

12 November 2009

ASX RELEASE

POLARIS BOARD RECOMMENDS IMPROVED MINERAL RESOURCES OFFER

The Board of Polaris Metals NL (“Polaris”) (ASX : POL) has considered the competing takeover offers for the company by Mineral Resources Limited (“Improved Mineral Resources Offer”) and Lion-Asia Resources Pte. Ltd. (“Lion-Asia Offer”).

Under the Improved Mineral Resources Offer, Polaris shareholders will receive one Mineral Resources share and \$0.50 cash for every 10 Polaris shares¹. Under the proposed Lion-Asia Offer, subject to certain conditions, Polaris shareholders would receive \$0.70 cash per share.

The Polaris board considers the value provided under the Improved Mineral Resources Offer to be **superior** to the proposed Lion-Asia Offer.

The Board recommends that shareholders **reject** the proposed Lion-Asia Offer and **accept the Improved Mineral Resources Offer, in the absence of a superior proposal**. To reject the proposed Lion-Asia Offer, shareholders should simply ignore all correspondence in relation to that offer.

Relevant considerations

The Board has carefully considered the merits of each offer and, notwithstanding the fact that a substantial proportion of the value of the Improved Mineral Resources Offer is in the form of scrip, and therefore may change with movements in market prices, considers the Improved Mineral Resources Offer to represent the superior alternative for shareholders.

Based on the closing price of Mineral Resources shares on ASX on 11 November 2009 of \$6.85, the implied value of the Improved Mineral Resources Offer is \$0.735 per Polaris share, a premium of 5.0% to the proposed Lion-Asia Offer. Based on the 5-day VWAP of Mineral Resources shares to and including 11 November 2009 of \$6.80, the implied value is \$0.73 per Polaris share, a premium of approximately 4.3% to the proposed Lion-Asia Offer.

Other potential benefits of accepting the Improved Mineral Resources Offer and receiving Mineral Resources shares, as outlined in previous announcements to ASX, continue to apply and have also been considered by the Board.

¹ This means Polaris shareholders will receive 1 Mineral Resources share for every 10 Polaris shares they hold, plus \$0.05 in cash for each Polaris share they hold.

The proposed Lion-Asia Offer is subject to a number of conditions, including a non-waivable minimum acceptance condition. The Improved Mineral Resources Offer is unconditional, meaning that Polaris shareholders who accept that offer are assured of receiving the consideration due to them under that offer.

Offer to Optionholders

Further information will be provided to Polaris optionholders in due course, following clarification of Mineral Resources' intentions in relation to the Polaris options. Polaris optionholders should **take no action**, pending receipt of the Board's formal recommendation.

Current status

As at 30 October 2009, the date of its last offer extension, Mineral Resources disclosed a relevant interest in 31.72% of Polaris shares through acceptance of its share offer, meaning that Mineral Resources will, following processing of acceptances, become the largest shareholder in Polaris. As at the same date, Mineral Resources also disclosed a relevant interest in 27.87% of Polaris options.

The Mineral Resources offer is currently scheduled to close on 25 November 2009, unless extended. Shareholders should note that as the Improved Mineral Resources Offer has been declared unconditional, the offer may be extended at any point until the closing time for the offer.

Polaris shareholders who have previously accepted the Mineral Resources offer will receive the increased consideration provided under the Improved Mineral Resources Offer.

Polaris is unable to advise when the Lion-Asia Bidders Statement will be lodged. It is a requirement of the Corporations Act that Lion-Asia dispatch its offers to shareholders on or before 6 December 2009.

Polaris shareholders should monitor the trading price of Polaris shares on the ASX and consider seeking professional advice concerning their personal circumstances.

POLARIS METALS NL



Ken Hellsten
Managing Director