POLYMET MINING CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FORM 51-102F1
For the year ended January 31, 2005

ANNUAL MD&A

The following information, prepared as at April 29, 2005, should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2005 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principals ("GAAP"). All amounts are expressed in United States dollars unless otherwise indicated.

Introduction

PolyMet Mining Corp. (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 520 – 700 West Pender Street, Vancouver, B.C. V6C 1G8. 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.

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

PolyMet is engaged in the exploration and development, when warranted, of natural resource properties. The Company's primary mineral property and principal focus is the commercial development of its NorthMet Project, a polymetallic project in northeastern Minnesota, USA.

OVERALL PERFORMANCE

Highlights

- An agreement dated February 16, 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.

- In January 2004 an independent study was commenced, to update the process and infrastructure aspects of the 2001 pre-feasibility study of the property, integrating the key components of the Cliffs-Erie facility. The study was completed on March 31, 2004 and projected a considerable savings in capital expenditures arising from the utilization of the Cliffs-Erie plant and infrastructure. The study also included a comparison of contract mining versus owned-and-operated mining with off-site processing of the concentrates of platinum group metals (PGM's) and a nickel-cobalt hydroxide concentrates. The comparison data along with the full capital and operating expenditures for a fully operational mine is included in the 43-101 report completed by P. Downey and Associates and filed with SEDAR and published on the Company's website: www.polymetmining.com.

- The option to acquire the Cliffs-Erie facilities will allow the Company to expedite environmental permitting, since most of the construction and infrastructure components of the project are now already in place. In February 2004, PolyMet retained Barr Engineering Company of Minneapolis to develop an Environmental Impact Study. Barr Engineering began field monitoring at the NorthMet site in February 2004 leading to the completion of an Environmental assessment Worksheet (EAW), which is a preamble to the project Environmental Impact statement (EIS). Barr will now guide development of permit applications leading to the commencement of mining and processing of NorthMet ore at the Cliffs-Erie facility.

- PolyMet 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.

  Where appropriate it is planned to use qualified, Minnesota based consultants in the DFS work for the added value of local representation.

  Bateman has extensive, in-house expertise in the design and construction of hydrometallurgical plants around the world, including several facilities for the treatment of polymetallic ores similar to the NorthMet deposit. Bateman's client list includes many of the world's major producers of copper, nickel and platinum group metals.

To date Bateman Engineering has completed an audit of the independent capital and operating cost study. This study received both cost and technical endorsement by Bateman Engineering.

- On June 17, 2004 the Company announced the closing of a non-brokered private placement for a total of 1,550,000 Units (the "Units"), each Unit comprised of one common share and one-half of one non-transferable share purchase warrant, in the capital stock of the Company at $0.80 per unit to net the treasury an aggregate of CDN $1,240,000. One full share purchase warrant entitles the investors to purchase one additional common share of the Company for a period of 18 months from the closing of the private placement at $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 has been paid in the form of 61,875 shares in the capital stock of the Company at a deemed price of $0.80 per share.

- On September 2, 2004 the Company announced the closing of a non-brokered private placement for a total of 1,250,000 units. Each unit is comprised of one common share and one-half of one non-transferable share purchase warrant in the capital stock of the Company at $0.80 per unit to net the treasury an aggregate of CDN$1,000,000. One full share purchase warrant entitles the investors to purchase one additional common share of the Company for a period of 18 months from the closing of the private placement at $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 of the Company at a deemed price of $0.80 per share.

- On November 4, 2004 the Company held an Extra-Ordinary Meeting ("EGM") wherein the Company received approval from its shareholders with respect to the amendment of its Share Bonus Plan previously approved at the Company's Annual General Meeting held on May 28, 2004.

  Management in response to comments received from the TSX Venture Exchange, determined to limit the aggregate number of shares that may be issued under the Share Bonus Plan and the Company's incentive stock option plan to not more than 20% of the Company's issued shares at any time. In that regard, the Company sought and received approval from its shareholders to amend the Share Bonus Plan to the issuance of up to 2,890,000 Common Shares of the Company to directors and key employees upon achieving Milestones 1 and 2 pertaining to the NorthMet Project, Minnesota, all as more particularly described in the EGM circular filed on SEDAR. At such time as Milestones 3 and 4 are achieved or are near completion, management will seek the approval of the shareholders at a future general meeting of the Company.

- On January 11, 2005 the Company announced it had submitted to the State of Minnesota regulators 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. PolyMet has submitted the information necessary for the Minnesota Department of Natural Resources to prepare a Draft Scoping Environmental Assessment Worksheet (EAW). PolyMet's 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 in Hoyt Lakes, Minnesota by the Minnesota Department of Natural Resources, the lead state agency responsible for the environmental review process and granting PolyMet's Permit to Mine.

- On January 14, 2005 the Company appointed James Swearingen to the Board of Directors of its Canadian and U.S. companies, as well as Chief Financial Officer of its wholly-owned U.S. subsidiary, PolyMet Mining, Inc. 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.

- On February 8, 2005 the Company commenced large diameter core drilling at the NorthMet Project. The drilling, which is part of a much larger drilling program scheduled for this year, will provide material for a second phase of pilot-scale metallurgical testwork. The larger program which totals 90,000 feet is integral to the completion of PolyMet's definitive feasibility study and will allow resource definition, detailed mine planning, waste rock characterization and other important aspects for the environmental permitting program. The drilling, which includes approximately 8,000 feet of metallurgical drilling will take about two months to complete. This new drilling will verify earlier drilling results and add important new information to the company's ongoing bankable feasibility study that is aimed at commercial development of the NorthMet deposit in 2007. The winter drilling phase was completed on schedule on March 23, 2005 and the rigs demobilized. The drilling will recommence when ground conditions allow access.

- On February 24, 2005 the Company announced it had deployed a second drilling contractor at the NorthMet project. This contractor is using diamond drilling equipment to produce NTW core for in-fill drilling that will help further define the NorthMet resource as part of the company's ongoing final feasibility work aimed at commercially developing the project by late 2007.

- On February 11, 2005 the Company announced a non-brokered private placement financing for CDN$4,950,000. The placement consists of 9,000,000 Units at a price of $.55 per Unit. Each Unit consists of one common share and one half of one share purchase warrant exercisable for 24 months from the closing of the private placement at a price of $0.70 per warrant. If for a period of 30 consecutive trading days, the closing price of the common shares of the Company is above $1.00, the Company will have the right to accelerate the expiry day of the warrants by giving notice to the holder that the warrant will expire thirty days thereafter.

  An aggregate finders' fee of 7.5% was paid on a portion of the placement, which consisted of $124,823 cash and 444,950 common shares.

- On March 9, 2005 the Company granted 765,000 stock options at a price of $0.65 per common share to various Directors, Officers and Consultants of the Company.

- On March 14, 2005 the Company announced it had reached an agreement among federal and state regulators to cooperate in preparing a single Environmental Impact Statement (EIS) on the company's planned NorthMet Project development in northeastern Minnesota. Signatories to the Memorandum of Understanding include the U.S. Army Corps of Engineers (USACE), U.S. Forest Service (USFS), Minnesota Department of Natural Resources (MDNR) and the Company's U.S. based subsidiary, PolyMet Mining, Inc. The understanding provides that the lead state and federal agencies will be the MDNR and USACE, respectively, and that the USFS will be involved as a cooperating agency. The Minnesota Pollution Control Agency will also be substantially involved in air and water permitting. The lead agencies will jointly develop a scope of work for EIS preparation and evaluate MDNR's selection of a third party contractor that will be hired by the state at the Company's expense to prepare the EIS. The Company has previously submitted information to the State of Minnesota that will be used to develop a Scoping Environmental Assessment Worksheet (EAW), defining in detail various aspects of the NorthMet Project to be covered in the EIS. The EAW document is a precursor to the EIS, and is required under Minnesota's environmental review and permitting process. The Company plans to reactivate large portions of the idled former LTV Steel Mining Company plant, now called Cliffs-Erie, to process non-ferrous ore from its nearby NorthMet deposit. The base and precious metals deposit contains copper, nickel, cobalt, platinum, palladium and gold, and is adjacent to active taconite mining operations.

Financial Condition

As at January 31, 2005, the Company had working capital of $1,273,660, including $510,871 in cash, $807,200 in term deposits, $45,005 of miscellaneous receivables, $241,596 of prepaid expenditures and $331,012 of accounts payable.

Long-term assets of the Company consist of deferred costs of $729,320 related to the Cliffs option, a minor amount of investments and capitalized property, plant and equipment of $15,919.

For the year ended January 31, 2005, cash inflows exceeded cash outflows by $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 the exercise of warrants for net proceeds of $854,671, the exercise of options for $81,383, two private placements for net proceeds of $1,715,232 and $762,804 of share subscriptions received on a private placement, which closed subsequent to year-end. A significant portion of the cash outflows for the year relate to general and administrative costs of $995,114, which excludes non-cash stock based compensation of $992,658 and non-cash bonus shares valued at $233,856, issued on reaching Milestone 1 of the Company's incentive plan. Other cash outflows include pre-feasibility costs of $1,622,983 and $807,200 invested in a cashable guaranteed investment certificate, which had an initial term of one year, an interest rate of 1.75% and is to mature on 6 June 2005.

The primary factors that influence the future financial condition of the Company include the continued ability to raise equity capital and the level of expenditures require to meet its current commitments. As a mineral exploration company with no current revenue generating operations, the Company's cash flows consist of cash outflows for general and administrative expenses, pre-feasibility expenditures, and expenditures for depreciable equipment such as computers and office equipment. Interest expense and income is expensed or credited against costs. Financing activities, such as share issuances, result in cash inflows to the Company.

Risk Factors

Risks Inherent in Mining

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

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

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

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

Conflicts of Interest

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

Absence of Dividends

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

Dilution

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

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

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

Volatility of Common Share Price and Volume

The Company's Common Shares are listed for trading on the TSX 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 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.

SELECTED ANNUAL FINANCIAL INFORMATION

	2005	2004	2003
General and administrative expenses	$ 1,228,970	$ 233,651	$ 317,062
Stock-based Compensation Expense (i)	992,658	55,048	-
Pre-feasibility exploration costs	1,622,983	91,616	112,318
Loss (gain) in sale of resource properties	-	(219,925)	-
Loss (gain) on foreign exchange conversion	(68,274)	(22,230)	(14,824)
Loss (gain) on sale of property, plant and equipment	-	8,640	21,758
Loss for the year	$ 3,776,337	$ 146,800	$ 471,679
Net loss per share, basic and fully diluted	$ (0.07)	$ (0.00)	$ (0.01)
Total assets	$ 2,350,164	$ 1,024,937	$ 51,627
Shareholders' equity (deficiency)	$ 2,019,152	$ 925,565	$ (31,001)

(i) Included in general and administration expenses on the audited consolidated financial statements for the year ended January 31, 2005.

This financial information has been reported in accordance with Canadian GAAP and denominated in United States dollars, the Company's reporting currency. There are no material differences between Canadian and United States GAAP for the Company.

RESULTS OF OPERATIONS

Summary of Financial Results

During the year the Company incurred a loss of $3,776,337 ($0.07 loss per share) compared to a loss of 146,800 ($0.00 loss per share) in 2004. The increase in the net loss for the year was primarily attributable to the Company's accounting policy of expensing the costs of pre-feasibility work related to the NorthMet Project and an increase in general and administrative costs including non-cash stock compensation expense of $992,658 ($55,048 – 2004). These increased expenditures included pre-feasibility costs of $1,622,983 ($91,616 – 2004) and general and administrative costs for the period of $2,221,628 ($288,699 – 2004). In addition to the non-cash stock compensation expense of $992,658, as a result of an increase in activity with respect to the NorthMet Project, general and administrative costs increased significantly from the prior year in areas such as management fees of $141,270 ($52,388 – 2004), consulting fees of $370,815, which includes the accrued expense of the bonus shares of $233,856, ($21,278 – 2004), travel and automotive costs of $220,530 ($25,278 – 2004), professional fees of $98,624 ($58,806 – 2004), transfer agent and filing fees of $24,765 ($20,221 – 2004) and investor relations expenditures of $95,669 ($Nil – 2004).

SUMMARY OF QUARTERLY RESULTS

Year Ended January 31, 2005

	Quarter Ended			
	Apr 30, 2004	**Jul 31, 2004**	**Oct 31, 2004**	**Jan 31, 2005**
Loss (income) for the period	$ 281,254	$ 1,240,001	$ 969,558	$ 1,285,524
General and administrative	213,323	1,007,443	298,088	702,774
Stock-based compensation expense	-	753,232	26,011	213,425
Pre-feasibility exploration costs	40,184	271,197	639,728	671,874
Loss (Gain) on foreign exchange conversion	27,747	(37,539)	31,826	46,240
Gain on sale of resource properties	-	(1,100)	(43)	-
Net Loss per share basic and fully diluted	$(0.01)	$(0.03)	$(0.02)	$(0.02)

During the Company's fourth quarter ended 2005, the increase in general and administrative expenses compared to the prior quarter was a result of increased activity for the NorthMet Project and included the accrued expense for the bonus shares of $233,856. In addition, Pre-feasibility expenses continued to increase as the Company readied for the drill program at NorthMet.

Year Ended January 31, 2004

	Quarter Ended			
	Apr 30, 2003	**Jul 31, 2003**	**Oct 31, 2003**	**Jan 31, 2004**
Loss (income) for the period	$ 52,839	$ 50,374	$ 88,858	$ (45,271)
General and administrative	49,295	(2,432)	125,640	116,196
Stock-based compensation expense	-	-	-	55,048
Pre-feasibility exploration costs	155	52,806	(36,782)	75,527
Gain on foreign exchange conversion	37,607	(71,196)	68,872	(57,513)
Gain on sale of resource properties	-	-	-	(219,925)
Net Loss per share, basic and fully diluted	$(0.00)	$(0.00)	$(0.00)	$(0.00)

LIQUIDITY AND CAPITAL RESOURCES

The Company's source of liquidity consists primarily of cash flows from proceeds of equity issues.

As at January 31, 2005 the Company has working capital of $1,273,660, an increase from $423,526 at January 31, 2004. The Company's only sources of cash inflow for the year were:

a) 5,277,574 share purchase warrants were exercised at exercise prices between CDN$0.10 - $0.25 for proceeds of $828,554;
b) 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;
c) a private placement for 1,550,000 units at a price CDN$0.80 per unit and a private placement for 1,250,000 units at a price of CDN$0.80 per unit for total proceeds of $1,733,984; and,
d) Subsequent to the Company's 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.

The Company relies principally on equity financing to fund its projects and expenditures. The Company has no internal source of funding and thus it depends on its ability to raise funds through the sale of shares.

TRANSACTIONS WITH RELATED PARTIES

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

a) 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

b) During the year ended January 31, 2004, issued 2,143,906 shares and 1,881,476 warrants to related parties on private placements for cash in the amount of $99,925.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred, when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The adoption of this accounting policy has not affected the Company's financial statements.

OTHER MD&A REQUIREMENTS

Outstanding Share Data

(a) Authorized Capital

Unlimited common shares without par value

(b) Number and Recorded Value for Shares Issued and allotted as at January 31, 2005:

57,128,578 common shares issued and allotted with a recorded value of $18,388,194

(c) Outstanding Options and Warrants

As at 31 January 2005, the following director, former director and employee share purchase options were outstanding:

Expiry Date	Prior Exercise Price (CDN)	Exercise Price (CDN)	Number
17 March 2007	$ 0.25	$ 0.10	241,052
17 March 2007	$ 0.46	$ 0.10	100,000
18 July 2008	-	$ 0.10	1,313,200
3 October 2008	-	$ 0.13	800,000
12 February 2006	-	$0.21	500,000
9 March 2009	-	$0.40	620,000
28 April 2009	-	$0.75	200,000
5 July 2009	-	$0.66	1,175,000
18 October 2009	-	$0.79	50,000
			4,999,552

As at 31 January 2005 all options had vested and were exercisable.

As at 31 January 2005, the following share purchase warrants were outstanding:

Expiry Date		Per Common Share Exercise Price (CDN)	Warrants Outstanding	Common Share Entitlement
16 November 2006	$	0.20	3,428,923	3,428,923
24 September 2005 (i)	$	0.17	1,012,355	1,012,355
17 December 2005	$	1.20	775,000	775,000
1 March 2006	$	1.20	625,000	625,000
			5,841,278	5,841,278

(i) The Company received proceeds of $26,117 on the exercise of 224,925 share purchase warrants. The shares were allotted at January 31, 2005 and issued subsequent to year-end.

Shareholder Rights Plan

Effective December 4, 2003, the Company adopted a Shareholder Rights Plan ("Rights Plan"), which was approved by the Company's shareholders' on May 27, 2004. Under the Rights Plan, the Company has issued one right for no consideration in respect of each outstanding common share of the Company to all holders of record of common shares on December 4, 2003. 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.

(d) Shares in Escrow or Pooling Agreements – January 31, 2005

None

SUBSEQUENT TRANSACTIONS

The Company conducted the following transactions after January 31, 2005:

a) The Company completed a private placement for 9,000,000 units at a price of CDN$0.55 per unit. Each unit consisted of one common share and one half of one share purchase warrant. One full Warrant entitles the holders, on exercise, to purchase one additional common share of the Company at a price of $0.70 per Warrant Share at any time until the close of business on the day which is 24 months from the date of Closing, provided that if the closing price of the Issuer's shares as traded on the Exchange is over $1.00 per share for 30 consecutive days, the Warrants will terminate 30 days thereafter. Part of the proceeds from the private placement, being CDN$945,000 (US$762,804), were received prior to January 31, 2005.

b) The Company issued 1,590,00 common shares pursuant to the Bonus Share Plan.

a) The Company granted 765,000 stock options at a price of $0.65 per to employees and officers, expiring 3 March 2008.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

ADDITIONAL INFORMATION

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

FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements including, but not limited to, comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes etc. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.