



Mineral Resources Limited

ACN 118 549 910

23 September 2009

Advisor, Issuers
Australian Stock Exchange Limited
GPO Box D187
Perth WA 6840

Dear Sir / Madam,

Opening of Offers for Polaris Metals NL (ASX:POL)

Mineral Resources Limited (ASX:MIN) confirms that the first Bidder's Statements in relation to the off-market takeover bids for all the shares and options of Polaris Metals NL have been sent today and the Offers under the Bidder's Statement are now open for acceptance.

It is envisaged that dispatch of all Bidder's Statements will be completed by close of business Thursday, 24 October 2009.

The Offers close at 5pm (Perth time) on Monday, 26 October 2009, unless the Offer Periods are extended.

Yours Sincerely,

Bruce Goulds
Company Secretary

THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.



Mineral Resources Limited

ABN 33 118 549 910

BIDDER'S STATEMENT

**in relation to recommended Offers by Mineral Resources Limited to
acquire ALL of your Shares and ALL of your Options in**

POLARIS METALS NL

(ABN 18 085 223 570)

Consideration offered is:

One MRL Share for every 12.5 Polaris Shares you own; and

One MRL Option for every 12.5 Polaris Options you own.

The Board of Polaris Metals NL unanimously recommends that, in the absence of a superior proposal recommended by the Polaris Directors and subject to an Independent Expert's Report concluding that the Offers are fair and reasonable to Polaris Shareholders and Polaris Optionholders, they will accept the Offers in respect of their own holdings and unanimously recommend that Polaris Shareholders and Polaris Optionholders accept the Offers.

Legal adviser to MRL

STEINPREIS PAGANIN
Lawyers & Consultants



IMPORTANT INFORMATION

Bidder's Statement

This document is the Bidder's Statement from Mineral Resources Limited (ABN 33 118 549 910) (**MRL** or the **Company**) to Polaris Metals NL (ABN 18 085 223 570) (**Polaris**) in relation to an off-market bid for all Polaris Shares and Polaris Options.

This Bidder's Statement is dated 17 September 2009. A copy of this Bidder's Statement was lodged with the ASIC on 17 September 2009. The ASIC takes no responsibility for the content of this Bidder's Statement.

Foreign jurisdictions

The distribution of this document and the making of the Offers may be restricted by the laws of foreign jurisdictions. The Offers are not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction. The entitlements of Polaris Shareholders and Optionholders who are located in jurisdictions outside Australia and its external territories, New Zealand, Hong Kong and Singapore are set out in clause 1.8 of the Share Offer.

Hong Kong Restrictions

WARNING: The contents of this Bidder's Statement have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offers. This Bidder's Statement does not constitute an offer or invitation to the public in Hong Kong to subscribe for or dispose of Polaris Shares. Accordingly, unless permitted by the securities law of Hong Kong, no person may issue or have in its possession for the purposes of issue, this document or any invitation or document relating to Polaris Shares, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong other than in circumstances which do not constitute an offer or an invitation to the public for the purposes of the Securities and Futures Ordinance. However, numbered copies of this Bidder's Statement may be issued to a limited number of Polaris Shareholders in Hong Kong in a manner which does not constitute an issue, circulation or distribution of this Bidder's Statement, or any offer or invitation in respect of the Polaris Shares, to the public in Hong Kong. Only the person to whom a numbered copy of this Bidder's Statement has been issued may take action in response to this document. No person to whom a numbered copy is issued may issue, circulate or distribute this document in Hong Kong or make or give a copy of this document to any other person.

Singapore Notice

This Bidder's Statement has not been and will not be lodged with or registered by the Monetary Authority of Singapore as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and the offering of securities pursuant to the Offers is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, this Bidder's Statement may not be issued, circulated or

distributed, nor may any securities be offered or sold, whether directly or indirectly, in Singapore other than to Polaris Shareholders under the Offers.

Disclosure Regarding Forward Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on MRL's current expectations about future events. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward-looking statements. These factors include, among other things, those risks identified in Section 9.

Value of MRL Shares

The implied value of MRL's Offers will vary with the market price of MRL's Shares. Further information on the implied value of MRL's Offers is contained in this document. Before accepting the Offers, Polaris Shareholders should obtain current quotes for MRL and Polaris Shares from their stockbroker or other financial adviser.

Investment Decision

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Polaris Shareholder or Optionholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offers.

Privacy

MRL has collected your information from the registers of Polaris for the purposes of making the Offers and, if accepted, administering your shareholding or optionholding in Polaris. MRL and the share registry may disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by MRL, please contact MRL at the address set out in the Corporate Directory.



Mineral Resources Limited

17 September 2009

Dear Polaris Security holder,

Recommended Off-Market Takeover Bid for Polaris Metals NL

On behalf of the Directors of Mineral Resources Limited (**MRL**), we are pleased to offer you the opportunity to become a shareholder or optionholder in a combined MRL and Polaris.

On 20 August 2009, MRL announced its intention to offer to acquire all of your Polaris Shares and Polaris Options. Under the Offers you will receive:

1. one MRL Share for every 12.5 of your Polaris Shares (**Share Offer**), and
2. one comparable MRL Option for every 12.5 of your Polaris Options (**Option Offer**).

The Offers are conditional upon MRL becoming entitled to at least 50.1% of Polaris Shares and certain other conditions included in this document.

The directors of MRL believe the Offers are a compelling proposition for Polaris Shareholders and Polaris Optionholders.

1. The Share Offer will enable Polaris Shareholders to achieve **an immediate premium of 43%** over the one month volume weighted average closing price for your Polaris Shares (using the closing Polaris Share price on 14th August 2009, the last day Polaris Shares were traded before the Announcement Date).
2. Polaris Shareholders and Polaris Optionholders have the opportunity to **hold an investment in Mineral Resources Limited**, a premier, Australian mineral processing and contracting business included in the S&P/ASX 300 index.
3. Polaris Shareholders and Optionholders will **continue to have an interest in the development of Polaris' iron ore assets**. If the Offers are successful, MRL plans to investigate and, where commercially feasible, fast-track the development of key iron-ore tenements providing accelerated returns from these assets and long-term value for shareholders.

The Polaris Directors have agreed, in the absence of a superior proposal recommended by the Polaris Directors and subject to an Independent Expert's Report concluding that the Offers are fair and reasonable to Polaris Shareholders and Polaris Optionholders, to accept the Offers in respect of their own holdings and to unanimously recommend that Polaris Shareholders and Polaris Optionholders accept the Offers.

One of Polaris' largest shareholders (Heron Resources Limited) has also provided its support for the Offer having entered into a pre-bid acceptance agreement with MRL for a relevant interest in 19.9% of Polaris.

I encourage you to read this important document carefully to understand the extent of the Offers. The Offers are open for your acceptance until 5.00 pm Perth time on 26 October 2009, unless extended. If you wish to accept the Offers, you should follow the instructions on the relevant Acceptance Form enclosed.

If you have any questions about the Offers, please contact Computershare on 1800 253 782 (callers within Australia) or +61 3 9415 4285 (callers outside Australia) or your professional financial advisor.

MRL directors look forward to having Polaris Shareholders and Optionholders join the Company from the successful completion of this transaction.

Yours sincerely,

Peter Wade

Chairman

HOW TO ACCEPT THE SHARE OFFER

CHES Holdings

Instruct your stockbroker or CHES Controlling Participant to initiate acceptance of the Share Offer in accordance with the ASTC Settlement Rules so as to be effective before the end of the Share Offer Period

OR

complete and sign the enclosed Acceptance Form in accordance with the instructions provided in the form and return it in the reply paid envelope so that it is received before the end of the Share Offer Period.

Issuer Sponsored Holdings

Complete and sign the enclosed Acceptance Form in accordance with the instructions provided in the form and return it in the reply paid envelope so that it is received before the end of the Share Offer Period.

Foreign Polaris Shareholder

If you are a Foreign Polaris Shareholder, (as defined in Section 11 of this Bidder's Statement) please refer to Section 10.16 of this Bidder's Statement.

Sale Facility

If you are the registered holder of no more than 100,000 Polaris Shares as at the Record Date and wish to receive all of your consideration as cash, you will need to elect to use the Sale Facility. Refer to Section 10.17 of the Bidder's Statement for details.

HOW TO ACCEPT THE OPTION OFFER

Complete and sign the enclosed Acceptance Form in accordance with the instructions provided in the form and return it in the reply paid envelope so that it is received before the end of the Option Offer Period.

OFFER AND ACCEPTANCE ENQUIRIES

Computershare
in Australia: 1800 253 782
outside Australia: +61 3 9415 4285

KEY DATES:

Date of Bidder's Statement	17 September 2009
Date Bidder's Statement lodged with ASIC	17 September 2009
Date of Offers	23 September 2009
Scheduled Closing Date of Offers (unless extended)	5pm (Perth) 26 October 2009

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CORPORATE DIRECTORY

Directors

Peter Wade *Chairman / Managing Director*
Chris Ellison *Executive Director*
Mark Dutton *Non Executive Director*
Joe Ricciardo *Non Executive Director*

Company Secretary

Bruce Goulds

Registered Office

25 Wellard Street
Bibra Lake WA 6163

Website: www.mineralresources.com.au

Auditor*

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

Share Registry*

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Solicitors to the Company

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Stock Exchange*

ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000
ASX Code: MIN

* These entities have been included for information purposes only. They have not been involved in the preparation of this Bidder's Statement.

1. REASONS WHY YOU SHOULD ACCEPT THE OFFERS

1. YOU WILL RECEIVE AN ATTRACTIVE PREMIUM FOR YOUR POLARIS SHARES AND POLARIS OPTIONS
2. POLARIS DIRECTORS UNANIMOUSLY SUPPORT THE OFFERS
3. MRL HAS AN ATTRACTIVE DIVIDEND POLICY
4. A MAJOR POLARIS SHAREHOLDER SUPPORTS THE OFFERS
5. CONTINUE TO SHARE IN THE BENEFITS FROM DEVELOPMENT OF POLARIS' IRON ORE ASSETS
6. YOU WILL PARTICIPATE IN A LARGER COMPANY
7. ACCESS TO MRL'S OPERATIONAL EXPERTISE AND TRACK RECORD
8. MRL'S STRONG MANAGEMENT
9. MRL'S FINANCIAL STRENGTH
10. MARKET APPEAL OF MRL SHARES

1. YOU WILL RECEIVE AN ATTRACTIVE PREMIUM FOR YOUR POLARIS SHARES AND POLARIS OPTIONS

The underlying value of the Share Offer provides Polaris Shareholders with a substantial premium on the current Polaris Share Price:

- (a) a **26% premium** to the closing price of Polaris Shares on 14 August 2009, being the last day of trading of Polaris Shares prior to the Announcement Date;
- (b) a **43% premium** over the 1 month volume weighted average closing price for Polaris Shares (using the closing Polaris Share price on 14th August 2009, the last day Polaris Shares were traded before the Announcement Date); and
- (c) a **53% premium** over the 3 month volume weighted average closing price for Polaris Shares (using the closing Polaris Share price on 14th August 2009, the last day Polaris Shares were traded before the Announcement Date).

2. POLARIS DIRECTORS UNANIMOUSLY SUPPORT THE OFFERS

The Polaris Directors have welcomed the Offers and will accept the Offers in respect of their own holdings and unanimously recommend Polaris Shareholders and Polaris Optionholders accept the Offers in the absence of a superior offer recommended by the Polaris Directors and provided an Independent Expert's Report concludes that the Offers are fair and reasonable to Polaris Shareholders and Polaris Optionholders.

3. MRL HAS AN ATTRACTIVE DIVIDEND POLICY

MRL's policy is to distribute at least 50% of after tax earnings as dividends to shareholders annually. New MRL Shares will be entitled to dividends commencing from the distribution of 2009/10 profits. Dividends paid by MRL since listing in July 2006 have been fully franked and represent a high ranking yield on investment.

Year	Dividend Paid (fully franked cents per share)	Dividend Yield% (of average closing price per share for financial year)
2006/07	9.5*	4.4%
2007/08	19.35	4.0%
2008/09	19.35	5.2%

*Includes special dividend

4. A MAJOR POLARIS SHAREHOLDER SUPPORTS THE OFFER

Polaris shareholder Heron Resource Limited (**Heron**) has entered into a pre-bid acceptance agreement with MRL in respect of 19.9% of the issued Shares of Polaris, confirming that Heron supports and accepts the Offers and recognises the value it brings to Polaris Shareholders.

5. CONTINUE TO SHARE IN THE BENEFITS FROM DEVELOPMENT OF POLARIS' IRON ORE ASSETS

Polaris Shareholders and Polaris Optionholders who accept the Offers will maintain exposure to the benefits that may be derived from exploiting Polaris' iron ore assets in a cost effective manner utilising MRL's existing equipment, infrastructure and proven development methods.

The Polaris' Yilgarn Iron Ore Project (**YIOP**) is currently in the development stage and MRL, in the event it acquires more than 50.1% of Polaris' Shares, intends to seek commencement of site works and production within 12 months of the takeover being completed. This is approximately 12 months earlier than forecast by Polaris.

6. YOU WILL PARTICIPATE IN A LARGER COMPANY

MRL is an Australian company included in the S&P / ASX 300 index and has a market capitalisation in excess of \$740 million compared with Polaris' \$73 million as at the date of the Bidder's Statement. Polaris Shareholders and Optionholders will gain exposure to MRL's substantial and profitable portfolio of diverse mining services, iron ore and manganese operations.

7. ACCESS TO MRL'S OPERATIONAL EXPERTISE AND TRACK RECORD

MRL operates in the mining services / mineral processing sector and has a history of successful and profitable operations in iron ore, gold, manganese, tantalum, nickel and other steelmaking materials. Mining services contracts are generally

with the world's major mining houses and have been introduced to improve site efficiency and productivity. MRL plants have a record for increasing throughput and providing customers with reliable processing capability. MRL also has a world class safety record.

MRL has developed a diverse, long term, income stream through Build Own and Operate crushing and screening, processing and infrastructure contracts together with a growing annual production output for its own iron ore and manganese export to China. This diverse income stream provides shareholders with greater surety of future earnings.

MRL's track record is supported by:

- (a) in house crushing, screening, materials handling and process plant design and construction achieved at exceptionally low cost to industry standards;
- (b) fast track construction and site mobilisation of mining, crushing and processing operations; and
- (c) operation and maintenance of long term processing operations at high availability and consistent production output.

8. MRL'S STRONG MANAGEMENT

MRL senior management have significant experience in creation and operations of mining and associated businesses in major listed companies and as owners / operators of private companies. The principal management team has operated together for more than 10 years and have complementary expertise in business development, operational management, commercial and financial disciplines.

Details of directors are included in Section 4.4 of this Bidder's Statement.

9. MRL'S FINANCIAL STRENGTH

Financially, MRL has a strong record of profit and cash generation and has produced a history of attractive returns for shareholders. This is supported by a strong, stable balance sheet with low gearing. The Company also has available lines of credit and free cash flow from its underlying, long term contracting and commodity sales businesses to fund operations and expansion projects. MRL's historical earnings per share and tangible asset backing per share is shown below:

Year	Earnings per Share (basic cents per share based on Normalised NPAT)	Net Tangible Asset Backing per Share (cents per share)
2006/07	16.9	54.9
2007/08	39.5	86.8
2008/09	40.0	108.3

10. MARKET APPEAL OF MRL SHARES

MRL is an industrial and resources company with significant support in the investment community. Polaris Shareholders can expect to have an active market for their MRL shares.

2. SUMMARY OF THE OFFERS

The Bidder:

Mineral Resources Limited (**MRL**) is the company making the Offers to Polaris Shareholders and to Polaris Optionholders. Refer to Section 4 for further details about MRL.

The Share Offer:

MRL offers to acquire **ALL** of your Polaris Shares.

You may only accept the Share Offer in respect of 100% (and not a lesser proportion) of the Polaris Shares you hold.

The Option Offer:

MRL offers to acquire **ALL** of your Polaris Options.

You may only accept the Option Offer in respect of 100% (and not a lesser proportion) of the Polaris Options you hold.

Share Offer Consideration:

One MRL Share for every 12.5 Polaris Shares held¹.

Option Offer Consideration:

One comparable MRL Option for every 12.5 Polaris Options held.

There are a number of different classes of Polaris Option on issue, each with different terms including the exercise price and expiry date. Under the Option Offer, MRL is offering a comparable class of MRL Options reflecting the terms of the Polaris Options being replaced. As such, MRL is offering a number of different classes of MRL Options. Refer to Annexures E and F for details of each class of Polaris Option and the comparable class of MRL Option (and their terms) being offered in consideration for those Polaris Options.

Offers Open:

23 September 2009.

Offers Close:

Unless withdrawn or extended in accordance with the Corporations Act, the Offers are open until 5pm WST on 26 October 2009.

Conditions:

MRL may choose to waive any of the defeating conditions in accordance with the Offers set out in Annexures A and B.

The Share Offer is subject to the defeating conditions set out in Clause 1.10 of Annexure A.

¹ Unless you elect to participate in the Sale Facility, or are a Foreign Polaris Shareholder who accepts the Offers, in which case you will receive consideration in the form of cash, being the net proceeds from the on market sale of the MRL Shares you were entitled to. Refer to Sections 10.16 and 10.17 of this Bidder's Statement.

The Option Offer is subject to the defeating conditions set out in Clause 1.7 of Annexure B.

MRL requires the consent of Polaris to waive the 50.1% minimum acceptance condition to the Offers.

Rounding

If you become entitled to a fraction of an MRL Share or MRL Option under the Share Offer or the Option Offer, the number of MRL Shares or MRL Options, as the case may be, will be rounded up to the nearest whole number (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).

Sale Facility

If you are the registered holder of no more than 100,000 Polaris Shares as at the Record Date, you may elect to have the number of MRL Shares that you would otherwise have received under the Share Offer issued to the Sale Nominee and sold on-market in the Sale Facility, and instead receive the net cash proceeds from the sale in lieu of the issue of MRL Shares to you. No assurance is given by MRL or the Sale Nominee of the price that will be achieved from the sale of MRL Shares in the Sale Facility. See Section 10.17 for details of the Sale Facility.

Further information:

The information in this Section 2 is a summary of the Offers only.

You should read the entire Bidder's Statement and the separate target's statement which will be sent to you directly by Polaris in relation to the Offers before deciding whether to accept the Offers.

The full terms of the Share Offer are set out in Annexure A to this Bidder's Statement.

The full terms of the Option Offer are set out in Annexure B to this Bidder's Statement.

Please call Computershare on **1800 253 782** (callers within Australia) and **+61 3 9415 4285** (callers outside Australia) if you have any questions or require any assistance with your acceptance.

3. FREQUENTLY ASKED QUESTIONS

How do I Accept the Share Offer?	How you accept will depend on whether your Polaris Shares are held in an Issuer Sponsored Holding or a CHESS Holding. The Acceptance Form enclosed has been personalised to reflect this for you.
How do I Accept the Option Offer?	Please complete and sign the enclosed Acceptance Form in accordance with the instructions provided in the form and return it in the reply paid envelope.
When do I get my MRL Shares (or, if applicable, net sale proceeds) or MRL Options?	<p>If you accept an Offer, you will receive the consideration under the Offer within 1 month of the later of the date you accept, and the date the Offer becomes unconditional. In any event, assuming the conditions of the Offer you accept are satisfied or waived, you will be issued the consideration within 21 days of the end of the relevant Offer Period.</p> <p>If you accept the Share Offer and you are a Foreign Polaris Shareholder, or you are the registered holder of no more than 100,000 Polaris Shares as at the Record Date and elect to participate in the Sale Facility, you will receive your net sale proceeds following the sale of the MRL Shares you would have been entitled to by the Sale Nominee. See Section 10.17 for details.</p>
Can the Offer Period be extended?	Yes, the Offer Period can be extended at MRL's election, up to a maximum Offer Period of 12 months. Polaris Shareholders and Polaris Optionholders will be sent written notice of any extension, and the extension will be announced to the ASX.
What if the Conditions are not satisfied?	If an Offer closes with conditions remaining unsatisfied, that Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your Polaris Shares or Polaris Options (unless you otherwise sell them). MRL will inform you of whether the conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.
Can I withdraw my acceptance?	<p>Under the terms of the Offers, once you have accepted the Offers you cannot withdraw your acceptance except where a withdrawal right arises under the Corporations Act.</p> <p>A withdrawal right will arise under the Corporations Act if an Offer remains subject to one or more defeating conditions (set out in Section 1.10 of Annexure A or Section 1.7 of Annexure B) and, after you have accepted the Offer, MRL varies the Offer in a way that postpones, for more than 1 month, the time by which MRL needs to meet its obligations under the Offer.</p>
Can I sell my Polaris Shares on market?	<p>Yes, but you may incur brokerage costs if you do.</p> <p>If you have already accepted the Share Offer in respect of your Polaris Shares, you will be unable to settle any subsequent sale of your Polaris Shares, subject to you being entitled to withdraw your acceptance – see "Can I withdraw my acceptance?" below.</p>

<p>Will I need to pay any brokerage or stamp duty if I accept the Offers?</p>	<p>If your Polaris Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to MRL, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Share Offer.</p> <p>If your Polaris Shares are registered in a CHESS Holding, or if you are the beneficial owner whose Polaris Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the Share Offer but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Share Offer.</p> <p>If you are a Foreign Polaris Shareholder who accepts the Share Offer, the MRL Shares issued as consideration will be sold by an ASIC approved nominee (Sale Nominee), who will return the cash proceeds from the sale less the expenses of the sale to the Foreign Polaris Shareholder.</p> <p>If you are a Polaris Shareholder who is the registered holder of no more than 100,000 Polaris Shares as at the Record Date who accepts the Share Offer and elects to use the Sale Facility, the MRL Shares issued as consideration will be sold by the Sale Nominee, who will return the cash proceeds from the sale less the expenses of the sale to the Polaris Shareholder.</p> <p>You will not pay any brokerage or stamp duty if you accept the Options Offer.</p> <p>If the Share Offer is declared unconditional, MRL will pay a broker handling fee of 0.75% to Participating Organisations of the ASX (Brokers) in respect of valid acceptances over Issuer Sponsored holdings which bear the Broker's official stamp or the acceptance is initiated by the Broker via CHESS. There will be a \$50 minimum fee per accepting Polaris Shareholder and the maximum fee per accepting security holder will be capped at \$500. MRL will release details of the claims process for the broker handling fee separately.</p>
<p>What if I am a Foreign Polaris Shareholder?</p>	<p>If your address on the Polaris register at 5pm (WST) on 17 September 2009 is in a jurisdiction other than Australia and its external territories, New Zealand, Hong Kong and Singapore, you will be a Foreign Polaris Shareholder unless the Company decides otherwise in accordance with this Bidder's Statement.</p> <p>If you are a Foreign Polaris Shareholder, you will not be entitled to receive the MRL Shares on acceptance of the Share Offer. The MRL Shares that Foreign Polaris Shareholders would otherwise be entitled to receive if they accepted the Share Offer will be issued to and sold by the Sale Nominee and Foreign Polaris Shareholders who have accepted the Share Offer will receive the net cash proceeds from that sale. See Section 10.16 of this Bidder's Statement for further details.</p>

What are the tax implications of accepting the Share Offer or Option Offer?

You should consult your financial, tax or other professional advisor on the tax implications of acceptance, in light of your own particular circumstances. However, Section 8 contains a general summary of the major likely Australian tax consequences for Polaris Shareholders who accept the Share Offer and Polaris Optionholders who accept the Option Offer including in relation to the tax consequences of electing to use the Sale Facility.

4. PROFILE OF MRL

4.1 Overview of MRL

MRL is a diversified Australian mining services and contracting company.

MRL is listed on the ASX (ASX: MIN) on the S&P / ASX 300 index and has a market capitalisation in excess of \$740 million (as at the date of the Bidders Statement).

MRL has three wholly owned, operating subsidiaries, PIHA Pty Ltd, Crushing Services International Pty Ltd and Process Minerals International Pty Ltd.

4.2 Overview of MRL's activities

This Section contains a summary of MRL's activities. Further information on MRL can be obtained from MRL's website (www.mineralresources.com.au).

Originally comprising discrete functioning subsidiary companies, MRL is now a fully integrated, ASX listed, established commodity producer as well as being a supplier of services and goods to the wider mining and resources sector.

Mineral Processing Operations

The Company specialises in mineral processing, base metal recovery systems, logistics and the export of bulk commodities. As an established producer, the Company possesses the requisite expertise and infrastructure to successfully exploit mineral deposits, including the following.

- Operation and maintenance of long term processing operations with extremely high availability levels and consistent production output.
- Holding the necessary environmental licences for the storage and export of manganese and iron ore through Port Hedland.
- Holding an existing tonnage allocation through Port Hedland Port Authority.
- Operating a fully licensed large storage yard on the outskirts of Port Hedland.
- Having access to a group of dedicated road train subcontractors for haulage from sites around Australia.
- Operating an in-house analytical laboratory for testing of ore samples.
- Employing an experienced team of geologists, metallurgists and operators to perform extraction operations.
- Owning the necessary mining equipment and processing plants to process various types of ore.
- Enjoying a strong relationship with the regulatory authorities, and expertise in developing and submitting mining proposals for statutory approval.
- Being a foundation member of the Utah Point Port Facility.

The technical expertise and innovative design of the MRL team enables the Company to consistently produce reliable and quality assured products from

world standard, state of the art process plants which are specifically designed and built to accommodate the site and the mineral to be processed.

A specialised service provider

MRL has also developed a diverse and long term income stream through specialising in the provision of build, own, operate (BOO) crushing and screening contract services through its wholly owned subsidiary, Crushing Services International Pty Ltd. MRL's extensive experience and proven fast-track site mobilisation and construction capabilities facilitate the provision of immediate crushing solutions at exceptionally low cost to industry standards. Also on offer is high quality, reliable and cost effective haulage solutions to optimise the costs of delivery to the export terminals for subsequent sale into overseas markets.

MRL also specialises in the provision of polyethylene pipeline services including pipeline installation, lining and fitting manufacture. The PIHA brand is recognised for its technology and contracting capability in pipeline and cable installations, pipelining systems for carbon steel pipelines, development and maintenance of borefield and tailings operations, the manufacture, installation and commissioning of custom designed pipelines and the fabrication of HDPE pipe fittings to satisfy specific project requirements for remote and specialist engineering solutions.

Proven performance

MRL's inhouse crushing and screening capabilities coupled with its specialised pipeline manufacture and installation abilities and cost effective haulage and exporting solutions are utilised to provide cost effective mineral processing and base metal recovery systems. As a service provider that is 100% committed to ensuring that its clients' operations exceed the production requirements for tonnage and sizing of mineral ores produced, MRL employs and maintains equipment, personnel and management of the highest quality.

MRL has continually demonstrated a proven ability to construct and operate plants that improve the site efficiency, throughput and overall productivity of its client's operations. MRL's outstanding reputation for plant, equipment, personnel and operational excellence has resulted in an impressive history of repeat business with the world's major mining houses and resource companies. MRL has a proven history of operations in iron ore, gold, manganese, tantalum, nickel and other steelmaking materials and has also successfully delivered major projects across Australia, West Africa, South East Asia and the Pacific region.

MRL's site based operations are supported by a 3000m² workshop facility that is utilised to provide repair and refurbishment services to the operating sites as well as to provide labour and plant to the sites for planned and programmed maintenance and construction works. At the workshop and adjacent storage sites, the Company also maintains an extensive plant and equipment inventory of complete crushing, screening and material handling components that are also available to support its operations. These strategic spares and workshop capacity provide a vital role in differentiating MRL from competitors which do not have available such critical support tools that are essential to achieve world class production and availability of service.

During an operating period in excess of 15 years, the Company has carved out a reputation as an industry leader and innovator in some of the most technically challenging and highly specialised fields of pipeline construction and engineering, as well as in mineral and base metal crushing, processing and materials handling. MRL utilises the combined skills, strengths, design capabilities

and plant and equipment of its three operating subsidiaries to achieve outstanding results in the contracting and processing arenas. The Company is recognised as a 'can do' operator which is able to bring new crushing and process operations into production in an expedient and cost effective manner for the overall benefit of the company's shareholders as well as for its clients and partners.

4.3 Financial Performance

Financially, MRL's balance sheet is structured to provide a platform for long term growth. MRL continues to carry a low geared balance sheet with a debt to equity ratio of 8% as at 30 June 2009. This is supported by a cash balance of \$54.9 million as at 30 June 2009 and available lines of credit available to finance expansion.

This balance sheet conservatively values the assets of the business with plant and equipment having an inherent earning capacity in excess of its book value. Net asset backing at 30 June 2009 was approximately \$1.08 cents per share.

For the 2008/09 financial year, the Company produced a normalised net profit after tax of AUD \$49.6 million, an increase of 3% over the corresponding reporting period while the return on equity was 30.6%.

The board of MRL has an established policy of distributing at least 50% of after tax earnings to shareholders as fully franked dividends. For the 2008/09 financial year, the Company has paid an interim dividend of 7 cents per Share and recently announced a final dividend of 12.35 cents per Share, giving a total dividend of 19.35 cents per Share for the 2008/09 financial year, representing a fully franked yield of approximately 5.2% on the average share price for 2008/09.

The final dividend component of 12.35 cents per Share has a record date of 15 September 2009 and will be paid on 19 November 2009. Polaris Shareholders who accept the Offers will not be entitled to this dividend but will be entitled to future dividends for the 2009/10 financial year.

The following fully franked dividends have been paid by MRL since listing on ASX on 28 July 2006.

Year	Period	Dividend per share (cents)
2006/07	Interim	1.20
2006/07	Interim	2.00
2006/07	Final	6.30
2007/08	Interim	6.00
2007/08	Final	13.35
2008/09	Interim	7.00

No assurance can be given as to the timing or amount of future dividends. There are many factors which will influence any dividends declared by MRL, including the amount of profit available for distribution (which itself is dependent on a

number of variables) and the need for MRL to retain earnings to meet the costs of capital expenditure or other expenses.

Further information is available on MRL's financial performance from its financial reports for the years ended 30 June 2009 and 30 June 2008. Copies of these reports are available from Mineral Resources website www.mineralresources.com.au.

4.4 Directors of MRL

Details of the responsibilities and experience of the MRL directors (as at the date of this Bidder's Statement) are set out in MRL's 2009 Annual Financial Report, a copy of which is available on request or from the ASX website.

A brief summary of the MRL Board is set out below.

Mr Peter Wade
Executive Chairman and Managing Director

Appointed 27 February 2006

Peter Wade has over 36 years experience in engineering, construction, project management and mining and infrastructure services.

Peter started his career in the NSW Public Service and managed the construction of the Port Kembla coal loader, grain terminals at Newcastle and Wollongong and was the Deputy Director for the Darling Harbour Redevelopment construction project.

As an executive of the Transfield Group in the 1980s and 1990s he was general manager of Sabemo Pty Ltd, Transfield Construction Pty Ltd, Transfield Power Technologies and then Transfield Chief Operations Officer (Southern) responsible for major build, own, operate projects including Melbourne City Link, Airport Link, Northside Storage Tunnel and Collinsville and Smithfield Power Plants.

Mr Chris Ellison
Executive Director

Appointed 27 February 2006

Chris Ellison is the founding shareholder of each of the MRL companies and has over 38 years experience in the mining contracting, engineering and resource processing industries.

Chris has been the general manager of Walter Wright (WA) Pty Ltd and managing director of Monadelphous Group Ltd and the CSI Group and was instrumental in developing the build, own, operate concept of contract crushing in the resource and mining sector.

Mr Mark Dutton
Executive Director

Appointed 8 November 2007

Mark has 13 years experience acting as a non-executive director of a range of growth businesses across Europe, Asia and Australia. He started his career at Price Waterhouse in England in 1991 where he qualified as a chartered accountant, subsequently working in Moscow in their Corporate Finance division.

Mark has worked in the private equity industry since the mid 1990s. He started with BancBoston Capital in the UK before being appointed Managing Director Asia-Pacific.

In 2003, he joined Foundation Capital in Perth to manage their later-stage investment fund. He is presently a director of Banksia Capital a WA-focussed private equity manager and an adviser to Navis Capital who manage US\$1.5 billion in private equity targeted for investment across the Asia Pacific region.

Mr Joe Ricciardo
Non-Executive Director

Appointed 26 June 2006

Joe Ricciardo has 28 years experience in feasibility studies, design, construction, maintenance and operation of mineral processing facilities and associated infrastructure.

In January 1986, he became the founding member and managing director of J R Engineering Services Pty Ltd until its acquisition by the Downer EDI/Roche Group in 2001. Joe continued to lead the company, Roche Mining (JR) Pty Ltd in the capacity of general manager and director up to April 2006.

During his 20 year stewardship of JR, the company consistently grew to become a successful and major engineering services provider to the resources and mineral processing industry. Joe's experience covers the commodities of gold, nickel, copper, lead, zinc, iron ore, coal, mineral sands, tantalum and talc for both major and junior mining companies.

Joe is currently the Managing Director of GR Engineering Services.

4.5 Information about MRL Securities

(a) MRL Shares

At the date of this Bidder's Statement, MRL had 126,002,776 MRL Shares on issue. Further information about MRL Shares is provided in Section 10.5 of this Bidder's Statement.

(b) MRL Options

As at the date of this Bidder's Statement, MRL had 17,446,890 unlisted MRL Options on issue. The details of the MRL Options are as follows:

Number	Exercise Price	Expiry Date
5,000,000	\$6.05	7 August 2010
676,890	\$1.80	15 January 2011
250,000	\$0.90	28 July 2011
10,000,000	\$6.05	7 August 2011
1,240,000	\$1.90	15 January 2012
30,000	\$3.83	15 January 2012
250,000	\$0.90	28 July 2012

4.6 Shareholders of MRL

As at 14 September 2009, there were approximately 2239 MRL Shareholders.

As at 14 September 2009, the top ten direct shareholders of MRL were:

MRL Shareholder	Number of MRL Shares	% of MRL Shares
Sandini Pty Ltd	43,804,065	34.76
Henderson Park Pty Ltd	13,757,344	10.92
Keneric Nominees Pty Ltd	11,132,768	8.84
RBC Dexia <Pippooled a/c>#	9,185,752	7.29
PD Wade <Wade Family a/c>	6,116,162	4.85
RBC Dexia <Pippooled a/c> #	3,585,374	2.85
National Nominees Limited	3,417,651	2.71
Cogent Nominees Pty Ltd	3,412,209	2.71
UBS Nominees Pty Ltd	2,982,607	2.37
JP Morgan Nominees Pty Limited	2,476,298	1.97

Part of Perpetual Limited. Total Perpetual holding is 13.08% of the Company based on latest substantial holder notice.

4.7 Trading in MRL Shares

MRL Shares are quoted on ASX.

Set out below is a table showing relevant trading prices of MRL Shares on ASX:

Comparative trading period*	Price of MRL Shares
Highest trading price in the 4 months prior to the date this Bidder's Statement was lodged with the ASIC	\$5.90
Lowest trading price in the 4 months prior to the date this Bidder's Statement was lodged with the ASIC	\$3.42
Closing trading price on the last trading day before the date MRL announced the Takeover Bid	\$4.77
Last available closing sale price of MRL Shares on ASX prior to the date this Bidder's Statement was lodged with the ASIC	\$5.90

4.8 Changes to Capital

Outlined below is the capital structure of MRL assuming completion of the Offers.

The actual number of MRL Shares and MRL Options on issue will depend upon the number of acceptances of the Share Offer and the Options Offer and the effect of rounding of fractional entitlements (which will be rounded up to the nearest whole number if equal to a fraction of 0.5 or greater, and rounded down if equal to a fraction of less than 0.5).

The tables assume that, between the Announcement Date and the end of the Offer Period, no MRL Options are exercised and no Polaris Options are issued or exercised and no Offers rounded up or down.

MRL Shares	Number Assuming 50.1% Acceptance	Number Assuming 100% Acceptance
MRL Shares on issue	126,002,776	126,002,776
Takeover Consideration	7,045,752	14,063,377
TOTAL	133,048,528	140,066,153

If 100% of Polaris Shareholders as at the date of this Bidder's Statement accept the Share Offer, Polaris Shareholders will become entitled to 10.04% of the issued Share capital of MRL, on an undiluted basis.

MRL Options	Number Assuming 50.1% Acceptance	Number Assuming 100% Acceptance
MRL Options on issue ¹	17,446,890	17,446,890
Takeover Consideration ²	1,821,880	3,317,765
TOTAL	19,268,770	20,764,655

Notes:

- 1: In various classes as set out in Section 4.5(b).
- 2: In various classes as summarised in Annexure E. Assumes 320,000 MRL Options are issued to Mr Hellsten as detailed in Section 10.20 of this Bidder's Statement.

4.9 Effect on substantial shareholders of MRL post completion of the Takeover Bid

The acquisition of Polaris will impact the substantial shareholders of MRL. Based on current shareholdings known to MRL, the table below summarises the expected substantial shareholders of MRL on completion of the Offers.¹

Name	Number of MRL Shares held post completion of the Takeover Bid	Current relevant interest (%)	Relevant Interest following completion of the Takeover Bid (%)
Sandini Pty Ltd	43,804,065	34.76	31.28
Henderson Park Pty Ltd	13,757,344	10.92	9.82
Keneric Nominees Pty Ltd	11,132,768	8.84	7.95
Perpetual Limited & Subsidiaries	17,874,955	14.19	12.76

Notes:

1. Assumes no MRL or Polaris Options are exercised and 100% acceptance of the Share Offer.

4.10 Further Information

As a company whose shares are quoted on ASX, MRL is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of all documents lodged with the ASIC in relation to MRL may be obtained for a fee from, or inspected at, an office of the ASIC.

As permitted by ASIC Class Order 01/1543, this Bidder's Statement contains statements which are made, or based on statements made, in documents

lodged with the ASIC or ASX. The Class Order permits certain statements to be included in this Bidder's Statements without the consent of the person to whom the statement was attributed where the statement was made in a document lodged with the ASIC or ASX.

Pursuant to the Class Order, MRL will provide a copy of the documents referred to below, free of charge, to any person who asks for them during the Offer Period:

- (a) MRL's 2009 Annual Financial Report containing the financial statements for the period ended 30 June 2009 (being the latest annual financial report containing the financial statements for a financial year most recently lodged with the ASIC in relation to MRL before the date of this Bidder's Statement); and
- (b) all documents and announcements used to notify ASX of information relating to MRL under the provisions of the Listing Rules since lodgement of its 2009 audited Annual Financial Report, being the documents set out in Annexure C to this Bidder's Statement.

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules or in the Bidder's Statement that Polaris Shareholders and their professional advisers would reasonably require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of MRL;
- (b) the rights and liabilities attaching to the MRL Shares to be issued pursuant to the Share Offer and to the MRL Options to be issued pursuant to the Option Offer.

5. PROFILE OF POLARIS

5.1 Disclaimer

This overview of Polaris and all financial information concerning Polaris contained in this Bidder's Statement has been prepared by MRL using publicly available information, and information provided by Polaris during negotiations for the execution of the Bid Implementation Deed, adjusted where considered appropriate by MRL based on MRL's industry knowledge and expertise.

MRL conducted a review of certain information and documents made available by Polaris and met with certain Polaris executives before it announced its intention to make a takeover bid on 20 August 2009.

The information in this Bidder's Statement concerning Polaris has not been independently verified. MRL does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The primary sources of information about Polaris used by MRL were as follows:

- (a) information provided by Polaris' directors and management during negotiations of the Bid Implementation Deed including limited due diligence investigations;
- (b) other publicly released information in relation to Polaris; and
- (c) MRL's own knowledge and industry expertise.

Further information relating to Polaris is expected to be included in the target's statement which Polaris must provide to its shareholders.

5.2 Overview of Polaris's activities

This Section 5.2 contains a summary of Polaris's activities. Further information on Polaris can be obtained from Polaris's website (www.polarismetals.com.au).

Polaris is a Western Australian based iron ore exploration company and aspiring producer that has announced plans to commence production from late 2011.

Polaris floated on the ASX in 2004. Polaris initially focused on gold and nickel exploration in the Southern Cross region of the Eastern Goldfields area of Western Australia. Since listing, Polaris has expanded its portfolio to include several new iron ore, uranium, and gold projects. Polaris is now focused on exploration and development of its iron ore projects following the acquisition of the iron ore assets of Heron Resources Limited in 2006. Polaris divested its uranium tenements to Northern Uranium Limited in 2006 and divested its gold and base metal assets to Southern Cross Goldfields Limited in 2008.

Polaris has announced that following the discovery of the high quality Carina deposit in 2008 it has made progress towards its strategic objective of becoming an iron ore producer having completed a pre-feasibility study and is focusing on the development of the Yilgarn Iron Ore Project.

Polaris has announced that the Yilgarn Iron Ore Project is now at an advanced stage and a development agreement is in place with MRL for the Poondano project near Port Hedland.

In addition, Polaris has announced that it has approximately 5000 km² of tenements in two of the three recognised iron ore provinces of Western Australia, providing it with potential growth options into the future.

Yilgarn Iron Ore Project (YIOP)

YIOP is Polaris' key project located approximately 100km northeast of the town of Southern Cross and 60km northeast of Koolyanobbing in the central Yilgarn Province. Polaris has announced that:

- (a) YIOP has a resource inventory estimated at greater than 40 million tonnes;
- (b) initial development programs have been focused on the Carina deposit, a direct shipping ore goethite-haematite deposit close to established and accessible infrastructure;
- (c) as a result of drilling programs at Carina, Indicated and Inferred resources totalling 27.7 million tonnes at an average grade of 58.9% Fe with very low alumina and silica levels have been identified;
- (d) other nearby deposits, such as Bungalbin East, J4, J5, which are part of the YIOP Stage 2 have potential for over 100 million tonnes of mineralisation;
- (e) the YIOP is in close proximity to existing rail infrastructure and has access to existing port facilities and hence does not suffer the potentially high capital cost and access issues affecting many other iron ore development projects; and
- (f) direct shipping ores have low impurities and benchmark favourably against other iron ore sources, making them attractive to overseas customers.

Other key projects

Polaris has also announced to the ASX that:

- (a) the Weelumurra Project in the central Pilbara is a highly prospective project which has potential to host 250 to 300 million tonnes of channel iron deposit, detrital iron deposits and canga eluvial mineralization. Polaris have commenced field evaluation of this project which has confirmed the potential of the area with surface sampling results averaging 57.4% Fe and a best result of 64.7% Fe;
- (b) the Bullfinch North Project, featuring Mayfield has a resource potential of 100 million tonnes including several million tonnes of hematite direct shipping ore (+60% Fe) and large tonnages of high grade magnetite-bearing mineralisation (~50% Fe);
- (c) the Poondano iron ore project is located 30km south east of Port Hedland in the Pilbara Province. An agreement with MRL to fund a \$400,000 feasibility study and the subsequent development and operation of the Poondano iron ore project is expected to see the first shipment exported from Port Hedland in the first half of 2010; and
- (d) in total, the estimated resource potential of Polaris exceeds 400 million tonnes in the four identified key projects and with approximately 5000 km² of tenements in Western Australia.

Polaris' announcements have noted that the potential quantity and grade of iron deposits reported as exploration potential is conceptual in nature and there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

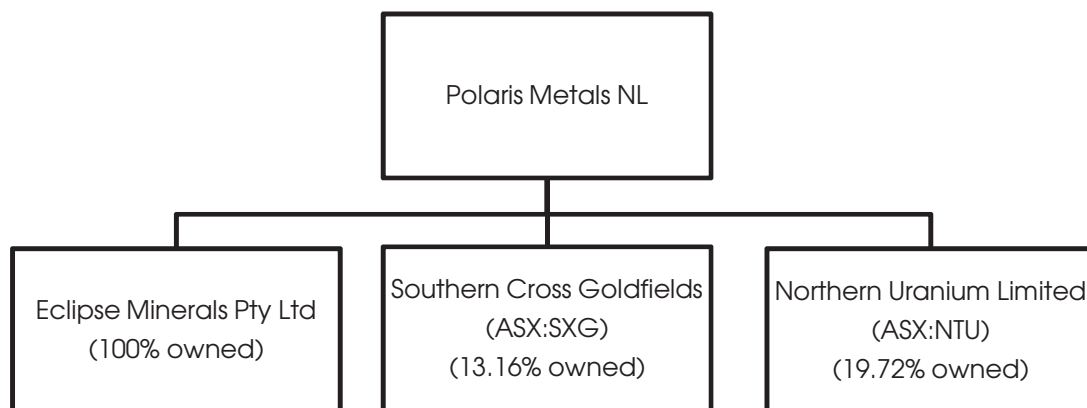
5.3 Polaris Board of Directors

As at the date of this Bidder's Statement, the directors of Polaris are:

- (a) Mr Lewis Cross – Non-Executive Chairman;
- (b) Mr Kenneth Hellsten - Managing Director;
- (c) Mr Jonathan Lea - Executive Director;
- (d) Mr Alan Tough - Executive Director; and
- (e) Mr Ian Buchhorn – Non-Executive Director

5.4 Group Structure of Polaris

A group structure of the Polaris group is shown below:



Polaris has advised that, at the date of this Bidder's Statement, it has:

- (a) one subsidiary and no investments in associates;
- (b) 11,651,774 shares in Southern Cross Goldfields Limited (SXG) (approximately 13.16% of SXG as at 30 June 2009);
- (c) 10,000,001 shares in Northern Uranium Limited (NTU) as at 30 June 2009, representing approximately 19.72% of NTU's issued capital as at 30 June 2009.

5.5 Information about Polaris securities

- (a) **Polaris Shares**

As at 14 September 2009:

- (i) Polaris had 175,792,216 Polaris Shares on issue; and
- (ii) there were approximately 1,679 Polaris Shareholders.

The top ten Polaris Shareholders as at 14th September 2009 were as follows:

Polaris Shareholder	# of Shares	% Shares
Lion Diversified Holdings Berhad	44,737,912	25.45
Heron Resources Limited	39,243,244	22.32
ANZ Nominees Limited	4,591,750	2.61
HSBC Custody Nominees Limited	3,762,981	2.14
Masen Properties Pty Ltd	2,730,388	1.55
Colin and DD McCavana	1,780,000	1.01
Sheerwater Pty Ltd	1,705,000	0.97
Red Puma Pty Ltd	1,600,000	0.91
Hazurn Pty Ltd	1,485,252	0.84
Timothy Potts	1,400,000	0.80
Total	103,036,527	58.61%

(b) **Polaris Options**

As at the date of this Bidder's Statement, Polaris has 37,472,062 unlisted Polaris Options on issue with varying terms, expiry dates and exercise prices. Refer to Annexure E for details.

5.6 Change in Polaris's financial position

Other than as disclosed in this Bidder's Statement or to the ASX, MRL is not aware of there being any material change in the financial position of Polaris since the lodgement with ASX on 13 March 2009 of Polaris's Half Yearly financial report for the 6 months ended 31 December 2008.

5.7 Website

Polaris maintains a website, www.polarismetals.com.au, which contains further information about Polaris and its operations.

5.8 Further Information on Polaris

As a company whose shares are quoted on ASX, Polaris is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. A substantial amount of information concerning Polaris has previously been notified to ASX and is therefore publicly available.

Polaris Shareholders may obtain or inspect a copy of documents lodged with the ASIC at an office of the ASIC or of documents lodged with ASX at an office

of ASX. In addition, on request to MRL and free of charge, Polaris Shareholders may obtain a copy of, or inspect, any documents referred to in this Bidder's Statement which have been lodged with the ASIC or given to ASX or which have already been published in a book, journal or comparable publication.

The ASX announcements made by Polaris to ASX since the announcement of the off-market takeover bid by MRL are set out in Annexure D to this Bidder's Statement.

6. RATIONALE FOR THE OFFERS AND INTENTIONS OF MRL

6.1 Rationale for the Offers

MRL believes that there are a number of key strategic and financial benefits that will arise from the successful acquisition of Polaris by MRL. These include:

- (a) the Polaris iron ore assets enhance MRL's mineral resources inventory and facilitates the further development of its volume based commodity exporting capacity;
- (b) Polaris' technical expertise will supplement and enhance MRL's technical and operational capabilities;
- (c) development of the Polaris assets will be significantly enhanced by using the MRL operational model and capability;
- (d) Group synergies present significant business development opportunities for other MRL business areas; and
- (e) the combined business provides a significant opportunity to enhance shareholder value.

6.2 Approach and Intentions of MRL

This Section sets out the intentions of MRL on the basis of facts and information concerning Polaris which are known to MRL at the date of this Bidder's Statement. However, MRL will only reach final decisions in light of material facts and circumstances at the relevant time.

Accordingly, the statements set out in this Section are statements of current intentions only which may vary as new information becomes available or circumstances change.

6.3 Intentions upon acquiring more than 50.1% but less than 90% of the Polaris Shares

On completion of the Share Offer, MRL may hold a sufficient number of Polaris Shares to exercise control over the management and operations of Polaris, but may not be entitled to compulsorily acquire all outstanding Polaris Shares.

If MRL acquires less than 90% of the Polaris Shares on issue, then Polaris Shareholders and Polaris Optionholders should be aware that, if they do not accept the Offers, they may become a "locked-in" minority after the end of the Offer Period.

MRL's specific intentions under this situation are as follows:

- (a) **ASX Listing**

MRL intends, through its nominee directors, to seek to maintain Polaris's listing on ASX while it meets ASX's requirements for maintaining a listing but only if the benefits of that listing outweigh the corporate and compliance costs of doing so.
- (b) **Directors**

MRL will seek the appointment of its nominees as Directors of Polaris. No decision has been made as to the identity of these directors. MRL has

not made any decision about whether current directors of Polaris will be retained on the board.

If MRL's nominees are appointed as Directors, MRL will be seeking that its nominees implement the intentions set out in this Section 6.3 (based on the information currently available to it). It should be noted that MRL expects that each of its nominees to the board of directors of Polaris will exercise their own independent judgement and skill when it comes to the operational, financial and business decisions relating to Polaris. MRL's only influence will be through its position as a shareholder in Polaris.

(c) Financing

Under this scenario Polaris will remain responsible for raising capital to undertake development work. This may lead to a dilution of remaining Polaris Shareholders as new capital is introduced into the Company. To avoid further dilution remaining Polaris Shareholders may also be required to contribute to the capital needs of the company to make available sufficient funding to facilitate development plans and future exploration.

In addition, debt funding required to implement the development and production activities will need to be independently sourced by Polaris at market rates. Consistent with the Bid Implementation Deed, MRL will use its reasonable endeavours to assist Polaris to procure funding support for its short and medium term funding requirements, including support for equity funding activities for the development of the first stage of the Yilgarn Iron Ore Project and Polaris' planned exploration programs.

(d) Dividends

MRL expects that the funding of project implementation by Polaris will mean that dividends will not be available from operating profits of Polaris for the foreseeable future.

(e) Review of Polaris operations and assets

MRL intends, through its nominee directors on the Polaris Board, to conduct an immediate review of Polaris's operations on both a strategic and financial level to determine mechanisms for improving the performance and return to shareholders and realise any potential operational and financial synergies.

The detailed outcome of the review is not able to be determined at this stage, although it is likely to involve some, or all, of the following:

- (i) targeting the development of one of Polaris' iron ore deposits to enable shipment of iron ore as soon as practicable, followed by the development of a second Polaris' iron ore deposit, with total production goals of 3 to 5 million tonnes per annum within 2 years;
- (ii) identifying and assessing the prospectivity or exploration potential of Polaris's assets and how best to assign resources to undertake further detailed exploration;

- (iii) understanding any existing material third party contractual arrangements; and
- (iv) eliminating duplication of functions where it is economical to do so.

The key objective of this review will be to ascertain the potential for fast tracking development of Polaris' iron ore projects and to establish the operating and cost synergies from the incorporation of the Polaris team and operations into the MRL operating structure.

It is MRL's intention to seek, through its nominee directors, for Polaris to enter into arms length operating contracts to effect the most efficient and timely establishment of production from Polaris' various development sites.

(f) Employees

The status of Polaris's existing employees will be considered as part of the review outlined in Section 6.3(e) above. MRL intends, through its nominee directors, to seek to retain operational experience inherent in Polaris's existing staff and co-operate with the Polaris' existing employees to develop Polaris' assets. However, it is possible that MRL will consider that certain operational functions will be redundant and, if so determined by the board of Polaris, some redundancies may occur as a result. The incidence, extent and timing of such job losses cannot be predicted in advance.

6.4 Intentions upon acquisition of 90% or more of the Polaris Shares

This Section describes MRL's intentions if MRL acquires a relevant interest in 90% or more of the Polaris Shares at the end of the Offer Periods and so becomes entitled to proceed to compulsory acquisition of the outstanding Polaris Shares and any other Polaris securities on issue which it is entitled to compulsorily acquire in accordance with Part 6A.1 of the Corporations Act.

MRL intends (based on the information currently available to it) to implement its intentions as set out in Section 6.3 above except as noted below.

(a) Compulsory Acquisition

MRL intends to proceed with the compulsory acquisition of any Polaris Shares not acquired under the Share Offer and any other Polaris securities on issue which it is entitled to compulsorily acquire in accordance with the Corporations Act.

(b) ASX Listing

After the conclusion of the compulsory acquisition process, MRL intends to arrange for Polaris to be removed from the official list of ASX (subject to obtaining any required approval from ASX).

(c) Employees

Subject to the outcome of its review, it is MRL's intention to integrate Polaris' management team into MRL as a specialist iron ore resources business unit and to appoint Mr Kenneth Hellsten as General Manager of the new business unit.

MRL will make decisions regarding senior management positions following the general operation review referred to above, and seek to implement those decisions through its nominee directors.

MRL will seek to retain operational experience inherent in MRL's and Polaris's existing staff. However, where MRL decides there is a duplication, then the role will be filled by the best candidate in the opinion of the MRL management. MRL will consider whether there are opportunities elsewhere in the Merged Entity for those employees whose positions may become redundant as part of the combining of management groups.

As a result of the implementation of these intentions, it is possible that certain operational functions will become redundant. Some redundancies may occur as a result, however, the incidence, extent and timing of such job losses cannot be predicted in advance. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

It should be recognised that the growing MRL business will require additional resources with the specific skills of the current Polaris team to be assessed against future requirements.

6.5 Intentions upon acquiring less than 50.1% of the Polaris Shares

If, at the end of the Offer Period, MRL holds less than 50.1% of the Polaris Shares, the Offers will not proceed unless the defeating condition of the Offers that MRL hold at least 50.1% of the issued Shares of Polaris is waived.

The consent of Polaris (under the Bid Implementation Deed) is required for any waiver of the 50.1% minimum acceptance condition.

If the condition is waived, MRL intends (based on the information currently available to it) to seek to pursue its intentions as set out in Section 6.3 above.

6.6 Intentions upon acquiring 90% or more of the Polaris Options but less than 90% of the Polaris Shares

If, at the end of the Offer Period, MRL holds 90% or more of the Polaris Options but less than 90% of the Polaris Shares, then MRL does not, at this time, intend to seek to compulsorily acquire all outstanding Polaris Options. However, MRL will reassess this position at the relevant time, particularly if it holds close to 90% of the Polaris Shares.

6.7 Other Intentions

Except for the changes and intentions set out in this Section 6 and subject to the outcome of the review, it is the present intention of MRL (based on the information presently available to it) to:

- (a) continue to hold the key assets of Polaris and maintain its business in substantially the same manner as it is presently being conducted;
- (b) not make any major changes to the business or assets of Polaris and not redeploy any of the fixed assets of Polaris; and
- (c) continue the employment of the majority of Polaris's employees.

6.8 Limitations in giving effect to intentions

The ability of MRL to implement the intentions set out in this Section 6 will be subject to the legal obligations of MRL directors to have regard to the interests of Polaris and all Polaris Shareholders, and the requirements of the Corporations Act and the Listing Rules relating to transactions between related parties conflicts of interests. MRL will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

7. FINANCIAL INFORMATION

7.1 Overview

This Section contains an audited balance sheet for MRL and an unaudited balance sheet for Polaris, which have been prepared on the assumptions specified and extracted from published financial information in MRL's audited financial report for the year ended 30 June 2009 and Polaris's unaudited financial statements for the year ended 30 June 2009.

The pro forma balance sheet of the Merged Entity presents MRL's financial position as at 30 June 2009 as if MRL had acquired 100% of Polaris on that date. Acquisition accounting entries have been based on the terms of the Offers and the assumptions set out in at the end of the balance sheet in order to arrive at an unaudited pro-forma consolidated balance sheet for the Merged Entity as at 30 June 2009.

MRL will undertake a comprehensive assessment of the fair value of the assets and liabilities acquired after completion of the Offers.

The pro-forma balance sheet is indicative only. MRL has drawn its own conclusions based on the known facts and other publicly available information. If the facts, circumstances, assumptions or other information should prove to be different to that described, the conclusions may change accordingly.

This Section should be read in conjunction with Section 6 of this Bidder's Statement, which provides details of MRL's current intentions regarding Polaris.

Pro-Forma Merged Entity if MRL acquires 100% of Polaris at 30 June 2009

	Mineral Resources Audited Balance Sheet at 30 Jun 09 \$'000	Polaris Metals Unaudited Balance Sheet at 30 Jun 09 \$'000	Consolidation Entries \$'000	Proforma Consolidated Balance Sheet of the Merged Entity at 30 Jun 09 \$'000
<u>Current assets</u>				
Cash and cash equivalents	54,880	4,209	(3,179)	55,910
Trade and other receivables	36,777	411		37,188
Inventories	16,320			16,320
Other financial assets	188			188
Other	659			659
Total current assets	108,824	4,620	(3,179)	110,265
<u>Non current assets</u>				
Trade and other receivables	7			7
Available for sale financial assets	2,405	2,762		5,167
Investments accounted using the equity method	189			189
Other financial assets		241		241
Plant and equipment	157,033	425		157,458
Exploration and evaluation assets		23,498		23,498
Goodwill	10,235		38,728	48,963
Other intangible assets		26		26
Deferred tax assets	10,127			10,127
Total non current assets	179,996	26,952	38,728	245,676
Total assets	288,820	31,572	35,549	355,941
<u>Current liabilities</u>				
Trade and other payables	40,494	754		41,248
Financial lease liabilities	9,829			9,829
Income tax payable	5,000			5,000
Provisions	4,439	119		4,558
Total current liabilities	59,762	873	0	60,635
<u>Non current liabilities</u>				
Trade and other payables	13			13
Financial lease liabilities	11,692			11,692
Secured Loans	45,000			45,000
Provisions	12,698			12,698
Deferred tax liabilities	14,890			14,890
Total non current liabilities	84,293	0	0	84,293
Total liabilities	144,055	873	0	144,928
Net assets	144,765	30,699	35,549	211,013

	Mineral Resources Audited Balance Sheet at 30 Jun 09	Polaris Metals Unaudited Balance Sheet at 30 Jun 09	Consolidation Entries	Proforma Consolidated Balance Sheet of the Merged Entity at 30 Jun 09
<u>Equity</u>				
Issued capital	72,782	38,298	31,129	142,209
Reserves	4,456	6,943	(6,943)	4,456
Retained earnings	67,527	(14,542)	11,363	64,348
Total equity	144,765	30,699	35,549	211,013

7.2 Assumptions

MRL acquires 100% acceptance of the Polaris Shares and Polaris Options.

MRL is required by Australian equivalent of International Accounting Standards to consolidate Polaris.

Purchase consideration of \$69.427 million consists of:

	\$'000
New MRL Shares for POL Shares at MRL market value on 14 August 2009 of \$4.71	66,239
New MRL Options for POL Options at fair value	3,188
Total Purchase Consideration	69,427

Assets and liabilities of Polaris represent fair value and will be taken into the books of MRL without alteration.

The balance after eliminating the equity of Polaris on the acquisition date represents the goodwill on the investment.

The after tax impact of expenses of the acquisition of \$3.179 million (including stamp duty) have been expensed in accordance with Australian Accounting Standard AASB3 Business Combinations.

7.3 Outlook for the Merged Entity

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to MRL, Polaris or the Merged Entity.

MRL considers that the inclusion of financial forecasts would be speculative and potentially misleading for Polaris Shareholders given:

- there is limited public information about the prospectivity of Polaris' iron ore assets;
- Polaris' assets are presently undeveloped;
- the rate of development is subject to inherent risks associated with material grades and quantities, mining and process equipment availability, port and rail access, the granting of production licences, extraction and logistics costs, and
- the future market prices for iron ore are inherently uncertain.

8. AUSTRALIAN TAX CONSIDERATIONS

8.1 Taxation consequences for Polaris Shareholders

Shareholders holding Shares on Revenue Account

The Australian tax consequences for Polaris Shareholders who hold their Polaris Shares **on revenue account** and who accept the Share Offer will be to include the amount received (the market value of the MRL shares) over the cost of acquisition of the Polaris shares as ordinary assessable income. Where the market value of MRL shares is less than the cost of Polaris shares the loss can be claimed as a tax deduction.

Shareholders holding Shares on Capital Account

In broad terms the Australian tax consequences for Polaris Shareholders who hold their Polaris Shares **on capital account** and who accept the Share Offer will depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available and, if available, is elected. The following discussion considers the general Australian tax consequences for Polaris Shareholders where:

- (a) rollover relief is not available or is not elected; and
- (b) rollover relief is available and is elected.

Given the complexity of the taxation legislation, Polaris Shareholders should seek independent taxation advice regarding the tax consequences of disposing of Polaris Shares given the particular circumstances which apply to them.

- (a) Acceptance of the Share Offer where rollover relief is not available or is not elected
 - (i) Acceptance of the Share Offer is likely to involve a disposal by a Polaris Shareholder of his Polaris Shares for capital gains tax (CGT) purposes.
 - (ii) An Australian-resident Polaris Shareholder may make a capital gain or capital loss, depending on whether his capital proceeds from the exchange are more than the cost base of his Polaris Shares, or whether those capital proceeds are less than the cost base of those shares.
 - (iii) Polaris Shareholders who are not resident in Australia for tax purposes will generally be subject to Australian CGT on the disposal of Polaris Shares if:
 - (A) together with their associates, they directly or indirectly own at least 10% or more (by value) of the shares in Polaris:
 - (I) at the time of the sale; or
 - (II) throughout a 12 month period beginning no earlier than 24 months before the time of the sale and ending no later than the time of the sale; and
 - (B) if more than 50% of the value of Polaris's assets is attributable to Australian real property,

subject to the terms of any applicable double tax agreement. It is imperative that non-residents independently confirm their Australian tax position.

- (iv) The capital proceeds that a Polaris Shareholder will be taken to have received in respect of the disposal of his Polaris Shares will generally be the market value of MRL Shares on the date of implementation of the Share Offer.
- (v) The cost base of Polaris Shares will generally be the cost at which they were acquired including any incidental costs of acquisition.
- (vi) If a Polaris Shareholder does not elect for rollover relief, or that relief is not available, then partial tax relief may be available in the form of the CGT discount.

Specifically, where Polaris Shares have been held for at least 12 months before their disposal, a shareholder who is an individual, a complying superannuation entity or the trustee of a trust should be able to reduce the capital gain arising from the disposal of Polaris Shares by the CGT discount (see below).

The CGT discount will be available if the relevant Polaris Shares have been held for at least 12 months.

Subject to the Polaris Shareholder having any capital losses or net capital losses from previous income years, where the CGT discount is available, eligible Polaris Shareholders which are individuals or trustees of trusts will reduce the capital gain arising on the disposal of Polaris Shares by one-half. For individuals, this reduced gain should be assessed at the shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the Polaris Shareholder having any capital losses or net capital losses from previous income years, where Polaris Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any capital losses or net capital losses from previous income years. Polaris Shareholders having any capital losses or net capital losses from previous income years should seek independent advice in relation to the potential availability of the CGT discount.

Polaris Shareholders who are companies will not be entitled to the CGT discount.

- (vii) Where the amount of capital proceeds received by a Polaris Shareholder in respect of the disposal of his Polaris Shares (that is, the market value of the MRL Shares received pursuant to the Share Offer for his Polaris Shares) is less than the reduced cost base of those Polaris Shares, then the shareholder should realise a capital loss for Australian CGT purposes.

- (b) Acceptance of the Share Offer where rollover relief is available and is elected
- (i) Australia-resident Polaris Shareholders may be entitled to 'scrip for scrip' CGT rollover relief in respect of the consideration referable to MRL Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.
 - (ii) In broad terms, these qualifying conditions include the requirement that MRL must make an offer to all shareholders in Polaris to acquire their voting shares on substantially the same terms and MRL must become the owner of at least 80% of the voting shares in Polaris as a consequence of the Takeover Bid.
 - (iii) If the qualifying conditions are satisfied and a Polaris Shareholder elects for rollover relief to apply, the rollover relief is available.
 - (iv) The effect of the rollover relief is that the Polaris Shareholder's total capital gain will be deferred until the MRL shares are disposed of.
 - (v) Polaris Shareholders who elect for rollover relief will retain the cost base of their Polaris Shares as the cost base of their replacement MRL Shares. The cost base of a Polaris Shareholder's replacement MRL Shares is equal to the cost base of his Polaris Shares.
 - (vi) As discussed above, rollover relief will only be available if the qualifying conditions are satisfied and Polaris Shareholders elect to apply for it. Further, rollover relief is not available if Polaris Shareholders realise a capital loss on the disposal of their Polaris Shares.
 - (vii) Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, Polaris Shareholders should seek independent taxation advice regarding their particular circumstances.
- (c) Non-resident Polaris Shareholders could only obtain rollover relief in very limited circumstances. It is imperative that non-residents seek independent tax advice to confirm their Australian tax position.
- (d) Should a resident Polaris Shareholder, who is the registered holder of no more than 100,000 Polaris Shares as at the Record Date and who accepts the Share Offer, chooses to receive their consideration in the form of cash by electing to use the Sale Facility, they will crystallise a capital gain or capital loss at the time of disposing of their Polaris Shares. This capital gain or capital loss should be calculated as the sale proceeds received by the shareholder less the cost base of their Polaris Shares. Polaris Shareholders should note that, as they would not actually acquire the MRL Shares if they elect to participate in the Sale Facility, scrip for scrip roll-over relief would not be available.

- (e) Non-resident Polaris Shareholders who are the registered holders of no more than 100,000 Polaris Shares as at the Record Date, and who wish to accept the Share Offer and choose to receive their consideration in the form of cash by electing to use the Sale Facility should seek independent tax advice to confirm their Australian tax position as a result of using the Sale Facility.

8.2 Taxation consequences for Polaris Optionholders

The Australian taxation consequences to Polaris Optionholders are generally similar to those of Polaris Shareholders.

Rollover relief may apply to Polaris Optionholders where the options in Polaris are replaced by options in MRL. To qualify for rollover relief the transaction must be pursuant to the take-over bid and provided certain conditions are satisfied. The effect of the rollover relief is that the Polaris Optionholders defer any capital gain until such time as the MRL options are disposed of.

Given the complexity of the taxation legislation, Polaris Optionholders should seek independent taxation advice regarding the tax consequences of disposing of Polaris Options given the particular circumstances which apply to them.

8.3 GST

- (a) GST should not apply to the disposal of Polaris Shares or Polaris Options under the Offers, the issue of MRL Shares or MRL Options under the Offer, or any subsequent disposal of MRL Shares or Options.
- (b) Polaris Shareholders and Polaris Optionholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in MRL or Polaris. Polaris Shareholders and Polaris Optionholders should seek their own tax advice in this respect.

9. RISK FACTORS

9.1 Overview

If the Offers become unconditional, Polaris Shareholders and Polaris Optionholders who accept the Share Offer and the Option Offer will become MRL Shareholders and MRL Optionholders respectively. In those circumstances, Polaris Shareholders and Polaris Optionholders will:

- (a) continue to be exposed to the risks associated to the investment in Polaris as a result of their indirect interest in Polaris through MRL;
- (b) be exposed to the risks which are specific to an investment in MRL; and
- (c) be exposed to additional risks relating to the Offers and the Merged Entity.

These risks are explained in detail below. Polaris Shareholders and Polaris Optionholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offers. By accepting the Share Offer, Polaris Shareholders will be investing in MRL while Polaris Optionholders will be swapping their exposure to Polaris for exposure to the Merged Entity.

The business activities of MRL are subject to various risks that may impact on the future performance of MRL. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of MRL and cannot be mitigated.

Accordingly, an investment in MRL carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following.

9.2 Business Risks of the Merged Entity

General economic climate

The Merged Entity's future can be affected by factors beyond its control such as supply and demand for its goods and services, and general economic conditions.

Counterparty risk

As part of the Merged Entity's commercial activities, the Merged Entity will be a party to, and enter into, various contracts with third parties for the supply of products and services, sales contracts and financial instruments, amongst other things. An inability of counterparties to meet their commitments under such contracts may have an impact on the Merged Entity's financial position.

Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Merged Entity depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Merged Entity if one or more of these employees cease their employment. MRL has had a stable senior management

group for many years and actively manage its human resources to attract and retain key personnel.

Commodity Price and Demand Volatility and Exchange Rate Risks

The Merged Entity's performance will rely in part on prevailing market prices for, particularly, iron ore and manganese. A prolonged decline in the price of and demand for iron ore and manganese may have a material adverse effect on the Merged Entity.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Merged Entity are and will be taken into account in Australian currency, exposing the Merged Entity to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Additional Requirements for Capital

The continued operations of the Merged Entity are dependent on its ability to obtain financing through debt and equity financing, or generating sufficient cash flows from future operations. There is a risk that the Merged Entity may not be able to access capital from debt or equity markets for future projects or developments, which could have a material adverse impact on the Merged Entity's business and financial condition.

Dividends

The Merged Entity's future dividend levels will be determined by the board of the Merged Entity having regard to financial results and the financial position of the Merged Entity. Currently, the board of MRL have adopted a policy of distributing at least 50% of post tax profits to shareholders as dividends. There is no guarantee that any dividend will be paid in future or, if paid, that they will be paid at previous levels.

Insurance Risks

MRL maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Merged Entity.

Market risk and interest rate volatility

From time to time, the Merged Entity may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest cost to the Merged Entity and, hence, may affect its profit. MRL has a policy of entering into fixed interest arrangements to finance plant and equipment in order to mitigate the risks of interest rates.

Competition

There is a risk that the Merged Entity will not be able to continue to compete profitably in the competitive industry in which it operates. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Merged Entity.

Health Safety and the Environment

The business of providing goods and services to the resources sector involves a variety of risks to the health and safety of personnel and to the environment. It is conceivable that an incident may occur which might negatively impact on the Merged Entity's business. MRL has an exemplary safety and environmental record and management of these areas is of paramount importance for managers of the group.

Exploration, Development and Production Risks

The exploration costs of the Merged Entity are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that any cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Merged Entity's viability.

The operations of the Merged Entity may be affected by various factors, including inability to develop the Merged Entity's assets into an economical business; failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in exploration and mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and failure to obtain necessary consents and approvals.

There can be no assurance that any exploration tenement, or any other mining tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Compliance Risk

Title to a mining tenement may be subject to the holder complying with the terms and conditions of the tenement, including any minimum annual expenditure commitments. There is a risk that if the holder does not comply with the terms and conditions of each tenement, it may lose its interest in the relevant interest.

Landowner Risk

The Merged Entity may be required to pay compensation to land owners, local authorities, traditional land users and others who may have an interest in the area covered by a mining tenement. The Merged Entity's ability to resolve compensation issues and compensation costs involved will have an impact on the future success and financial performance of the Merged Entity's mining operations. If the Merged Entity is unable to resolve such compensation claims on economic terms, this could have a material adverse effect on the business, results or operations and financial condition of the Merged Entity.

Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Merged Entity's operations.

Environmental Risks

The mining tenement operations and proposed activities of the Merged Entity are subject to Australian laws and regulation concerning the environment. As with most exploration projects and mining operations, the Merged Entity's activities are expected to have an impact on the environment, particularly if advanced exploration or commencement of mining proceeds. It is the Merged Entity's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Changes in government policy and laws

Changes in government policy (such as in relation to taxation) or statutory changes may affect the Merged Entity's business and its operations.

Forward looking information

Certain information in this Bidder's Statement constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure of the Merged Entity to be different from the expectations expressed or implied in this Bidder's Statement.

Litigation

The Company is a party to the disclosed legal proceedings as set out in Section 10.13 of this Bidder's Statement and also is involved in legal proceedings and disputes from time to time due to the nature of its business.

It is not possible to predict the likely outcome of the disclosed legal proceedings or the timing of those outcomes, nor any other proceedings and disputes the Company may be involved in from time to time. Any adverse finding made against the Company which cannot be successfully recovered from cross claims made against other parties may result in the Company being liable to pay up to the amount claimed by the parties to the disclosed legal proceedings or other proceedings generally. The Company may also be liable for costs of other parties to the disclosed proceedings if costs are awarded against it, or to other proceedings, as well as its own legal costs.

9.3 General Securities Risk Factors

Share Market

There are general risks associated with any investment and the share market. The price of MRL Shares on the ASX may rise and fall depending on a range of factors beyond MRL's control and which are unrelated to MRL's financial performance. These factors may include movements on international stock

markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

Liquidity Risk

There is no guarantee that there will be an ongoing liquid market for MRL Shares. Accordingly, there is a risk that, should the market for MRL Shares become illiquid, MRL Shareholders and MRL Optionholders will be unable to realise their investment in MRL.

Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Bidder's Statement.

9.4 Risks Relating to the Takeover Offer

Issue of MRL securities as consideration

Polaris Shareholders and Polaris Optionholders are being offered specific quantities of MRL Shares and MRL Options (as the case may be) as consideration under the Offers. As a result, the value of the consideration will fluctuate depending upon the market value of MRL Shares. Accordingly, the market value of the MRL Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer.

Roll over Relief

A condition of the Offers is that the level of acceptance must result in MRL obtaining a relevant interest in at least 50.1% of all Polaris Shares. MRL reserves the right to waive this condition but requires the consent of Polaris to do so.

Consequently, MRL may not acquire the number of Polaris Shares sufficient to bring its total interest in Polaris to at least 80% of the voting shares, in which case scrip-for-scrip CGT rollover relief will not be available to holders of Polaris Shares.

Sale of MRL Shares

Under the Share Offer, MRL will issue a significant number of new MRL Shares. Some holders of Polaris may not intend to continue to hold their MRL Shares and may wish to sell them. There is a risk that this may adversely impact on the price of and demand for MRL Shares.

Change in control risk

If the Share Offer results in a change in control of Polaris, there may be adverse consequences for the Merged Entity. For example, the terms of the contracts to which Polaris is a party may entitle the other party to the contract to terminate the contract or revise its term in the event of a change of control of Polaris.

Acquisition of less than 90% of Polaris Shares

It is possible that MRL could acquire less than 90% of the Polaris Shares under the Share Offer, which would prevent MRL compulsorily acquiring all remaining Polaris securities. The existence of a minority interest in Polaris may have an impact on the operations of the Merged Entity, although this impact will depend upon the ultimate level of Polaris ownership acquired by MRL.

Merger Integration

Integrating MRL and Polaris may produce some risks, including the integration of management, information systems and work practices. Furthermore, there is no guarantee that any synergy benefits or costs savings will be achieved on time or at all.

Due diligence

In preparing the information relating to Polaris contained in this Bidder's Statement, MRL has relied on publicly available information relating to Polaris and information provided to MRL as part of its due diligence. Risks may exist in relation to Polaris (which will affect the Merged Entity) of which MRL is unaware. If any material risks are known to the directors of Polaris, they must be disclosed in the Target's Statement to be issued by Polaris.

10. OTHER INFORMATION

10.1 MRL's Interest in Polaris

Immediately before this Bidder's Statement was lodged with the ASIC and as at the date immediately before the first Offer is sent, MRL and its associates had the following relevant interest in, and voting power in relation to, Polaris securities:

Class of Securities	At date of this Bidder's Statement	At date first Offer is sent
Polaris Shares	19.9% ¹	19.9%
Polaris Options	Nil	Nil

Notes:

1. MRL's relevant interest arises under its Pre-bid Acceptance Agreement with Heron.

10.2 Acquisitions of Polaris Securities by MRL and its Associates during the last 4 Months

MRL and its associates have not made any acquisitions or disposals of Polaris Shares or Polaris Options in the 4 months prior to the date of this Bidder's Statement.

10.3 Collateral Benefits

During the period of 4 months before the date of this Bidder's Statement, neither MRL nor any associate of MRL gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an associate of that person, to:

- (a) accept the Offers; or
- (b) dispose of their Polaris Shares or Polaris Options,

and which is not offered to all holders of Polaris Shares under the Share Offer or all holders of Polaris Options under the Option Offer.

10.4 MRL is a Disclosing Entity

Due to the fact that MRL is offering MRL Shares as consideration for the acquisition of Polaris Shares under the Share Offer and MRL Options as consideration for the acquisition of Polaris Options under the Options Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of MRL Shares and MRL Options under Sections 710 to 713 of the Corporations Act.

MRL is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all companies, MRL is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of MRL's securities.

MRL Shares have been quoted on the official list of ASX during the 3 months prior to the date of this Bidder's Statement, and the MRL Options to be issued are options to acquire MRL Shares. For this reason, MRL is only required to disclose information in this Bidder's Statement that would usually be required in a "transaction specific prospectus".

In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on MRL and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company unless such information has not previously been disclosed to ASX.

Having taken such precautions and having made such enquiries as are reasonable, MRL believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Bidder's Statement which required MRL to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete.

MRL, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to MRL (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Bidder's Statement and the Closing Date:
 - (i) the annual financial report most recently lodged by MRL with the ASIC;
 - (ii) any half year financial report lodged with the ASIC by MRL after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Bidder's Statement with the ASIC; and
 - (iii) any documents used to notify ASX of information relating to MRL during that period in accordance with ASX Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to MRL can be inspected at the registered office of MRL during normal office hours.

For details of documents lodged with ASX since the date of lodgement of MRL's latest annual financial report refer to Annexure C of this Bidder's Statement.

10.5 Information about MRL Shares

The MRL Shares to be issued pursuant to the Share Offer will, from their date of issue, rank equally in all respects with existing MRL Shares on issue. The rights attaching to the Shares arise from a combination of MRL's Constitution, statute

and general law. A summary of the rights attaching to the MRL Shares is set out below:

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of MRL.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of MRL.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. No dividend shall carry interest as against MRL.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by MRL by subscribing for Shares in MRL on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of MRL, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of MRL such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of MRL may be properly applied.

(d) Winding-Up

If MRL is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of MRL, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Transfer of Shares

Generally, Shares in MRL are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(f) Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Directors of MRL. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(g) Variation of Rights

Under Section 246B of the Corporations Act, MRL may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not MRL is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

10.6 Terms and conditions of MRL Options

The terms and condition of the various classes of MRL Option to be offered under the Option Offer are set out in Annexures E and F.

10.7 Risk Factors

Polaris Shareholders and Polaris Optionholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Share Offer or the Option Offer.

The principal risk factors associated with MRL's existing business and acceptance of the Share Offer and the Option Offer are set out in Section 9.

10.8 Disclosure of Interests / Fees and benefits payable to Directors and Advisers

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) director or proposed director of MRL;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (c) promoter of MRL; or
- (d) broker or underwriter in relation to the issue of MRL Shares pursuant to the Offers,

has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (i) the formation or promotion of MRL;
- (ii) any property acquired or proposed to be acquired by MRL in connection with its formation or promotion or in connection with the offer of MRL Shares under the Share Offer; or
- (iii) the issue of MRL Shares or MRL Options under this Bidder's Statement,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a director or expert of MRL or otherwise for services rendered by him in connection with the formation or promotion of MRL or the issue of MRL Shares or MRL Options under this Bidder's Statement.

10.9 Disclosure of Interests

The directors of MRL have the following interests in MRL securities and Polaris securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement.

Director	MRL Shares	MRL Options	Polaris Shares	Polaris Options
P Wade	6,116,162	-	-	-
J Ricciardo	2,055,750	-	-	-
M Dutton	-	- ²	-	-
C Ellison	44,062,815	-	-	-

Notes:

1. This table includes interests held by related parties of the Directors.
2. Mark Dutton is entitled, subject to obtaining shareholder approval, to be issued 1,500,000 MRL Options (exercisable at \$3.50 each expiring three years from the date of issue) as part of his remuneration.

10.10 Fees and Benefits

The Constitution of MRL provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by MRL in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

In the last two financial years, \$1,175,028 in 2008 and \$1,204,182 in 2009 has been paid by MRL by way of remuneration for services provided by the Directors, companies associated with the Directors or their associates in their capacity as directors, as set out below.

Director Remuneration	2008	2009	2010 (YTD)
P Wade	\$476,819	\$502,456	\$67,419
J Ricciardo	\$235,967	\$196,554	\$15,092
M Dutton	\$64,881	\$98,100	\$15,092
C Ellison	\$397,361	\$407,072	\$58,692
TOTAL	\$1,175,028	\$1,204,182	\$156,295

MRL estimates it will incur fees for services provided in connection with the Offer, including for legal, taxation and financial advisers, in the amount of approximately \$500,000.

10.11 Consents

In accordance with Section 636(3) of the Corporations Act:

- (a) Steinepreis Paganin has consented to being named as legal advisers to MRL in this Bidder's Statement and has not withdrawn its consent prior to lodgement of this Bidder's Statement with the ASIC;
- (b) Computershare Investor Services Pty Ltd has consented to being named as the share registry to MRL in this Bidder's Statement and has not withdrawn its consent prior to lodgement of this Bidder's Statement with the ASIC; and
- (c) RSM Bird Cameron Partners has consented to being named as the auditor to MRL in this Bidder's Statement and has not withdrawn its consent prior to lodgement of this Bidder's Statement with the ASIC.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the Bid Period, please contact MRL on +61 8 9437 7099. Please note any calls to this line may be recorded.

As permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an

official person or from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains ASX share price trading information sourced from IRESS Market Technology Limited without its consent.

10.12 Funding of Offer

The total amount of cash that MRL may become obliged to pay to satisfy all expenses incurred by MRL and relating to the Offers will be provided from MRL's existing cash balances and financing facilities.

10.13 Material Litigation

The Company or its subsidiaries are currently in the pre-trial stages for the following material disputes:

- (a) a claim by the Company and Crushing Services International Pty Ltd for equitable damages against a former director and Chairman of the Company. Pleadings have been lodged with the Supreme Court and a defence and counterclaim from the defendant was lodged on 3 September 2009. The matter is expected to be concluded in 2010. It is not possible to quantify the costs of this matter or the quantum of any settlement at this time; and
- (b) a site access dispute between Process Minerals International Pty Ltd (**PMI**) and Consolidated Minerals Ltd and Pilbara Manganese Pty Ltd. Pleadings are essentially complete as is discovery. If not settled, the matter is expected to proceed to trial in 2010. It is not possible to quantify the costs of this matter or the quantum of any settlement at this time.

10.14 ASIC relief

MRL has obtained from ASIC certain modifications of the application of the Corporations Act. These are set out in Annexure G to this Bidder's Statement. The effect of the modifications is to allow:

- (a) the Company to treat the different classes of unlisted Polaris Options as one class of options for the purpose of the Option Offer; and
- (b) the Option Offer to offer a different consideration for each class of Polaris Option.

10.15 ASX approval

Polaris has obtained ASX approval to vary the terms of the Polaris Options to enable the transfer to MRL of the Polaris Options held by the Polaris Optionholders who accept the Option Offer, as the Polaris Options are not otherwise transferrable, if the Option Offer is successful.

10.16 Foreign Polaris Shareholders

MRL will appoint an ASIC approved nominee (**Sale Nominee**) for Foreign Polaris Shareholders who accept the Share Offer in accordance with Section 619(3) of the Corporations Act. If you are a Foreign Polaris Shareholder who accepts the Offer then, despite any other provision of this Offer, you will receive for your MRL Shares a cash amount calculated under clause 1.8 of Annexure A.

For the purposes of this Bidder's Statement, you are **not** a Foreign Polaris Shareholder if:

- (a) your address as recorded in the Polaris register is within Australia or its external Territories, New Zealand, Hong Kong or Singapore; or
- (b) you have appointed an agent in Australia to receive and accept the Share Offer on your behalf.

Also, a person will not be a Foreign Polaris Shareholder if MRL is satisfied, acting reasonably, that the laws of the country of residence of that Polaris Shareholder (as shown in the Polaris register) permit the issue and allotment of MRL Shares either unconditionally or after compliance with conditions which MRL in its sole discretion regards as acceptable. Notwithstanding anything else in this Bidder's Statement, MRL is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

10.17 Sale Facility

MRL will establish a facility (**Sale Facility**) to be operated by the Sale Nominee under which a Polaris Shareholder who is the registered holder of no more than 100,000 Polaris Shares as at the Record Date and who accepts the Share Offer may elect to have the MRL Shares issued as consideration sold on its behalf by the Sale Nominee with net proceeds of the sale remitted in accordance with the process described in clause 1.9 of Annexure A.

10.18 Bid Implementation Deed

The Bid Implementation Agreement contains the following key terms (amongst others summarised elsewhere in this Bidder's Statement).

- (a) **Recommended Bid:** The Polaris Directors have agreed to recommend the Offers subject to their duties as Polaris directors and:
 - (i) there being no Superior Proposal recommended by the Polaris Board; and
 - (ii) an Independent Expert's Report concluding that the Offers are fair and reasonable to Polaris Shareholders and Polaris Optionholders.
- (b) **Minimum Acceptance Condition:** MRL requires the prior consent of Polaris to waive the condition to the Offers that MRL acquires a relevant interest of more than 50.1% of all Polaris Shares.
- (c) **Exclusivity Arrangements:** Until the earlier of the end of the Offer Period and the termination of the Bid Implementation Agreement, Polaris has agreed to comply with certain restrictions commonly referred to as no shop, no talk and no due diligence provisions, subject to carve outs in relation to director's duties.
- (d) **Polaris Break Fee:** Polaris has agreed to pay MRL a break fee of \$600,000 in the event:
 - (i) a Competing Proposal has been publicly announced, proposed, offered or made to the Polaris Shareholders or to Polaris, and such Competing Proposal results in a third party acquiring more than 50.1% of all Polaris Shares; or

- (ii) the Polaris Board withdraws, qualifies or changes any of its recommendations or determinations in a manner adverse to MRL or causes Polaris to execute any agreement in relation to a Superior Proposal or resolves to do either of the foregoing prior to the expiry of the Offer Period in relation to the Share Offer.
- (e) **MRL Break Fee:** MRL has agreed to pay Polaris a break fee of \$600,000 in the event Polaris terminates the Bid Implementation Deed due to a material default by MRL that is not cured within 5 Business Days of notice from Polaris or if MRL withdraws an Offer for any reason.
- (f) **Funding:** MRL has agreed to use its reasonable endeavours to:
 - (i) procure arms length, commercial third party debt funding or financial accommodation for Polaris' general corporate, operational and working capital purposes during the Offer Period; and
 - (ii) if reasonably requested by Polaris after the Offer Period expires, and provided MRL has a relevant interest in more than 50.1% of Polaris Shares, assist Polaris procure third party funding support in respect of project development, exploration activities, general corporate, operational and working capital purposes arising after the Offer Period, whether such support is by way of equity contribution, debt provision or facilitation or otherwise, including by:
 - (A) seeking to procure the provision by third parties of debt funding or financial accommodation on no terms no less favourable to Polaris than commercial, arm's length terms;
 - (B) seeking to procure subscribers for Polaris Shares; and
 - (C) using its reasonable endeavours to introduce Polaris to potential sources of project finance and other forms of credit and assisting Polaris in the negotiation of finance generally.

10.19 Pre-bid Acceptance Agreement

Under the Pre-bid Acceptance Agreement, Heron has agreed to irrevocably accept the Share Offer in respect of that number of Polaris Shares that, as at the date of the Pre-bid Acceptance Agreement represents, to the nearest whole number, 19.9% of all issued Polaris Shares.

10.20 Hellsten Letter Agreement

Mr Hellsten is the managing director of Polaris. Mr Hellsten's employment agreement provides for him to be issued, subject to shareholder approval, with up to 4 million unlisted Polaris Options with various exercise prices and performance hurdles, as part of his remuneration.

MRL has executed a letter agreement with Mr Hellsten dated 20 August 2009 (**Hellsten Agreement**) under which it has agreed, following the close of the Share Offer and provided MRL has a relevant interest in more than 50.1% of all Polaris Shares at that time, to issue Mr Hellsten with 320,000 MRL Options (with

comparable performance hurdles and exercise prices) in lieu of the issue of Polaris Options to him.

10.21 Other Material Information

There is no other information material to the making of a decision by a holder of Polaris Shares or Polaris Options whether or not to accept the Offers being information that is known to MRL and which has not previously been disclosed to holders of Polaris securities other than as is contained elsewhere in this Bidder's Statement.

10.22 Date for Determining Holders

For the purposes of Section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under Items 6 and 12 of Section 633(1) of the Corporations Act is 5pm (WST) 17 September 2009.

This Bidder's Statement is dated 17 September 2009 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of MRL.

Signed for and on behalf of
Mineral Resources Limited



Peter Wade
Chairman

11. DEFINITIONS AND INTERPRETATION

11.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

Acceptance Form means the Share Acceptance Form or the Option Acceptance Form (or both of them), as the context requires.

Announcement Date means 20 August 2009.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange operated by ASX Limited, as the context requires.

ASTC means the ASX Settlement & Transfer Corporation.

ASTC Settlement Rules means the operating rules of the settlement facility provided by ASTC.

Bid Implementation Deed means the bid implementation deed between MRL and Polaris dated 20 August 2009.

Bid Period has the meaning given to that term in the Corporations Act.

Bidder's Statement means this document including the Annexures.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.

CHESS means the Clearing House Electronic Subregister System.

CHESS Holding means a holding that is sponsored by CHESS.

Competing Proposal means a transaction or arrangement under which a third party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- (a) directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in, all or a significant part of the business of the Polaris Group;
- (b) acquire a relevant interest in 20% or more of Polaris' Shares;
- (c) otherwise acquire control of Polaris or the Polaris Group within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise directly or indirectly acquire, merge with, or acquire a significant shareholding or economic interest in Polaris or its businesses, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Polaris Group or other synthetic merger or any other transaction or arrangement.

Controlling Participant has the meaning given in the ASTC Settlement Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASTC Settlement Rules).

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of MRL.

Disclosure Material means, in respect of a party, material released by that party to ASX on the Company Announcements Platform.

Foreign Polaris Shareholder means any Polaris Shareholder whose address, as entered in the register of members of Polaris, is outside of Australia (and its external Territories), New Zealand, Hong Kong or Singapore but **does not include** any Polaris Shareholder that has appointed an agent in Australia or New Zealand to receive and accept the Share Offer on their behalf. Also, a person will not be a Foreign Polaris Shareholder if MRL is satisfied, acting reasonably, that the laws of the country of residence of that Polaris Shareholder (as shown in the Polaris register) permit the issue and allotment of MRL Shares either unconditionally or after compliance with conditions which MRL in its sole discretion regards as acceptable.

Foreign Law means a law of a jurisdiction other than Australia.

Group in respect of a party, means that party and each of its Subsidiaries.

Heron means Heron Resources Limited (ACN 068 263 098).

Issuer Sponsored Holding means a holding of Polaris Shares on Polaris's issuer sponsored subregister.

Listing Rules means the Official Listing Rules of ASX, as amended from time to time.

Material Adverse Change means, in respect of a party, any one or more events, occurrences or matters which individually or when aggregated with all such events, occurrences or matters of a like kind or category, has a material adverse effect on the business, properties, financial condition, results, operations or prospects of that party's Group, taken as a whole, other than:

- (a) an event, occurrence or matter required to be undertaken or procured pursuant to the Bid Implementation Deed; or
- (b) to the extent that an event, occurrence or matter was announced to ASX or otherwise fairly disclosed in the Disclosure Materials or in writing to the other party prior to the date of the Bid Implementation Deed.

Merged Entity means MRL and its subsidiaries following the acquisition by MRL of all, or a majority of the Polaris Shares.

MRL means Mineral Resources Limited (ABN 33 118 549 910).

MRL Group means MRL and its Subsidiaries.

MRL Option means an option to acquire an MRL Share on the terms set out in Section 10.6.

MRL Share means a fully paid ordinary share in MRL.

MRL Shareholder means a holder of a MRL Share.

Offer Period means the Share Offer Period or the Option Offer Period (or both of them), as the context requires.

Offer or **Offers** means the Share Offer or the Option Offer (or both of them), as the context requires.

Official List means the official list of entities that ASX has admitted and not removed.

Official Quotation means official quotation on ASX.

Option Acceptance Form means the form of acceptance form for the Option Offer enclosed with this Bidder's Statement or alternatively any acceptance form sent to a Polaris Optionholder by MRL's share registry in relation to the Option Offer.

Option Bid means an off-market takeover bid to be made by MRL for all Polaris Options under Chapter 6 of the Corporations Act.

Option Offer or **Option Offers** means the offers, and each of them, to be made by MRL to acquire Polaris Options on the terms set out in Annexure B.

Option Offer Period means the period referred to in Section 1.2 of Annexure B, during which the Option Offer remains open for acceptance.

Polaris means Polaris Metals NL (ABN 18 085 223 570).

Polaris Board means the board of directors of Polaris.

Polaris Group means Polaris and its Subsidiaries.

Polaris Option means an option to subscribe for a Polaris Share on the terms summarised in Annexure E.

Polaris Optionholder means a holder of a Polaris Option.

Polaris Share means a fully paid ordinary share in Polaris, and all Rights attaching to that share.

Polaris Shareholder means a holder of Polaris Shares.

Pre-bid Acceptance Agreement means the pre-bid acceptance agreement between MRL and Heron dated 20 August 2009.

Prescribed Occurrence means the occurrence of any of the following events (other than as required to be undertaken or procured by the Polaris Group pursuant to the Bid Implementation Deed):

- (a) Polaris or any of its Subsidiaries converts all or any of its securities into a larger or smaller number of securities;
- (b) Polaris or any of its Subsidiaries resolves to reduce its capital in any way;
- (c) Polaris or any of its Subsidiaries:
 - (i) enters into a buy-back agreement; or

- (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
- (d) Polaris or any of its Subsidiaries issues securities, or grants an option over or to subscribe for its securities, or agrees to make such an issue or grant such an option;
- (e) Polaris or any of its Subsidiaries issues, or agrees to issue, convertible notes or any other security convertible into shares;
- (f) Polaris or any of its Subsidiaries agrees to pay, declares or pays a dividend or any other form of distribution of profit or capital;
- (g) Polaris makes any change to its constitution;
- (h) Polaris or any of its Subsidiaries acquires or agrees to acquire any assets, properties or businesses, or incurs, agrees to incur or enters into a commitment or a series of commitments involving capital expenditure by the Polaris Group, whether in one or more transactions, where the amounts or value involved in such transaction, transactions, commitments or series of commitments exceeds \$250,000 in aggregate;
- (i) Polaris or any of its Subsidiaries disposes of, or agrees to dispose of, any assets, properties or businesses, whether in one transaction or a number of such transactions, where the amount or value involved in such transaction or transactions exceeds \$250,000 in aggregate;
- (j) Polaris or any of its Subsidiaries creates, or agrees to create, any mortgage, charge, lien or other encumbrance over its business or any part of its property other than in the ordinary course of its business;
- (k) Polaris or any of its Subsidiaries incurs any financial indebtedness or issues any indebtedness or debt securities, other than in the ordinary course of business or pursuant to advances under its credit facilities in existence as at the date of the Bid Implementation Deed where the funds drawn pursuant to those advances are used in the ordinary course of business or in connection with a purpose that is contemplated and permitted in paragraph (h) of this definition;
- (l) Polaris or any of its Subsidiaries makes any loans, advances or capital contributions to, or investments in, any other person (other than to or in Polaris or any wholly-owned Subsidiary of Polaris in the ordinary course of business), other than in the ordinary course of business;
- (m) Polaris or any of its Subsidiaries resolves that it be wound up or an application or order is made for the winding up or dissolution of Polaris or any of its Subsidiaries other than where the application or order (as the case may be) is set aside within 14 days;
- (n) a liquidator or provisional liquidator of Polaris or any of its Subsidiaries is appointed;
- (o) a court makes an order for the winding up of Polaris or any of its Subsidiaries;
- (p) an administrator of Polaris or of any of its Subsidiaries is appointed under sections 436A, 436B or 436C of the Corporations Act;

- (q) Polaris or any of its Subsidiaries ceases, or threatens to cease, to carry on business;
- (r) Polaris or any of its Subsidiaries executes a deed of company arrangement;
- (s) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Polaris or any of its Subsidiaries;
- (t) Polaris or any of its Subsidiaries is deregistered as a company or otherwise dissolved;
- (u) Polaris or any of its Subsidiaries is or becomes unable to pay its debts when they fall due; or
- (v) the trustee of any trust in which Polaris or any of its Subsidiaries has an interest of more than 50% and which would, if it were a company, be a Subsidiary of Polaris undertaking an action in respect of that trust if the corresponding action, in the case of Polaris and its Subsidiaries, would (mutatis mutandis) constitute a Polaris Prescribed Occurrence.

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the ACCC (but excluding the Takeovers Panel, ASIC and any court in respect of proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offers). It also includes any self-regulatory organisation established under statute or any stock exchange.

Record Date means the date set by MRL under section 633(2) of the Corporations Act, being 5pm (WST) on 17 September 2009.

Relevant Interest has the meaning given in section 9 of the Corporations Act.

Rights means all accretions to and rights attaching to the relevant Polaris Share at or after the date of this Bidder's Statement (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by Polaris).

Sale Facility has the meaning given in Section 1.9 of Annexure A to this Bidder's Statement.

Sale Nominee has the meaning given in Section 1.8 of Annexure A to this Bidder's Statement.

Share Acceptance Form means the form of acceptance for the Share Offer enclosed with this Bidder's Statement or alternatively any acceptance form sent to a Polaris Shareholder by MRL's share registry in relation to the Share Offer.

Share Offer or **Share Offers** means the offers, and each of them, to be made by MRL to acquire Polaris Shares on the terms set out in Annexure A.

Share Offer Period means the period referred to in Section 1.3 of Annexure A, during which the Share Offer remains open for acceptance.

Subsidiary means a subsidiary within the meaning given to that term in section 9 of the Corporations Act.

Superior Proposal means a Competing Proposal which:

- (a) in the determination of the Polaris Board acting in good faith is reasonably capable of being completed, taking into account both the nature of the Competing Proposal and the person or persons making it; and
- (b) in the determination of the Polaris Board acting in good faith and in order to satisfy what the Polaris Board considers to be its fiduciary or statutory duties would, if completed substantially in accordance with its terms, result in a transaction more favourable to the Polaris Shareholders than the transactions contemplated by the Bid Implementation Deed.

Takeover means the proposed takeover of Polaris by MRL by way of an off market conditional takeover offer.

Takeover Bid means MRL's takeover bid for Polaris by making the Offers.

WST means Perth (Western Australian) Standard Time.

\$ means Australian dollars.

11.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Perth (Western Australian) time;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;

- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASTC Rules, as the case may be;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom an Offer is made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

ANNEXURE A – TERMS OF SHARE OFFER

1.1 General Terms

- (a) MRL offers to acquire all of your Polaris Shares, together with all Rights attached to them, on the following terms and conditions.
- (b) The consideration being offered by MRL for the acquisition of all of your Polaris Shares is **one MRL Share** for each 12.5 Polaris Shares you own, subject to the terms and conditions set out in this Share Offer.
- (c) If you become entitled to a fraction of a MRL Share under the Share Offer, the number of MRL Shares will be rounded up to the nearest whole number (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5). For the avoidance of doubt, a Polaris Shareholder (other than a Foreign Polaris Shareholder) with less than 12.5 Polaris Shares will receive one MRL Share.
- (d) If you are a Foreign Polaris Shareholder then, despite any other provision of this Share Offer, you are offered and will receive for your Polaris Shares a cash amount calculated under clause 1.8 of this Annexure A.
- (e) If you accept the Share Offer and are eligible to use, and elect to use, the Sale Facility, you are offered and will receive for your Polaris Shares a cash amount calculated under clause 1.9 of this Annexure A in lieu of MRL Shares.
- (f) The MRL Shares to be issued pursuant to this Share Offer will, from their date of issue, rank equally in all respects with existing MRL Shares currently on issue.
- (g) The rights and obligations of the MRL Shares are set out in Section 10.5 of the Bidder's Statement.

1.2 Official Quotation

MRL will apply for official quotation of the MRL Shares on ASX. Quotation will not be automatic but will depend on ASX exercising its discretion. MRL has already been admitted to the official list of ASX and the MRL Shares to be issued under the Share Offer are of the same class as MRL Shares already quoted on ASX. MRL cannot guarantee, and does not represent or imply, that the MRL Shares will be listed on the ASX following issue.

1.3 Share Offer Period

Unless withdrawn, this Share Offer will remain open for acceptance during the period commencing on the date of this Share Offer and ending at 5:00pm (WST) on 26 October 2009, subject to any extension in accordance with the Corporations Act.

1.4 Who May Accept

- (a) A Share Offer in this form and bearing the same date is being made to each person registered as a holder of Polaris Shares on Polaris's register of members as at the Record Date.

- (b) The Share Offer also extends to each person who, during the period from the Record Date until the expiry of the Share Offer Period, becomes registered or entitled to be registered as a holder of Polaris Shares due to the conversion of, or exercise of rights attached to Polaris Options that are on issue at the Record Date.
- (c) A person who:
 - (i) is able during the Share Offer Period to give good title to a parcel of Polaris Shares; and
 - (ii) has not already accepted this Share Offer which relates to those Polaris Shares,

may accept as if a Share Offer from MRL on terms identical with this Share Offer had been made to that person in relation to those Polaris Shares.
- (d) If, at any time during the Share Offer Period and before this Share Offer is accepted, any person holds one or more distinct parcels of Polaris Shares (for example, as trustee, nominee or otherwise on account of another person) within the meaning of Section 653B of the Corporations Act, then:
 - (i) this Share Offer is deemed to consist of a separate corresponding Share Offer to that person in relation to each distinct parcel of Polaris Shares; and
 - (ii) acceptance by that person of the Share Offer for any distinct parcel of Polaris Shares is ineffective unless the person gives written notice to MRL stating that the Polaris Shares consist of distinct portions and the acceptance specifies the number of the Polaris Shares in each separate parcel to which the acceptance relates.
- (e) This Share Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Share Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.

1.5 How to Accept this Share Offer

- (a) You may only accept this Share Offer in respect of 100% (and not a lesser number) of your Polaris Shares. For example, if you have 10,000 Polaris Shares and you wish to accept the Share Offer, you may only accept this Share Offer in respect of 10,000 Polaris Shares.
- (b) You may only accept this Share Offer during the Share Offer Period.
- (c) The method by which you can accept this Share Offer will depend on whether your Polaris Shares are in an Issuer Sponsored Holding or a CHESS Holding. Your Polaris Shares are in an Issuer Sponsored Holding if they are sponsored directly by Polaris as issuer. Your Polaris Shares are in a CHESS Holding if they are sponsored by a Broker or other CHESS participant or if you are a Broker or Non-Broker Participant.

- (d) If you are the registered holder of no more than 100,000 Polaris Shares as at the Record Date and you wish to participate in the Sale Facility, and have that number of MRL Shares that you would otherwise have received under the Share Offer sold on-market in the Sale Facility in accordance with Section 1.9 of this Annexure A, you will need to elect to participate in the Sale Facility on the Acceptance Form(s) or, if your Polaris Shares are held in a CHESS Holding, by instructing your Controlling Participant of your election.
- (e) **Issuer Sponsored Holdings:** If your Polaris Shares are held on Polaris's issuer sponsored subregister when you accept (in which case your Securityholder Reference Number is prefixed with an 'I'), you must:
- (i) complete and sign the Share Acceptance Form in accordance with the instructions on the Share Acceptance Form; and
 - (ii) ensure that the Share Acceptance Form together with all other documents required by the instructions on it are received at the following address before the end of the Share Offer Period:
- Mailing Address:**
Mineral Resources Limited
C/- Computershare Investor Services Pty Limited
GPO Box 52, Melbourne
Victoria 8060 Australia
- (f) **CHESS Holdings:** If your Polaris Shares are in a CHESS Holding when you accept this Share Offer (in which case your Holder Identification Number is prefixed with 'X'), you must comply with the ASTC Settlement Rules. Accordingly, to accept this Share Offer in respect of your Polaris Shares:
- (i) if you are the Controlling Participant, you must initiate acceptance of this Share Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Share Offer Period; or
 - (ii) if you are not the Controlling Participant, you may either:
 - (A) instruct your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Share Offer in accordance with Rule 14.14 of the ASTC Settlement Rules so as to be effective before the end of the Share Offer Period. For non institutional shareholders, your "Controlling Participant" will normally be the stockbroker through whom you either bought your Polaris Shares or through whom you ordinarily trade shares on ASX; or
 - (B) alternatively, you may sign and complete the accompanying Share Acceptance Form in accordance with the terms of this Share Offer and the instructions on the Share Acceptance Form and ensure that it is received (together with all documents required by the terms of this Share Offer) before the expiry of the Share Offer Period at the address specified in Section

1.5(d)(ii) of this Annexure A. In that case, you will be deemed to have authorised Computershare Investor Services Pty Ltd to forward your instructions to your Controlling Participant, who will then accept this Share Offer on your behalf during the Share Offer Period in accordance with the ASTC Settlement Rules and the Corporations Act. You must ensure that the Acceptance Form(s) (and the other required documents) are received in sufficient time for MRL to request your Controlling Participant to accept, and for your Controlling Participant to carry out your instructions.

CHESS holders should note that acceptance of the Share Offer will not be effected until it is received by their Controlling Participant and processed by them electronically through CHESS.

- (g) Once you have accepted this Share Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, subject to Sections 650E and 650G of the Corporations Act.
- (h) MRL may, in its sole discretion, at any time deem any Share Acceptance Form it receives to be a valid acceptance in respect of your Polaris Shares even if a requirement for acceptance has not been complied with.

1.6 The Effect of Acceptance

- (a) By following the procedures described in Section 1.5 of this Annexure A, you will be deemed to have:
 - (i) accepted this Share Offer (and any variation to it) in respect of the Polaris Shares registered in your name to which this Share Offer relates, regardless of the number of Polaris Shares specified in the Share Acceptance Form;
 - (ii) agreed to the terms of the Share Offer and, subject to the conditions contained in Section 1.10 of this Annexure A being fulfilled or waived, agreed to transfer (or consented to the transfer in accordance with the ASTC Settlement Rules) to MRL all of your Polaris Shares;
 - (iii) agreed to accept the consideration being offered by MRL and agreed to be bound by the Constitution of MRL;
 - (iv) authorised MRL to complete the Share Acceptance Form by correcting any errors in or omissions from the Share Acceptance Form as may be necessary:
 - (A) to make the Share Acceptance Form an effective acceptance of this Share Offer; and/or
 - (B) to enable registration of the transfer to MRL of your Polaris Shares;
 - (v) irrevocably authorised and directed Polaris to pay to MRL or to account to MRL for all dividends and other distributions and

entitlements which are declared, paid or which arise or accrue after the date of this Share Offer in respect of your Polaris Shares (subject to MRL accounting to you for any dividends, distributions or entitlements received by it if your acceptance of this Share Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);

- (vi) represented and warranted to MRL that:
 - (A) MRL will acquire good title to and beneficial ownership of all of your Polaris Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
 - (B) you have paid Polaris all amounts which are due in respect of your Polaris Shares;
 - (C) all of your Polaris Shares are fully paid; and
 - (D) you have full power and capacity to accept the Share Offer and to sell and transfer the legal and beneficial ownership of your Polaris Shares (together with all Rights attached to them) to MRL;
- (vii) unless you are a Foreign Polaris Shareholder (as that expression is defined in Section 11 of this Bidder's Statement), or elect to use the Sale Facility (as that term is defined in Section 1.9 of this Annexure A) agreed to accept the MRL Shares to which you become entitled by accepting this Share Offer subject to MRL's Constitution and the terms of issue of the MRL Shares and to have authorised MRL to place your name on its register of shareholders as the holder of the MRL Shares issued to you under the Share Offer;
- (viii) acknowledged and agreed that if you are a Foreign Polaris Shareholder, MRL will arrange for any MRL Shares otherwise issuable to you to be issued and sold, and the net proceeds to be remitted to you, as described in Section 1.8 of this Annexure A;
- (ix) acknowledged and agreed that if you are the registered holder of no more than 100,000 Polaris Shares at the Record Date and have elected to participate in the Sale Facility, MRL will arrange for any MRL Shares otherwise issuable to you to be issued and sold, and the net proceeds to be remitted to you, as described in Section 1.9 of this Annexure A;
- (x) represented and warranted to MRL that the making by MRL to you, and your acceptance, of this Share Offer is lawful under any Foreign Law which applies to you, to the making of this Share Offer, and to your acceptance of this Share Offer;
- (xi) agreed to indemnify MRL fully in respect of any claim, demand, action, suit or proceeding made or brought against MRL and any loss, cost, expense, damage or liability whatsoever suffered or incurred by MRL as a result of you not producing your HIN or SRN or in consequence of the transfer of your Polaris Shares to

MRL being registered by MRL without production of your HIN or SRN;

(xii) with effect from the later of acceptance of the Share Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, appointed (and agreed not to revoke that appointment) MRL and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your Polaris Shares or in exercise of any right or power derived from the holding of your Polaris Shares including, without limitation:

- (A) attend and vote in respect of your Polaris Shares at any and all meetings of Polaris;
- (B) requisition or join with other holders of Polaris Shares in requisitioning and/or convening a meeting of the members of Polaris;
- (C) demand a poll for any vote to be taken at any meeting of Polaris Shareholders;
- (D) propose or second any resolutions to be considered at any, and all meetings of Polaris Shareholders;
- (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of MRL as a proxy in respect of all or any of your Polaris Shares and a transfer form for your Polaris Shares), proxies, consents, agreements and resolutions relating to your Polaris Shares;
- (F) request Polaris to register in the name of MRL or its nominee your Polaris Shares which you hold on any register of Polaris; and
- (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of MRL as the beneficial owner and intended registered holder of your Polaris Shares in respect of which you have accepted this Share Offer and to have further agreed to do all such acts, matters and things that MRL may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of Polaris) if requested by MRL. This appointment is irrevocable and terminates upon registration of a transfer to MRL or your Polaris Shares; and

(xiii) agreed not to vote in person at any general meeting of Polaris or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on MRL and the directors, secretaries and other officers of MRL by Section 1.6(a)(x) of this Annexure A.

- (b) The representations, warranties, undertakings and authorities referred to in this Section 1.6 of Annexure A will (unless otherwise stated) remain in force after you receive the consideration for your Polaris Shares and after MRL becomes the register as the holder of them.
- (c) MRL may at any time in its absolute discretion:
 - (i) treat the receipt by it of an Share Acceptance Form during the Share Offer Period (or in an envelope post-marked before the expiry of the Share Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of your Polaris Shares, treat the acceptance as a valid acceptance in respect of all of your Polaris Shares.

In respect of any part of an acceptance treated by it as valid, MRL will provide you with the relevant consideration in accordance with Section 1.7(a) of this Annexure A, and the exercise of MRL's rights under this Section 1.6 of this Annexure A will be conclusively and only evidenced by its so doing. This Section is not a condition of this Share Offer.

1.7 Provision of Consideration

- (a) Subject to the terms of this Share Offer and the Corporations Act, MRL will provide the consideration for your Polaris Shares not later than one month after this Share Offer is accepted or this Share Offer (or the contract resulting from its acceptance) becomes unconditional, whichever is the later, but in any event (assuming the Share Offer becomes or is declared unconditional) not later than 21 days after the end of the Share Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Share Offer, regardless of any delay in providing the consideration or any extension of the Share Offer.
- (c) Subject to Sections 1.8 and 1.9 of this Annexure A, the obligation of MRL to allot and issue any MRL Shares to which you are entitled under the Share Offer will be satisfied:
 - (i) by entering your name on the register of members of MRL; and
 - (ii) if your name is entered into the issuer sponsored subregister of MRL, by MRL dispatching to you an issuer sponsored holding statement for the MRL Shares to which you become entitled by accepting this Share Offer (by pre-paid mail to your address as shown on the register of members of Polaris).
- (d) Where the Share Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
 - (i) if that document is given with your acceptance, MRL will provide the consideration in accordance with Section 1.7(a) of this Annexure A;

- (ii) if that document is given after acceptance and before the end of the Share Offer Period while this Share Offer is subject to a defeating condition, MRL will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) within one month after this Share Offer becomes unconditional; or
 - (B) 21 days after the end of the Share Offer Period;
 - (iii) if that document is given after acceptance and before the end of the Share Offer Period while this Share Offer is not subject to a defeating condition, MRL will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) one month after that document is given; or
 - (B) 21 days after the end of the Share Offer Period; and
 - (iv) if that document is given after the end of the Share Offer Period, MRL will provide the consideration within 21 days after that document is given.
- (e) If, at the time you accept the Share Offer, any of the following:
- (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
 - (ii) Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 (Cth);
 - (iii) Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001 (Cth);
 - (iv) Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth); or
 - (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for your Polaris Shares, or would make it unlawful for MRL to provide any consideration to you for your Polaris Shares, you will not be entitled to receive any consideration for your Polaris Shares until all requisite authorities, clearances or approvals have been received by MRL.

1.8 Foreign Polaris Shareholders

- (a) If you are a Foreign Polaris Shareholder (as that expression is defined in Section 11 of this Bidder's Statement), and you accept this Share Offer, MRL will:
 - (i) arrange for the issue to a nominee approved by the ASIC (**Sale Nominee**) of the number of MRL Shares to which you and all other Foreign Polaris Shareholders would have been entitled but for this Section;

- (ii) cause those MRL Shares to be offered for sale on the ASX as soon as practicable and in any event not more than 15 Business Days after the expiry of the Offer Period for the Share Offer, in such manner, at such price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
- (iii) promptly pay, or procure that the Sale Nominee pays, to you the amount ascertained in accordance with the following formula (calculated on an average basis so that all Foreign Polaris Shareholders who accept the Share Offer receive the same value per Polaris Share, subject to rounding):

$$\text{Net Proceeds of Sale} \times \frac{YS}{TS}$$

Where:

- (A) **Net Proceeds of Sale** is the amount remaining after deducting the expenses of the sale (brokerage, stamp duty and other selling costs, taxes and charges) from the proceeds of sale;
 - (B) **YS** is the number of MRL Shares which would, but for Section 1.8(a) of this Annexure A, have been allotted and issued to you; and
 - (C) **TS** is the total number of MRL Shares allotted and issued to the Sale Nominee under this Section in respect of the Polaris Shares held by all Foreign Polaris Shareholders.
- (b) You will be paid your share of the proceeds of the sale of the MRL Shares by the Sale Nominee in Australian currency.
 - (c) Payment will be made by cheque posted to you at your risk by pre-paid mail as soon as practicable and in any event within the period required by the Corporations Act to your address in the most up to date copy of the Polaris register provided to MRL before your consideration cheque is produced.
 - (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of MRL Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

1.9 Sale Facility

- (a) MRL will establish a facility (**Sale Facility**) to be operated by the Sale Nominee under which a Polaris Shareholder who is the registered holder of no more than 100,000 Polaris Shares as at the Record Date and who accepts the Share Offer may elect on the Share Acceptance Form to have the MRL Shares to be issued as consideration sold on its behalf by the Sale Nominee with net proceeds of the sale remitted to the Polaris Shareholder.
- (b) If you elect to participate in the Sale Facility, your election will be deemed to apply in respect of all of your Polaris Shares, unless you hold one or more parcels of Polaris Shares as trustee or nominee for, or

otherwise on account of, another person and have made separate and distinct acceptances. In these circumstances, you may make separate and distinct elections in relation to each of those parcels of Polaris Shares.

- (c) If you elect to participate in the Sale Facility, MRL will:
- (i) arrange for the issue to the Sale Nominee of the number of MRL Shares which you and other Polaris Shareholders who elect to participate in the Sale Facility would otherwise have been entitled to under the Share Offer;
 - (ii) cause the MRL Shares so issued to be offered for sale by the Sale Nominee on ASX:
 - (A) as soon as practicable after they have been issued to the Sale Nominee; and
 - (B) otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee in good faith (and at the risk of the Polaris Shareholders who elect to participate in the Sale Facility);
 - (iii) pay or cause to be paid to you, within 20 Business Days after the MRL Shares have been issued to the Sale Nominee under this section, the amount ascertained in accordance with the formula below:
$$\text{Net Proceeds of Sale} \times \frac{YS}{TS}$$

Where:

 - (A) **Net Proceeds of Sale** is the amount (if any) remaining after deducting the expenses of sale from the proceeds of sale of the MRL Shares issued to the Sale Nominee under this section;
 - (B) **YS** is the number of MRL Shares which would, but for this section, otherwise have been provided to you as consideration under the Offer; and
 - (C) **TS** is the total number of MRL Shares, issued to the Sale Nominee under this section.
- (d) Neither MRL nor the Sale Nominee gives any undertaking, representation, warranty or assurance as to the price that will be achieved for the sale of MRL Shares described in this clause.
- (e) Payment of the amounts referred to in this section will be made by cheque in Australian dollars and sent to you at your risk by pre-paid mail to your address (as shown in the register of shareholders of Polaris).

1.10 Defeating Conditions of this Share Offer

- (a) Subject to Sections 1.10(b) and 1.10(c) of this Annexure A, the Share Offer and any contract that results from acceptance of the Share Offer are subject to the fulfilment of the following conditions:
 - (i) **(Minimum Acceptance Condition)** By the end of the Share Offer Period, the MRL Group has a Relevant Interest in more than 50.1 per cent of all Polaris Shares.
 - (ii) **(Material Adverse Change)** Before the end of the Share Offer Period, no Material Adverse Change occurs, is discovered, announced, disclosed or otherwise becomes known to MRL (whether or not becoming public).
 - (iii) **(Prescribed Occurrences)** Before the end of the Share Offer Period, no Prescribed Occurrence occurs.
 - (iv) **(Conduct of Polaris' business)** Before the end of the Share Offer Period, none of Polaris, or any Subsidiary of Polaris, without the written consent of MRL:
 - (A) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee, except:
 - (I) as required by law or provided under any superannuation, provident or retirement scheme as in effect on the date of the Bid Implementation Deed; or
 - (II) any action undertaken in accordance with contractual obligations that exist at the date of the Bid Implementation Deed; or
 - (B) has threatened or commenced against it any material claims or proceedings in any court or tribunal.
 - (v) **(Regulatory Approval)** Before the end of the Share Offer Period, MRL obtains any regulatory approval required for the Share Offer.
- (b) Each condition in Section 1.10(a) of this Annexure A is a separate, several and distinct condition, operates as a condition subsequent and is for the benefit of MRL alone and may only be relied upon by MRL.
- (c) Except as provided below, MRL may free this Share Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 1.10(a) of this Annexure A by giving notice to Polaris declaring the Share Offers to be free from the conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given:

- (i) in relation to the conditions in Section 1.10(a)(iii) of this Annexure A that comprise an event or circumstance referred to in Sections 652C(1) or (2) of the Act in relation to Polaris – not later than 3 business days after the end of the Share Offer Period; and
 - (ii) in relation to all other conditions – not later than 7 days before the end of the Share Offer Period.
- (d) Subject to the provisions of the Corporations Act, MRL alone will be entitled to the benefit of the conditions in Section 1.10(a) of this Annexure A and any breach or non-fulfilment thereof may be relied upon only by MRL.
 - (e) Under the Bid Implementation Deed, MRL requires the consent of Polaris to waive the defeating condition in clause 1.10(a)(i) above.
 - (f) The date for giving the notice required by Section 630(3) of the Corporations Act is 16 October 2009, subject to extension in accordance with 630(2) if the Share Offer Period is extended.
 - (g) The Share Offer is subject to the condition that permission for admission to official quotation by ASX of the MRL Shares to be issued pursuant to the Share Offer is sought no later than 7 days after the start of the Share Offer Period and is granted no later than 7 days after the end of the Share Offer Period. This condition is not a defeating condition for the purposes of the Corporations Act, and is not of the same nature as the conditions set out in Section 1.10 of this Annexure A. The Share Offer cannot be freed of this condition and consequently no statements made by MRL can be taken to waive that condition.

1.10 Withdrawal of Share Offer

MRL may withdraw this Share Offer at any time before you accept it, but only with the consent in writing of the ASIC (which consent may be given subject to such conditions, if any, as are imposed by the ASIC).

1.11 Variation

MRL may vary this Share Offer in accordance with Section 650D of the Corporations Act.

1.12 Stamp duty or other costs

All costs and expenses of the preparation, dispatch and circulation of this Share Offer and any stamp duty payable in respect of the transfers will be paid by MRL. No brokerage is payable by you if you accept this Share Offer.

1.13 Governing Law

This Share Offer and any contract that results from your acceptance of this Share Offer are governed by the laws in force in Western Australia.

1.14 Date of Share Offer

This Share Offer is dated 23 September 2009.

ANNEXURE B – TERMS OF OPTION OFFER

1.1 General Terms

- (a) MRL offers to acquire all of your Polaris Options, together with all Rights attached to them, on the following terms and conditions.
- (b) The consideration being offered by MRL for the acquisition of all of your Polaris Options is **one MRL Option** for each 12.5 Polaris Options you own, as summarised in Annexures E and F, subject to the terms and conditions set out in this Option Offer.
- (c) If you become entitled to a fraction of an MRL Option under the Option Offer, the number of MRL Options will be rounded up to the nearest whole number (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).

1.2 Option Offer Period

Unless withdrawn, this Option Offer will remain open for acceptance during the period commencing on the date of this Option Offer and ending at 5:00pm (WST) on 26 October 2009, subject to any extension in accordance with the Corporations Act.

1.3 Who May Accept

- (a) A Option Offer in this form and bearing the same date is being made to each person registered as a holder of Polaris Options on Polaris's register of members as at the Record Date.
- (b) A person who:
 - (i) is able during the Option Offer Period to give good title to a parcel of Polaris Options; and
 - (ii) has not already accepted this Option Offer which relates to those Polaris Options,may accept as if a Option Offer from MRL on terms identical with this Option Offer had been made to that person in relation to those Polaris Options.
- (c) If, at any time during the Option Offer Period and before this Option Offer is accepted, any person holds one or more distinct parcels of Polaris Options (for example, as trustee, nominee or otherwise on account of another person) within the meaning of Section 653B of the Corporations Act, then:
 - (i) this Option Offer is deemed to consist of a separate corresponding Option Offer to that person in relation to each distinct parcel of Polaris Options; and
 - (ii) acceptance by that person of the Option Offer for any distinct parcel of Polaris Options is ineffective unless the person gives written notice to MRL stating that the Polaris Options consist of distinct portions and the acceptance specifies the number of

the Polaris Options in each separate parcel to which the acceptance relates.

- (d) This Option Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Option Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.

1.4 How to Accept this Option Offer

- (a) You may only accept this Option Offer in respect of 100% (and not a lesser number) of your Polaris Options. For example, if you have 10,000 Polaris Options and you wish to accept the Option Offer, you may only accept this Option Offer in respect of 10,000 Polaris Options.
- (b) You may only accept this Option Offer during the Option Offer Period.
- (c) You may accept the Option Offer by:
 - (i) completing and sign the Option Acceptance Form in accordance with the instructions on the Option Acceptance Form; and
 - (ii) ensure that the Option Acceptance Form together with all other documents required by the instructions on it are received at the following address before the end of the Option Offer Period:

Mailing Address:

Mineral Resources Limited
25 Wellard Street
Bibra Lake WA 6163
Attention: Company Secretary

Delivery Address:

Mineral Resources Limited
25 Wellard Street
Bibra Lake WA 6163
Attention: Company Secretary

- (d) Once you have accepted this Option Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, subject to Sections 650E and 650G of the Corporations Act.
- (e) MRL may, in its sole discretion, at any time deem any Option Acceptance Form it receives to be a valid acceptance in respect of your Polaris Options even if a requirement for acceptance has not been complied with.

1.5 The Effect of Acceptance

- (a) By following the procedures described in Section 1.4 of this Annexure B, you will be deemed to have:

- (i) accepted this Option Offer (and any variation to it) in respect of the Polaris Options registered in your name to which this Option Offer relates, regardless of the number of Polaris Options specified in the Option Acceptance Form;
- (ii) agreed to the terms of the Option Offer and, subject to the conditions contained in Section 1.7 of this Annexure B being fulfilled or waived, agreed to transfer (or consented to the transfer in accordance with the ASTC Settlement Rules) to MRL all of your Polaris Options, including agreeing to vary the terms of your Polaris Options to allow for this transfer;
- (iii) authorised MRL to complete the Option Acceptance Form by correcting any errors in or omissions from the Option Acceptance Form as may be necessary:
 - (A) to make the Option Acceptance Form an effective acceptance of this Option Offer; and/or
 - (B) to enable registration of the transfer to MRL of your Polaris Options;
- (iv) represented and warranted to MRL that:
 - (A) MRL will acquire good title to and beneficial ownership of all of your Polaris Options free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
 - (B) you have paid Polaris all amounts which are due in respect of your Polaris Options;
 - (C) all of your Polaris Options are fully paid; and
 - (D) you have full power and capacity to accept the Option Offer and to sell and transfer the legal and beneficial ownership of your Polaris Options (together with all Rights attached to them) to MRL;
- (v) represented and warranted to MRL that the making by MRL to you, and your acceptance, of this Option Offer is lawful under any Foreign Law which applies to you, to the making of this Option Offer, and to your acceptance of this Option Offer; and
- (vi) with effect from the later of acceptance of the Option Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, appointed (and agreed not to revoke that appointment) MRL and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your Polaris Options or in exercise of any right or power derived from the holding of your Polaris Options and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of MRL as the beneficial owner and intended registered holder of your Polaris Options in respect of which you have accepted this Option Offer and to have further agreed to do all such acts, matters and things that

MRL may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of Polaris) if requested by MRL. This appointment is irrevocable and terminates upon registration of a transfer to MRL or your Polaris Options.

- (b) The representations, warranties, undertakings and authorities referred to in this Section 1.5 of Annexure B will (unless otherwise stated) remain in force after you receive the consideration for your Polaris Options and after MRL becomes the register as the holder of them.
- (c) MRL may at any time in its absolute discretion:
 - (i) treat the receipt by it of an Option Acceptance Form during the Option Offer Period (or in an envelope post-marked before the expiry of the Option Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of your Polaris Options, treat the acceptance as a valid acceptance in respect of all of your Polaris Options.

In respect of any part of an acceptance treated by it as valid, MRL will provide you with the relevant consideration in accordance with Section 1.6(a) of this Annexure B, and the exercise of MRL's rights under this Section 1.5 of this Annexure B will be conclusively and only evidenced by its so doing. This Section is not a condition of this Option Offer.

1.6 Provision of Consideration

- (a) Subject to the terms of this Option Offer and the Corporations Act, MRL will provide the consideration for your Polaris Options not later than one month after this Option Offer is accepted or this Option Offer (or the contract resulting from its acceptance) becomes unconditional, whichever is the later, but in any event (assuming the Option Offer becomes or is declared unconditional) not later than 21 days after the end of the Option Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Option Offer, regardless of any delay in providing the consideration or any extension of the Option Offer.
- (c) Where the Option Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
 - (i) if that document is given with your acceptance, MRL will provide the consideration in accordance with Section 1.6(a) of this Annexure B;
 - (ii) if that document is given after acceptance and before the end of the Option Offer Period while this Option Offer is subject to a defeating condition, MRL will provide the consideration by the end of whichever of the following periods ends earlier:

- (A) within one month after this Option Offer becomes unconditional; or
- (B) 21 days after the end of the Option Offer Period;
- (iii) if that document is given after acceptance and before the end of the Option Offer Period while this Option Offer is not subject to a defeating condition, MRL will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) one month after that document is given; or
 - (B) 21 days after the end of the Option Offer Period; and
- (iv) if that document is given after the end of the Option Offer Period, MRL will provide the consideration within 21 days after that document is given.
- (d) If, at the time you accept the Option Offer, any of the following:
 - (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
 - (ii) Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 (Cth);
 - (iii) Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001 (Cth);
 - (iv) Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth); or
 - (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for your Polaris Options, or would make it unlawful for MRL to provide any consideration to you for your Polaris Options, you will not be entitled to receive any consideration for your Polaris Options until all requisite authorities, clearances or approvals have been received by MRL.

1.7 Defeating Conditions of this Option Offer

- (a) Subject to Sections 1.7(b) and 1.7(c) of this Annexure B, the Option Offer and any contract that results from acceptance of the Option Offer are subject to the fulfilment of the following conditions:
 - (i) **(Share Offer Minimum Acceptance)** that during, or at the end of, the Share Offer Period, the MRL Group has a Relevant Interest in more than 50.1 per cent of all Polaris Shares;
 - (ii) **(Share Offer unconditional)** Before the end of the Offer Period, the Share Offer is, or has been declared, unconditional in all respects.
 - (iii) **(ASX approval of amendment of option terms)** Before the end of the Offer Period for the Option Offer, ASX has provided all such waivers as are required to permit the amendment of the

terms of the Polaris Options to allow transfer to MRL without the approval of Polaris Shareholders pursuant to ASX Listing Rule 6.23.4. This approval has been obtained and the condition satisfied.

- (iv) **(Regulatory Approval)** Before the end of the Offer Period, MRL obtains any regulatory approval required for the Option Bid.
- (b) Each condition in Section 1.7(a) of this Annexure B is a separate, several and distinct condition, operates as a condition subsequent and is for the benefit of MRL alone and may only be relied upon by MRL.
- (c) Except as provided below, MRL may free this Option Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 1.7(a) of this Annexure B by giving notice to Polaris declaring the Option Offers to be free from the conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given not later than 7 days before the end of the Option Offer Period.
- (d) Subject to the provisions of the Corporations Act, MRL alone will be entitled to the benefit of the conditions in Section 1.7(a) of this Annexure B and any breach or non-fulfilment thereof may be relied upon only by MRL.
- (e) Under the Bid Implementation Deed, MRL requires the consent of Polaris to waive the defeating condition in clause 1.7(a)(i) above.
- (f) The date for giving the notice required by Section 630(3) of the Corporations Act is 26 October 2009, subject to extension in accordance with 630(2) if the Option Offer Period is extended.

1.8 Withdrawal of Option Offer

MRL may withdraw this Option Offer at any time before you accept it, but only with the consent in writing of the ASIC (which consent may be given subject to such conditions, if any, as are imposed by the ASIC).

1.9 Variation

MRL may vary this Option Offer in accordance with Section 650D of the Corporations Act.

1.10 Stamp duty or other costs

All costs and expenses of the preparation, dispatch and circulation of this Option Offer and any stamp duty payable in respect of the transfers will be paid by MRL. No brokerage is payable by you if you accept this Option Offer.

1.11 Governing Law

This Option Offer and any contract that results from your acceptance of this Option Offer are governed by the laws in force in Western Australia.

1.12 Date of Option Offer

This Option Offer is dated 23 September 2009.

ANNEXURE C - MRL'S ASX ANNOUNCEMENTS

MRL has lodged the following announcements with ASX since the lodgement of the 2009 audited financial statements:

Date Lodged	Description of Document
16/09/09	Change in substantial holding from PPT
16/09/09	Appendix 3B
11/09/09	Appendix 3B – new Issue announcement
7/09/09	Appendix 3Y – Change in Director's Interest
7/09/09	Appendix 3B – new Issue announcement
26/08/09	Appendix 3B – New Issue announcement
24/08/09	MD Presentation Full Year Result
21/08/09	Becoming a substantial holder for POL

ANNEXURE D – POLARIS'S ASX ANNOUNCEMENTS

Polaris has lodged the following announcements with ASX since the lodgement of the 2009 audited financial statements:

Date Lodged	Description of Document
14/09/2009	TKL: Option agreement - Jameson Range in Musgraves
04/09/2009	Appendix 3B – Exercise of Options
27/08/2009	Iron Ore Investor Forum Presentation
21/08/2009	AMEC Investor Briefing Presentation
21/08/2009	Becoming a substantial holder from MIN
21/08/2009	Boardroom Radio Audio Broadcast
21/08/2009	Letter to Shareholders
20/08/2009	Takeover Presentation - Mineral Resources Limited

ANNEXURE E – SUMMARY OF POLARIS OPTIONS AND MRL OPTIONS

POL Tranche	Key Terms	Total Number on Issue	Tranche of MRL Options to be issued as consideration under the Option Offer	Key Terms¹	Total number to be issued²
1	Exercisable at \$0.621 expiring 4 January 2010	5,047,062	1	Exercisable at \$7.763 expiring 4 January 2010	403,765
2	Exercisable at \$0.281 expiring 31 December 2010	150,000	2	Exercisable at \$3.513 expiring 31 December 2010	12,000
3	Exercisable at \$0.281 expiring 14 July 2011	14,800,000	1	Exercisable at \$3.513 expiring 14 July 2011	1,184,000
4	Exercisable at \$0.40 expiring 31 December 2011	750,000	2	Exercisable at \$5.00 expiring 31 December 2011	60,000
5	Exercisable at \$0.531 expiring 31 December 2011	5,825,000	3	Exercisable at \$6.638 expiring 31 December 2011	466,000
6	Exercisable at \$0.531 expiring 31 December 2011	500,000	2	Exercisable at \$6.638 expiring 31 December 2011	40,000
7	Exercisable at \$0.55 expiring 31 December 2011	1,250,000	3	Exercisable at \$6.875 expiring 31 December 2011	100,000
8	Exercisable at \$0.55 expiring 31 December 2011	275,000	3	Exercisable at \$6.875 expiring 31 December 2011	22,000
9	Exercisable at \$0.631 expiring 31 December 2011	50,000	2	Exercisable at \$7.888 expiring 31 December 2011	4,000

10	Exercisable at \$0.731 expiring 31 December 2011	5,825,000	3	Exercisable at \$9.138 expiring 31 December 2011	466,000
11	Exercisable at \$0.75 expiring 31 December 2011	3,000,000	3	Exercisable at \$9.375 expiring 31 December 2011	240,000
	TOTAL	37,472,062			2,997,765

Notes:

1. Other terms of the Tranches of MRL Options are set out in Annexure F.
2. On the basis of one MRL Option per 12.5 Polaris Options held and assuming 100% acceptance of the Option Offer and no rounding up or down of Offers.

ANNEXURE F – MRL OPTION TERMS

TRANCHE 1 MRL OPTIONS

- (a) Each Option entitles the Optionholder to subscribe for one fully paid, ordinary Mineral Resources Limited (**MRL** or the **Company**) Share upon exercise of each Option.
- (b) The Option exercise price is the applicable price for Tranche 1 MRL Options as set out in Annexure E of the Bidder's Statement dated 17 September 2009 ("**Exercise Price**").
- (c) Options are exercisable on or before 5 pm Perth time on the applicable date for Tranche 1 MRL Options as set out in Annexure E of the Bidder's Statement dated 17 September 2009 ("**Expiry Date**").
- (d) The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being made. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 10 Business Days after receipt of a properly executed notice of exercise of the Option and payment of the requisite application monies.
- (f) Shares issued upon exercise of the Options will rank equally in all respects with the Company's then existing shares.
- (g) The Options may be exercised in whole or in part and if exercised in part, multiples of 1 million must be exercised on each occasion except where the number of options held is less than 1 million in which case all such options must be exercised at the same time.
- (h) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made to the Company shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue.
- (i) In the event of any new or bonus issues, there are no rights to a change in exercise price, or a change in the number of underlying securities over which the Options can be exercised. In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation.
- (j) The Company will, at least 20 Business Days before the expiry date of the Options, send notices to the Optionholder stating the name of the Optionholder, the number of Options held and the number of securities to be issued on exercise of the Options, the exercise price, the due date for payment and the consequences of non-payment.

- (k) The Options will not give any right to participate in dividends until shares are allotted pursuant to the exercise of the relevant options.
- (l) The Options are not transferable.
- (m) The Options will not be listed on the ASX.

2. **TRANCHE 2 MRL OPTIONS**

- (a) The exercise price of the Options is the applicable price for Tranche 2 MRL Options as set out in Annexure E of the Bidder's Statement dated 17 September 2009 ("**Exercise Price**").
- (b) Options are exercisable on or before 5 pm Perth time on the applicable date for Tranche 2 MRL Options as set out in Annexure E of the Bidder's Statement dated 17 September 2009 ("**Expiry Date**").
- (c) Each Option shall confer the right to subscribe for one fully paid ordinary share, ranking pari passu with existing issued fully paid ordinary shares, in the capital of the Company.
- (d) The Options must be exercised in multiples of 10,000 except where the number of options held is less than 10,000 in which case all such options must be exercised at the same time. The exercise of some of the Options does not affect the option holder's right to exercise other Options at a later time.
- (e) The Options are exercisable by notice in writing to the Company received at any time on or before the Expiry Date, specifying the number of Options being exercised and must be accompanied by the Exercise Price and the Certificate for these Options, for cancellation by the Company.
- (f) No issue price is payable for the grant of the Options.
- (g) Upon exercise of the Options in accordance with these terms, one fully paid ordinary share in the Company will be issued for each Option exercised by the option holder.
- (h) The Options automatically lapse if they are not exercised before the Expiry Date.
- (i) Except as a result of retirement, permanent disability, redundancy or death, the Options automatically lapse when you cease to be an employee (whether part-time or full-time) of the Company (or its subsidiaries).
- (j) Except as a result of death, the options can not be transferred.
- (k) The options do not confer on the holder any right to participate in dividends until shares are allotted pursuant to the exercise of the options.
- (l) An Option Holder cannot, in that capacity, participate in new issues of securities of the Company without exercising the Option.
- (m) In the event of a reorganisation of the issued capital of the Company, the options will be reorganised in accordance with the Listing Rules.
- (n) The number of Shares to be issued pursuant to the exercise of options will be adjusted for bonus issues made prior to exercise of the options so that, upon exercise of the options the number of Shares received by the optionholder will include the number of bonus Shares that would have been issued if the Options

had been exercised prior to the record date for the bonus issues. The exercise price of the options shall not change as a result of any such bonus issues.

- (o) The Options are otherwise issued pursuant to the terms of the Company Option Plan as disclosed to the ASX on 26 July 2006 except where those terms are inconsistent with these terms in which case these terms apply.

3. TRANCHE 3 MRL OPTIONS

The terms of Tranche 3 MRL Options are the same as Tranche 1 MRL Options save that:

- (a) The Option exercise price is the applicable price for Tranche 3 MRL Options as set out in Annexure E of the Bidder's Statement dated 17 September 2009 ("**Exercise Price**").
- (b) Options are exercisable on or before 5 pm Perth time on the applicable date for Tranche 3 MRL Options as set out in Annexure E of the Bidder's Statement dated 17 September 2009 ("**Expiry Date**").
- (c) If there is a voluntary resignation (not arising out of the employee's death, redundancy, permanent illness or permanent physical or mental incapacity, or that of an employee's immediate family member, as certified by a medical practitioner), then vested Options may be exercised within 12 months of the resignation date. Resignation arising out of the employee's death, redundancy, permanent illness or permanent physical or mental incapacity or that of an employee's immediate family member as certified by a medical practitioner will not affect the vested Options and the Options will be capable of exercise in the usual way by the employee or his legal representatives.
- (d) The Options may be exercised in whole or in part and if exercised in part, multiples of 100,000 must be exercised on each occasion except where the number of options held is less than 100,000 in which case all such options must be exercised at the same time.

ANNEXURE G – ASIC MODIFICATIONS

**Australian Securities and Investments Commission
Corporations Act 2001 - Paragraphs 655A(1)(b) and 669(1)(b) – Exemption and
Declaration**

1. Under paragraph 655A(1)(b) of the Corporations Act 2001 (*Act*), the Australian Securities and Investments Commission (*ASIC*) declares that Chapter 6A of the Act applies to the person specified in Schedule A in the case specified in Schedule B as if:
 - (a) subsection 605(2) of the Act were modified or varied by:
 - (i) deleting “or” at the end of paragraph (a);
 - (ii) deleting “.” at the end of paragraph (b) and replacing it with “; or”; and
 - (iii) inserting the following new paragraph after paragraph (b):

“(c) they are options which have different exercise prices and exercise dates”.
 - (b) subsection 618(1) were modified or varied by inserting the words “or compensate the holders of such securities for the cancellation, surrender or forfeiture of” after the word “buy” were it first appears in that subsection;
 - (c) subsection 619(2) was modified or varied by:
 - (i) deleting “.” at the end of paragraph (e) and substituting “; and” and
 - (ii) inserting the following paragraph after paragraph (e):

“(f) any differences in the offers attributable to the fact that the offers relate to options which have different exercise prices or different exercise dates.”
2. Under paragraph 669(1)(b) of the Act, ASIC declares that Chapter 6A of the Act applies in relation to the person specified in Schedule A in the case specified in Schedule B as if:
 - (a) Division 1 of Part 6A.1 of the Act were modified or varied by adding a new section 661G which reads:

“In this Division, a reference to acquiring securities, when used in relation to non-transferable securities, includes securing binding commitments from holders to the surrender or forfeiture of the rights attached to those securities and the cancellation of those securities”;
 - (b) Subsection 666B(1) of the Act were modified or varied by adding the words “, in the case of securities that are capable of being transferred,” before the word “the” where first appearing; and

(c) Part 6A.3 of the Act were modified or varied by adding a new section 666C which reads:

“(1) Under this section, in the case of securities that are not capable of being transferred, the person acquiring the securities must:

- (a) give the company that issued the securities a copy of the compulsory acquisition notice under section 661B or 664C together with a deed poll providing for the surrender or forfeiture of the rights attached to those securities and the cancellation of those securities by someone appointed by the person acquiring the securities; and
- (b) pay, issue or transfer the consideration for the surrender or forfeiture of the rights attached to those securities and the cancellation of those securities to the company that issued the securities.

The person appointed under paragraph (a) has authority to sign the deed poll on behalf of the holder of the securities.

(2) If the person acquiring the securities complies with subsection (1), the company that issued the securities must:

- (a) cancel the securities; and
 - (b) hold the consideration received under subsection (1) in trust for the person who held the securities immediately before the surrender or forfeiture of the rights attached to those securities and the cancellation of those securities; and
 - (c) give written notice to the person referred to in paragraph (b) as soon as practicable that the consideration has been received and is being held by the company pending their instructions as to how it is to be dealt with.
- (3) If the consideration held under subsection (2) consists of, or includes, money, that money must be paid into a bank account opened and maintained for that purpose only.”

Schedule A

Mineral Resources Limited ACN 118 549 910 (*Bidder*)

Schedule B

1. Where the Bidder makes an off-market takeover bid for 11 tranches of approximately 37,472,062 options being options over unissued ordinary shares in Polaris Metals NL ACN 085 223 570 (*Target*), in respect of which the bidder's statement will be lodged with ASIC on or about 16 September 2009.

2. The consideration offered by the Bidder for different options under the Option Offer is equitable having regard to the different exercise prices and expiry dates of the different options.

Dated 16 September 2009



Signed by Kyle Wright

as a delegate of the Australian Securities and Investments Commission

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