



# Mineral Resources Limited

ABN 33 118 549 910

## SEVENTH SUPPLEMENTARY BIDDER'S STATEMENT

by Mineral Resources Limited (ACN 118 549 910) in respect of the Offers to acquire all of the ordinary shares and options in Polaris Metals NL (ACN 085 223 570)

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### 1. INTRODUCTION

This document is the Seventh supplementary bidder's statement (**Seventh Supplementary Bidder's Statement**) by Mineral Resources Limited (**MRL** or the **Company**) dated 18 December 2009 under section 643 of the Corporations Act in relation to the off-market takeover offers by MRL to acquire all of the issued shares and options in Polaris Metals NL (**Polaris**) as set out in MRL's bidder's statement dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 17 September 2009 (**Original Bidder's Statement**).

This Seventh Supplementary Bidder's Statement has been prepared by MRL to ensure that full information has been provided to Polaris Shareholders and Optionholders in respect of the Offers made by MRL.

A copy of this Seventh Supplementary Bidder's Statement was lodged with the ASIC on 18 December 2009. Neither the ASIC nor any of its officers takes any responsibility for the contents of this Seventh Supplementary Bidder's Statement.

This Seventh Supplementary Bidder's Statement supplements, and must be read together with, the Original Bidder's Statement as amended by MRL's first supplementary bidder's statement dated 2 October 2009 (**First Supplementary Bidder's Statement**), MRL's second supplementary bidder's statement dated 16 October 2009 (**Second Supplementary Bidder's Statement**), MRL's third supplementary bidder's statement dated 5 November 2009 (**Third Supplementary Bidder's Statement**), MRL's fourth supplementary bidder's statement dated 13 November 2009 (**Fourth Supplementary Bidder's Statement**), MRL's fifth supplementary bidder's statement dated 25 November 2009 (**Fifth Supplementary Bidder's Statement**) and MRL's sixth supplementary bidder's statement dated 3 December 2009 (**Sixth Supplementary Bidder's Statement**),

Unless the context otherwise requires, defined terms in the Original Bidder's Statement have the same meaning in this Seventh Supplementary Bidder's Statement. This Seventh Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Original Bidder's Statement as amended.



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**2. ACQUISITION OF MORE THAN 50.1% OF POLARIS SHARES**

On 11 December 2009, MRL acquired acceptances under its Share Offer for more than 50.1% of Polaris Shares.

As at the date of this Supplementary Bidder's Statement, MRL has acceptances under its Share Offer totalling 65.37% of Polaris' Shares.

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**3. AUTOMATIC EXTENSION OF SHARE OFFER**

As a result of MRL acquiring acceptances for more than 50% of Polaris Shares within the last 7 days of the Share Offer Period, the Share Offer has been automatically extended under Section 624(2) of the Corporations Act by 14 days so that the **Share Offer Period now ends on 25 December 2009**.

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**4. LION-ASIA BID CANNOT SUCCEED**

As a result of the above acquisitions, the takeover offer by Lion-Asia Resources Pte Ltd (**Lion**) for Polaris Shares (**Lion Offer**) **can not succeed** due to there being insufficient remaining Polaris Shareholders to accept the Lion Offer and satisfy the 50.1% non waivable condition imposed by ASIC on the Lion Offer.

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**5. OPTION OFFER UNCONDITIONAL**

On 16 December 2009, MRL gave notice to Polaris Optionholders that the **Option Offer was freed of the remaining unfulfilled defeating conditions and was now unconditional**.

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**6. VARIATION OF OPTION OFFER**

On 18 December 2009, MRL gave notice that it had varied its Option Offer so that it extends to 4,375,000 Polaris Options issued on 1 December 2009 (**New Options**).

MRL obtained an ASIC modification to the *Corporations Act 2001* (Cth) (**Corporations Act**) to permit this extension to the Option Offer to cover the New Options. A copy of the ASIC modification is available on the Company's ASX website.

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**7. VARIATION OF SHARE OFFER**

On 18 December 2009, MRL gave notice that it had varied its Share Offer so that it extends to any Polaris Shares issued as a result of the exercise of the New Options.

MRL has obtained an ASIC modification to the Corporations Act to permit this extension to the Share Offer. A copy of the ASIC modification is available on the Company's ASX website.

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**8. IMPROVED CONSIDERATION FOR OPTION OFFER**

On 18 December 2009, MRL gave notice that it had varied its Option Offer by **reducing the exercise price of each MRL Option offered as consideration under the Option Offer by \$1.00 per MRL Option**.



Annexure A to this Notice sets out the reduced exercise prices of the MRL Options offered.

MRL has obtained an ASIC modification to the Corporations Act to permit this improvement to the Option Offer. A copy of the ASIC modification is available on the Company's ASX website.

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**9. AUTOMATIC EXTENSION OF OPTION OFFER**

As a result of the above improvement to the consideration offered under the Option Offer, which is being made within the last 7 days of the Option Offer Period, the Option Offer is automatically extended under Section 624(2) of the Corporations Act by 14 days so that the **Option Offer Period now ends on 6 January 2010.**

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**10. PAULSENS EAST FARM IN AGREEMENT**

On 8 December 2009, MRL announced that its subsidiary, Process Minerals International Pty Ltd (**PMI**) had entered into a farm in agreement with Strike Resources Ltd (ASX: SRK) (**Strike**) in relation to Strike's Paulsens East iron ore project in the Pilbara (**Farmin Agreement**). Under the Farmin Agreement, Strike has granted PMI an exclusive option to acquire 100% of the iron ore rights in return for PMI funding residual exploration and development project feasibility studies.

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**11. CHANGES TO CAPITAL**

Since the date of the Sixth Supplementary Bidder's Statement, MRL has issued additional MRL Shares as a result completing acceptances for the Share Offer, the exercise of MRL Options and the issue of MRL Shares to a director, Mr Mark Dutton. In addition, Polaris has issued additional Polaris Options, and various MRL Options have been exercised.

In addition, Polaris has issued additional Polaris Options and Polaris Shares.

MRL wishes to update the disclosure set out in Section 4.8 of the Original Bidder's Statement (as amended by the Second, Fourth, Fifth and Sixth Supplementary Bidder's Statements) regarding the capital structure of MRL assuming completion of the Share Offer. Except as otherwise described below, the assumptions set out in section 4.8 of the Original Bidder's Statement (as amended) continue to apply.

<b>MRL Shares</b>	<b>Number Assuming 100% Acceptance</b>
MRL Shares on issue <sup>1</sup>	139,529,542
Takeover Consideration <sup>2</sup>	19,086,722
<b>TOTAL</b>	<b>158,616,264</b>



## Seventh Supplementary Bidder's Statement continued...

Notes:

1. For calculation purposes, this excludes 8,186,195 MRL Shares issued under the Share Offer settlements completed to date. A total of 147,697,737 MRL Shares are in fact currently on issue.
2. Includes 8,186,195 MRL Shares already issued under the Share Offer settlements completed to date.

If 100% of Polaris Shareholders as at the date of this Seventh Supplementary Bidder's Statement accept the Share Offer, Polaris Shareholders will become entitled to 12% of the issued Share capital of MRL, on an undiluted basis.

<b>MRL Options</b>	<b>Number Assuming 100% Acceptance</b>
MRL Options on issue	16,455,000
Takeover Consideration	2,477,206
<b>TOTAL</b>	<b>18,932,206</b>

Notes:

Since the date of the Original Bidder's Statement, 981,890 MRL Options have been converted into Shares.

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## 12. FINANCIAL INFORMATION

As a result of the Placement, MRL replaces the pro forma balance sheet set out in Section 7.1 of the Original Bidder's Statement (as amended) with the balance sheet and assumptions set out in Annexure B to this Seventh Supplementary Bidder's Statement.

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## 13. CONCLUSION

MRL encourages you to consider all information that has either been sent to you or is included in this Seventh Supplementary Bidder's Statement, and to **ACCEPT** MRL's Offers.

If you have any queries about the Offers or require assistance with your acceptance, please contact your financial advisor or call the offer information line on 1800 253 782 (callers within Australia) or +61 3 9415 4285 (callers outside Australia).

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## 14. APPROVAL OF THE SEVENTH SUPPLEMENTARY BIDDER'S STATEMENT

This Seventh Supplementary Bidder's Statement is dated 18 December 2009 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of MRL.



**Seventh Supplementary Bidder's Statement continued...**

Signed for and on behalf of  
**Mineral Resources Limited**

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**Mr Bruce Goulds  
Company Secretary**

**ANNEXURE A – POLARIS AND MRL OPTION TERMS**

<b>POL Tranche</b>	<b>Key Terms</b>	<b>Total Number on Issue</b>	<b>Tranche of MRL Options to be issued as consideration under the Option Offer</b>	<b>Key Terms<sup>1</sup></b>	<b>Total number to be issued<sup>2</sup></b>
1	Exercisable at \$0.621 expiring 4 January 2010	5,047,062	1	Exercisable at \$5.21 expiring 4 January 2010	504,706
2	Exercisable at \$0.281 expiring 31 December 2010	150,000	2	Exercisable at \$1.81 expiring 31 December 2010	15,000
3	Exercisable at \$0.281 expiring 14 July 2011	100,000	1	Exercisable at \$1.81 expiring 14 July 2011	10,000
4	Exercisable at \$0.40 expiring 31 December 2011	750,000	2	Exercisable at \$3.00 expiring 31 December 2011	75,000
5	Exercisable at \$0.531 expiring 31 December 2011	5,825,000	3	Exercisable at \$4.31 expiring 31 December 2011	582,500
6	Exercisable at \$0.531 expiring 31 December 2011	500,000	2	Exercisable at \$4.31 expiring 31 December 2011	50,000
7	Exercisable at \$0.55 expiring 31 December 2011	1,250,000	3	Exercisable at \$4.50 expiring 31 December 2011	125,000
8	Exercisable at \$0.55 expiring 31 December 2011	275,000	3	Exercisable at \$4.50 expiring 31 December 2011	27,500
9	Exercisable at \$0.631 expiring 31	50,000	2	Exercisable at \$5.31 expiring	5,000



Seventh Supplementary Bidder's Statement continued...

	December 2011			31 December 2011	
10	Exercisable at \$0.731 expiring 31 December 2011	3,825,000	3	Exercisable at \$6.31 expiring 31 December 2011	382,500
11	Exercisable at \$0.75 expiring 31 December 2011	3,000,000	3	Exercisable at \$6.50 expiring 31 December 2011	300,000
12	Exercisable at \$0.30 expiring 31 December 2013	1,000,000	4	Exercisable at \$2.00 expiring 31 December 2013	100,000
13	Exercisable at \$0.40 expiring 31 December 2013	1,000,000	4	Exercisable at \$3.00 expiring 31 December 2013	100,000
14	Exercisable at \$0.50 expiring 31 December 2013	2,000,000	4	Exercisable at \$4.00 expiring 31 December 2013	200,000
15	Exercisable at \$0.45 expiring 31 December 2011 <sup>3</sup>	375,000	5	Exercisable at \$3.50 expiring 31 December 2011	37,500
	<b>TOTAL</b>	<b>25,147,062</b>			<b>2,514,706</b>

Notes:

1. Other terms of the Tranches of MRL Options are set out in Annexure F of the Bidder's Statement (as amended).
2. On the basis of one MRL Option per 10 Polaris Options held and assuming 100% acceptance of the Option Offer and no rounding up or down of Offers.
3. All 375,000 Tranche 15 Polaris Options were exercised on 18 December 2009. As a result, the total number of Polaris Options available for acceptance into the Option Offer is now 24,772,062 and the number of MRL Options being offered is 2,477,206.

## ANNEXURE B – FINANCIAL INFORMATION

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

	Mineral Resources Audited Balance Sheet at 30Jun09 (adjusted) \$'000	Polaris Metals Audited Balance Sheet at 30Jun09 \$'000	Consolidation Entries \$'000	Proforma Consolidated Balance Sheet of the Merged Entity at 30Jun09 \$'000
<b><u>Current assets</u></b>				
Cash and cash equivalents	106,801	4,209	(24,828)	86,182
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	160,745	4,620	(24,828)	140,537
<b><u>Non current assets</u></b>				
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	0	241
Plant and equipment	157,033	425		157,458
Exploration and evaluation assets		23,498		23,498
Goodwill	10,235		129,607	139,842
Other intangible assets		26		26
Deferred tax assets	10,127			10,127
Total non current assets	179,996	26,952	129,607	336,555
Total assets	340,741	31,572	104,779	477,092
<b><u>Current liabilities</u></b>				
Trade and other payables	40,494	754		41,248
Financial lease liabilities	9,829			9,829
Income tax payable	4,882			4,882
Provisions	4,439	119		4,558
Total current liabilities	59,644	873	0	60,517
<b><u>Non current liabilities</u></b>				
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	143,937	873	0	144,810
Net assets	196,804	30,699	104,779	332,282



	<b>Mineral Resources Audited Balance Sheet at 30Jun09 (adjusted)</b>	<b>Polaris Metals Audited Balance Sheet at 30Jun09</b>	<b>Consolidation Entries</b>	<b>Proforma Consolidated Balance Sheet of the Merged Entity at 30Jun09</b>
<b><u>Equity</u></b>				
Issued capital	125,095	38,298	102,921	266,314
Reserves	4,456	6,943	(6,943)	4,456
Retained earnings	67,253	(14,542)	8,801	61,512
Total equity	196,804	30,699	104,779	332,282

### 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 \$160.306 million consists of:

	<b>\$'000</b>
New MRL Shares for POL Shares at MRL market value on 17 December 2009 of \$7.03	134,180
Cash consideration of \$0.10 per Polaris Share	19,087
New MRL Options for POL Options at fair value	7,039
Total Purchase Consideration	160,306

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 \$5.741 million (including stamp duty) have been expensed in accordance with Australian Accounting Standard AASB3 Business Combinations.

The impact of the share placement dated 30 November 2009 has been included as an adjustment to the Mineral Resources Audited Balance Sheet as at 30 June 2009. Key elements of the share placement are

	<b>\$'000</b>
7,750,000 new MRL Shares issued on 30 November 2009 at \$6.75	52,313
Expenses of the issue (brokerage)	392
Tax deduction for expenses of the issue	118



## **Seventh Supplementary Bidder's Statement continued...**

In the event that MRL does not acquire 100% of Polaris but acquires 50.1% or more of Polaris, MRL will still be required to consolidate Polaris in its financial statements, based on the Australian equivalent of International Accounting Standards, taking into account any minority interests.