

15 October 2009

ASX RELEASE

POLARIS BOARD RECOMMENDS IMPROVED MINERAL RESOURCES OFFER

The Board of Polaris Metals NL (“Polaris”) (ASX : POL) announces that it has reached agreement with Mineral Resources Limited (“Mineral Resources”) on the terms of an improved offer by Mineral Resources for all the shares in Polaris (“Improved Mineral Resources Offer”).

Under the Improved Mineral Resources Offer, Polaris shareholders will receive one Mineral Resources share and \$0.60 cash for every 12 Polaris shares¹. The parties have agreed to discuss in good faith an equitable adjustment to the offers for Polaris options.

Mineral Resources has also agreed to declare its offer free of the minimum acceptance condition and will free the offer of all remaining conditions on acquiring 50.1% of Polaris shares.

The Polaris board considers the Improved Mineral Resources Offer to be **superior** to the offer proposed to be made by Lion-Asia Resources Pte. Ltd., on the terms announced to the ASX on 6 October 2009 (“Lion-Asia Offer”).

Under the Lion-Asia Offer, Polaris shareholders would receive \$0.60 cash per share. Based on the closing price of Mineral Resources shares on ASX on 14 October of \$7.24, the implied value of the Improved Mineral Resources Offer is \$0.65 per Polaris share, a premium of approximately 8.3% to the Lion-Asia Offer. Based on the 5-day VWAP of Mineral Resources shares to and including 14 October 2009 of \$7.15, the implied value is also approximately \$0.65 per Polaris share (after rounding).

Aside from this premium, the Board is also of the view that the Improved Mineral Resources Offer is superior to the Lion-Asia Offer in light of the fact that Polaris shareholders, should they accept the Improved Mineral Resources Offer and receive Mineral Resources shares:

- will have the opportunity to participate in the synergies between Mineral Resources and Polaris and the successful development of Polaris’ assets, as part of a larger and financially stronger Mineral Resources group;
- will participate in any future Mineral Resources dividend stream; and
- will participate in the growth plans of Mineral Resources within its existing contracting and commodity (iron ore and manganese) businesses.

¹ This means Polaris shareholders will receive 1 Mineral Resources share for every 12 Polaris shares they hold, plus \$0.05 in cash for each Polaris share they hold.

For the above reasons, the Board has determined to **reject** the current Lion-Asia Offer and continues to recommend that Polaris shareholders **accept the Improved Mineral Resources Offer, in the absence of a superior proposal**. Further information will be provided to Polaris optionholders in due course.

As at the close of business on 13 October 2009, Mineral Resources had a relevant interest in approximately 29.2% of Polaris shares through acceptance of its offer, meaning that, if the offer becomes unconditional, Mineral Resources will become the largest shareholder in Polaris.

As noted in the announcement by Mineral Resources of 6 October 2009, all of the directors of Polaris have already accepted the Mineral Resources offer in respect of the Polaris shares and options which they hold.

The Mineral Resources offer is currently scheduled to close on 26 October 2009, unless extended.

POLARIS METALS NL



Ken Hellsten

Managing Director