e) Share Purchase Warrants

Details of stock purchase warrant activity is as follows:

	30 April 2007		31 January 2007	
	Warrants	**Weighted Average Exercise Price (US$)**	Warrants	Weighted Average Exercise Price (CDN$)
Warrants outstanding and exercisable - beginning of year	**1,100,000**	**4.00**	14,663,000	1.07
Issued (Note 7a))	**8,020,000**	**4.00**	1,100,000	4.53
Exercised	**-**	**-**	(14,663,000)	(1.07)
Warrants outstanding and exercisable – end of period	**9,120,000**	**4.00**	1,100,000	4.53

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

7. Share Capital - *continued*

f) Shareholder Rights Plan

Effective 4 December 2003, the Company adopted a Shareholder Rights Plan ("Rights Plan"), which was approved by the Company's shareholders' on 27 May 2004. All common shares issued by the Company during the term of the Rights Plan will have one right represented for each common share held by the shareholder of the Company. The term of the Rights Plan is 10 years, unless the rights are earlier redeemed or exchanged. The Rights issued under the Rights Plan become exercisable only if a party acquires 20% or more of the Company's common shares without complying with the Rights Plan or without the approval of the Board of Directors of the Company.

Each Right entitles the registered holder thereof to purchase from the Company on the occurrence of certain events, one common share of the Company at the price of Cdn$50 per share, subject to adjustment (the "Exercise Price"). However, upon certain events occurring (as defined in the Rights Plan), each Right would then entitle the registered holder to receive, upon payment of the Exercise Price, that number of common shares that have a market value at the date of that occurrence equal to twice the Exercise Price. The Rights are not exercisable until the Separation Time, as defined in the Rights Plan.

8. Related Party Transactions

In addition to transactions disclosed elsewhere in these financial statements, the Company has conducted transactions with officers, directors and persons or companies related to directors and paid or accrued amounts as follows:

	30 April 2007	30 April 2006
Rent and office charges paid to a company of which the president is a director	**$ 12**	$ 14
	$ 12	$ 14

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

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

9. Segmented Information

The Company is in the feasibility stage of developing its mineral property in the U.S. and provides for its financing and administrative functions at the head office located in Canada. Segmented information on a geographic basis is as follows:

30 April 2007	Canada	U.S.	Consolidated
Segment operating loss	$ 759	$ 138	$ 897
Identifiable assets	$44,078	$45,609	$89,687

30 April 2006	Canada	U.S.	Consolidated
Segment operating loss	$ 4,092	$ 3,786	$ 7,878
Identifiable assets	$ 17,138	$ 14,306	$31,444

10. Contingent Liabilities and Commitments

a) The Company has instituted a share bonus plan as part of its employment, management and consulting contracts for key management and project personnel. This bonus plan adds incentive for key personnel to reach certain prescribed milestones required to reach commercial production at the NorthMet Project. As at 30 April 2007, the Company had received shareholder approval of the Bonus Shares for Milestones 1 – 4 and regulatory approval for Milestones 1, 2 and 3. Milestone 4 is subject to regulatory approval, which will be sought when the Company is closer to completing the Milestone. To date 3,940,000 shares have been issued for the achievement of Milestones 1 and 3. The bonus shares allocated for Milestones 1 thru 4 are valued using the Company's closing trading price on 28 May 2004 of Cdn$0.75 per share, the date of the approval of the bonus plan by the disinterested shareholders.

The summary of the share bonus plan is as follows:

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

(i) Milestone 1 – Completion of an agreement with Cliffs-Erie LLC for the option to purchase of Cliffs-Erie facility to be used as a part of mining and processing operations for the NorthMet Project. This milestone was achieved on 16 February 2004 and therefore, during the year ended 31 January 2005, the Company expensed a Cdn$1,192,500 (US$873,000) bonus as consulting fees and allotted 1,590,000 shares. These shares were issued in March 2005.

(ii) Milestone 2 – Negotiation and completion of an off-take agreement with a senior metals producer for the purchase of raw materials to be produced from the NorthMet Project.

10. Contingent Liabilities and Commitments - *continued*

(iii) Milestone 3 – Completion of a "bankable feasibility study" which indicates that commercial production from the NorthMet Project is viable. This milestone was achieved on 25 September 2006 and therefore, during the year ended 31 January 2007, the Company expensed a C$1,762,500 ($1,289,621) bonus as consulting fees and allotted 2,350,000 shares. These shares were issued in October 2006.

(iv) Milestone 4 – Commencement of commercial production at the NorthMet Project at a time when the Company has not less than 50% ownership interest.

(v) At the Annual General Meeting of shareholders of the Company, held on 21 June 2006, the shareholders approved the issuance of shares under Milestone 3. Shareholders also approved accelerated vesting of bonus shares whereby, in the event the Company is the subject of a take-over bid, all shares that remain subject to issuance under Milestones 2 and 4 shall be vested and issued provided that no individual will benefit from both accelerated vesting and terminated severance allowances as described in paragraph b) below.

b) As a part of certain employment and management contracts, the Company had agreed to severance allowances for key employees and management in the event of a take-over bid. These allowances were based upon the Company's implied market capitalization at the time of the take-over bid, calculated by multiplying the number of shares outstanding on a fully diluted basis by the take-over bid price per share. These severance allowances have been terminated pursuant to oral or written amendments to these contracts and will be replaced by termination agreements representing up to three times the average annual compensation in the three years prior to change of control.

c) Pursuant to the Company's Asset Purchase Agreement with Cliffs (Note 4), for as long as Cliffs owns 1% or more of the Company's issued shares, Cliffs will have the right to participate on a pro-rata basis in future cash equity financings. This agreement also includes a first right of refusal in favour of the Company should Cliffs wish to dispose of its interest.

d) On 31 October 2006 the Company entered into an agreement with BNP Paribas Loan Services ("BNPP") whereby BNPP will advise and assist PolyMet in all aspects of preparation for construction finance. As part of this agreement, BNPP was issued warrants to purchase 600,000 shares of the Company's common stock at a price of US$4.00 per share at any time prior to 30 October 2010. The fair value of these warrants was $1,197,000. Further, upon delivering a bona fide offer of project financing, warrants to purchase an additional 500,000 shares of the Company at a price of US$4.00 per share at any time prior to 30 October 2010 will vest. As part of the agreement, PolyMet will also pay BNPP $50,000 per month for its advice and assistance and pay the costs for BNPP's independent engineers.

e) Restricted cash at 30 April 2007 represents a deposit due to Minnesota Power related to the agreement between the Company and Minnesota Power for it to provide all of PolyMet's electric service needs at its NorthMet Project through 2018.

General

The following information, prepared as at 13 June 2007, should be read in conjunction with the unaudited interim consolidated financial statements of PolyMet Mining Corp. ("the Company" or "PolyMet") for the period ended 30 April 2007 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are expressed in United States dollars unless otherwise indicated.

The Audit Committee of the Board of Directors of the Company, consisting of three independent directors, has reviewed this document pursuant to its mandate and charter.

Restatement

During the quarter ended 31 October 2006, the Company re-examined its accounting for stock-based compensation and its accrual procedures. As a result of this re-examination, the Company determined that stock-based compensation and pre-feasibility expenses were inappropriately measured and recognized during the quarter ended 30 April 2006. As a result, for the quarter ended 30 April 2006, stock based compensation was understated by $1,837,000, pre-feasibility costs were understated by $242,000 and loss for the period was understated by $2,203,000. The company has restated its interim consolidated financial statements for the quarter ended 30 April 2006 for the items above resulting an increase in loss per share of $0.02.

Forward Looking Statements

This Management Discussion and Analysis contains certain forward-looking statements concerning anticipated developments in PolyMet's operations in the future. Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimates," "potential," "possible," and similar expressions, or statements that events, conditions or results "will," "may," "could," or "should" occur or be achieved. These forward-looking statements may include statements regarding exploration results and budgets, mineral resource and mineral reserve estimates, work programs, capital expenditures, timelines including timelines for third-party studies and issuance of permit to operate by various government agencies, strategic plans, the market price of metals, costs, or other statements that are not a statement of fact. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements due to a variety of risks, uncertainties and other factors. PolyMet's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and PolyMet does not assume any obligation to update forward-looking statement if circumstances or management's beliefs, expectations and opinions should change.

Cautionary note to U.S. investors: the terms "measured and indicated mineral resource", "mineral resource", and "inferred mineral resource" used in this Management Discussion and Analysis are Canadian geological and mining terms as defined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves. U.S. investors are advised that while such terms are recognized and required under Canadian regulations, the SEC does not recognize these terms. Mineral Resources do not have demonstrated economic viability. It cannot be assumed that all or any part of a Mineral Resource will ever be upgraded to Mineral Reserves. Under Canadian rules, estimates of inferred mineral resources may not form the basis of or be included in feasibility or other studies. U.S. investors are cautioned not to assume that any part of an inferred mineral resource exists, or is economically or legally mineable.

Specific reference is made to PolyMet's most recent Form 20-F/Annual Information Form on file with the SEC and Canadian securities authorities for a discussion of some of the factors underlying forward-looking statements.

Description of Business and Summary of Recent Events

PolyMet is a Toronto Stock Exchange and American Stock Exchange listed Issuer engaged in the exploration and development, when warranted, of natural resource properties. The Company's primary mineral property and principal focus is the commercial development of its NorthMet Project, a polymetallic project in northeastern Minnesota, USA which hosts copper, nickel, cobalt and platinum group metal mineralization.

On 15 November 2005 the Company, through its Minnesota subsidiary (Poly Met Mining, Inc.), completed the early exercise of PolyMet's option with Cleveland Cliffs, Inc. (NYSE:CLF) ("Cliffs"). The Company now owns 100% of the Erie Plant. It should be noted that the final agreement with Cliffs involved substantially more milling and processing equipment compared to the option agreement previously announced in February 2004.

The Erie Plant is 10 kilometers away from the NorthMet deposit, was operated by Cliffs for many years and was acquired by Cliffs in early 2001 from LTV Steel Mining Company after that company's bankruptcy. The process plant was placed on care-and-maintenance with a view to a potential restart. With minor modification, the crushing and milling circuits can be used as a concentrator for NorthMet ore. The plant assets now owned by PolyMet include crushing, milling, flotation capacity, comprehensive spare parts, plant site buildings, real estate, tailings impoundments and mine work shops, as well as access to extensive mining infrastructure including roads, rail, water and power. The new hydrometallurgical plant is planned to be installed adjacent to the existing mill on surplus land.

PolyMet plans to refurbish and reactivate the crushing, concentrating and tailings facilities at the Erie Plant to produce a "bulk concentrate" containing copper, nickel, cobalt and precious metals. This bulk concentrate will feed new hydrometallurgical metal recovery processing facilities.

On 20 December 2006 the Company acquired from Cliffs, property and associated rights sufficient to provide it with a railroad connection linking the mine development site and the Erie Plant. This transaction also includes 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.

PolyMet has indemnified Cliffs for ongoing reclamation and remediation associated with the property.

On 25 September 2006 PolyMet announced that the Definitive Feasibility Study ("DFS") prepared by Bateman Engineering (Pty) Ltd. ("Bateman") confirms the economic and technical viability of the Company's NorthMet copper-nickel-precious metals project. The executive summary of the DFS has been summarized in a Technical Report that confirms to National Instrument 43-101 and has been filed on PolyMet's website (www.polymetmining.com) and on SEDAR.

The DFS describes measured and indicated mineral resources of 422.1 million tons grading 0.28% copper, 0.08% nickel and 0.01 ounces per ton ("opt") of precious metals (palladium, platinum and gold). In addition, the DFS reports inferred mineral resources of 120.6 million tons grading 0.25% copper, 0.07% nickel, and 0.01 opt of precious metals. Mineral resources are not reserves and do not have demonstrated economic viability.

The DFS also established proven and probable mineral reserves. This material, contained within the measured and indicated mineral resources, totals 181.7 million tons grading 0.31% copper, 0.09% nickel, and 0.01 opt of precious metals. These mineral reserves are based on copper at $1.25 per pound, nickel at $5.60 per pound, and precious metal prices of $210, $800, and $400 per ounce respectively for palladium, platinum and gold.

The DFS is based on processing of 32,000 tons of ore per day, which is the size of operation being permitted.

Initial direct capital costs, including contingency, are estimated at approximately $312 million. Indirect costs including engineering and construction management, project insurance, the anticipated cost of environmental insurance related to reclamation and closure guarantees, and other owner’s costs are estimated at $68 million, for a total capital cost of approximately $380 million. Sustaining capital is projected at $72 million for the first 20 years.

During the quarter ended April 30, 2007, and up to the date of this Management Discussion and Analysis, the Company continued to advance its NorthMet Project including the activities noted below.

The Company has completed its scheduled winter drilling program and is currently awaiting the results of assays which are expected to be complete in the latter part of the second quarter.

In January 2007, the Company submitted its NorthMet Project Description to state and federal regulators. The Project Description lays out the Company’s development plans and proposed environmental safeguards. Independent environmental contractors are preparing the Environmental Impact Statement (“EIS”) for the project. In May 2007 PolyMet reported an updated permit and development schedule for the NorthMet Project as the Minnesota Department of Natural Resources ("DNR") announced that the draft (EIS) is anticipated to be available by early November 2007.

The draft EIS will be an assessment of potential environmental, social and economic effects of the proposed project. Once the draft EIS is published, non-government organizations, government agencies and the public will have an opportunity to comment. The final EIS will incorporate analysis and appropriate responses to comments, a process that can take several months. The issuance of a final EIS would allow the DNR to issue environmental and operating permits. Prior to receipt of these permits, the Company intends to secure production debt financing that would be available upon receipt of key permits, with construction slated to start upon availability of finance.

In March 2007, PolyMet appointed key operating and construction staff for the development of the NorthMet Project. The Company also engaged URS Corporation (“URS”) as lead contractor for the Engineering, Procurement and Construction Management of the NorthMet Project. PolyMet expects to benefit from URS’ International purchasing group as well as its project control systems that will provide cost and schedule monitoring for the Company and the anticipated project finance lenders. It is planned that Bateman will continue as the Owner’s Engineer and the DFS team will remain as the Process Design group. To optimize the construction phase of the project, Bateman has commenced developing detailed process packages in conjunction with the completion of the DFS.

Since completing the DFS in 2006, and in parallel with the environmental and permitting process, PolyMet's construction team has been focused on optimizing the construction timeline and logistics, including assessing the possibility of achieving earlier sales of some interim products which could be commence before the entire project is completed, shortening the timeline to first revenues and reducing the pre-revenue capital expenditure. Should this be practicable, PolyMet anticipates achieving initial revenues in early 2009.

Construction of NorthMet is expected to be made up of four major components:

1. Refurbishment of the existing Erie Plant facilities;
2. Construction of a new hydrometallurgical plant;
3. Construction of the mine and reactivation of some existing mine infrastructure; and
4. Implementation of environmental safeguards.

On 25 April 2007, the Company's agreement with Minnesota Power, whereby Minnesota Power will provide all of PolyMet's electric service needs at its NorthMet Project was approved by the Minnesota Public Utilities Commission.

In addition to the aforementioned developments relating to the NorthMet Project, PolyMet completed the following corporate related activities.

On 31 October 2006 the Company entered into an agreement with BNP Paribas ("BNPP") whereby BNPP will advise and assist the Company in all aspects of preparation for construction financing.

In February 2007, PolyMet graduated from the TSX Venture Exchange to the Toronto Stock Exchange ("TSX") and commenced trading on the TSX under the symbol POM.

In March 2007, BNPP, acting in its construction financing advisor capacity, retained Micon International Limited ("Micon") as Independent Engineer in connection with construction finance for the NorthMet Project. Micon is undertaking a detailed review of the DFS.

On 8 March 2007, the Company announced that William D. Corneliuson joined its Board of Directors.

On 17 April 2007, PolyMet announced that it had closed a private placement financing of 15 million units, at US$2.75 per unit with each unit comprising one common share and one-half of one warrant. Each, whole warrant is exercisable into a common share at a price of US$4.00 at any time until 13 October 2008 subject to an early trigger if the 20-day volume weighted average price of the common shares is US$6.00 or more. After paying cash finders' fees totaling US$1.43 million, the financing raised $39.82 million.

In May 2007, Warren Hudelson decided to retire from his position as Executive Vice President and Director of the US subsidiary, Poly Met Mining, Inc. but he will continue as an advisor to the Company in connection with permitting of the NorthMet property.

Results of Operations

For the three months ended April 30, 2007 (the "2008 first quarter") compared to the three months ended April 30, 2006 (the "2007 first quarter")

a) Loss for the Period:

During the three months ended 30 April 2007, the Company incurred a loss of $897,000 ($0.01 loss per share) compared to a loss of $7.878 million ($0.07 loss per share) in the fiscal 2007 first quarter. The decrease in the net loss for the period was primarily attributable to:

- Upon completion of the DFS in late September, the Company commenced capitalizing those costs directly related to the NorthMet Project (prior to this those costs had been expensed in line with the Company's accounting policy in this area), and
- During the 2008 first quarter stock-based compensation expense was $391,000 compared to $3.789 million in the 2007 first quarter due to the fact that the options issued in 2008 have vesting periods while those in 2007 vested on issuance and $766,000 of stock option costs were capitalized to mineral property, plant and equipment in the 2008 first quarter (2007 - $nil).

General and Administrative expense in the three months ended 30 April 2007 excluding non-cash stock based compensation expenses was $904,000 compared with $516,000 for the three months ended 30 April 2006. The Company reported an increase in expenditures for:

- Consulting fees of $159,000 (2006 - $85,000) as a result of the issuance of a bonus for successful completion of equity financing in the quarter;
- Professional fees of $171,000 (2006 - $81,000) due to increased legal and other advisory fees, and
- Travel costs of $186,000 (2006 - $88,000) due to increased corporate activity.

Foreign exchange translation gains were $324,000 for the three months ended 30 April 2007 (prior year period - $59,000) due to the increasing strength of the Canadian dollar compared to the U.S. dollar.

During the quarter ended 31 October 2006, the Company re-examined its accounting for stock-based compensation and its accrual procedures. As a result of this re-examination, the Company determined that stock-based compensation and pre-feasibility expense were inappropriately measured and recognized during the quarter ended 30 April 2006.

The company has restated its financial statements for the items above and the impacts on certain line items of the financial statements with significant changes for the quarter ended 30 April 2006 were as follows:

Line Item *(All figures in Thousands of U.S. dollars except Loss per share)*	As Previously Reported	Revised
Pre-feasibility costs	3,453	3,695
Stock-based compensation	1,952	3,789
General and administrative costs	2,345	4,305
Loss for the Period	5,675	7,878
Deficit	39,742	42,584
Loss per share	(0.05)	(0.07)
Accounts payable and accrued liabilities	491	799
Contributed surplus	5,860	7,697

b) Cash Flows:

Cash provided by operating activities in the three months ended 30 April 2007 was $16,000 compared to cash used in the three months ended 30 April 2006 of $4.958 million. The variance in cash related to operating activities is due to the decrease in cash expenditures described above, and an increase in accounts payable balances at 30 April 2007.

Cash provided by financing activities for the three months ended 30 April 2007 was $39.902 million compared with cash provided of $10.419 million in the three months ended 30 April 2006. The 2008 first quarter activity was due to the closing of an equity offering in the period for net proceeds after all costs of $39.656 million (prior year - $nil) and changes in accounts payable balances relating to financing activities of $923,000 (prior year - $nil), partially offset by $500,000 scheduled repayment of debt (prior year $250,000) and financing costs of $177,000 relating to BNPP (prior year $nil). In the 2007 first quarter option and warrant exercises provided cash of $10.669 million.

Cash used in investing activities for the three months ended 30 April 2007 was $4.260 million compared with $5,000 in the three months ended 30 April 2006, with the increase being the result of capitalization of site related costs subsequent to the completion of the DFS late in September 2006 and restricted cash related to the Minnesota Power agreement.

Total cash for the three months ended 30 April 2007 increased by $35.658 million for a balance of $44.555 million compared to the three months ended 30 April 2006 where cash increased $5.546 million to a balance of $17.127 million.

c) Capital Expenditures

During the three months ended 30 April 2007 the Company capitalized $4.636 million (2006 - $5,000) of costs primarily directly related to site activity after the completion of the DFS and $177,000 ($2006 - $Nil) of costs related to the agreement with BNPP to assist PolyMet in all aspects of preparation for construction finance.

Summary of Quarterly Results

(All figures in Thousands of U.S. dollars except Loss per share)

Three Months Ended	Apr. 30 2007 $	Jan. 31 2007 $	Oct. 31 2006 $	July 31 2006 $	Apr. 30 2006 $	Jan. 31 2006 $	Oct. 31 2005 $	July 31 2005 $
Total Revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Pre-feasibility costs	-	-	(1,708)	(3,441)	(3,695)	(4,273)	(3,772)	(1,167)
General and Administrative	(1,295)	(1,120)	(2,451)	(1,098)	(4,305)	(2,070)	(2,231)	(514)
Other Income (Expenses)	(398)	(466)	295	(26)	122	41	246	85
Net Loss	(897)	(1,586)	(3,864)	(4,565)	(7,878)	(6,289)	(5,757)	(1,596)
Loss per share	(0.01)	(0.01)	(0.03)	(0.04)	(0.07)	(0.08)	(0.07)	(0.02)

Significant items to report for the quarterly results are as follows:

The net loss included stock based compensation expense for the quarters ended:

1) 30 April 2007 - $391,000
2) 31 January 2007 - $61,000
3) 31 October 2006 - $524,000
4) 31 July 2006 - $349,000
5) 30 April 2006 - $3,789,000
6) 31 January 2006 - $1,602,000
7) 31 October 2005 - $1,605,000
8) 31 July 2005 - $130,000

Financing Activities

During the three months ended 30 April 2007 the Company issued 15 million units at US$2.75 per unit, with each unit comprising one common share and one-half of one warrant (for accounting purposes, the value of the units was bifurcated between the common shares and the warrants). Each whole warrant is exercisable into a common share at a price of US$4.00 at any time until 13 October 2008, subject to an early trigger if the 20-day volume weighted average price of the common shares is US$6.00 or more. In connection with the private placement, the Company has paid finders' fees totaling US$1.43 million in cash, 150,000 shares and 520,000 broker warrants having the same terms as the warrants described above.

During the three months ended 30 April 2006 the Company issued:

i) 11,589,426 shares upon the exercise of warrants for proceeds of $10.238 million; and

ii) 1,070,000 shares upon the exercise of options for proceeds of $416,000.

Liquidity And Capital Resources

As at 30 April 2007 the Company had working capital of $40.368 million compared with $5.650 million at 31 January 2007 consisting primarily of cash of $44.555 million (31 January 2007 - $8.897 million); accounts payable and accrued liabilities of $2.948 million (31 January 2007 - $1.518 million) and the current portion of the note to Cliffs of $2.000 million (31 January 2007 - $2.000 million). The Company expects to pay the remaining balance of $11.362 million (31 January 2007 - $11.853 million) long term notes to Cliffs from working capital, additional financing and funds from operations once commercial production has commenced.

As at 30 April 2007 the Company, in addition to its obligation to Cliffs as described herein, has obligations to issue shares under the Company's Bonus Share Plan. The Company has received shareholder approval for the Bonus Shares of Milestones 1 – 4 and regulatory approval for Milestones 1, 2 and 3. Milestone 4 is subject to regulatory approval, which will be sought when the Company is closer to completing this Milestone. To date 3,940,000 shares have been issued for the achievement of Milestones 1 and 3. The bonus shares allocated for Milestones 1 thru 4 are valued using the Company's closing trading price on 28 May 2004 of CDN$0.75 per share, the date of the approval of the bonus plan by the disinterested shareholders.

As a result of the private placement as described above, the Company is funded to meet its current obligations through to permitting and to service and repay its debt to Cliffs due in the next year.

Should the Company wish to continue to further advance the NorthMet Project to commercial production PolyMet will require additional funds. As the Company has no operating revenues, the only source of liquidity consists primarily of cash from proceeds of project debt, other debt and equity financing.

There can be no assurance that the Company will be able to continue to raise funds, in which case it may be unable to continue to advance the NorthMet Project. Should PolyMet be unable to realize on its assets and discharge its liabilities in the normal course of business, the realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

Shareholder Rights Plan

Effective 4 December 2003, the Company adopted a Shareholder Rights Plan ("Rights Plan"), which was approved by the Company's shareholders' on 27 May 2004. Under the Rights Plan, the Company has issued one right for no consideration in respect of each outstanding common share of the Company to all holders of record of common shares on 4 December 2003. All common shares issued by the Company during the term of the Rights Plan will have one right represented for each common share held by the shareholder of the Company. The term of the Rights Plan is 10 years, unless the rights are earlier redeemed or exchanged. The Rights issued under the Rights Plan become exercisable only if a party acquires 20% or more of the Company's common shares without complying with the Rights Plan or without the approval of the Board of Directors of the Company.

Each Right entitles the registered holder thereof to purchase from the Company on the occurrence of certain events, one common share of the Company at the price of CDN$50 per share, subject to adjustment (the "Exercise Price"). However, if a Flip-in Event (as defined in the Rights Plan) occurs, each Right would then entitle the registered holder to receive, upon payment of the Exercise Price, that number of common shares that have a market value at the date of that occurrence equal to twice the Exercise Price. The Rights are not exercisable until the Separation Time as defined in the Rights Plan.

Related Party Transactions

The Company has conducted transactions with officers, directors and persons or companies related to directors and paid or accrued amounts as follows:

(All figures in thousands of U.S. dollars)	**Three months ended 30 April 2007**	Three months ended 30 April 2006
Rent and office charges paid to a company of which the president is a director	**12**	14
	12	14

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

Subsequent Events

None.

Changes in Accounting Policies Including Initial Adoption

The Company has adopted the following CICA standards effective for the Company first quarter commencing February 1, 2007:

a) Section 3855 – Financial Instruments – Recognition and Measurement. Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading, otherwise, they are measured at cost. Investments classified as held for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Investments subject to significant influence are reported at cost and not adjusted to fair market value.

b) Section 1530 – Comprehensive Income. Comprehensive income or loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income would include the holding gains and losses from available for sale securities which are not included in net loss until realized.

c) The adoption of Sections 1530 and 3855 does not have any impact on the opening equity and deficit of the Company.

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to either operations or mineral property, plant and equipment, depending on the primary focus of their activities, with the offsetting credit to contributed surplus, on a grade method over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

During the quarter ended 31 October 2006, the Company re-examined its accounting for stock-based compensation and its accrual procedures. As a result of this re-examination, the Company determined that stock-based compensation and pre-feasibility expense were inappropriately measured and recognized during the quarter ended 30 April 2006.

The company has restated its financial statements for the items above and the impacts on certain line items of the financial statements with significant changes for the quarter ended 30 April 2006 were as follows:

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Deficit	39,742	42,584
Loss per share	(0.05)	(0.07)
Accounts payable and accrued liabilities	491	799
Contributed surplus	5,860	7,697

Other MD&A Requirements

Outstanding Share Data

Authorized Capital:

Unlimited common shares without par value.

Issued and outstanding:

As at 8 June 2007, 136,564,975 common shares were issued and outstanding.

Outstanding options, warrants and convertible securities as at 8 June 2007:

Type of Security	Number	Exercise Price (US$)	Expiry Date
Common share warrants	8,020,000	4.00	13 October 2008
Stock options	225,000	0.36	09 March 2009
Stock options	150,000	0.68	28 April 2009
Stock options	1,118,900	0.59	05 July 2009
Stock options	50,000	0.71	18 October 2009
Stock options	425,000	0.59	30 March 2010
Stock options	350,000	0.77	1 May 2010
Stock options	40,000	0.85	15 June 2010
Stock options	1,690,000	1.23	19 September 2010
Stock options	280,000	1.08	24 October 2010
Common share warrants	1,100,000	4.00	30 October 2010
Stock options	225,000	1.03	5 December 2010
Stock options	3,200,000	2.49	20 March 2011
Stock options	325,000	2.68	19 June 2011
Stock options	325,000	3.44	1 September 2011
Stock options	75,000	3.16	22 September 2011
Stock options	575,000	2.97	5 January 2012
Stock options	1,250,000	2.99	12 February 2012
Stock options	400,000	2.88	8 March 2012
Stock options	250,000	2.92	12 March 2012
Stock options	50,000	2.89	23 March 2012

Risk Factors

Risks Inherent in Mining

Exploration for and development of economic deposits of minerals is subject to a number of risk factors. While the rewards for mining companies can be substantial if an economically viable discovery is made, few of the properties explored are ultimately developed into producing mines. The Company's ability to continue exploration and development of its properties is dependent upon its ability to raise significant additional funds in the future. Should the Company not be able to obtain such financing, a portion of its interest in properties may be lost to joint venture partners, or its properties may be lost entirely.

The Company's mineral operations are subject to governmental legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. In addition, the profitability of a particular mining prospect is affected by the market for base and precious metals, which entails the assessment of many factors, some of which include changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Ownership of mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous transfer history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, ownership interests are in good standing.

The Company may become subject to liability for certain hazards against which it cannot insure, or against which it may elect not to insure, because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral properties or exploration and development.

Conflicts of Interest

Certain directors, officers or promoters of the Company are directors, officers, significant shareholders or promoters of other publicly listed companies. As a result, potential conflicts of interest may arise with respect to the exercise by such persons of their respective duties for the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In the appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Absence of Dividends

The Company has never declared or paid cash dividends on its Common Shares and does not anticipate doing so in the foreseeable future. There can be no assurance that the Company's board of directors will ever declare cash dividends, which action is exclusively within its discretion. Investors cannot expect to receive a dividend on the Company's Common Shares in the foreseeable future, if at all.

Dilution

The Company may in the future grant to some or all of its own and its subsidiaries' directors, officers, insiders and key employees options to purchase the Company's Common Shares as non-cash incentives to those employees. Such options may be granted at exercise prices equal to market prices at a time when the public market is depressed. To the extent that significant numbers of such options may be granted and exercised, the interests of the then existing shareholders of the Company may be subject to additional dilution.

Also, the Company may in the future award certain bonus shares for achieving certain critical milestone events related to the NorthMet Project, to some or all of its own and its subsidiaries' directors, officers, insiders and key employees as non-cash incentives to those employees. To the extent that significant numbers of such bonus shares may be awarded, the interests of the then existing shareholders of the Company may be subject to additional dilution.

The Company is currently without a source of revenue and will most likely be required to issue additional securities to finance its operation and may also issue substantial additional securities to finance the development of any or all of its projects.

Volatility of Common Share Price and Volume

The Company's Common Shares are listed for trading on the TSX Exchange and the American Stock Exchange. Shareholders of the Company may be unable to sell significant quantities of the Common Shares into the public trading markets without a significant reduction in the price of the shares, if at all. The market price of the Common Shares may be affected significantly by factors such as changes in the Company's operating results, the availability of financings, fluctuations in the price of metals, the interest of investors, traders and others in small exploration and development stage public companies and general market conditions. In recent years the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly small capitalization exploration and development companies similar to the Company, have experienced wide fluctuations, which have not necessarily been related to the operating performances, underlying asset values or future prospects of such companies. There can be no assurance that future fluctuations in the price of the Company's shares will not occur.

Management's Responsibility for Financial Statements

The information provided in this report including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the quarter ended April 30, 2007 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Additional Information

Additional information related to the Company is available for view on SEDAR at www.sedar.com , www.sec.gov, and at the Company's website www.polymetmining.com.