

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme POLARIS METALS NL

ACN/ARSN ACN 085 223 570

1. Details of substantial holder (1)

Name Mineral Resources Limited (ACN 118 549 910) and its related bodies corporate listed in Annexure A to this Form 603 (Substantial Holders)

ACN / ARSN (if applicable) _____

The holder became a substantial holder on 20 / 08 / 2009.

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Persons' votes (5)	Voting power (6)
Fully paid ordinary shares (ORD)	34,962,751	34,962,751	19.9%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Mineral Resources Limited	Pursuant to Section 608(8) of the Corporations Act by virtue of rights under a Pre-Bid Acceptance Agreement with Heron Resources Ltd (ACN 068 263 098) dated 20 August 2009, marked as Annexure B to this Form 603.	34,962,751 ORD
Related bodies corporate listed in Annexure A	Related body corporate of Mineral Resources Limited	34,962,751 ORD

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Substantial Holders	Heron Resources Ltd	Heron Resources Ltd	34,962,751 ORD

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Substantial Holders	20 August 2009		For details, see Annexure B to this Form 603	34,962,751 ORD

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
	The companies listed in Item 3 (including those listed in Annexure A) are all related bodies corporate.

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Mineral Resources Limited	25 Wellard Street, Bibra Lake, Western Australia
Heron Resources Ltd	Level 1, 37 Ord Street, West Perth, Western Australia

Signature

print name BRUCE GOULDS capacity Company Secretary
sign here  date 21 / 8 / 2009

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations A.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. If the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

ANNEXURE A

THIS IS ANNEXURE "A" OF 1 PAGE REFERRED TO IN THE FORM 603 – NOTICE OF INITIAL SUBSTANTIAL HOLDER.

DATED THIS 21 DAY OF AUGUST 2009.



Bruce Goulds
Company Secretary
MINERAL RESOURCES LIMITED
(ACN 118 549 910)

Related Body Corporate	ACN	Relation to Mineral Resources Limited
Crushing Services International Pty Ltd	069 303 377	Wholly owned subsidiary
PIHA Pty Ltd	061 356 812	Wholly owned subsidiary
Process Minerals International Pty Ltd	063 988 894	Wholly owned subsidiary

ANNEXURE B

THIS IS ANNEXURE "B" OF *8* PAGES REFERRED TO IN THE FORM 603 – NOTICE OF INITIAL SUBSTANTIAL HOLDER.

DATED THIS *26* DAY OF AUGUST 2009.



Bruce Goulds
Company Secretary
MINERAL RESOURCES LIMITED
(ACN 118 549 910)

MINERAL RESOURCES LIMITED
ACN 118 549 910
(Bidder)

and

HERON RESOURCES LIMITED
ACN 068 263 098
(Shareholder)

PRE-BID ACCEPTANCE AGREEMENT

*I, Bruce Gaulds, confirm that this
is a true copy of the original.*

[Signature]
Company Secretary *21/8/09*

STEINPREIS PAGANIN
Lawyers & Consultants



THIS AGREEMENT is made the 20TH day of AUGUST 2009

BETWEEN

MINERAL RESOURCES LIMITED (ACN 118 549 910) of 25 Wellard Street, Bibra Lake, Western Australia (**Bidder**);

AND

HERON RESOURCES LIMITED (ACN 068 263 098) of Level 1, 37 Ord Street, West Perth, Western Australia (**Shareholder**).

RECITALS

- A. The Shareholder is the legal and beneficial owner of the Acceptance Shares.
- B. The Bidder proposes to make a public announcement of its intention to make the Offer.
- C. The Shareholder has agreed to accept the Offer in respect of the Acceptance Shares on the terms and conditions of this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Acceptance Shares means Target Shares held by the Shareholder that as at the date of this Agreement represent to the nearest whole number 19.9% of all the fully paid ordinary shares on issue in the capital on the Target.

Associate has the meaning given by section 12 of the Corporations Act.

Agreement means the agreement constituted by this document and includes the recitals.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the Australian Securities Exchange.

ASX Listing Rules or Listing Rules means the official listing rules of ASX.

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

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

Dispose has the meaning given by the ASX Listing Rules.

Encumbrance means a mortgage, charge, pledge, lien, hypothecation or third party interest of any kind whatsoever, or an agreement or arrangement to create any of them or to allow any of them to exist and Encumber has a corresponding meaning.

Offer means offers to acquire Target Shares made by the Bidder under an off-market takeover bid under Chapter 6 of the Corporations Act, for consideration

of one (1) Bidder share for every 12.5 Target Shares, as varied from time to time in accordance with the Corporations Act, and the conditions to which must be the same as or not substantially less favourable than those disclosed in writing to the Shareholder before the execution of this Agreement.

Offer Period means the offer period (as that term is defined in the Corporations Act) in respect of the Offer.

Party means a party to this Agreement.

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

Target means Polaris Metals NL (ACN 085 223 570).

Target Shares means fully paid ordinary shares in the capital of Target.

1.2 Interpretations

In this Agreement unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Agreement and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (j) a reference to \$ or **dollar** is to Australian currency.

2. OBLIGATIONS OF THE SHAREHOLDER

2.1 Acceptance of Bidder's offer for Target Shares

In consideration of:

- (a) the mutual promises set out in this Agreement; and
- (b) the Bidder paying the Shareholder \$1.00 (receipt of which is acknowledged by the Shareholder),

If the Bidder publicly announces the Offer within 2 Business Days after the date of this Agreement, the Shareholder undertakes to:

- (c) irrevocably accept the Offer in respect of the Acceptance Shares by no later than 5 Business Days after the commencement of the Offer Period; and
- (d) do everything (including executing any document and making any election) that the Bidder reasonably requires, to give full effect to the Shareholder's obligations to accept the Offer in respect of the Acceptance Shares.

2.2 No withdrawal of acceptance by Shareholder

The Shareholder:

- (a) acknowledges that its acceptance of the Offer will be irrevocable and agrees to do everything (including executing any document) that the Bidder reasonably requires, to give full effect to the Shareholder's acceptance of the Offer in respect of the Acceptance Shares;
- (b) irrevocably waives any rights it may have under section 650E of the Corporations Act, in the event that the Bidder varies the Offer; and
- (c) covenants not to exercise any rights it may have to withdraw its acceptance of the Offer in respect of the Acceptance Shares, including under section 650E of the Corporations Act.

2.3 Prohibited actions

The Shareholder agrees that from the date of execution of this Agreement until the termination of this Agreement, other than pursuant to a transaction contemplated by this Agreement, the Shareholder must not:

- (a) dispose or Encumber any Acceptance Shares; or
- (b) directly or indirectly purchase or otherwise acquire any Relevant Interest in any Target Shares (other than pursuant to the conversion or exercise of any Target convertible securities on issue as at the date of this Agreement (**Convertible Securities**)).

3. SUBSTANTIAL HOLDER NOTICE

The Bidder agrees that it will lodge with the ASX a Form 603 – Notice of Initial Substantial Holder (which will annex a copy of this Agreement) in relation to the Acceptance Shares, at the time required by the Corporations Act.

4. WARRANTIES

The Shareholder warrants to the Bidder that:

- (a) it has full power and authority to enter into this Agreement;
- (b) the execution and performance of this Agreement is not in breach of any trust, deed, contract or other obligation to which it is bound; and
- (c) the Acceptance Shares will at all relevant times be free from any Encumbrance (other than an Encumbrance created by this Agreement).

5. EXPIRY AND TERMINATION

5.1 Termination

This Agreement will expire and terminate and there will be no continuing rights or obligations of either party (other than the warranties set out in clause 4) on the earlier of:

- (a) the Bidder being registered in the Target's share register as the holder of the Acceptance Shares; and
- (b) the Offer closing having not, prior to or on the date of closing, been freed of all defeating conditions.

5.2 Acknowledgement regarding Offer

The Shareholder acknowledges and agrees that:

- (a) nothing in this Agreement obliges the Bidder to announce or proceed with the Offer; and
- (b) the Bidder has the right, subject to the Corporations Act, to delete, waive or vary any of the conditions in any Offer, declare any Offer unconditional or extend any Offer at any time.

6. CONFIDENTIALITY

The fact and terms of this Agreement must be kept confidential until the earlier of:

- (a) the announcement of the Offer; or
- (b) the lodgement of the notice contemplated by clause 3.

7. CONSENT

- (a) Subject to the Bidder complying with clause 7(b), the Shareholder consents to the inclusion of references to it and the subject matter of this Agreement in any public announcement by the Bidder in relation to the Offer or to any such reference or statements required in a bidder's statement issued in connection with the Offer.
- (b) The Bidder must, to the extent practicable, consult in good faith with the Shareholder on the final form of any public announcements, references

or statements contemplated by clause 7(a) prior to their release to the public.

8. NOTICES

8.1 Requirements for Notice

Each notice authorised or required to be given to a Party shall be in writing and may be delivered personally or sent by properly addressed and prepaid mail or facsimile in each case addressed to the Party at its address set out in clause 8.2, or as the case may be to such other address as it may from time to time notify to the other Parties pursuant to clause 8.3.

8.2 Address of Parties

The initial address of the Parties shall be as follows:

In the case of the Bidder:

25 Wellard Street
Bibra Lake, Western Australia 6163
Facsimile: INT + 8 9434 4955
Attention: The Company Secretary

In the case of the Shareholder:

Level 1
37 Ord Street
West Perth, Western Australia 6005
Facsimile: INT + 8 9215 4490
Attention: The Company Secretary

8.3 Change of Address

Each Party may from time to time change its address by giving notice pursuant to clause 8.1 to the other Parties.

8.4 Receipt of Notice

Any notice given pursuant to clause 8.1 will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery if delivered prior to 5 pm (Perth time) on a Business Day or on the next following Business Day if delivered after 5 pm (Perth time) on a Business Day or on other than a Business Day;
- (b) if sent by mail, on the second clear Business Day after the day of posting; or
- (c) if sent by facsimile, on the day the facsimile was sent by clear transmission.

9. FURTHER ASSURANCE

Each Party shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the other Party to effectively carry out and give effect to the terms and intentions of this Agreement.

10. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the law from time to time in the State of Western Australia and the Parties agree to submit to the non-exclusive jurisdiction of the courts of Western Australia and the courts which hear appeals therefrom.

11. VARIATION

No modification or alteration of the terms of this Agreement shall be binding unless made in writing dated subsequent to the date of this Agreement and duly executed by the Parties.

12. COSTS**12.1 Stamp Duty**

All stamp duty assessed on or in respect of this Agreement (if any) shall be paid by the Bidder.

12.2 Legal Costs

Each Party shall bear their own legal costs of and incidental to the preparation, negotiation and execution of this Agreement.

13. MISCELLANEOUS**13.1 Severance**

If any provision of this Agreement is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.

13.2 Entire Agreement

This Agreement shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements with respect thereto.

13.3 Counterparts


This Agreement may be executed in any number of counterparts (including by way of facsimile) each of which shall be deemed for all purposes to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

13.4 Time

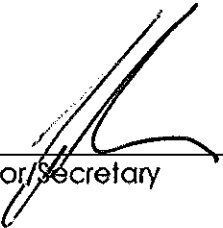
Time shall be of the essence in this Agreement in all respects.

EXECUTED by the Parties as an Agreement.

EXECUTED BY)
MINERAL RESOURCES LIMITED)
ACN 118 549 910)
in accordance with the Corporations Act:)



Director

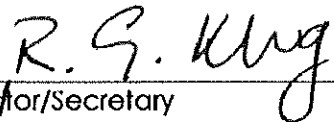


Director/Secretary

EXECUTED BY)
HERON RESOURCES LIMITED)
ACN 068 263 098)
in accordance with the Corporations Act:)



Director



Director/Secretary