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Dear Optionholder

Mineral Resources and Lion-Asia Option Offers

The Board of Polaris Metals NL (“Polaris”) (ASX : POL) notes the 16 November 2009 announcement of an increase in the offer by Mineral Resources Limited (“Mineral Resources”) for all the issued options in Polaris.

Under the new offer, Polaris optionholders will receive one new Mineral Resources option for every 10 Polaris options, with the exercise price being 10 times the exercise price of the Polaris option. Expiry dates remain unchanged.

The Board notes that Mineral Resources has not altered the terms of its option offer to take account of the payment of \$0.05 for each Polaris share under its Share offer.

Board recommendation

The Board of Polaris has considered the improved Mineral Resources offer for the Polaris options and also the proposed cash offer for the options by Lion-Asia Resources Pte. Ltd. (“Lion-Asia”) announced on 16 October 2009. Under the Lion-Asia offer, holders of options with an exercise price of less than \$0.70 (the offer price under the Lion-Asia share offer) will be entitled to a cash payment equal to the difference between the exercise price and \$0.70.

Applying a Black-Scholes methodology it is possible to derive values for the consideration under the Mineral Resources option offer that are superior to the Lion-Asia offer for all classes of options. However, this conclusion can be affected by a wide range of factors including the share price of Mineral Resources and the exercise price and time to expiry of the particular series of Polaris options.

Accordingly, the Board recommends that option holders **take into account the specific terms of their own options when evaluating the offers and consider seeking professional advice before accepting either offer.**

Relevant considerations

Optionholders should note that **both** the Mineral Resources offer and the Lion-Asia offer for options are subject to a non-waivable condition (imposed as a condition of ASX relief) that the relevant offeror acquires not less than 50.1% of the Polaris shares. Optionholders may therefore wish to delay acceptance of an option offer until such time as that condition is satisfied. As advised on 12 November 2009, the Polaris Board has recommended that shareholders accept the share offer by Mineral Resources, in the absence of a superior proposal.

The Mineral Resources option offers are scheduled to close on 9 December 2009, unless extended.

The Lion-Asia option offers are not yet open for acceptance. The Lion-Asia Bidder's Statement was lodged with ASIC on 13 November 2009 and is expected to be provided to shareholders and optionholders by 6 December 2009.

Exercise of Options

Polaris optionholders who wish to receive the benefit of the \$0.05 cash payment under the Mineral Resources share offer may exercise their Polaris options and accept the Mineral Resources share offer, which is now unconditional.

However, it is important to note that shares issued on exercise of the Polaris options **cannot be accepted into the Lion-Asia Offer**, which only extends to shares on issue as at the "Register Date" under that offer, which is 13 November 2009.

Also, it will be necessary for Polaris to establish a separate line and code on ASX for trading of any such shares resulting from the exercise of Polaris options. There can be no assurance that there will be a liquid market for those shares or that, if they trade, they will do so at or near the current Polaris share price

Yours sincerely



Lew Cross
Chairman