

POLYMET MINING CORP
Form 424B5
November 19, 2009

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-161564

PROSPECTUS SUPPLEMENT
(To the Prospectus Dated October 6, 2009)

5,660,377 Common Shares

We are offering directly to a single investor, Glencore AG, 5,660,377 of our common shares.

Our common shares are quoted on the NYSE Amex under the symbol *PLM* and on the Toronto Stock Exchange under the symbol *POM*. On November 18, 2009, the last reported sale price of our common shares was \$2.53 per share on the NYSE Amex and Cdn\$2.66 per share on the Toronto Stock Exchange.

Our business and an investment in our securities involve a high degree of risk. See *Risk Factors* beginning on page 6 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense. The securities are not being offered in any jurisdiction where the offer is not permitted.

	<i>Per Share</i>	<i>Total</i>
Public offering price	\$ 2.65	\$ 14,999,999.05

No underwriter is in a contractual relationship with us with respect to our common shares offered by us pursuant to this prospectus supplement and the accompanying prospectus and no underwriter has been involved in the preparation of, or has performed any review of, this prospectus supplement or the accompanying prospectus.

We expect to deliver the common shares against payment in New York, New York on or before January 29, 2010.

Edgar Filing: POLYMET MINING CORP - Form 424B5

The date of this prospectus supplement is November 19, 2009

TABLE OF CONTENTS

Prospectus Supplement	
	Page
<u>About this Prospectus Supplement</u>	<u>S-1</u>
<u>Currency Exchange Rate Information</u>	<u>S-1</u>
<u>Forward-Looking Statements</u>	<u>S-2</u>
<u>The Offering</u>	<u>S-3</u>
<u>Recent Developments</u>	<u>S-4</u>
<u>Use of Proceeds</u>	<u>S-5</u>
<u>Capitalization</u>	<u>S-6</u>
<u>Dilution</u>	<u>S-7</u>
<u>U.S. Federal Income Tax Considerations</u>	<u>S-8</u>
<u>Certain Canadian Federal Income Tax Considerations</u>	<u>S-12</u>
<u>Plan of Distribution</u>	<u>S-15</u>
<u>Legal Matters</u>	<u>S-15</u>

Prospectus	
	Page
<u>About this Prospectus</u>	<u>1</u>
<u>Forward-Looking Statements</u>	<u>1</u>
<u>Where You Can Find More Information</u>	<u>2</u>
<u>Incorporation by Reference</u>	<u>2</u>
<u>The Company</u>	<u>5</u>
<u>Risk Factors</u>	<u>7</u>
<u>Use of Proceeds</u>	<u>16</u>
<u>Capitalization</u>	<u>17</u>
<u>Ratio of Earnings to Fixed Charges</u>	<u>18</u>
<u>Per Share Market Price</u>	<u>18</u>
<u>Description of Debt Securities</u>	<u>19</u>
<u>Description of Common Shares</u>	<u>26</u>
<u>Description of Warrants</u>	<u>28</u>
<u>Description of Units</u>	<u>30</u>
<u>Tax Considerations</u>	<u>31</u>
<u>Plan of Distribution</u>	<u>32</u>
<u>Legal Matters</u>	<u>34</u>
<u>Experts</u>	<u>35</u>
<u>Service of Process and Enforcement of Liabilities</u>	<u>35</u>
<u>Expenses of Issuance and Distribution</u>	<u>35</u>
<u>Index to Financial Statements</u>	<u>F-1</u>

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, including the documents incorporated by reference, which describes the specific terms of this offering. The second part, the accompanying prospectus, including the documents incorporated by reference, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. We urge you to carefully read this prospectus supplement and the accompanying prospectus, and the documents incorporated herein and therein, before buying any of the securities being offered under this prospectus supplement. This prospectus supplement may add, update or change information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with statements made in the accompanying prospectus or any documents incorporated by reference therein, the statements made in this prospectus supplement will be deemed to modify or supersede those made in the accompanying prospectus and such documents incorporated by reference therein.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. The information in this prospectus is accurate only as of the date on the front cover. You should not assume that the information contained in this prospectus is accurate as of any other date. Before purchasing any securities, you should carefully read both this prospectus supplement and the accompanying prospectus and any free writing prospectus prepared by or on behalf of us, together with the additional information described under the heading *Where You Can Find More Information* and *Incorporation by Reference* in the accompanying prospectus.

This prospectus supplement and the accompanying prospectus are not an offer to sell any security other than common shares and are not soliciting an offer to buy any security other than common shares. This prospectus supplement and the accompanying prospectus are not an offer to sell common shares to any person, and they are not soliciting an offer from any person to buy our common shares, in any jurisdiction where the offer or sale to that person is not permitted.

Our financial statements are prepared in accordance with generally accepted accounting principles in Canada, which we refer to as Canadian GAAP. We provide certain information reconciling our financial information with generally accepted accounting principles in the United States, which we refer to as U.S. GAAP.

When used in this prospectus, the terms *PolyMet*, *we*, *our* and *us* refer to PolyMet Mining Corp. and consolidated subsidiaries, unless otherwise specified or the context otherwise requires.

CURRENCY AND EXCHANGE RATE INFORMATION

We report in United States dollars. Accordingly, all references to \$, U.S.\$ or dollars in this prospectus supplement refer to United States dollars unless otherwise indicated. References to Cdn\$ or Canadian dollars are used to indicate Canadian dollar values.

The noon rate of exchange on November 18, 2009 as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was Cdn\$1.00 equals \$0.9524 and the conversion of United States dollars was \$1.00 equals Cdn\$1.0500.

FORWARD-LOOKING STATEMENTS

All statements contained or incorporated by reference in this prospectus and accompanying prospectus supplements other than purely historical information are forward-looking statements within the meaning of the federal securities laws. These statements appear in a number of different places in this prospectus, in our Annual Report on Form 20-F for the fiscal year ended January 31, 2009 (the 2009 Form 20-F) and in our other filings with the Securities and Exchange Commission (the SEC), including our Report on Form 6-K providing information with respect to our operations for the six months ended July 31, 2009 (the Second Quarter Form 6-K). These forward-looking statements can be 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 or their negatives or other comparable words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The statements, including the statements contained in our 2009 Annual Report under Item 3D Risk Factors, Item 4B Business Overview, Item 5 Operating and Financial Review and Prospects, and Item 11 Quantitative and Qualitative Disclosures About Market Risk, as well as in Exhibit 99.2, Management's Discussion and Analysis for the Period ended July 31, 2009, to our Second Quarter Form 6-K, are inherently subject to a variety of risks and uncertainties that could cause actual results, performance or achievements to differ significantly. Forward-looking statements include statements regarding the outlook for our future operations, plans and timing for our exploration and development programs, statements about future market conditions, supply and demand conditions, forecasts of future costs and expenditures, the outcome of legal proceedings, and other expectations, intentions and plans that are not historical fact. You are cautioned that any such forward-looking statements are not guarantees and may involve risks and uncertainties. Our actual results may differ materially from those in the forward-looking statements due to risks facing us or due to actual facts differing from the assumptions underlying our predictions. Some of these risks and assumptions include:

- general economic and business conditions, including changes in interest rates and exchange rates;
- prices of natural resources, costs associated with mineral exploration and development, and other economic conditions;
- natural phenomena;
- actions by government authorities, including changes in government regulation;
- uncertainties associated with legal proceedings;
- changes in the resources market;
- future decisions by management in response to changing conditions;
- our ability to execute prospective business plans; and
- misjudgments in the course of preparing forward-looking statements.

We advise you that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to us or persons acting on our behalf. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. You should carefully review the cautionary statements and risk factors contained in this prospectus and other documents that we file from time to time with the SEC and incorporated by reference herein.

All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section and the Risk Factors section of the accompanying prospectus.

THE OFFERING

Common shares offered by us pursuant to this prospectus supplement	5,660,377 common shares ¹
Common shares outstanding after this offering	148,612,837 common shares
Use of proceeds	We intend to use the net proceeds from the sale of the common shares under this prospectus supplement, following receipt of necessary permits, for construction finance for our copper, nickel, precious metals development project located in Minnesota and for general corporate purposes.
U.S. Federal Income Tax Considerations	For material United States federal income tax considerations to U.S. holders of the ownership and disposition of our common shares, see U.S. Federal Income Tax Considerations.
NYSE Amex symbol	PLM
Toronto Stock Exchange symbol	POM
Transfer Agent	Computershare Trust Company, N.A.
Risk factors	This investment involves a high degree of risk. See Risk Factors beginning on page 6 of the accompanying prospectus.

Except as otherwise indicated herein, the information above and elsewhere in this prospectus supplement regarding outstanding common shares is based on 139,178,875 common shares outstanding as of November 13, 2009, and excludes the following:

- 13,200,000 common shares issuable upon the exercise of outstanding share options under our Omnibus Share Compensation Plan, having a weighted average exercise price of CDN\$2.32 per share;
- 3,640,000 common shares issuable under our Omnibus Share Compensation Plan upon the achievement of certain milestones;
- 18,592,888 common shares reserved for future issuance under our Omnibus Share Compensation Plan; and
- 15,370,000 common shares issuable upon the exercise of outstanding warrants with a weighted average exercise price of US\$4.74 per share.²

Preemptive Rights

As a result of the issuance of the common shares in this offering, one shareholder of the Company may purchase up to 400,671 of our common shares on the same terms and conditions as this offering.

¹Rights to purchase one common share automatically attach to our common shares being offered by this prospectus supplement pursuant to our Shareholders Rights Plan, dated as of June 27, 2007, as modified on June 17, 2008. Until the occurrence of events described in the Shareholders Rights Agreement, the rights are not exercisable, are evidenced by our common share certificates and are transferable with and only with the our common shares.

² Following the amendment to the exercise price of Purchase Warrant and the Exchange Warrant, the weighted average exercise price of all outstanding warrants is \$3.72 per share. See Recent Developments.

S-3

RECENT DEVELOPMENTS

On October 31, 2008, we entered into a purchase agreement (the Purchase Agreement) with Poly Met Mining, Inc., our wholly-owned subsidiary (the Issuer), and Glencore, AG (the Purchaser), pursuant to which, among other things, (1) the Issuer agreed to issue Floating Rate Secured Debentures due September 30, 2011 (the Debentures) in five separate tranches, consisting of four Debentures in the aggregate principal amount of \$25,000,000, all of which have been issued, and a fifth Debenture in the principal amount of \$25,000,000 to be issued and delivered by the Issuer and paid for by the Purchaser upon fulfillment or waiver of certain conditions set forth therein; (2) we issued a warrant (the Purchase Warrant) to purchase an aggregate of up to 6,250,000 of our common shares at an exercise price of \$5.00 per share from October 31, 2008 until the date on which our NorthMet Project has produced 20,000 metric tons of marketable concentrate, and \$6.00 on and after the date on which our NorthMet Project has produced 20,000 metric tons of marketable concentrate; and (3) we issued a warrant, exercisable from time to time (the Exchange Warrant), to purchase our common shares in an amount equal to the principal amount of the Debentures divided by \$4.00. Each of the Purchase Warrant and the Exchange Warrant expire on September 30, 2011 (the Expiration Date). We may repay the Debentures prior to their maturity date in the event the 20 day volume weighted average price of our common shares is equal to or greater than \$4.50 per share.

On October 27, 2009, we and the Purchaser amended (the First Amendment), subject to Canadian regulatory approval, which was obtained in principle on November 16, 2009, the terms of each of the Purchase Agreement, the Purchase Warrant and the Debentures. Pursuant to the First Amendment, we extended the dates by which we are required to obtain third party consents to grant a first ranking mortgage of leasehold interest to Glencore in certain lands with respect to our NorthMet Project and Erie Plant to December 31, 2009. Under the First Amendment (1) the exercise price of the Purchase Warrant is equal to \$3.00 per share and (2) we may accelerate the Expiration Date to a date that is not less than 21 business days after the date on which we provide written notice to the Purchaser of such acceleration if the 20 day volume weighted average price of our common shares is equal to or greater than 150% of the then exercise price of the such warrant and the notice of publication of the final Environmental Impact Statement has been posted in the Minnesota Department of Natural Resources Environmental Quality Board Monitor. Pursuant to the First Amendment, we may repay the Debentures prior to their maturity date if the 20 day volume weighted average price of our common shares is equal to or greater than 200% of the then conversion price of the such debentures.

On November 17, 2009 we and the Purchaser amended (the Second Amendment) the terms of the Exchange Warrant. Pursuant to the Second Amendment, the Exchange Warrant is exercisable from time to time to purchase our common shares in an amount equal to (1) the principal amount of the first four Debentures divided by \$4.00 and (2) the principal amount of the fifth Debenture divided by \$2.65.

On November 17, 2009, we and Glencore entered into a Subscription Agreement relating to the issuance and sale of 3,773,585 common shares at a purchase price of \$2.65 per share, resulting in gross proceeds to us of \$10,000,000.25 and net proceeds to us of approximately \$9,850,000.

USE OF PROCEEDS

We expect the net proceeds from this offering to be up to approximately \$14.775 million after deducting estimated offering expenses payable by us, which include legal, accounting and printing fees. We intend to use the net proceeds from the sale of the common shares under this prospectus supplement, following receipt of necessary permits, for construction finance for our copper, nickel, precious metals development project located in Minnesota and for general corporate purposes.

As of the date of this prospectus supplement, we cannot specify with certainty all of the particular uses of the proceeds from this offering. Accordingly, we will retain broad discretion over the use of such proceeds. Pending the use of the net proceeds from this offering as described above, we intend to invest the net proceeds in investment-grade, interest-bearing instruments.

S-5

CAPITALIZATION

The following table sets forth our capitalization as of July 31, 2009:

- on an actual basis; and
- on an adjusted basis to give effect to the sale of 5,660,377 common shares at the offering price of \$2.65 per share, after deducting estimated offering expenses, and after giving effect to our receipt of the estimated net proceeds.

The information set forth in the following table should be read in conjunction with “Management Discussion and Analysis” for the period ended July 31, 2009 and our consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement and accompanying prospectus, the prospectus supplement dated November 17, 2009 relating to the sale of 3,773,585 common shares at \$2.65 per share and the accompanying prospectus thereto.

	As of July 31, 2009	
	Prior To This	As Adjusted
	Transaction	
	(Unaudited)	
	(Amounts in thousands of U.S.	
	dollars)	
Cash and cash equivalents	\$ 13,102	\$ 27,877
Current portion of long term debt	\$ 1,750	\$ 1,750
Current portion of asset retirement obligation	321	321
Long term debt	9,306	9,306
Convertible debt	19,471	19,471
Asset retirement obligation	3,036	3,036
Share capital	115,740	130,515
Contributed surplus	30,096	30,096
Accumulated other comprehensive income	59	59
Deficit	(63,999)	(63,999)
	81,896	96,671
Total Capitalization	\$ 112,423	\$ 127,198

The above table is based on 139,078,875 shares of common shares outstanding as of July 31, 2009, and excludes, as of that date:

- 13,200,000 common shares issuable upon the exercise of outstanding share options under our Omnibus Share Compensation Plan, having a weighted average exercise price of CDN\$2.32 per share;
- 3,640,000 common shares issuable under our Omnibus Share Compensation Plan upon the achievement of certain milestones;
- 18,592,888 common shares reserved for future issuance under our Omnibus Share Compensation Plan; and
- 15,370,000 common shares issuable upon the exercise of outstanding warrants with a weighted average exercise price of US\$4.74 per share.¹

¹ Following the amendment to the exercise price of the Purchase Warrant and the Exchange Warrant, the weighted average exercise price of all outstanding warrants is \$3.72 per share. See Recent Developments.

DILUTION

The net tangible book value of our common shares on July 31, 2009, adjusted for the anticipated net proceeds from the expected sale of 3,773,585 common shares at \$2.65 per share pursuant to the prospectus supplement dated November 17, 2009 and the accompanying prospectus thereto, was approximately \$81.896 million, or approximately \$0.57 per share, based on 142,952,460 common shares outstanding as of July 31, 2009 (adjusted for the expected sale of 3,773,585 common shares pursuant to the prospectus supplement dated November 17, 2009 and the accompanying prospectus thereto). Net tangible book value per share represents the amount of our total tangible assets, less our total liabilities, divided by the total number of common shares outstanding. Dilution in net tangible book value per share to the new investor represents the difference between the amount per common share paid by the purchaser of our common shares in this offering and the net tangible book value per share immediately afterwards. Without taking into account any other changes in net tangible book value after July 31, 2009 (adjusted for those relating to the prospectus supplement dated November 17, 2009), other than the sale of 5,660,377 common shares offered by us hereby at a price of \$2.65 per share and after our estimated offering expenses, our net tangible book value at July 31, 2009 would have been approximately \$96.671 million, or approximately \$0.65 per share. This represents an immediate increase in net tangible book value of approximately \$0.08 per share to existing shareholders and an immediate dilution in net tangible book value of \$2.00 per share to the investor in this offering.

The following table illustrates this per share dilution:

Public offering price per share	\$	2.65
Net tangible book value per share as of July 31, 2009	\$	0.57
Increase in net tangible book value per share attributable to this offering	\$	0.08
Pro forma net tangible book value per share as of July 31, 2009, after giving effect to this offering	\$	0.65
Dilution per share to new investor in this offering	\$	2.00

The above table is based on 139,078,875 common shares outstanding as of July 31, 2009 (adjusted for the prospectus supplement dated November 17, 2009 and the accompanying prospectus thereto), and excludes, as of that date:

- 13,200,000 common shares issuable upon the exercise of outstanding share options under our Omnibus Share Compensation Plan, having a weighted average exercise price of CDN\$2.32 per share;
- 3,640,000 common shares issuable under our Omnibus Share Compensation Plan upon the achievement of certain milestones;
- 18,592,888 common shares reserved for future issuance under our Omnibus Share Compensation Plan; and
- 15,370,000 common shares issuable upon the exercise of outstanding warrants with a weighted average exercise price of US\$4.74 per share.⁴

⁴ Following the amendment to the exercise price of the Purchase Warrant and the Exchange Warrant, the weighted average exercise price of all outstanding warrants is \$3.72 per share. See Recent Developments

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of the material U.S. federal income tax consequences that may be relevant with respect to the ownership and disposition of our common shares by a U.S. Holder (as hereinafter defined). This discussion is based upon the provisions of the U.S. Internal Revenue Code of 1986, as amended (the Code), Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, in each case as of the date hereof. These authorities are subject to differing interpretations and may be changed, perhaps retroactively, resulting in U.S. federal income tax consequences different from those discussed below. We have not sought any ruling from the U.S. Internal Revenue Service (IRS) with respect to the statements made and the conclusions reached in this discussion, and there can be no assurance that the IRS will agree with such statements and conclusions. This discussion applies only to U.S. Holders who acquire common shares in this offering and hold such common shares as capital assets within the meaning of Section 1221 of the Code. In addition, this summary does not address all U.S. federal income tax considerations that may be applicable to a U.S. Holder's particular circumstances or to U.S. Holders who may be subject to special tax rules, including, without limitation: tax-exempt organizations, qualified retirement plans, individual retirement accounts and other tax-deferred accounts, financial institutions, insurance companies, partnerships or other entities treated as partnerships for U.S. federal income tax purposes, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, U.S. Holders whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax, persons who hold our common shares as part of a straddle, hedging or conversion transaction, and persons who own, actually or constructively, 10% or more of our common shares.

For purposes of this discussion, a U.S. Holder means a holder of our common shares who is (i) a citizen or an individual resident of the U.S., (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S., any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if it is subject to the primary supervision of a court within the U.S. and one or more U.S. persons, as defined in the Code, have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds our common shares, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner should consult its own tax advisors as to the U.S. federal income tax consequences of being a partner in a partnership that holds or disposes of our common shares.

This discussion addresses only certain aspects of U.S. federal income taxation to U.S. Holders. U.S. Holders should consult their own tax advisors regarding the U.S. federal, state, local, non-U.S. and other tax consequences of the ownership and disposition of our common shares acquired in this offering.

Distributions on Our Common Shares

Subject to the discussion below under Passive Foreign Investment Company, U.S. Holders receiving dividend distributions (including constructive dividends) with respect to our common shares generally are required to include in gross income (as foreign source ordinary dividend income) for U.S. federal income tax purposes the gross amount of such distributions (without reduction of any Canadian income or other tax withheld from such distributions), equal to the U.S. dollar value of such distributions on the date of receipt (based on the exchange rate on such date), to the extent that we have current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits, it will be treated as a return of capital to the extent of a U.S. Holder's adjusted tax basis in our common shares and thereafter as capital gain from the sale or exchange of such common shares. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that the full amount of a distribution with respect to the common shares will be treated, and reported by us, as a dividend.

For taxable years beginning before January 1, 2011, dividends received by U.S. Holders that are individuals, estates or trusts from a qualified foreign corporation, as defined in Section 1(h)(11) of the Code, generally are taxed at the same preferential tax rates applicable to long-term capital gains. A corporation that is a PFIC, as defined below under Passive Foreign Investment Company, for its taxable year during which it pays a dividend, or for its immediately preceding taxable year, however, is not a qualified foreign corporation. We believe we will meet the definition of a PFIC and dividends received by U.S. Holders that are individuals, estates or trusts generally will be subject to U.S. federal income tax at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). Dividends paid on our common shares will not be eligible for the dividends received deduction provided to corporations receiving dividends from certain U.S. corporations.

S-8

In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Generally any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss.

Disposition of Our Common Shares

Subject to the discussion below under **Passive Foreign Investment Company**, U.S. Holders will recognize gain or loss upon the sale of our common shares equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) the U.S. Holder's tax basis in our common shares. A U.S. Holder's tax basis in the shares generally will be equal to the amount such U.S. Holder paid for the shares, subject to adjustments. Any gain or loss on disposition of our common shares generally will be U.S. source gain or loss and will be capital gain or loss. If, at the time of the disposition, a U.S. holder is treated as holding the common shares for more than one year, such gain or loss will be a long-term capital gain or loss. Long-term capital gain recognized by a non-corporate U.S. holder is currently subject to taxation at a reduced rate. The deductibility of capital losses is subject to limitations.

Passive Foreign Investment Company

We believe that we will meet the definition of **passive foreign investment company** (**PFIC**) within the meaning of Sections 1291 through 1298 of the Code. A U.S. Holder who holds stock in a non-U.S. corporation during any year in which such corporation is a PFIC is subject to numerous special U.S. federal income tax rules. A non-U.S. corporation is considered to be a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income (the **income test**), or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the **asset test**).

For purposes of the income test and the asset test, respectively, we will be treated as earning our proportionate share of the income and owning our proportionate share of the assets of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock. In addition, for purposes of the income test, passive income does not include any interest, dividends, rents, or royalties received or accrued by us from a **related person** (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to income of such related person that is not passive.

We must make a separate determination each year as to whether we are a PFIC. As a result, our PFIC status may change. In particular, because the total value of our assets for purposes of the asset test will be calculated using the market price of our common shares (assuming that we continue to be a publicly traded corporation for purposes of the PFIC rules), our PFIC status will depend in large part on the market price of our common shares. Accordingly, fluctuations in the market price of our common shares may result in our being a PFIC for any year. If we are a PFIC for any year during which a U.S. Holder holds our common shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds the common shares, absent a special election. For instance, if we cease to be a PFIC, a U.S. Holder may avoid some of the adverse effects of the PFIC regime by making a deemed sale election with respect to our common shares pursuant to which such U.S. Holder recognizes gain (which will be taxed under the default PFIC tax rules discussed below) as if such common shares had been sold on the last day of the last taxable year for which we were a PFIC. If we are a PFIC for any taxable year and any of our non-U.S. subsidiaries is also a PFIC, a U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors about the application of the PFIC rules to any of our subsidiaries.

If we are a PFIC for any taxable year during which a U.S. Holder holds our common shares, such U.S. Holder will be subject to special tax rules with respect to any excess distribution that it receives and any gain it realizes from a sale or other disposition (including a pledge) of the common shares, unless the U.S. Holder makes a mark-to-market election, as discussed below. Distributions received by a U.S. Holder in a taxable year that are greater than 125% of the average annual distributions such U.S. Holder received during the shorter of the three preceding taxable years and its holding period for the common shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the common shares;
- the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which we became a PFIC will be treated as ordinary income; and
- the amount allocated to each other taxable year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the disposition of the common shares cannot be treated as capital, even if the U.S. Holder holds the common shares as capital assets.

Alternatively, a U.S. Holder of marketable stock (as defined below) in a PFIC may make a mark-to-market election with respect to shares of a PFIC to elect out of the tax treatment discussed above. If a U.S. Holder makes a valid mark-to-market election for the common shares, the U.S. Holder will include in income each year an amount equal to the excess, if any, of the fair market value of the common shares as of the close of its taxable year over its adjusted basis in such common shares. The U.S. Holder is allowed a deduction for the excess, if any, of the adjusted basis of the common shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the common shares included in the U.S. Holder's income for prior taxable years. Amounts included in a U.S. Holder's income under a mark-to-market election, as well as gain on the actual sale or other disposition of the common shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the common shares, as well as to any loss realized on the actual sale or disposition of the common shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such common shares. A U.S. Holder's basis in the common shares will be adjusted to reflect any such income or loss amounts. If a U.S. Holder makes such an election, the tax rules that ordinarily apply to distributions by corporations that are not PFICs would apply to distributions by us, except that the preferential tax rates applicable to long-term capital gains on dividends received from a qualified foreign corporation discussed above under Distributions on the Common Shares would not apply.

The mark-to-market election is available only for marketable stock, which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange, including the Toronto Stock Exchange and the NYSE Amex, or other market, as defined in applicable U.S. Treasury regulations. We expect that our common shares will continue to be listed on each of the Toronto Stock Exchange and the NYSE Amex on at least 15 days during each calendar quarter and traded in other than de minimis quantities, and, consequently, the mark-to-market election would be available to U.S. Holders of common shares if we were to be a PFIC.

If a non-U.S. corporation is a PFIC, a holder of shares in that corporation can avoid taxation under the rules described above by making a qualified electing fund election to include the holder's share of the corporation's income on a current basis in gross income. However, a U.S. Holder can make a qualified electing fund election with respect to its common shares only if we furnish the U.S. Holder annually with certain tax information, and we do not intend to prepare or provide such information.

A U.S. Holder that holds common shares in any year in which we are a PFIC will be required to file IRS Form 8621 regarding distributions received on the common shares and any gain realized on the disposition of the common

shares.

U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to their investment in our common shares.

S-10

Foreign Tax Credits

Subject to certain conditions and limitations, including potential limitations under the United States-Canada treaty, Canadian taxes paid on or withheld from distributions from us and not refundable to a U.S. Holder may be credited against such U.S. Holder's U.S. federal income tax liability or, alternatively, may be deducted from such U.S. Holder's taxable income. This election is made on a year-by-year basis and applies to all foreign taxes paid by or withheld from a U.S. Holder that year.

Distributions will constitute foreign source income for foreign tax credit limitation purposes. The foreign tax credit limitation is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us will generally constitute passive category income or, in the case of certain U.S. Holders, general category income.

Special rules for U.S. Holders who do not make a mark-to-market election will apply to determine U.S. foreign tax credits with respect to withholding taxes imposed on distributions on our common shares. In addition, special rules may apply to individuals whose foreign source income during the taxable year consists entirely of qualified passive income and whose creditable foreign taxes paid or accrued during the taxable year do not exceed \$300 (\$600 in the case of a joint return).

Because the rules governing foreign tax credits are complex, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Information Reporting; Backup Withholding

In general, payments made in the U.S. or through certain U.S. related financial intermediaries with respect to the ownership and disposition of our common shares will be required to be reported to the IRS unless the U.S. Holder is a corporation or other exempt recipient and, when required, demonstrates this fact. In addition, a U.S. Holder may be subject to a backup withholding tax (currently at a rate of 28%) on such payments unless the U.S. Holder (i) is a corporation or other exempt recipient and when required, demonstrates this fact or (ii) provides a taxpayer identification number and otherwise timely complies with applicable certification requirements. U.S. Holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability and such U.S. Holder may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS FOR GENERAL INFORMATION PURPOSES ONLY, DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE POTENTIAL TAX CONSIDERATIONS RELATING TO OUR COMMON SHARES AND IS NOT TAX ADVICE. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON SHARES.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires, as a beneficial owner, our common shares pursuant to this offering and who, at all relevant times, for the purposes of the application of the *Income Tax Act* (Canada) and the Income Tax Regulations (collectively, the Tax Act), deals at arm's length with the Company; is not affiliated with the Company or a subsequent holder of our common shares; and holds our common shares as capital property (a Holder). Generally, our common shares will be capital property to a Holder provided the Holder does not acquire or hold those common shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (CRA) published in writing prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (collectively, the Tax Proposals) and assumes all Tax Proposals will be enacted in the form proposed. There is no certainty that the Tax Proposals will be enacted in the form proposed, if at all. This summary does not otherwise take into account or anticipate any changes in laws or administrative policy or assessing practice whether by judicial, regulatory, administrative or legislative decision or action nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not, and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser of the common shares. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, purchasers should consult their own tax advisors regarding the income tax consequences of purchasing Shares based on their particular circumstances.

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for the purposes of the Tax Act is, or is deemed to be, resident in Canada (a Resident Holder). Certain Resident Holders may be entitled to make, or may have already made, the irrevocable election permitted by subsection 39(4) of the Tax Act the effect of which may be to deem to be capital property any common shares and all other Canadian securities (as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) is available and/or advisable in their particular circumstances.

This portion of the summary is not applicable to a Holder that is a specified financial institution; a Holder an interest in which is a tax shelter investment; a Holder that is a financial institution for purposes of the mark-to-market rules contained in the Tax Act; or a Holder that has made a functional currency reporting election, each as defined in the Tax Act. Such Holders should consult their own tax advisors.

Dividends

Although we do not anticipate declaring or paying any dividends in the foreseeable future, a Resident Holder will be required to include in computing its income for a taxation year any dividends received or deemed to be received on our common shares (including a deemed dividend on the redemption of our common shares). In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received or deemed to be received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by us as eligible dividends in accordance with the provisions of the Tax Act. Although we currently anticipate that any dividends declared payable to Resident Holders will be designated as eligible dividends, it is possible that such dividends may not be so designated. A dividend received by a Resident Holder that is a corporation must be included

in computing its income but generally will be deductible in computing the corporation's taxable income.

A Resident Holder that is a private corporation, as defined in the Tax Act, or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay a refundable tax of $33\frac{1}{3}\%$ under Part IV of the Tax Act on dividends received on our common shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year.

S-12

Dispositions

Generally, on a disposition or deemed disposition of a common share, a Resident Holder will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the common share immediately before the disposition or the deemed disposition.

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a **taxable capital gain**) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an **allowable capital loss**) realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition or deemed disposition of a common share may be reduced by the amount of dividends received or deemed to have been received by it on such share, to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a common share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Holder that is throughout the year a Canadian-controlled private corporation, as defined in the Tax Act, is liable for tax, a portion of which may be refundable, on investment income, including taxable capital gains realized and dividends received in respect of the common shares (but not dividends that are deductible in computing taxable income).

Alternative Minimum Tax

Capital gains realized on the disposition of our common shares by a Resident Holder who is an individual or a trust may give rise to a liability to pay alternative minimum tax under the Tax Act.

Eligibility for Investment

Our common shares would, if issued on the date hereof and listed on a designated stock exchange, as defined in the Tax Act, (which includes the Toronto Stock Exchange) be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, deferred profit sharing plan, registered disability savings plan and a tax-free savings account (TFSA).

Notwithstanding that our common shares may be a qualified investment for a trust governed by a TFSA, the holder of a TFSA will be subject to a penalty tax on our common shares held in the TFSA if such common shares are a prohibited investment for that TFSA. Our common shares will generally be a prohibited investment if the holder of the TFSA does not deal at arm's length with us for the purposes of the Tax Act or the holder of the TFSA has a significant interest (within the meaning of the Tax Act) in us or a corporation, partnership or trust with which we do not deal at arm's length for the purposes of the Tax Act.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the application of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, our common shares in a business carried on in Canada (a **Non-Resident Holder**). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on

an insurance business in Canada and elsewhere.

S-13

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by us will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where the Non-Resident Holder is a resident of the United States, is entitled to benefits under the Canada-United States Income Tax Convention (1980) and is the beneficial owner of the dividends, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of a common share, unless the common share is or is deemed to be taxable Canadian property to the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, provided our common shares are listed on a designated stock exchange as defined in the Tax Act (which includes the TSX) at the time of disposition, our common shares will not constitute taxable Canadian property of a Non-Resident Holder, unless at any time during the 60-month period immediately preceding the disposition, the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, or the Non-Resident Holder together with all such persons, owned 25% or more of the issued common shares or any other class of our shares. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, our common shares would be deemed to be taxable Canadian property. Non-Resident Holders whose Shares constitute taxable Canadian property should consult with their own tax advisors.

PLAN OF DISTRIBUTION

We are issuing 5,660,377 common shares at a price of \$2.65 per share. The common shares will be issued by us directly to Glencore AG under a subscription agreement to be entered into between us and Glencore. The closing of the offering is expected to occur on or before January 29, 2010. In addition, Glencore has agreed to purchase 3,773,585 common shares at a price of \$2.65 per share, the closing of which will occur on November 23, 2009. Glencore executed a separate subscription agreement with respect to the 3,773,585 common shares.

No underwriter is in a contractual relationship with us with respect to our common shares offered by us pursuant to this prospectus supplement and the accompanying prospectus and no underwriter has been involved in the preparation of, or has performed any review of, this prospectus supplement or the accompanying prospectus.

The expenses of this offering are estimated to be \$225,000 and are payable by us.

The transfer agent for our common shares is Computershare Trust Company, N.A. Our common shares are listed on the NYSE Amex under the symbol `PLM` and on the Toronto Stock Exchange under the symbol `POM`.

Upon the closing of the two transactions described above, Glencore will own (1) 9,433,962 of our common shares (2) purchase warrants entitling Glencore to acquire a further 6,250,000 of our common shares, exercisable at a price of US\$3.00 per share, and (3) exchangeable debentures of US\$25,900,000 (including capitalized interest) to date entitling Glencore to acquire a further 6,471,081 of our common shares, exchangeable at a price of US\$4.00 per share. If the last tranche is drawn down, Glencore would own additional exchangeable debentures in the principal amount of US\$25,000,000 entitling Glencore to acquire, at that time, a further 9,433,962 of our common shares, exchangeable at a price of US\$2.65 per share. If all of the foregoing warrants were exercised, Glencore would own 18.5% of our issued and outstanding common shares after giving effect to such exercise (13.7% if the last tranche referred to above were not drawn down by us.)

LEGAL MATTERS

Certain legal matters will be passed upon for us by Farris, Vaughan, Wills & Murphy LLP, Vancouver, British Columbia, Canada. Certain legal matters relating to United States Federal securities laws and income tax considerations will be passed upon by Troutman Sanders LLP, New York, New York.

PROSPECTUS

US\$500,000,000

POLYMET MINING CORP.

Debt Securities

Common Shares

Warrants

Units

Guarantees of Debt Securities of PolyMet Mining Corp.

by:

Poly Met Mining, Inc

We may offer from time to time debt securities, common shares, warrants and units. Any debt securities we issue under this prospectus may be guaranteed by our subsidiary, Poly Met Mining, Inc.

The aggregate initial offering price of the securities that we offer will not exceed \$500,000,000. We will offer the securities in amounts, at prices and on terms to be determined at the time of the offering.

We will provide the specific terms of the securities in supplements to this prospectus to the extent those terms are not described in this prospectus or are different from the terms described in this prospectus. The prospectus supplements may also add to, update or change information contained in this prospectus. In addition, we may supplement, update or change any of the information contained in this prospectus by incorporating information by reference in this prospectus.

We may offer these securities directly to investors, through agents, underwriters or dealers on a continued or delayed basis. Each prospectus supplement will provide the terms of the plan of distribution relating to each series of securities.

Our common shares are listed on the Toronto Stock Exchange under the symbol "POM" and on the NYSE Amex under the symbol "PLM." On September 30, 2009 the last reported sale price of our common shares on the Toronto Stock Exchange was Cdn\$2.82 per share and on the NYSE Amex was \$2.63 per share. Each prospectus supplement will state whether the securities are listed or will be listed on any exchange or market.

You should consider carefully the risk factors beginning on page 6 of this prospectus before you invest in any of our securities.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is October 6, 2009

TABLE OF CONTENTS

<u>About this Prospectus</u>	<u>1</u>
<u>Forward-Looking Statements</u>	<u>1</u>
<u>Where You Can Find More Information</u>	<u>2</u>
<u>Incorporation by Reference</u>	<u>2</u>
<u>The Company</u>	<u>5</u>
<u>Risk Factors</u>	<u>7</u>
<u>Use of Proceeds</u>	<u>16</u>
<u>Capitalization</u>	<u>17</u>
<u>Ratio of Earnings to Fixed Charges</u>	<u>18</u>
<u>Per Share Market Price</u>	<u>18</u>
<u>Description of Debt Securities</u>	<u>19</u>
<u>Description of Common Shares</u>	<u>26</u>
<u>Description of Warrants</u>	<u>28</u>
<u>Description of Units</u>	<u>30</u>
<u>Tax Considerations</u>	<u>31</u>
<u>Plan of Distribution</u>	<u>32</u>
<u>Legal Matters</u>	<u>34</u>
<u>Experts</u>	<u>35</u>
<u>Service of Process and Enforcement of Liabilities</u>	<u>35</u>
<u>Expenses of Issuance and Distribution</u>	<u>35</u>

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. Under this shelf registration process, we may sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$500,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus and any applicable prospectus supplement. We have not authorized anyone to provide you with different information. We are not making offers to sell the securities in any jurisdiction where an offer or solicitation is not permitted. The information in this prospectus is accurate only as of the date on the front cover. You should not assume that the information contained in this prospectus is accurate as of any other date. Before purchasing any securities, you should carefully read both this prospectus and the accompanying prospectus supplement and any free writing prospectus prepared by or on behalf of us, together with the additional information described under the heading **Where You Can Find More Information** and **Incorporation by Reference**.

When used in this prospectus, the terms **PolyMet**, **we**, **our** and **us** refer to PolyMet Mining Corp. and its consolidated subsidiaries, unless otherwise specified or the context otherwise requires.

FORWARD-LOOKING STATEMENTS

All statements contained or incorporated by reference in this prospectus and accompanying prospectus supplements other than purely historical information are forward-looking statements within the meaning of the federal securities laws. These statements appear in a number of different places in this prospectus and our Annual Report on Form 20-F and can be identified by words such as **expects**, **anticipates**, **believes**, **intends**, **estimates**, **potential**, **projects**, **plans**, and similar expressions, or statements that events, conditions or results **will**, **may**, **could**, or **might** occur or be achieved or their negatives or other comparable words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The statements, including the statements contained in our Annual Report on Form 20-F under **Item 3D Risk Factors**, **Item 4B Business Overview**, **Item 5 Operating and Financial Review and Prospects**, and **Item 11 Quantitative and Qualitative Disclosures About Market Risk**, are inherently subject to a variety of risks and uncertainties that could cause actual results, performance or achievements to differ significantly. Forward-looking statements include statements regarding the outlook for our future operations, plans and timing for our exploration and development programs, statements about future market conditions, supply and demand conditions, forecasts of future costs and expenditures, the outcome of legal proceedings, and other expectations, intentions and plans that are not historical fact. You are cautioned that any such forward-looking statements are not guarantees and may involve risks and uncertainties. Our actual results may differ materially from those in the forward-looking statements due to risks facing us or due to actual facts differing from the assumptions underlying our predictions. Some of these risks and assumptions include:

- general economic and business conditions, including changes in interest rates and exchange rates;
- prices of natural resources, costs associated with mineral exploration and development, and other economic conditions;
- natural phenomena;
- actions by government authorities, including changes in government regulation;
- uncertainties associated with legal proceedings;
- changes in the resources market;
- future decisions by management in response to changing conditions;
- our ability to execute prospective business plans, and
- misjudgments in the course of preparing forward-looking statements.

We advise you that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to us or persons acting on our behalf. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. You should carefully review the cautionary statements and risk factors contained in this prospectus and other documents that we file from time to time with the SEC and incorporated by reference herein.

All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section and the Risk Factors section of this prospectus and any prospectus supplement.

WHERE YOU CAN FIND MORE INFORMATION

Our SEC filings are available to the public over the Internet at the SEC's web site at www.sec.gov. You may also read and copy any document we file at the SEC's public reference room located at 100 F Street, N.E., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room and copy charges. We maintain a website at www.polymetmining.com. The information on our web site is not incorporated by reference in this prospectus or any prospectus supplement and you should not consider it a part of this prospectus or any accompanying prospectus supplement. You may also request a copy of those filings, excluding exhibits, at no cost by writing or telephoning our principal executive office, Suite 1003 - 1177 West Hastings St., Vancouver, British Columbia V6E 2K3, Telephone: (604) 669-4701.

We have filed with the SEC a registration statement under the Securities Act of 1933, as amended, or Securities Act, that registers the distribution of these securities. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and the securities. This prospectus does not contain all of the information set forth in the registration statement. You can get a copy of the registration statement, at prescribed rates, from the SEC at the address listed above.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference documents we file with the SEC, which means that we can disclose information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and certain later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the following documents:

- Our Annual Report on Form 20-F for the year ended January 31, 2009;
 - Our report on Form 6-K filed on March 18, 2009;
 - Our report on Form 6-K filed on April 28, 2009;
 - Our report on Form 6-K filed on April 30, 2009;
 - Our report on Form 6-K filed on May 5, 2009;
 - Our report on Form 6-K filed on May 8, 2009;
 - Our report on Form 6-K filed on June 9, 2009;
 - Our report on Form 6-K filed on June 15, 2009;
 - Our report on Form 6-K filed on June 22, 2009;
 - Our report on Form 6-K filed on June 30, 2009;
 - Our report on Form 6-K filed on August 26, 2009;
 - Our report on Form 6-K filed on August 27, 2009;
 - Our report on Form 6-K filed on September 2, 2009;
 - Our report on Form 6-K filed on September 14, 2009; and
- A description of our common shares contained in our registration statement on Form 8-A filed on June 21, 2006.

All annual reports we file with the SEC pursuant to the Securities Exchange Act of 1934, as amended, or the Exchange Act, on Form 20-F after the date of this prospectus and prior to the termination of the offering shall be deemed to be incorporated by reference into this prospectus and to be part hereof from the date of filing of such documents. We may incorporate by reference any Form 6-K subsequently submitted to the SEC by identifying in such Form 6-K that it is being incorporated by reference into this prospectus.

We shall undertake to provide without charge to each person to whom a copy of this prospectus has been delivered, upon the written or oral request of any such person to us, a copy of any or all of the documents referred to above that have been or may be incorporated into this prospectus by reference, including exhibits to such documents, unless such exhibits are specifically incorporated by reference to such documents. Requests for such copies should be directed to PolyMet Mining Corp., Suite 1003 - 1177 West Hastings St., Vancouver, British Columbia V6E 2K3, Attn: Niall Moore, Telephone: (604) 669-4701.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone else to provide you with different information. This prospectus is an offer to sell or to buy only the securities referred to in this prospectus, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or any prospectus supplement is current only as of the date on the front page of those documents. Also, you should not assume that there has been no change in our affairs since the date of this prospectus or any applicable prospectus supplement.

As a foreign private issuer, we are exempt from the rules under the Exchange Act that prescribe the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. While we intend to furnish proxy statements to any shareholder in accordance with the rules of the NYSE Amex, those proxy statements are not expected to conform to Schedule 14A of the proxy rules promulgated under the Exchange Act. We are not currently required under the Exchange Act to publish financial statements as frequently or as promptly as are United States companies subject to the Exchange Act. We will, however, continue to furnish our shareholders with annual reports containing audited financial statements and will furnish our shareholders with quarterly unaudited results of operations as well as such other reports as may from time to time be authorized by our board of directors or as may be otherwise required.

THE COMPANY

We were incorporated under the predecessor to the *Business Corporations Act* (British Columbia) on March 4, 1981 under the name Fleck Resources Ltd., which we changed to PolyMet Mining Corp. on June 10, 1998. We are a development stage company engaged in the exploration and development of natural resource properties. Currently our sole mineral property is the NorthMet Project, a polymetallic deposit located in northeastern Minnesota

In the years ended January 31, 2009, 2008 and 2007, we conducted exploration, development and acquisition activities only and did not conduct any operations that generated revenues. Since 2003, we have focused on commencing commercial production on our NorthMet Project. We have focused our efforts on four main areas:

- *Acquisition of the Erie Plant.* The Erie Plant is a large processing facility and associated infrastructure located approximately six miles west of our NorthMet deposit. On November 15, 2005 and December 20, 2006, respectively, we entered into three Contracts for Deed with Cliffs Erie LLC, a subsidiary of Cliffs Natural Resources Inc. (formerly Cleveland Cliffs, Inc.) of Cleveland, Ohio, under which we now own a large processing facility, a tailings disposal facility, and extensive associated infrastructure located approximately six miles west of our NorthMet deposit. In combination, the Erie Plant includes a 100,000 ton- per-day crushing and milling facility, a railroad and railroad access rights connecting the Erie Plant to the NorthMet deposit, as well as 120 railcars, locomotive fueling and maintenance facilities, water rights and pipelines, large administrative offices on site and approximately 6,000 acres to the east and west of the Erie Plant, contiguous to the existing tailing facilities.
- *Environmental permitting.* To commence commercial production at NorthMet, various regulatory approvals are needed. The Minnesota Department of Natural Resources (the MDNR), the United States Forest Service and the United States Army Corps of Engineers agreed to cooperate in preparing a single Environmental Impact Statement (the EIS) under state guidelines issued by the MDNR.

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. The issuance of a final EIS would allow the MDNR 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 construction finance.

- *Engineering and feasibility.* We retained Bateman Engineering Pty. of Brisbane, Australia (Bateman) as the coordinating consultant to prepare a Definitive Feasibility Study (the DFS). On September 25, 2006 we reported that the DFS prepared by Bateman confirmed the economic and technical viability of our NorthMet Project.

Bateman was responsible for completing the process design and detail engineering and cost estimates for the plant and infrastructure. This work was supported by other firms that provided geo-statistical reviews of the ore body, mine planning and scheduling of ore and waste, and assessment of the market for the metals and intermediate products planned to be produced.

Since September 2006 we have completed additional drilling, expanded the reserves, and more recently we have been updating the mine scheduling, approximately within the DFS pit design, and updating estimated capital and operating costs.

In May 2008 we completed an internal update of the DFS (the DFS Update) which contemplates an initial stage in which we would sell concentrate during completion of construction and commissioning of the hydrometallurgical plant that was contemplated in the DFS. This approach has the advantage of staging capital costs so that the hydrometallurgical plant can be funded in part from cash flow from sales of concentrate, and it reduces our reliance on delivery of long lead-time equipment before we start commercial production.

- *Financing and corporate development.* Since 2003 we have raised approximately \$80 million from equity private placement financings. In October 2008, we entered into a strategic partnership with Glencore AG (Glencore) whereby Glencore will invest up to \$50 million in PolyMet in the form of a loan exchangeable into our common shares, and Glencore agreed to purchase all of our production of concentrates, metal, or intermediate products on market terms at the time of delivery, for at least the first five years of production. We also appointed a senior technical representative of Glencore to join our Technical Steering Committee. We have also expanded and strengthened our management team and, in February 2008 we relocated our operational headquarters to Hoyt Lakes, Minnesota.

Our principal executive office is situated at Suite 1003 1177 West Hastings Street, Vancouver, B.C. V6E 2K3. Our phone number is (604) 669-4701. Our registered and records office is located at our legal counsel s offices situated at 2500 700 West Georgia Street, Vancouver, B.C. V7Y 1B3, Canada. Our operational headquarters are located at 6500 County Road 666, Hoyt Lakes, Minnesota 55750.

RISK FACTORS

Our business is subject to many risks and uncertainties, which may affect our future financial performance. If any of the events or circumstances described below occurs, our business and financial performance could be harmed, our actual results could differ materially from our expectations and the market value of our securities could decline. The risks and uncertainties discussed below are not the only ones we face. There may be additional risks and uncertainties not currently known to us or that we currently do not believe are material that may harm our business and financial performance.

Risks Relating to Our Business

We may experience delays, higher than expected costs, difficulties in obtaining environmental permits and other obstacles when implementing our capital expenditure projects.

We are investing heavily in various facets of our NorthMet Project. Our project is subject to a number of risks that may make it less successful than anticipated, including:

- we may encounter delays or higher than expected costs in obtaining the necessary equipment or services to build and operate our projects; and
- adverse mining conditions may delay and hamper our ability to produce the expected quantities of minerals.

Our future activities could be subject to environmental laws and regulations which may have a materially adverse effect on our future operations, in which case our operations could be suspended or terminated.

We, like other development stage companies doing business in the United States and Canada, are subject to a variety of federal, provincial, state and local statutes, rules and regulations designed to, among other things:

- protect the environment, including the quality of the air and water in the vicinity of exploration, development, and mining operations;
- remediate the environmental impacts of those exploration, development, and mining operations;
- protect and preserve wetlands and endangered species; and
- mitigate negative impacts on certain archeological and cultural sites.

We are required to obtain various governmental permits to conduct exploration, development, construction and mining activities at our properties. Obtaining the necessary governmental permits is often a complex and time-consuming process involving numerous U.S. or Canadian federal, provincial, state, and local agencies. The duration and success of each permitting effort is contingent upon many variables not within our control. In the context of obtaining permits or approvals, we must comply with known standards, existing laws, and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. The failure to obtain certain permits or the adoption of more stringent permitting requirements could have a material adverse effect on our business, operations, and properties and we may be unable to proceed with our exploration and development programs.

Federal legislation and implementing regulations adopted and administered by the U.S. Environmental Protection Agency, Forest Service, Bureau of Land Management, Fish and Wildlife Service, Mine Safety and Health Administration, and other federal agencies, and legislation such as the Federal Clean Water Act, Clean Air Act, National Environmental Policy Act, Endangered Species Act, and Comprehensive Environmental Response, Compensation, and Liability Act, have a direct bearing on U.S. exploration, development and mining operations. Due to the uncertainties inherent in the permitting process, we cannot be certain that we will be able to obtain required approvals for proposed activities at any of our properties in a timely manner, or that our proposed activities will be allowed at all.

The process of obtaining federal and local regulatory approvals is increasingly cumbersome, time-consuming, and expensive, and the cost and uncertainty associated with the permitting process could have a material adverse effect on exploring, developing or mining our properties. Moreover, compliance with statutory environmental quality requirements described above may require significant capital outlays, significantly affect our earning power, or cause material changes in our intended activities. Environmental standards imposed by federal, state, or local governments may be changed or become more stringent in the future, which could materially and adversely affect our proposed activities.

Because the price of metals fluctuate, if the prices of metals in our ore body decrease below a specified level, it may no longer be profitable to develop our NorthMet Project for those metals and we will cease operations.

Prices of metals are determined by some of the following factors:

- expectations for inflation;
- the strength of the United States dollar;
- global and regional supply and demand; and
- political and economic conditions and production costs in major metals producing regions of the world.

The aggregate effect of these factors on metals prices is impossible for us to predict. In addition, the prices of metals are sometimes subject to rapid short-term and/or prolonged changes because of speculative activities. The current demand for and supply of various metals affect the prices of copper, nickel, cobalt, platinum, palladium and gold, but not necessarily in the same manner as current supply and demand affect the prices of other commodities. The supply of these metals primarily consists of new production from mining. If the prices of copper, nickel, cobalt, platinum, palladium and gold are, for a substantial period, below our foreseeable costs of production, we could cease operations.

We are dependent on our key personnel.

Our success depends on key members of our management. The loss of the services of one or more of such key management personnel could have a material adverse effect us. Our ability to manage exploration and development activities, and hence our success, will depend in large part on the efforts of these individuals. We face intense competition for qualified personnel, and we cannot be certain that we will be able to attract and retain such personnel.

We may not be able to raise the funds necessary to develop our mineral properties. If we are unable to raise such additional funds, we will have to suspend or cease operations.

We will need to seek additional financing to complete our development and construction of the NorthMet Project. Sources of such external financing include future equity or debt offerings, advance payments by potential customers to secure long-term supply contracts, grants and low-cost debt from certain state financial institutions, and commercial debt secured by the NorthMet Project. The failure to obtain such additional financing could have a material adverse effect on our results of operations and financial condition. We may not be able to secure the financing necessary to sustain exploration and development activities in the future. If we cannot raise the money necessary to continue to explore and develop our property, we will have to suspend or cease operations.

Our metals exploration and development efforts are highly speculative in nature and may be unsuccessful.

As a development stage company, our work is speculative and involves unique and greater risks than are generally associated with other businesses.

The development of mineral deposits involves uncertainties, which careful evaluation, experience, and knowledge cannot eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. It is impossible to ensure that the current development program we have planned will result in a profitable commercial mining operation. Significant capital investment is required to achieve commercial production from successful exploration efforts.

We are subject to all of the risks inherent in the mining industry, including, without limitation, the following:

- Success in discovering and developing commercially viable quantities of minerals is the result of a number of factors, including the quality of management, the interpretation of geological data, the level of geological and technical expertise and the quality of land available for exploration;
- Exploration for minerals is highly speculative and involves substantial risks, even when conducted on properties known to contain significant quantities of mineralization, and most exploration projects do not result in the discovery of commercially mineable deposits of ore;
- Operations are subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air and water quality standards, pollution and other environmental protection controls, all of which are subject to change and are becoming more stringent and costly to comply with;
- A large number of factors beyond our control, including fluctuations in metal prices and production costs, inflation, the proximity and liquidity of precious metals and energy fuels markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection, and other economic conditions, will affect the economic feasibility of mining;
- Substantial expenditures are required to construct mining and processing facilities;
- Title to mining properties may be subject to other claims; and

- In the development stage of a mining operation, our mining activities could be subject to substantial operating risks and hazards, including metal bullion losses, environmental hazards, industrial accidents, labor disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, encountering unanticipated ground or water conditions, cave-ins, pit-wall failures, flooding, rock falls, periodic interruptions due to inclement weather conditions or other unfavorable operating conditions and other acts of God. Some of these risks and hazards are not insurable or may be subject to exclusion or limitation in any coverage which we obtain or may not be insured due to economic considerations.

As a result of all of these factors, we may run out of money, in which case we will have to suspend or cease operations.

Our actual mineral reserves and mineral resources may not conform to our established estimates.

The figures for mineral reserves and mineral resources stated in this prospectus and our Annual Report on Form 20-F are estimates and no assurances can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the prices of metals may render reserves and mineral resources uneconomic. Moreover, short-term operating factors relating to the mineral deposits, such as the need for the orderly development of the deposits or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

There is no assurance that any of our mineral resources, not currently classified as mineral reserves, will ever be classified as mineral reserves under the disclosure standards of the SEC.

Item 4.D of our Annual Report on Form 20-F discusses our mineral resources in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101). Resources are classified as measured resources , indicated resources and inferred resources under NI 43-101. However, U.S. investors are cautioned that the SEC does not recognize these resource classifications. There is no assurance that any of our mineral resources, not currently classified as mineral reserves, will be converted into mineral reserves under the disclosure standards of the SEC.

We have had no production history and we do not know if we will generate revenues in the future.

While we were incorporated in 1981, we have no history of producing minerals. We have not developed or op