



Minnesota Power Secures Contract With New Mining Customer PolyMet

DULUTH, Minn.—Minnesota Power, a division of Duluth-based ALLETE, Inc. (NYSE:ALE) announced today that it has reached an agreement with the U.S. subsidiary of PolyMet Mining Corp. (AMEX:PLM) to provide all of PolyMet's electric service needs through 2018 at its proposed copper, nickel and precious metals mining operation located in northeastern Minnesota. PolyMet plans to begin commercial operations at its mine and process plant complex near Hoyt Lakes, Minn., by late 2008, pending completion of financing arrangements and receipt of regulatory approvals. Once fully operational it is anticipated that PolyMet will require approximately 70 megawatts of electric power, becoming one of Minnesota Power's larger industrial customers. The PolyMet electric service agreement will require the approval of the Minnesota Public Utilities Commission.

"Growing our energy business is a primary goal of ALLETE's strategic plan so this is a terrific development for us," said Don Shippar, ALLETE Chairman, President and CEO. "The working relationship and resulting service agreement we have developed with a new, large industrial customer like PolyMet confirms Minnesota Power's ability to reliably meet the region's growing energy needs in a responsible, cost-effective manner."

Based in Hoyt Lakes, Minn., PolyMet Mining, Inc. is a wholly-owned subsidiary of PolyMet Mining Corp., an investor-owned Canadian mining company whose principal assets are the NorthMet polymetallic deposit, one of the world's largest non-ferrous deposits, and the nearby Erie processing plant. PolyMet estimates its project will cost \$380 million to complete, creating up to 1,000 jobs during construction and at least 400 permanent, full-time jobs. The company intends to have its project financing in place, subject to receipt of permits, before the permitting process is completed.

ALLETE's corporate headquarters are located in Duluth, Minnesota. ALLETE provides energy services in the upper Midwest and has significant real estate holdings in Florida. More information about the company is available on ALLETE's Web site at www.allete.com. More information regarding PolyMet is available at www.polymetmining.com.

The statements contained in this release and statements that ALLETE may make orally in connection with this release that are not historical facts, are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE with the Securities and Exchange Commission.

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