

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F ANNUAL REPORT
FISCAL ENDED 2005 JANUARY 31, 2005

____ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

XXX ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal period ended January 31, 2005

OR

____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-18701

POLYMET MINING CORP.
(Formerly Fleck Resources Ltd.)
(Exact name of Registrant as specified in its charter)

British Columbia, Canada
(Jurisdiction of incorporation or organization)

Suite 2350 – 1177 West Hastings St., Vancouver, British Columbia V6E 2K3
(Address of principal executive offices)

Securities to be registered pursuant to Section 12(b) of the Act:

None

Securities to be registered pursuant to Section 12(g) of the Act:

Common Shares, without par value

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common shares as
of the close of the period covered by the Annual Report. 57,128,587

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 12 or
15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period
that the registrant was required to file such reports), and (2) has been subject to such filing requirements
for the past ninety days. Yes xxx No _____

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 XXX Item 18 _____

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This Annual Report on Form 20-F contains statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). These statements appear in a number of different places in this Annual Report and can be identified by words such as "estimates", "projects", "expects", "intends", "believes", "plans", 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 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 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;
- prices of natural resources, costs associated with mineral exploration 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. We assume no obligation to update our forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such statements. You should carefully review the cautionary statements and risk factors contained in this and other documents that we file from time to time with the Securities and Exchange Commission.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not required

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE –

Not required

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following table presents selected financial information. The Company's financial statements are stated in United States Dollars and are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP); the application of which, in the case of the Company, conforms in all material respects for the periods presented with US GAAP, except as disclosed in footnotes to the financial statements.

Selected Financial Data
(US\$ in 000's)

	Year Ended 1/31/05	Year Ended 1/31/04	Year Ended 1/31/03	Year Ended 1/31/02	Year Ended 1/31/01
Revenue	\$0	\$0	\$0	\$0	\$0
Net Income (Loss)	(\$3,776)	(\$147)	(\$472)	(\$1156)	(\$3,314)
(Loss) Per Share	(\$0.07)	(\$0.00)	(\$0.01)	(\$0.04)	(\$0.12)
Dividends Per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Wtg. Avg. Shares (000)	51,946	35,452	32,658	31,925	27,041
Working Capital	\$1,274	\$424	(\$73)	\$322	\$1,181
Long-Term Debt	\$0	\$0	\$0	\$0	\$0
Shareholders' Equity	\$2,019	\$926	(\$31)	\$441	\$1,319
Total Assets	\$2,350	\$1,025	\$52	\$504	\$1,741
US GAAP Net Loss ⁽¹⁾	(\$3,776)	(\$147)	(\$469)	(\$1,226)	(\$3,303)
US GAAP LPS	(\$0.07)	\$0	(0.01)	(\$0.04)	(\$0.12)
US GAAP Mineral Prop.	\$0	\$0	\$0	\$0	\$0
US GAAP Shareholders' Equity	\$2,019	\$926	(\$29)	\$441	\$1,319
US GAAP Total Assets	\$2,350	\$1,025	\$52	\$504	\$1,741

Under US GAAP and SEC regulations, the Company would have expensed all mineral property acquisition/exploration costs in the period incurred.

Under US GAAP, long-term investments would be written down to market value on an individual basis and charged to a contra-equity account for unrealized losses on investments.

Under US GAAP, contingently-cancelable (and escrowed) common shares would not have been included in the calculation of weighted-average-number-of-shares used to determine EPS.

The rate of exchange was 1.21260 on July 15, 2005.

All monetary amounts are expressed in United States dollars except otherwise indicated. The following table sets forth the rate of exchange for the Canadian Dollar at the end of each of the previous six months and the five most recent fiscal years ended January 31st, the average rates for each year and the range of high and low rates for month end period and each year. For purposes of this table, the rate of exchange means the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. The table sets forth the number of Canadian Dollars required under that formula to buy one US Dollar. The average rate means the average of the exchange rates on the last day of each month during the year.

<u>For the month end</u>	<u>High</u>	<u>Low</u>
June 30, 2005	1.2630	1.2230
May 31, 2005	1.2732	1.2353
April 30, 2005	1.2617	1.2061
March 31, 2005	1.2492	1.1976
February 28, 2005	1.2581	1.2230
January 31, 2005	1.2468	1.1944

<u>For the year ended</u>	<u>Average</u>	<u>High</u>	<u>Low</u>
1/31/05	1.29	1.40	1.17
1/31/04	1.38	1.53	1.27
1/31/03	1.56	1.61	1.50
1/31/02	1.56	1.61	1.52
1/31/01	1.48	1.45	1.45

B. Capitalization and indebtedness

Not applicable.

C. Reason for the offer and use of proceeds.

Not applicable.

D. Risk Factors

An investment in our common shares is highly speculative and subject to a number of risks. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described below and the other information that we file with the Securities and Exchange Commission and with Canadian securities regulators before investing in our common shares. The risks described below are not the only ones faced. Additional risks that we are aware of or that we currently believe are immaterial may become important factors that affect our business. If any of the following risks occur, or if others occur, our business, operating results and financial condition could be seriously harmed and the investor may lose all of their investment.

Exploration and Development

Mineral exploration is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the NorthMet Project and there is no certainty that the expenditures to be made by us in the exploration or completion of a Definitive Feasibility Study or otherwise will result in discoveries of commercial quantities of minerals. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. Significant expenditures may be required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by PolyMet will result in a profitable commercial mining operation. Significant capital investment is required to achieve commercial production from successful exploration efforts.

The commercial viability of a mineral deposit is dependent upon a number of factors. These include deposit attributes such as size, grade and proximity to infrastructure, current and future metal prices (which can be cyclical), and government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and necessary supplies and environmental

protection. The complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in PolyMet not receiving an adequate return on invested capital.

The figures for mineral resources stated in this Annual Report are estimates and no assurance 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 resources uneconomic. Moreover, short-term operating factors relating to the mineral deposits, such as the need for 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 will ever be classified as reserves under the disclosure standards of the Securities and Exchange Commission.

Item 4.D of this Annual Report discusses our mineral resources in accordance with Canadian National Instrument 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 United States Securities and Exchange Commission does not recognize these resource classifications. There is no assurance that any of our mineral resources will be converted into reserves under the disclosure standards of the United States Securities and Exchange Commission.

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 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.

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 Venture 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 stage public companies such as the Company 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 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.

Adverse Tax Consequences to U.S. Shareholders Resulting From the Company's PFIC Status

The Company believes that it is qualified as a passive foreign investment company ("PFIC") for the fiscal year ended January 31, 2005 and may qualify as a PFIC in the future with respect to U.S. Holders of the Company's common shares because the only source of income is interest, a passive source of income under the PFIC rules.

See Item 10 Additional Information - Taxation - United States Federal Income Tax

Consequences for a more detailed discussion of material United States federal income tax consequences for U.S. Shareholders.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

The Company was incorporated in British Columbia, Canada on March 4, 1981 under the name Fleck Resources Ltd. The Company changed its name from Fleck Resources to PolyMet Mining Corp. on June 10, 1998.

The Company's head office is situated at Suite 2350 –1177 West Hastings Street, Vancouver, B.C. V6E 2K3. Its registered and records office is the Company's legal counsels offices situated at 1040 – 999 West Hastings Street, Vancouver, B.C. V6C 2W2. The Company is a reporting issuer in each of the provinces of Alberta, British Columbia and Ontario. The Company's shares have been listed on the TSX Venture Exchange (TSX V) since April 13, 1984 with the symbol "POM" and on the Over the Counter Bulletin Board ("OTCBB") under the symbol "POMGF" in the United States.

The principal expenditures of the Company are related to its NorthMet Project located in Minnesota, USA. During the years ended January 31, 2005, January 31, 2004, and 2003 expenditures totaling \$2,556,237.

The Company relies principally on equity financing to fund its projects and expenditures.

B. Business Overview

PolyMet Mining Corp. (hereinafter referred to as the "Company" or "Registrant") 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.

In the years ended January 31, 2005, 2004 and 2003, the Company did not have any active operations that generated revenues.

On March 17, 2003, the Company incurred a change of management. As a result the Company's officers and directors resigned and a new President, Secretary, Chief Financial Officer and three board members were appointed. Subsequently, the Company moved its head offices from Denver, Colorado to Vancouver, British Columbia as noted hereinabove.

Management's primary focus for the year ended 2005 was to continue to advance its NorthMet Project with its environmental and permitting needs, commencement of a large diameter core drill program and continued negotiations with off take partnership agreements. Some of the highlights for the year included:

- An agreement dated February 14, 2004, has granted the Company an option to acquire certain property, plant and equipment from Cleveland Cliffs of Cleveland, Ohio ("Cliffs") located near the Company's NorthMet project. The Company paid a US\$500,000 option

payment during the year ended January 31, 2004 and issued 1,000,000 common shares on March 30, 2004 at a deemed price of CDN\$0.30 per share to Cliffs.

- We retained Bateman Engineering Pty. of Brisbane, Australia to complete a review of the Scoping Study for the Northmet Project and to lead the Definitive Feasibility Study (DFS) as coordinating consultant. Bateman will complete the process design (including the design and supervision of a third pilot plant campaign) and the detail engineering and estimates for the plant and infrastructure. Other important elements of the DFS that will be fully integrated with Bateman's work include:
 - Environmental permitting
 - Geo-statistical sign-off on the ore body.
 - Mine planning and scheduling of ore and waste, and;
 - Marketing of metals.
- On January 11, 2005, we announced the submission to the State of Minnesota regulators of the necessary information to advance the state's environmental review process. The filings will lead to production of an Environmental Impact Statement (EIS) on the NorthMet Project. The NorthMet Project is adjacent to existing taconite mining operations and will reuse the former LTV Steel Mining Company plant and infrastructure, now called Cliffs-Erie. We have also submitted the information necessary for the Minnesota Department of Natural Resources to prepare a Draft Scoping Environmental Assessment Worksheet (EAW). Our data provides detailed answers to a series of project related questions. Preparation of the Draft Scoping EAW and related Draft Scoping Decision will set the stage for subsequent third-party preparation of an exhaustive EIS that will involve public participation. The EAW documents will also become publicly available when fully compiled by the state. Submittal of the EAW follows a public information meeting held November 3 (what year?) in Hoyt Lakes, Minnesota by the Minnesota Department of Natural Resources, the lead state agency responsible for the environmental review process and granting our Permit to Mine.
- On March 14, 2005 we reached an agreement among federal and state regulators to cooperate in preparing a single Environmental Impact Statement (EIS) on the NorthMet Project.
- • We completed 42,000 feet of large diameter core drilling at the NorthMet Project. The drilling, which is part of a much larger drilling program scheduled for this year, provides metallurgical sample material for pilot-plant metallurgical test work at SGS Lakefield commencing in August 2005. The drill program, which totals 90,000 feet is integral to the completion of a definitive feasibility study and will allow resource definition, detailed mine planning, waste rock characterization and other important aspects for the environmental permitting program. The pilot plant is intended to demonstrate the process, provide product sample for off-take agreements and to allow the engineer Bateman to provide process guarantees. The metallurgical results of the pilot plant will add new information to our ongoing bankable feasibility study that is aimed at commercial development of the NorthMet deposit.
- • We deployed a second drilling contractor at the NorthMet project. Diamond drilling equipment was used to produce NTW core for in-fill drilling that will help further define the NorthMet resource.
- • We commissioned two additional 43-101 technical reports, to complete a revised resource model based on a geological and drill hole database, which has been updated and contains over 17,000, validated assayed intervals. The database will continue to be expanded during 2005 as the results of the current in-fill and metallurgical-sample drill programs are added on completion.

C. Organizational Structure

As at January 31, 2005 we had two (2) wholly owned subsidiaries, Fleck Minerals Inc., incorporated in Ontario, and PolyMet Mining Inc., incorporated in Minnesota, USA.

D. Property, plant and equipment

NorthMet Project, Minnesota, USA

Cautionary Note to U.S. Investors

The Company is incorporated under the laws of British Columbia in Canada. The mineral reserves and resources described in this Annual Report are estimates and have been prepared in compliance with NI 43-101. The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in SEC Industry Guide 7. In addition, the terms "mineral resources", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be, disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and normally are not permitted to be used in reports and registration statements filed with the SEC. Accordingly, information, contained in this Annual Report containing descriptions of the Company's mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. **For clarification, we have no properties that contain "reserves" as defined by the SEC and we have provided the following property information in accordance with National Instrument 43-101.**

(a) History

The NorthMet Project was discovered by US Steel Corp ("USX") in 1969. Originally, it was thought to be a high-grade, underground copper-nickel resource. Drilling in the 1970's demonstrated that it was in fact a high tonnage, low-grade deposit, amenable to open pit mining. The grade improved at depth. The inability to produce separate clean nickel or copper concentrates led to further process evaluation and development. At that time there was no recognition of any contained PGM's.

The Minnesota Department of Natural Resources ("DNR") subsequently discovered that PGM's were associated with the nickel and copper in the resource. In 1989, we acquired a 20-year renewable mining lease over the property from USX and commenced an investigation into the potential for mining and recovering copper, nickel and PGM's. We re-assayed pulps and rejects from previous drilling to obtain data on PGM's. The encouraging potential to produce extra revenue attracted joint venture partners (Nerco and Argosy Mining) who assisted in identifying and quantifying the PGM values. However these companies were not able to develop a metallurgical process that could economically produce separate acceptable concentrates for sale to a smelter, or economically extract the contained metals from a bulk concentrate.

In the mid-90's, we began investigating the use of hydrometallurgical processes, including bio-leaching and pressure oxidation, to determine the benefit to the Project. In 1998 we focused on a hydrometallurgical extractive technology, which led to the development of the PlatSol™ Process. The operating conditions of the PlatSol™ Process are such that the copper, nickel, cobalt and precious metals are all placed in solution in a single operation. Since the initial PlatSol™ testwork, the process has evolved and testwork on concentrates other deposits around the world led to improved recoveries of PGMs from the 92% level to 97%.

In July 2000, we entered into a joint venture arrangement with North Limited ("North"), a major Australian mining company, to progress the NorthMet Project to commercial production. Under the joint venture arrangement, North had the opportunity to ultimately earn an 87.5% interest in the PolyMet Project through funding and production of a Feasibility Study and funding 100% of the total capital costs to develop the project.

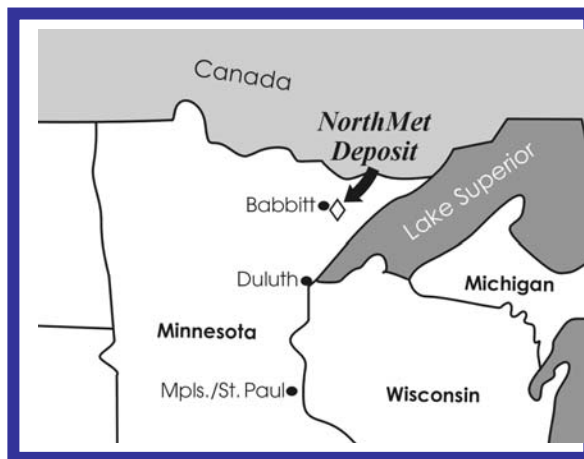
In August 2000, Rio Tinto Limited ("Rio Tinto") completed an on-market takeover of North. Subsequently, Rio Tinto decided not to proceed with the NorthMet project and we exercised our 30-day pre-emptive right, under a "change of control" clause, to terminate the joint venture arrangement. Consequently, we regained a 100% interest in the NorthMet Project.

Following completion of the metallurgical pilot plant work in November 2000, we commissioned a Pre-Feasibility Study on the project in November 2000, based on the PlatSol process. This study was completed in April 2001. The Pre-Feasibility Study was for a 50,000tpd operation. The economics of this project were found to be unacceptably low and required a high up front capital expenditure. No further work was done until March 2003, when new management took over the company and commenced a detailed review of the project.

To we have expended \$6,236,016 on the Project. These expenditures supported drilling, sampling, assaying, environmental, metallurgical testing and the pre-feasibility studies.

The following diagrams illustrate the location of the NorthMet Project.

Figure No. 1
NorthMet Project Map



(b) Location/Access/Climate

The NorthMet Project land position covers 4,162 acres or 6.5 square miles of patented mineral rights. The property is located in St. Louis County in the Mesabi Range District about 60 miles north of Duluth, Minnesota. The Project is easily accessible via state and county roads. A 12-mile all-season gravel road links the NorthMet Project to the nearby town of Babbitt. A private railroad crosses the property immediately south of the deposit. Two other railway lines are located within ten miles and connect with three ports on Lake Superior. There is ready access to industrial electric power. The property is zoned for patented mineral rights.

(c) Claims and ownership

(i) NorthMet Lease

Pursuant to an Agreement dated January 4, 1989, we entered into a lease agreement with USX Corporation on certain lands in St. Louis County, Minnesota. The property is characterized as being mineralized with nickel, copper, platinum, palladium and gold. The term of the lease is 20 years, with annual lease payments as follows:

- US\$10,000 paid on execution of the lease
- US\$10,000 paid on the first anniversary
- US\$25,000 paid on the second and third anniversary
- US\$40,000 paid on the fourth and fifth anniversary
- US\$50,000 paid on the sixth through ninth anniversary
- US\$75,000 paid on the tenth through sixteenth anniversary
- US\$150,000 paid on the seventeenth anniversary and each year thereafter.

Due to the financial difficulties experienced during 2002, we obtained approval from US Steel to make the annual lease payment on the NorthMet property on a quarterly basis. US Steel has agreed to payment of the \$75,000 owing 4 January 2003 as to \$18,750 on 31 January 2003, \$18,750 on 9 March 2003 and \$37,500 on 18 June 2003.

We can, at our 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 extend the 20-year term by continuing to make annual lease payments. 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 per ton of ore mined. Our recovery of the advance royalty payments is subject to the lessor receiving an amount not less than the amount of the annual lease payment for that year.

(ii) State of Minnesota Minerals Leases (USA).

During fiscal 2002, we successfully bid on 16 State of Minnesota minerals leases covering 4,363.41 acres. These leases are in proximity of proposed mining and waste disposal sites associated with the Project. The strategic location of these leases should facilitate Project economics and viability over the long term. Total cost of these three-year leases was US\$16,784.67 paid in advance.

(e) Permitting and Environmental

The environmental review process in Minnesota is reasonably well defined. Various permits from state and federal authorities will be necessary. An environmental impact Statement (EIS) will be required, with the Minnesota Department of Natural Resources as the lead agency.

Two winter wildlife studies, wetland and plant species evaluations, and preliminary geohydrology and rock geochemistry studies were completed in 1999, 2000 and 2001. These environmental studies are important to future permitting efforts.

Based on the Pre-feasibility Study, permitting of the NorthMet project will require substantial investment of both time and funds. The estimated permitting time frame is 3 to 3.5 years at an estimated cost of \$6 million to \$6.5 million. The timetable for the NorthMet project to move from pre-feasibility through permitting and construction to full operation is estimated to be six years. This estimate incorporates the 3 to 3.5 years for permitting and 1.5 years for plant construction.

As both EIS and permitting of the project will be subject to the arrangements of a land swap, we believe that this land swap with US Forest Service should be completed in conjunction with the feasibility study. PolyMet anticipates that negotiations with US Forest Service take approximately 2 years from the commencement of a feasibility study and will cost approximately \$3.5 million to complete. We have no assurance that the land swap will be completed and that it will do so in this time frame or cost.

In the event that the Company acquires the facilities, under option with Cliffs Erie, we believe that the permitting requirements will be reduced substantially by utilizing the permits already in place for the Cliffs facility. There is no assurance at this time that we will meet our option requirements and therefore use of permits currently in place with Cliffs is speculative.

(f) History of Exploration

During September 1999 to February 2000, and again in the fourth quarter of Fiscal 2001, we completed diamond core and reverse circulation drilling programs. These programs were designed with two-fold purposes: 1) in-fill drilling for estimated resource calculations, and 2) collect mineralized material for a mini-continuous pilot-plant testing program. We have drilled 87 of the 201 drill holes now in the In addition, with the assistance of Minnesota's Natural Resources Research Institute, we assayed previously unassayed sections of the USX drill core. The assays were conducted by Chemex Labs in Reno, Nevada and Acme Analytical in Vancouver, B.C. ran the check assays. We have incorporated the drill results into the calculations included in the pre-feasibility study completed in April 2001.

The only on-site project work during 2002 was associated with environmental mitigation. Buckets of drill cuttings from previous drilling campaigns were collected and subsequently disposed of in a manner specified by appropriate state and federal environmental personnel. Also, all drill holes were plugged in accordance with State of Minnesota regulations and appropriate paperwork filed.

(i) Drilling

The NorthMet Project is a large, low-grade, polymetallic disseminated magmatic sulfide deposit containing copper, nickel, palladium, platinum, cobalt, gold and silver.

The NorthMet Project has been extensively drilled. To date, 201 holes have been drilled over a 4.5 km open ended strike length of the area for a total drilled length of 55,800 metres.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

This section uses the terms "measured resources", "indicated resources" and "inferred resources". We advise United States investors that while these terms are recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), the United States Securities and Exchange Commission does not recognize them. **United States investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted to reserves.** In addition, "inferred resources" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian Rules, estimates of Inferred Mineral Resources may not form the basis of Feasibility or Pre-Feasibility Studies, or economic studies except for a Preliminary Assessment as defined under 43-101. **United States investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.**

The resource estimates included in the Pre-feasibility Study of April 2001 and prepared by Independent Mining Consultants Inc. of Tucson ("IMC") are shown in the table below.

Geological Resource Above \$7.42 cutoff	Ktonnes Above Cutoff	Average Grades								
		%	NSR	CuEq	Cu	Ni	Co	Pd	Pt	Au
		Of Total	US\$/t	%	%	%	g/t	g/t	%	g/t
Measured	201,653	46.8%	11.97	0.878	0.364	0.099	71.20	0.354	0.095	0.049
Indicated	133,853	31.0%	12.41	0.939	0.379	0.096	66.77	0.384	0.110	0.055
Inferred	95,653	22.2%	12.74	0.998	0.387	0.095	62.76	0.424	0.123	0.059
Total	431,159		12.27	0.924	0.374	0.097	67.95	0.379	0.106	0.053

The drilling to date has been adequate to complete the pre-feasibility level work (conceptual) required for mine planning.

(i) Future Exploration

In addition to the ongoing environmental and permitting work we completed 42,000 feet of large diameter core drilling at the NorthMet Project. The drilling, which is part of a much larger drilling program scheduled for this year, provides metallurgical sample material for pilot-plant metallurgical test work at SGS Lakefield commencing in August 2005. The drill program, which totals 90,000 feet is integral to the completion of the definitive feasibility study and will allow resource definition, detailed mine planning, waste rock characterization and other important aspects for the environmental permitting program. The pilot plant planned for August 2005 is intended to demonstrate the process, provide product sample for off-take agreements and to allow the engineer Bateman to provide process guarantees. The metallurgical results of the pilot plant will add new information to our ongoing bankable feasibility study that is aimed at commercial development of the NorthMet deposit in 2007.

Regulations and Government Rules

The mining industry has been subject to increasing government controls and regulations in recent years. We have obtained all necessary permits for exploration work performed to date and anticipates no material problems obtaining the necessary permits to proceed with further development.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This discussion and analysis should be read in conjunction with the Company's consolidated financial statements. Our reporting currency is the United States dollar and our financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP); however, there are no material differences between U.S. GAAP and Canadian GAAP regarding the financial statements. All amounts in this discussion and in the consolidated financial statements are expressed in United States dollars, unless identified otherwise.

(a) Operating Results

Summary of Financial Results

We recorded a loss in 2005 of \$3,776,337 (\$0.07 per share) compared to a loss of \$146,800 (\$0.00 per share) in 2004 and a loss of \$471,679 (\$0.01 per share) in 2003. The loss in 2005 was attributed to a non-cash stock based compensation expense of \$992,658 and pre-feasibility costs of \$1,622,983.

During 2005 we expended \$1,228,970 (net of stock based compensation expense of \$992,658) in general and administrative costs compared to \$233,658 (net of stock based compensation expense of \$55,048) in 2004 and \$331,886 in 2003. During 2005 we also expended \$1,622,983 in exploration, pre-feasibility and lease payments compared to \$91,616 in 2004 and \$112,318 in 2003. The substantial increase was a result of our direct participation in the environmental and permitting advancement at the NorthMet Project.

Change in Accounting Policy

We adopted the recommendations of CICA Handbook Section 3870, Stock-Based Compensation and Other Stock-Based Payments, effective for all awards granted on or after 1 February 2003. This established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services.

As encouraged by CICA Handbook Section 3870, the we enacted prospectively early adoption of the fair value based method of accounting for awards issued to employees for the fiscal year beginning 1 February 2003.

The new standard requires that all stock-based awards made to employees and non-employees be measured and recognized using a fair value based method. In prior years, stock-based compensation

expense was only recognized when stock-based compensation awards were made to non-employees, while pro-forma disclosure was acceptable for awards made to employees.

During fiscal year 2003, we changed our accounting policy with respect to accounting for exploration expenditures. In 2002 and prior periods, acquisition and exploration expenditures were capitalized to mineral properties. Under the new policy, exploration expenditures (including lease/option payments) are expensed while acquisition expenditures continue to be capitalized. This change has been applied retroactively and has increased the deficit as at January 31, 2000 by \$2,876,565 and increased the loss for the year ended 2002 by \$606,162.

Summary of Operating Results

As at January 31, 2005, the Company operated in one segment, the exploration of the base and precious metals at its NorthMet Project in Minnesota, United States. Other reconciling adjustments comprise general and administrative costs, stock based compensation expense, financing expenses, foreign exchange interest income, assets, purchase of property, plant and equipment and amortization reported by the Canadian head office.

2005	NorthMet Project in U.S.	Other reconciling adjustments	Consolidated
Segment operating loss	\$ 1,855,631	\$ 1,920,706	\$ 3,776,337
Purchase property, plant and equipment	\$ 12,028	\$ 3,810	\$ 15,838
Other assets	\$ 729,320	\$ -	\$ 729,320
Identifiable assets	\$ 986,065	\$ 1,364,099	\$ 2,350,164
2004			
Segment operating loss	\$ 124,473	\$ 22,327	\$ 146,800
Purchase property, plant and equipment	\$ -	\$ 2,061	\$ 2,061
Other assets	\$ 500,000	\$ -	\$ 500,000
Proceeds on sale of resource property	\$ -	\$ 219,925	\$ 219,925
Proceeds on disposal of property, plant and equipment	\$ 33,331	\$ -	\$ 33,331
Identifiable assets	\$ 505,500	\$ 519,437	\$ 1,024,937
2003			
Segment operating loss	\$ 376,462	\$ 95,217	\$ 471,679
Purchase property, plant and equipment	\$ -	\$ -	\$ -
Proceeds on disposal of property, plant and equipment	\$ 48,301	\$ -	\$ 48,301
Identifiable assets	\$ 11,626	\$ 40,001	\$ 51,627

Fiscal 2005 versus Fiscal 2004

Our focus for the current year was to further advance the environmental and permitting process and to commence a diameter core drill program at the NorthMet project. We expanded our operations in Minnesota by retaining several key consultants to assist in the completion of the environmental study and permitting requirements of the project. In addition we initiated negotiations to secure off take partnership agreements.

Fiscal 2004 versus Fiscal 2003

Our primary objective for 2004 was to achieve certain milestones with respect to the NorthMet project. We were successful in obtaining the option to acquire the Cliffs-Erie facility, which if exercised will significantly reduce the capital costs for the project. In addition an independent scoping study on the NorthMet project was completed integrating the Cliffs-Erie facility and its impact on the overall pre-feasibility capital costs. Expenditures of \$500,000 were made to obtain the option to acquire the Cliffs-Erie facility. During March 2004, upon receipt of regulatory approval of the option agreement, the Company issued 1,000,000 common shares to maintain the exclusive rights under the option to June 30, 2006.

With our focus on the NorthMet project, we reached an agreement for the sale of Marathon leases and related land for proceeds of \$250,000.

Fiscal 2003 versus Fiscal 2002

Fiscal 2003 focused on our survivability during very difficult economic conditions. Management continued its efforts to attract a strategic partner for the NorthMet Project, as well as to solicit investment equity capital. Subsequent to the 2003 year-end we completed a private placement for net proceeds of \$73,410.

The only work performed on-site at the NorthMet Project consisted of environmental mitigation of drill holes and the disposal of drill cuttings from previous drilling campaigns. All such work has now been completed.

Liquidity And Capital Resources

Working Capital

As at January 31, 2005, we had working capital of \$1,273,660, with approximately \$510,871 in cash and restricted cash, \$807,200 in term deposits and \$286,601 in miscellaneous receivables and prepaid expenses and accounts payable of \$331,012. In addition we had \$229,320 in other assets and 15,838 in property, plant and equipment expenditures.

We rely principally on equity financing to fund our projects and expenditures. We have no internal source of funding and thus we depend on our ability to finance by raising funds by the sale of shares.

Planned Exploration Activities

Our current available cash and working capital will be adequate to maintain our property lease, summarized in Item 4, of this Annual Report, and administrative costs for the next 12 months. In order to advance the NorthMet project further additional funding will be required and there are no assurances that we will be able to complete the necessary financings or obtain a joint venture in order to carry out any further work. See Risk Factors.

Operating Cash Flow

For the year ended January 31, 2005, net cash inflows of \$3,414,090 exceeded cash outflows of \$3,398,770 resulting in a positive cash flow of \$15,320, which when combined with the \$495,551 cash balance from year end 2004 results in an ending cash position of \$510,871. The cash inflows were a result of two private placements for a total of 2,800,000 shares at CDN \$0.80 per share for proceeds of \$1,733,894. Cash outflows comprised principally of general and administrative costs of \$1,228,970 (net non-cash stock based compensation expense) and pre-feasibility costs of \$1,622,983.

Financing Activities

The following outlines our financing activities for the period ended January 31, 2005 included:

- In June 2004 we arranged a non-brokered private placement for a total of 1,550,000 units at CDN \$0.80 per unit for cash in the amount of CDN\$1,240,000. Each Unit consists of one common share and one-half of one non-transferable share purchase warrant, One full share purchase warrant entitles the holder to purchase one additional common share for a period of 18 months from the closing of the private placement at CDN\$1.20 per share. A finder's fee in the amount of 7.5% of the gross proceeds with respect to the placement of 825,000 units was paid in the form of 61,875 shares in the capital stock at a deemed price of CDN\$0.80 per share.
- In September 2004 we arranged a non-brokered private placement for a total of 1,250,000 units at CDN\$0.80 per unit for cash in the amount of CDN\$1,000,000. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. One full share purchase warrant entitles the holder to purchase one additional common share for a period of 18 months from the closing of the private placement at CDN\$1.20 per share. A finder's fee in the amount of 7.5% of the gross proceeds with respect to the placement of 1,250,000 units has been paid in the form of 93,750 shares in the capital stock at a deemed price of cdn\$0.80 per share.
- During the year 5,277,574 share purchase warrants were exercised at exercise prices between CDN\$0.10 - CDN\$0.25 per share for proceeds of \$828,554.
- During the year, stock options in the amount of 1,088,400 were exercised at a prices between CDN\$0.08 - CDN\$0.13 per share for proceeds of \$81,383.
- Subsequent to year-end, a private placement for 9,000,000 units at CDN\$0.55 per unit for net proceeds of \$3,831,795 was completed of which \$762,804 was deposited prior to January 31, 2005.

During 2004 the following financings were completed:

- In March 2003, we arranged a private placement of 1,904,760 units at CDN \$0.0525 per unit for cash in the amount of CDN\$67,507. Each unit consists of one common share and one share purchase warrant to purchase one common share at CDN \$0.10 for one year. Two directors subscribed for 190,476 units.
- In September 2003, we arranged a private placement of 2,746,892 units at CDN \$0.10 for cash in the amount of CDN\$247,158. Each unit consists one common share and one share purchase warrant to purchase an additional common share at CDN \$0.15 in year one and CDN \$0.17 in year two.
- In January 2004, we completed a private placement of 6,996,666 units at CDN\$0.15 for cash in the amount of CDN\$1,049,499. Each unit consists of one common share and one-half of one share purchase warrant. One full share purchase warrant entitles the holder to purchase one additional common share for a period of 24 months at a price of CDN\$0.25 per share provided that should the Company's shares trade on the TSX Venture Exchange at over CDN\$0.50 per share for over 25 consecutive trading days, the warrants will terminate 30 days thereafter. A finders' fee of CDN\$50,000 cash and 60,000 common shares at a deemed price of CDN\$0.15 per share was paid.
- During the year, 486,610 share purchase warrants were exercised at an exercise price of CDN\$0.10 per share.

- During the year ended stock options in the amount of 89,600 were exercised at a price of CDN\$0.08 per share.

There were no shares or financing activities for the fiscal period ended January 31, 2003.

Requirements of Financing

Development of the NorthMet project to feasibility will require additional equity and possible debt financing, which involve significant risks some of which have been referred to previously in this document. As we are in the exploration stage, we do not have revenues from operations and, except for income from cash and cash equivalents, we rely on equity funding for our continuing financial liquidity. We do not have any arrangements or commitments in place for any additional financing.

- (c) Research and Development, Patents and Licenses, Etc.

Not applicable. See Item 4, Information on the Company, D. Property, Plant and Equipment, for a review of our exploration activities.

- (d) Trend Information

There are no trends, commitments, events or uncertainties presently known to management that are reasonably expected to have a material effect on our business, financial condition or results of operation other than uncertainty as to the speculative nature of the business (Refer to the heading entitled "Risk Factors").

- (e) Off-Balance Sheet Arrangements

Not applicable.

- (f) Tabular Disclosure of Contractual Obligations

	Payments due Period			
	Less than 1 Year	1 – 3 Years	3 – 5 Years	More than Five years
Lease Obligations	—	\$150,000 – \$450,000	\$150,000 – \$450,000	\$150,000 per annum

By an agreement dated January 4, 1989 and a subsequent amendment, we entered into a lease agreement with USX Corporation ("USX") on certain lands in St. Louis County, Minnesota. The term of the lease is 20 years and calls for total annual lease payments of \$1,475,000. All lease payments have been paid or accrued to January 31, 2005. The agreement requires future annual lease payments of \$150,000 from January 4, 2006 to 2009.

We can, at our 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 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. Our 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.

During the year ended January 31, 2005, USX assigned the lease to RGGGS Land & Minerals Ltd., L.P.

- (g) Safe Harbour

Not applicable.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Each Director serves until the next annual general meeting or until his/her successor is duly elected, unless his/her office is vacated in accordance with the Articles of the Company. The laws/regulations of British Columbia require that a majority of the members of the Board of Directors consist of Canadian residents.

Casual vacancies on the Board of Directors are filled by election from nominees by the remaining Directors and the persons filling those vacancies hold office until the next Annual General Meeting, at which time they may be re-elected or replaced.

The following table sets out the name of the directors as at July 15, 2005, the country in which each is ordinarily a resident, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company, and the number of common shares of the Company beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Name and municipality of residence and position	Business Experience for the past five years	Previous service as a director or officer
William F. Murray, P.Eng⁽²⁾ Canada	Mining Executive, director and officer of a private engineering and management firm, director of several public resource companies; Director, President and CEO of the Company wherein 85% of his time was dedicated to the affairs of the Company.	March 17, 2003
George Molyviatis⁽¹⁾⁽³⁾, Geneva	Financier, Banker, President of an international lumber company; Director of the Company	March 17, 2003
Ian Forrest⁽¹⁾⁽³⁾, Geneva	Chartered Accountant, director of several public resource companies, Director of the Company	Oct. 3, 2003
Dr. David Dreisinger⁽¹⁾⁽²⁾⁽³⁾ Ph.D., a professor of the Canada	Faculty of Applied Science, Department of Metal and Materials Engineering at University of British Columbia, Director of the Company	Oct. 3, 2003
James Swearingen⁽¹⁾⁽²⁾, United States	Co-chair of Governor's Committee on Minnesota's Mining Future, Director of the Company	Jan. 14, 2005
Terese J. Gieselman Canada	Mining Executive, director and officer of private consulting management firm, officer of several public resource companies; Chief Financial Officer of the Company wherein 50% of her time was dedicated to the affairs of the Company.	October 3, 2003

1. Member of the Audit Committee
2. Member of the Compensation Committee
3. Member of Corporate Governance Committee

STATEMENT OF EXECUTIVE COMPENSATION

During the fiscal year ended January 31, 2005, the Company had two Named Executive Officers (for the purposes of applicable securities legislation), namely:

- (a) William Murray, President and Chief Executive Officer
- (b) Terese J. Gieselman, Chief Financial Officer

The Chief Executive Officer is a shareholder in a private British Columbia company which is entitled under a management agreement to receive compensation of CDN\$192,000 per year. The following table sets forth, for the periods indicated, the compensation of the Named Executive Officers.

Summary Compensation Table

Name & Principal Position	Year	Annual Compensation			Long Term Compensation				
		Salary (\$)	Bonus (\$)	Other (\$)	Awards		Payouts		
					Securities Under Option (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	All Other Compensation (\$)	
William Murray ⁽²⁾ President/CEO	2005	US\$141,270	US\$93,519 ⁽¹⁾	Nil	956,600	Nil	Nil	Nil	Nil
	2004	US\$45,810	Nil	Nil	956,600	Nil	Nil	Nil	Nil
	2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Donald W. Gentry ⁽²⁾ Former President/CEO	2005	Nil	Nil	Nil	341,052	Nil	Nil	Nil	Nil
	2004	Nil	Nil	Nil	500,000	Nil	Nil	Nil	Nil
	2003	US\$103,288	Nil	Nil	541,052	Nil	Nil	Nil	Nil
Terese J. Gieselman CFO	2005	US\$12,781	Nil	Nil	60,000	Nil	Nil	Nil	Nil
	2004	US\$5,820	Nil	Nil	60,000	Nil	Nil	Nil	Nil
	2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Pursuant to the Bonus Share Incentive Plan 600,000 common shares were accrued at a deemed price of CDN\$0.19 (US\$93,519). The Shares were issued subsequent to year-end on March 15, 2005. See Other Remuneration.

(2) Effective March 17, 2003, Mr. Donald W. Gentry resigned and William F. Murray was appointed President and CEO.

Long Term Incentive Plan (LTIP) Awards

We do not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company's securities) was paid or distributed to the Named Executive Officer during the most recently completed financial year.

**Option/Stock Appreciation Rights (“SAR”) Grants
During the Most Recently Completed Financial Year**

Name	Securities Under Option/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
William Murray	100,000	0.03%	CDN \$0.66	CDN\$0.66	July 5, 2009
Terese J. Gieselman	60,000	0.02%	CDN \$0.40	CDN\$0.51 ⁽¹⁾	March 1, 2009

(i) Options were granted at the allowable Discounted Market Price as defined in the TSX-VE Policy 1.1.

**Aggregated Options/SAR Exercises in Last Financial Year
and Financial Year-End Option/SAR Values**

The following table (presented in accordance with the Rules) sets forth details of all exercises of stock options during the most recently completed financial year by each of the Named Executive Officers and the number of unexercised options held by the Named Executive Officers.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/ SARs at Fiscal Year-End (\$) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options/ SARs at Fiscal Year-End (\$) Exercisable/ Unexercisable
William F. Murray	Nil	Nil	1,056,600	421,470
Terese J. Gieselman	Nil	Nil	60,000	8,400

Defined Benefit or Actuarial Plan Disclosure

There is no pension plan or retirement benefit plan that has been instituted and none are proposed at this time.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Company and its subsidiaries do not have a compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive more than \$100,000 to compensate such executive officers in the event of resignation, retirement or other termination, a change of control of the Company or a change in responsibilities following a change of control except pursuant to an agreement dated March 17, 2004 whereby in the event of a take over bid as defined in Section 13 of the *Securities Act* (British Columbia), and where it shall require that the offeror takes up and pays for more than 50% of the issued shares of the Company, Mr. William Murray shall have the right to receive a severance allowance. The severance allowance shall be based on the implied market capitalization of the Company under the take-over-bid, calculated multiplying the price actually paid under the take-over-bid by the number of issued shares of the Company on a fully diluted basis at the time of the take-over-bid (“Severance Allowance”, as follows:

- (a) if the implied market capitalization is at least Cdn\$50,000,000 but less than CDN\$75,000,000, Optimum shall receive a Severance Allowance of CDN\$200,000;
- (b) if the implied market capitalization is at least CDN\$75,000,000 but less than CDN\$100,000,000, Optimum shall receive a Severance Allowance of CDN\$400,000; and thereafter
- (c) for every increase in the implied market capitalization of CDN\$25,000,000, the Severance Allowance shall increase by an additional CDN\$600,000.

Notwithstanding the aforementioned, if the Company terminates the agreement with Mr. Murray for any reason other than cause, under the terms of the agreement, Mr. Murray will be entitled to receive 200% of all compensation to be paid for the remaining balance of the term of the agreement which expires on March 17, 2006.

Compensation Committee

The Compensation Committee, consisting of William Murray, James Swearingen and David Dreisinger, recommends the compensation of the executive officers of the Company. See "Report on Executive Compensation" for further details.

Compensation of Directors

We have no arrangements, standard or otherwise, pursuant to which Directors other than the Named Executive Officer (See "Report on Executive Compensation") are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Annual Report with the exception of the following:

Name of Director	Consulting Fees
P. Terry O'Kane	\$46,799 ⁽¹⁾
George Molyviatis	\$46,799 ⁽¹⁾
W. Ian L. Forrest	\$46,799 ⁽¹⁾
David Dreisinger	\$33,083 ⁽²⁾

(1) Pursuant to the Bonus Plan 300,000 common shares were accrued at January 31, 2005 to each Director at a deemed price of CDN\$0.19 (US\$46,799). The Shares were issued subsequent to year-end on March 15, 2005. See Other Remuneration.

(2) Consulting fees paid in connection with the Company's NorthMet Project, \$31,754 to January 31, 2005 and \$1,329 as at May 12, 2005.

The Company has formalized stock option plan for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

The following stock options were granted to directors of the Company during the most recently completed financial year:

Date Granted	Number of Shares under Option	Exercise Price Per Share	Expiry Date
July 5, 2004	750,000	CDN \$0.66	July 5, 2009

Other Remuneration

On November 5, 2003 we adopted a bonus share incentive plan (the "Bonus Plan") for our directors and key employees. The Bonus Plan was initially approved at our Annual General and Special Meeting held on May 28, 2004. Thereafter the Bonus Plan was submitted in a revised form in response to comments received from the TSX-VE and approved thereafter by the Company's shareholders at its Extra Ordinary General Meeting held on November 4, 2004.

The issuance of bonus shares is seen to be a true incentive to key members of the management team as opposed to the granting of more conventional stock options. If the milestones are not accomplished, the bonus shares are not granted.

We have determined to limit the aggregate number of shares that may be issued under the Bonus Plan and our incentive stock option plan to not more than 20% of the Company's issued shares from time to time. Accordingly, we received approval for the issuance of up to a total of 2,890,000 shares of the Company with respect to Milestones 1 and 2 as per the following:

Milestone 1: Execution of an option agreement with Cleveland Cliffs for the use or purchase of what is referred to as the Cliffs-Erie Facility. This consists of real property located near Hoyt Lakes, Minnesota (the "Erie Site"), on which are located various ore processing facilities formerly operating by LTV Steel Mining Company as part of that company's taconite mining and processing operations (the "Property"). The Property will be used to process mineral products from our NorthMet property, in nearby Babbitt, Minnesota. This Milestone was negotiated in September 2003 and a final agreement was signed in February 2004. Accordingly, the number of shares issuable was 1,590,000 shares of which 1,500,000 were designated to the following directors:

Name of Director	No. of Common Shares
William Murray	600,000
P. Terry O'Kane	300,000
George Molyviatis	300,000
W. Ian L. Forrest	300,000

As at January 31, 2005 the Bonus Shares were accrued and subsequently issued on March 15, 2005 (See "Directors Compensation").

Milestone 2: Negotiation and completion of an off-take agreement with one or more senior metals producers for the purchase of the nickel hydroxide concentrate produced from the NorthMet Property, and/or an equity investment in the Company by such a producer or producers.

Upon achievement of the Milestone, 1,300,000 shares will be issued, of which 900,000 have been designated to the following directors:

Name of Director	No. of Common Shares
William Murray	300,000
James Swearingen	150,000
George Molyviatis	150,000
W. Ian L. Forrest	150,000
David Dreisinger	150,000

As at the date of this Annual Report the Bonus Shares under Milestone 2 have been allotted but have not been issued.

We received approval of Milestones 3 and 4 of the Bonus Plan at the Company's Annual and Special Meeting held on June 24, 2005 which provides for the issuance of up to a total of 5,990,000 shares as outlined below:

Milestone 3: Completion of a bankable feasibility study which indicates that production from the Northmet Property is commercially feasible.

Upon the achievement of Milestone 3, 1,500,000 shares will be issued to the Directors as a group, as more fully set forth below:

Name of Director	Number of Shares
William Murray	500,000
George Molyviatis	250,000
James Swearingen	250,000
Ian Forrest	250,000
Dave Dreisinger	250,000
TOTAL	1,500,000

and an additional 850,000 shares will be issued to certain Key Employees as more fully set forth below:

Name of Employee	Number of Shares
Gaston Reymenants	400,000
Warren Hudelson	125,000
Jim Scott	125,000
Don Hunter	200,000
TOTAL	850,000

Gaston Reymenants has been retained as a specialist in metal sales to assist with off-take negotiations and project financing.

Warren Hudelson is a director of the Company's U.S. Subsidiary, PolyMet Mining, Inc. and will be involved in the permitting process.

Jim Scott is responsible for the permitting process and involved in the project environmental statement.

Don Hunter is the project manager for the NorthMet Project and responsible for the overall completion of the bankable feasibility study.

Milestone 4: Commencement of Commercial Production of the Northmet Property.

Upon the achievement of Milestone 4, 2,400,000 shares will be issued to the Directors as a group and an additional 2,400,000 shares will be issued to the Key Employees.

Name of Director	Number of Shares
William Murray	800,000
George Molyviatis	400,000
James Swearingen	400,000
Ian Forrest	400,000
Dave Dreisinger	400,000
TOTAL	2,400,000

and an additional 1,240,000 shares will be issued to certain Key Employees as more fully set forth below:

Name of Employee	Number of Shares
Gaston Reymenants	400,000
Warren Hudelson	240,000
Jim Scott	200,000
Don Hunter	400,000
TOTAL	1,240,000

As at the date of this Annual Report the Bonus Shares under Milestone 3 and 4 have been allotted but have not been issued.

Report on Executive Compensation

As part of its responsibilities, the Compensation Committee reviews our overall compensation plan and the policies pertaining thereto to ensure that they are consistent with our goals of attracting and retaining the best available people, align the employee's interests with those of the Company, and pay for performance. In establishing levels of remuneration and in granting stock options, the executive's performance, level of expertise, responsibilities, length of service to the Company and comparable levels of remuneration paid to executives of other companies of comparable size and development within the industry are taken into consideration.

See "Report on Executive Compensation Table" for more information on remuneration of the Named Executive Officers.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. As a Tier 1 company listed on the TSX-V, we are required to comply with the guidelines for improved corporate governance in Canada adopted by the TSX (the "Exchange Guidelines"). Our approach to corporate governance in the context of 14 specific Exchange Guidelines is set out in the attached Exhibit 7

AUDIT COMMITTEE

Audit Committee Charter

Our audit committee Charter is attached as Appendix 1 of the attached Exhibit "7" to this Annual Report.

Composition of the Audit Committee

The following are the members of the Committee:

Ian Forrest	Independent ①	Financially literate ①
George Molyviatis	Independent ①	Financially literate ①
David Dreisinger	Independent ①	Financially literate ①
James Swearingen	Independent ①	Financially literate ①

① As defined by Multilateral Instrument 52-110 ("MI 52-110").

D. Employees

As at January 31, 2005 we had one employee. From August 2002 to March 17, 2003, the Company utilized the services of a consultant for the majority of the administrative and all financial/accounting activities, during this relatively dormant period. None of our employees are covered by a collective bargaining agreement. Subsequent to the change of management the President was paid as a consultant along with an independent consultant for administrative and accounting activities. From January 2002 to the end of July 2002, we had one employee.

E. Share Ownership

See B. Compensation.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

To the best of the knowledge of the directors and senior officers of the Company there were no shareholders of the Company that beneficially owned, directly or indirectly, or exercises control over, shares carrying more than 5% of the outstanding voting rights attached to the Company's Common Shares as at July 18, 2005.

As at July 18, 2005, there were 384 holders of record of the Company's Common Shares of which 287 were U.S. residents owning 10,449,178 (15.53%) of the Company's outstanding shares.

The Registrant is a publicly owned Canadian corporation, the shares of which are owned by Canadian residents, US residents, and residents of other countries. The Registrant is not owned or controlled directly or indirectly by another corporation or any foreign government. There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

B. Related Party Transactions

We have conducted transactions with officers, directors and persons or companies related to directors as follows:

Paid or accrued amounts as follows:

	2005	2004
Management fees and wages	\$ 141,270	\$ 52,388
Consulting fees	336,448	-
Legal fees	59,700	-
Office facilities	23,070	-
	560,488	52,388

C. Interest of experts and counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See Item 17

Legal Proceedings

We do not know of any material active or pending legal proceedings against us; nor are we involved as a plaintiff in any material proceeding or pending litigation. We know of no active or pending proceedings against anyone that might materially adversely affect an interest of the Company.

Dividend Policy

Since its incorporation, we have not declared or paid, and have no present intention to declare or to pay in the foreseeable future, any cash dividends with respect to our Common Shares. Earnings will be retained to finance further growth and development of our business. However, if the Board of Directors declares dividends, all Common Shares will participate equally in the dividends, and, in the event of liquidation, in the net assets, of the Company.

B. Significant Changes

Subsequent to January 31, 2005:

We completed a private placement for 9,000,000 units at a price of CDN\$0.55 per unit for total proceeds of CDN\$4,950,000 (\$3,945,978). Each unit consists of one common share and one-half of one share purchase warrant at a price of CDN\$0.70 for two years from closing, provided that if the closing price of the Company's shares as traded on the Exchange exceeds CDN\$1.00 per share for 30 consecutive trading days, the warrants will terminate 30 days thereafter. The Company issued 444,950 common shares and paid CDN\$124,823 in cash (\$99,209) in relation to a finders' fee on a portion of the financing.

We issued 341,052 common shares pursuant to the exercise of stock options at a price of CDN\$0.10 for total proceeds of approximately of \$27,107.

We issued 40,000 common shares pursuant to the exercise of stock options at a price of CDN\$0.40 for total proceeds of approximately \$13,120.

On March 30, 2005 we granted 765,000 stock options to various directors, officers and consultants at a price of CDN\$0.65.

ITEM 9. THE OFFER AND LISTING

A. The Offer and Listing Details

The following table outlines the annual high and low market prices for the five most recent fiscal periods:

<u>Fiscal Period</u>	<u>High</u>	<u>Low</u>
January 31, 2005	CDN\$1.20	CDN\$0.27
January 31, 2004	CDN\$0.30	CDN\$0.25
January 31, 2003	CDN\$0.12	CDN\$0.04
January 31, 2002	CDN\$0.66	CDN\$0.10
January 31, 2001	CDN\$1.25	CDN\$0.42

The following table outlines the high and low market prices for each fiscal financial quarter for the two most recent fiscal periods and any subsequent period:

<u>Fiscal Quarter</u>	<u>High</u>	<u>Low</u>
April 30, 2005	CDN\$0.85	CDN\$0.51
January 31, 2005	CDN\$0.73	CDN\$0.55
October 31, 2004	CDN\$0.92	CDN\$0.66
July 31, 2004	CDN\$1.20	CDN\$0.25
April 30, 2004	CDN\$0.89	CDN\$0.82
January 31, 2004	CDN\$0.30	CDN\$0.25
October 31, 2003	CDN\$0.17	CDN\$0.14
July 31, 2003	CDN\$0.09	CDN\$0.08

The following table outlines the high and low market prices for each of the most recent six months:

<u>Month</u>	<u>High</u>	<u>Low</u>
June 30, 2005	CDN\$1.02	CDN\$0.92
May 31, 2005	CDN\$1.02	CDN\$0.85
April 30, 2005	CDN\$0.85	CDN\$0.63
March 31, 2005	CDN\$0.74	CDN\$0.64
February 28, 2005	CDN\$0.71	CDN\$0.51
January 31, 2005	CDN\$0.72	CDN\$0.51

B. Plan of Distribution

Not applicable.

C. Markets

Our common shares trade on the TSX Venture Exchange in British Columbia, Canada under the symbol "POM". Our common shares commenced trading in April 1984. In August 2000, we listed on the OTCBB under the symbol "POMGF".

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expense of the issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and articles of association

Our Certificate of Incorporation and Articles/By-Laws are Incorporated by Reference to Form 20-FR. We confirm no changes have been made our Articles/By-Laws.

C. Material Contracts

We have not entered into any material contracts for the past two fiscal periods ending January 31, 2005 and January 31, 2004 other than those contracts entered into in the ordinary course of business.

D. Exchange Controls

There are currently no governmental laws, decrees, regulations or other legislation of Canada, which affects the import or export of capital, including the availability of cash and cash equivalents for use by the Company. For a general discussion of the remittance of dividends, interest or other payments to non-resident holders of the Common Shares. See "E. Taxation".

E. Taxation

The following summary of the material Canadian federal income tax considerations generally applicable in respect of the common shares reflects the Company's opinion. The tax consequences to any particular holder of common shares will vary according to the status of that holder as an individual, trust, corporation or member of a partnership, the jurisdiction in which that holder is subject to taxation, the place where that holder is resident and, generally, according to that holder's particular circumstances. This summary is applicable only to holders who are resident in the United States, have never been resident in Canada, deal at arm's length with the Company, hold their common shares as capital property and who will not use or hold the common shares in carrying on business in Canada. Special rules, which are not discussed in this summary, may apply to a United States holder that is an issuer that carries on business in Canada and elsewhere.

This summary is based upon the provisions of the Income Tax Act of Canada and the regulations thereunder (collectively, the "Tax Act, or ITA") and the Canada-United States Tax Convention as amended by the Protocols thereto (the "Tax Convention") as at the date of the Annual Report and the current administrative practices of Revenue Canada, Customs, Excise and Taxation. This summary does not take into account Canadian provincial income tax consequences.

This summary is not exhaustive of all possible income tax consequences. It is not intended as legal or tax advice to any particular holder of common stock and should not be so construed. Each holder should consult his own tax advisor with respect to the income tax consequences applicable to him in his own particular circumstances.

North American Free Trade Agreement (Canada) - The Investment Act was amended with the North American Free Trade Agreement (NAFTA) to provide for special review thresholds for Americans (including "American-controlled "entities" as defined in the Investment Act). Under the Investment Act, as amended, an investment in the Registrant's common shares by an American would be review able only if it was an investment to acquire control of the Registrant and the value of the assets of the Registrant was equal to or greater than a specified amount (the "Review Threshold"), which increases in stages. The Review Threshold is currently \$150 million.

Disposition of Common Shares - If a non-resident were to dispose of common shares of the Company to another Canadian corporation which deals or is deemed to deal on a non-arm's length basis with the non-resident and that, immediately after the disposition, is connected with the Company (i.e., which holds shares representing more than 10% of the voting power and more than 10% of the market value of all issued and outstanding shares of the Company), the amount by which the fair market value of any consideration (other than any shares of the purchaser corporation) exceeds the paid-up capital of the common shares sold will be deemed to be taxable as a dividend paid by the purchasing corporation, either immediately or eventually by means of a deduction in computing the paid-up capital of the purchasing corporation, and subject to withholding taxes as described below.

Under the Tax Act, a gain from the sale of common shares by a non-resident will not be subject to Canadian tax, provided the shareholder (and/or persons who do not deal at arm's length with the shareholder) have not held a "substantial interest" in the Company (25% or more of the shares of any class of the Company's stock) at any time in the five years preceding the disposition. Generally, the Tax Convention will exempt from Canadian taxation any capital gain realized by a resident of the United States, provided that the value of the common shares is not derived principally from real property situated in Canada.

Dividend - In the case of any dividends paid to non-residents, the Canadian tax is withheld by the Company, which remits only the net amount to the shareholder. By virtue of Article X of the Tax Convention, the rate of tax on dividends paid to residents of the United States is generally limited to 15% of the gross dividend (or 5% in the case of certain corporate shareholders owning at least 10% of the Company's voting shares upon ratification of the Protocol amending the treaty. In the absence of the Tax Convention provisions, the rate of Canadian withholding tax imposed on non-residents is 25% of the gross dividend. Stock dividends received by non-residents from the Company are taxable by Canada as ordinary dividends and therefore the withholding tax rates will be applicable.

Where a holder disposes of common shares to the Company (unless the Company acquired the common shares in the open market in the manner in which shares would normally be purchased by any member of the public), this will result in a deemed dividend to the U.S. holder equal to the amount by which the consideration paid by the Company exceeds the paid-up capital of such stock. The amount of such dividend will be subject to withholding tax as described above.

Capital Gains - A non-resident of Canada is not subject to tax under the ITA in respect of a capital gain realized upon the disposition of a share of a class that is listed on a prescribed stock exchange unless the share represents "taxable Canadian property" to the holder thereof. A common share of the Company will be taxable Canadian property to a non-resident holder if, at any time during the period of five years 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 and persons with whom he/she did not deal at arm's length owned 25% or more of the issued shares of any class or series of the Company. In the case of a non-resident holder to whom shares of the Company represent taxable Canadian property and who is resident in the United States, no Canadian tax will be payable on a capital gain realized on such shares by reason of the Tax Convention unless the value of such shares is derived principally from real property situated in Canada or the non-resident holder previously held the shares while resident in Canada. The Company believes that the value of its common shares is not derived from real property situated inside Canada.

Certain United States Federal Income Tax Consequences - The following is a discussion of certain possible United States Federal income tax consequences, under the law, generally applicable to a U.S. Holder (as defined below) of common shares of the Company. This discussion does not address all potentially relevant Federal income tax matters and it does not address consequences peculiar to persons subject to special provisions of Federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences.

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended ("the Code"), Treasury Regulations, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. In addition, the discussion does not consider the potential effects, both adverse and beneficial, of possible legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of common shares of the Company and no opinion or representation with respect to the United States Federal income tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of common shares of the Company should consult their own tax advisors about the federal, state, local, and foreign tax consequences of purchasing, owning and disposing of common shares of the Company.

U.S. Holders - As used herein, a ("U.S. Holder") includes a holder of common shares of the Company who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States or of any political subdivision thereof and any other person or entity whose ownership of common shares of the Company is effectively connected with the conduct of a trade or business in the United States. A U.S. Holder does not include persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals or foreign corporations whose ownership of common shares of the Company is not effectively connected with the conduct of a trade or business in the United States and shareholders who acquired their stock through the exercise of employee stock options or otherwise as compensation.

Distributions on Common Shares of the Company - U.S. Holders receiving dividend distributions (including constructive dividends) with respect to common shares of the Company are required to include in gross income for United States Federal income tax purposes the gross amount of such distributions to the extent that the Company has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder's United States Federal Income tax liability or, alternatively, may be deducted in computing the U.S. Holder's United States Federal taxable income by those who itemize deductions. (See more detailed discussion at "Foreign Tax Credit" below). To the extent that distributions exceed current or accumulated earnings and profits of the Company, they will be treated first as a return of capital up to the U.S. Holder's adjusted basis in the common shares and thereafter as gain from the sale or exchange of the common shares. Preferential tax rates for long-term capital gains are applicable to a U.S. Holder which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder, which is a corporation.

Dividends paid on the common shares of the Company will not generally be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations. A U.S. Holder which is a corporation may, under certain circumstances, be entitled to a 70% deduction of the United States source portion of dividends received from the Company (unless the Company qualifies as a "foreign personal holding company" or a "passive foreign investment company", as defined below) if such U.S. Holder owns shares representing at least 10% of the voting power and value of the Company. The availability of this deduction is subject to several complex limitations, which are beyond the scope of this discussion.

Foreign Tax Credit - A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of common shares of the Company may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on year-by-year basis and applies to all foreign income taxes (or taxes in lieu of income tax) paid by (or withheld from) the U.S. Holder during the year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his/her or its worldwide taxable income. In the determination of the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. There are further limitations on the foreign tax credit for certain types of income such as "passive income", "high withholding tax interest", "financial services income", "shipping income", and certain other classifications of income. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific and holders and prospective holders of common shares of the Company should consult their own tax advisors regarding their individual circumstances.

Disposition of Common Shares of the Company - A U.S. Holder will recognize gain or loss upon the sale of common shares of the Company equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) the shareholder's tax basis in the common shares of the Company. This gain or loss will be capital gain or loss if the common shares are capital asset in the hands of the U.S. Holder, which will be a short-term or long-term capital gain or loss depending upon the holding period of the U.S. Holder. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular tax year. Deductions for net capital losses are subject to significant limitations. For U.S. Holders, which are individuals, any unused portion of such net capital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted. For U.S. Holders, which are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years from the loss year and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

Other Considerations - In the following four circumstances, the above sections of the discussion may not describe the United States Federal income tax consequences resulting from the holding and disposition of common shares of the Company. However, on the basis of (a) the number of shareholders of its common shares, (b) the majority ownership of its shares by Canadian residents, and c) the majority of its assets are actively managed (not passively held), the Company believes that its is neither a "Foreign Personal Holding Company", "Foreign Investment Company", "Passive Foreign Investment Company", nor a "Controlled Foreign Corporation".

Foreign Personal Holding Company - If at any time during a taxable year more than 50% of the total combined voting power or the total value of the Company outstanding shares is owned, actually or constructively, by five or fewer individuals who are citizens or residents of the United States and 50% or more of the Company's gross income for such year was derived from certain passive sources (e.g. from dividends received from its subsidiaries), the Company would be treated as a "foreign personal holding company". In that event, U.S. Holders that hold common shares of the Company would be required to include in gross income for such year their allowable portions of such passive income to the extent the Company does not actually distribute such income.

Foreign Investment Company - If 50% or more of the combined voting power or total value of the Company outstanding shares are held, actually or constructively, by citizens or residents of the United States, United States domestic partnerships or corporations, or estates or trusts other than foreign estates or trusts (as defined by the Code Section 7701(a)(31)), and the Company is found to be engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or any interest therein, it is possible that the Company might be treated as a "foreign investment company" as defined in Section 1246 of the Code, causing all or part of any gain realized by a U.S. Holder selling or exchanging common shares of the Company to be treated as ordinary income rather than capital gains.

Passive Foreign Investment Company - As a foreign corporation with U.S. Holders, the Company could potentially be treated as a passive foreign investment company ("PFIC"), as defined in Section 1297 of the Code, depending upon the percentage of the Company's income which is passive, or the percentage of the Company's assets which is held for the purpose of producing passive income. Certain United States income tax legislation contains rules governing PFICs, which can have significant tax effects on U.S. shareholders of foreign corporations. These rules do not apply to non-U.S. shareholders. Section 1297(a) of the Code defines a PFIC as a corporation that is not formed in the United States and, for any taxable year, either (i) 75% or more of its gross income is "passive income", which includes interest, dividends and certain rents and royalties or (ii) the average percentage, by fair market value (or, if the company is a controlled foreign corporation or makes an election, by adjusted tax basis), of its assets that produce or are held for the production of "passive income" is 50% or more. The taxation of a US shareholder who owns stock in a PFIC is extremely complex and is therefore beyond the scope of this discussion. US persons should consult with their own tax advisors with regards to the impact of these rules.

Controlled Foreign Corporation - If more than 50% of the voting power of all classes of stock or the total value of the stock of the Company is owned, directly or indirectly, by citizens or residents of the United States, United States domestic partnerships and corporations or estates or trusts other than foreign estates or trusts, each of whom own 10% or more of the total combined voting power of all classes of stock of the Company or the total value of the stock of ("United States shareholder"), the Company could be treated as a controlled foreign corporation" under Subpart F of the Code.

This classification would effect many complex results including the required inclusion by such United States shareholders in income of their pro rata share: of "Subpart F Income" (as specially defined by the Code) of the Company; of the Company's earnings invested in U.S. property; and of earnings invested "excess passive assets" (as specifically defined by the Code). The Company, in addition, under Section 1248 of the Code, gain from the sale or exchange of common shares of the Company by a U.S. person who is or was a United States shareholder (as defined in the Code) at any time during the five years period ending with the sale or exchange is treated as ordinary dividend income to the extent of earnings and profits of the Company attributable to the stock sold or exchanged. Because of the complexity of Subpart F, and because it is not clear that the Company is a controlled foreign corporation, a more detailed review of these rules is outside of the scope of this discussion.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable

H. Documents on Display

All documents referred to in this Form 20-F are available for inspection at our office, listed below, during normal office hours.

Polymet Mining Corp.
#2350 - 1177 West Hastings Street
Vancouver, British Columbia
V6E 2K3 Canada

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and we file reports, registration statements and other information with the Securities and Exchange Commission (the "SEC").

Our reports, registration statements and other information can be inspected on the SEC's website at www.sec.gov, and such information can be inspected and copies ordered at the public reference facilities maintained by the SEC at the following locations:

Judiciary Plaza	500 West Madison
Room 1024	Suite 1400
Washington, DC 20549	Chicago, IL 60661

I. Subsidiary Information

Not Applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risk from changes in foreign currency exchange, although the exposure is not considered sufficient to have a material effect on our results of operations and financial condition. Our only means of funding is by way of equity financing, which would be completed in Canadian Funds. The result of which exposes us to foreign currency exchange rate risk as our reporting currency is the U.S. dollar. We hold financial instruments in Canadian dollars. A depreciation of the Canadian dollar against the United States dollar will decrease the fair value and an appreciation of the Canadian dollar against the U.S. dollar will increase the fair value of such financial instruments.

We have no publicly or privately traded securities or market instruments aside from our own equity. The only publicly traded securities are the Common Shares of the Company, which trade on the TSX Venture Exchange. We have no debt instruments subject to interest payments, sales contracts, swaps, derivatives, or forward agreements or contracts, or inventory.

We have no currency or commodity contracts, and the we do not trade in such instruments.

We have no cash flow or revenue from operations, we do not have currency or other market exposure to operating activities.

We have no debt instruments, which are subject to interest payments.

We periodically access the capital markets with the issuance of new shares to fund operating expenses, and we do not maintain significant cash reserves over periods of time that could be materially affected by fluctuations in interest rates or foreign exchange rates.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not Applicable.

ITEM 13. DEFAULT, DIVIDEND ARREARAGES AND DELINQUENCIES –

None

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHT OF SECURITY HOLDERS AND USE OF PROCEEDS

Option Re-pricing

On May 5, 2003, consent resolutions were approved to re-price the 541,052 previously granted options from CDN \$0.25 to CDN \$0.10 per share and to amend the expiry date to March 17, 2007 as at the date of this Annual Report all of these options have been exercised.

Shareholder Rights Plan

Effective December 4, 2003, we adopted a Shareholder Rights Plan (“Rights Plan”), subject to the ratification by our shareholders at a meeting to be held within six months of the date of the Rights Plan, such approval was received on May 28, 2004. All common shares issued by the Company during the term of the Rights Plan will have one right represented by the certificates representing the common shares 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.

ITEM 15. CONTROLS AND PROCEDURES

A. Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Exchange Act, as amended) as of the end of the period covered by the Annual Report on 20-F. Based on that evaluation, our management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, as amended, is recorded, processed, summarized and reported with the time period specified in the U.S. Securities and Exchange Commission rules and forms.

B. Changes in Internal Controls

Our management, which includes the chief executive officer and chief financial officer, identified no change in our internal control over financial reporting that occurred during the fiscal year ended January 31, 2005, and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The term "internal control over financial reporting" is defined as a process designed by, or under the supervision of, the registrant's principal executive and principal financial officers, or persons performing similar functions, and effected by the registrant's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- (1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the registrant;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the registrant are being made only in accordance with authorizations of management and directors of the registrant; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the registrant's assets that could have a material effect on the financial statements.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

As at the Company's financial year ended January 31, 2005, the audit committee consisted of four directors, two of whom would be determined as a financial expert:

Ian Forrest

Mr. Forrest is a Chartered Accountant practicing in Geneva and specializing in finance, banking and tax consulting. He is a director of two Canadian public companies, Caledonian Mining Corporation and Mengold Resources Inc.

James Swearingen

Mr. Swearingen formerly managed the largest mining operation in North America, United States Steel's Minntac mine and plant along Minnesota's Mesabi Iron Range, serving as General Manager of Minnesota Ore Operations. Mr. Swearingen has extensive professional training and experience in business administration, mathematics and accounting. He currently serves as co-chair of the Governor's Committee on Minnesota's Mining Future. The Committee, at the behest of the Minnesota Governor Tim Pawlenty, has prepared a comprehensive set of public policy recommendations to sustain and advance Minnesota's robust mining industry. Mr. Swearingen is also active with other groups to bring new technology to northeastern Minnesota for copper, nickel and platinum group metals mining and steel making. He is also an active advisor to the University of Minnesota's Natural Resources Research Institute based in Duluth, Minnesota.

ITEM 16B. CODE OF ETHICS

During our current fiscal year the Board of Directors adopted a Corporate Governance Policy with included the Corporate Governance Mandate, Audit Committee Mandate, Compensation Committee Mandate and a Code of Ethics, in accordance with the requirements of this Annual Report.

We recently created a new and more informative website and are in the process of updating it to include our Corporate Governance Policy, Mandates and Code of Ethics.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following outlines the expenditures for accounting fees for the last two fiscal periods ended:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
2005	\$18,200	\$450	\$800	Nil
2004	\$18,200	Nil	\$800	Nil

PART III

ITEM 17. FINANCIAL STATEMENTS

Our financial statements are stated in United States Dollars (US\$) and are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP); the application of which, in the case of the Company, conforms in all material respects for the periods presented with US GAAP, except as disclosed in footnotes to the financial statements.

The following financial statements and notes thereto required under ITEM #17 are attached hereto and found immediately preceding the signature page of this Form 20-F Annual Report.

Audited Financial Statements for Fiscal 2005/2004/2003 ended January 31st.

ITEM 18. FINANCIAL STATEMENTS

Not Applicable

ITEM 19. EXHIBITS

1. Certificate of Incorporation and Articles/By-Laws -- Incorporated by Reference to Form 20-FR, Form 20-F Annual Reports, and Form 6-K's --
 2. Instruments defining the rights of holders of equity or debt securities being registered. -Refer to Exhibit No. 1 --
 3. Material Contracts: -- Incorporated by Reference to Form 20-FR, Form 20-F Annual Reports, and Form 6-K's --
 4. Foreign Patents: Not Applicable
 5. Diagram of Parent and Subsidiaries -- Incorporated by Reference to Form 20-FR, Form 20-F Annual Reports, and Form 6-K's --
 6. Code of Ethics -- Incorporated by Reference to Form 20-FR, Form 20-F Annual Reports, and Form 6-K's --
 7. Statement of Corporate Governance Practices
 8. Other Exhibits: -- Incorporated by Reference to Form 20-FR, Form 20-F Annual Reports, and Form 6-K's --
-
- 12.1 Section 302 Certificate of CEO
 - 12.2 Section 203 Certificate of CFO
 - 13.1 Section 906 Certificate of CEO
 - 13.2 Section 906 Certificate of CFO

Financial Statements

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Dated: July 22, 2005

POLYMET MINING CORP.

/s/ William Murray

Name: William Murray
Title: Chief Executive Officer