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**MINERAL RESOURCES LIMITED (ACN 118 549 910)**

**NOTICE OF VARIATION OF TAKEOVER OFFERS**

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- To:
- 1. Polaris Metals NL (ACN 085 223 570) (Polaris).**
  - 2. Persons to whom MRL made Offers dated 23 September 2009 under the takeover bid referred to in this notice.**
  - 3. The Australian Securities and Investments Commission (ASIC).**
  - 4. Australian Securities Exchange (ASX)**
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**1. VARIATION OF OPTION OFFER**

Mineral Resources Limited (ACN 118 549 910) (**MRL**) varies its Option Offer dated 23 September 2009 made in its Bidder's Statement dated 17 September 2009 (as amended) (**Bidder's Statement**) so that the Option Offer extends to 4,375,000 Polaris Options issued on 1 December 2009 (**New Options**).

MRL has 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 website.

All references in the Bidder's Statement to the Option Offer are varied accordingly. In particular:

- Annexure E of the Bidder's Statement is replaced with Annexure A to this Notice, it being noted that the New Options comprise Tranches 12 – 15 in Annexure A; and
  - Annexure F of the Bidder's Statement is amended to include the terms of the MRL Option set out in Annexure B to this Notice, being the terms of the MRL Options offered under the Option Offer as consideration for the New Options.
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**2. VARIATION OF SHARE OFFER**

MRL varies its Share Offer dated 23 September 2009 made in its Bidder's Statement to extend 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 website.

All references in the Bidder's Statement to the Share Offer are varied accordingly.

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**3. IMPROVED CONSIDERATION FOR OPTION OFFER**

MRL gives notice under section 650D(1) of the Corporations Act that it varies 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.**

All references in the Bidder's Statement to the consideration offered under the Option Offer are varied accordingly. Annexure A to this Notice, which replaces Annexure E of the Bidder's Statement, sets out the reduced exercise prices of the MRL Options.

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 website.

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#### 4. EXTENSION OF OPTION OFFER PERIOD

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.**

All references in the Bidder's Statement to the Option Offer Period, and the closing date of the Option Offer are varied accordingly.

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this notice.

**Approved by a unanimous resolution passed by the directors of Mineral Resources Limited.**



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**Bruce Goulds**

Company Secretary

Dated: 18 December 2009

A copy of this notice was lodged with ASIC on the date set out above. Neither the ASIC nor any of its officers takes any responsibility for the contents of this notice.

**ANNEXURE A**

**ANNEXURE E – SUMMARY OF POLARIS OPTIONS AND MRL OPTIONS**

<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

	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	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.
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. 14,000,000 Tranche 3 Polaris Options were exercised on 14 December 2009.
4. 2,000,000 Tranche 10 Polaris Options lapsed on 1 December 2009.

## **ANNEXURE B – MRL OPTION TERMS**

### **4. Tranche 4 MRL Options**

#### **1. Entitlement**

Each Option entitles Optionholder to subscribe for one fully paid ordinary Share in Mineral Resources Limited (**MRL** or the **Company**) upon exercise of each Option.

#### **2. Exercise Price**

The exercise price of the Options is the applicable price for Tranche 4 MRL Options as set out in Annexure E of the Bidder's Statement dated 17 September 2009 as amended ("**Exercise Price**"), being:

Tranche 1: \$2.00 per Option as to 100,000 Options

Tranche 2: \$3.00 per Option as to 100,000 Options

Tranche 3: \$4.00 per Option as to 200,000 Options

#### **3. Exercise Period**

Options are exercisable on or before 5 pm Perth time on 31 December 2013, ("**Expiry Date**"), subject to an event triggering their vesting. The Options will vest on the Company:

Tranche 1 - completing a Bankable Feasibility Study for the Project (or equivalent).

Tranche 2 - securing sufficient funding to commence production for the Project (or equivalent).

Tranche 3 - commencing production or completing an agreement with third parties facilitating an equivalent event for the Project.

#### **4. Takeover Bid on Resignation**

If there is a voluntary resignation or the employee's employment is terminated (not arising out of the employee's death, redundancy, permanent illness or permanent physical or mental incapacity, or that of an employee's immediate family member, as certified by a medical practitioner), then non-vested Options terminate and vested Options may be exercised within 12 months of the resignation date. Resignation arising out of the employee's death, redundancy, permanent illness or permanent physical or mental incapacity or that of an employee's immediate family member as certified by a medical practitioner will not affect either the vested or the unvested Options and the Options will be capable of exercise in the usual way by the employee or his legal representatives, provided (in the case of unvested options) the vesting conditions have been satisfied.

#### **5. Notice of Exercise**

The Options may be exercised by notice in writing to MRL and payment of the Exercise Price for each Option being made. Any notice of exercise of an Option received by MRL will be deemed to be a notice of the exercise of that Option as at the date of receipt.

#### **6. Allotment of Shares**

Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 10 Business Days after receipt of a properly executed notice of exercise of the Option and payment of the requisite application monies.

**7. Shares to Rank Equally**

Shares issued upon exercise of the Options will rank equally in all respects with Polaris' then existing shares.

**8. Part Exercise of Options**

The Options may be exercised in whole or in part and if exercised in part, multiples of 100,000 must be exercised on each occasion except where the number of options held is less than 100,000 in which case all such options must be exercised at the same time.

**9. No Participating Rights**

There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made to MRL shareholders during the currency of the Options. However, MRL will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue.

**10. Change of Rights**

In the event of any new or bonus issues, there are no rights to a change in exercise price, or a change in the number of underlying securities over which the Options can be exercised. In the event of any reorganisation of the issued capital of MRL on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation.

**11. Notice of Expiry**

MRL will, at least 20 Business Days before the expiry date of the Options, send notices to Optionholder stating the name of the Optionholder, the number of Options held and the number of securities to be issued on exercise of the Options, the exercise price, the due date for payment and the consequences of non-payment.

**12. Right to Participate in Dividends**

The Options will not give any right to participate in dividends until shares are allotted pursuant to the exercise of the relevant options.

**13. Option Transferable**

The Options are only transferable with the consent of the Board.

**14. ASX Listing**

The Options will not be listed-on the ASX.

**15. Definitions**

**Bankable Feasibility Study** means a formal detailed report, carried out to assess the viability of mining of an ore body and upon which a decision whether to conduct mining is based and which:

- (a) concludes that the mining operations contemplated in such report are commercially viable; and

(b) is in a form and to a standard which would be reasonably acceptable to lending institutions for the purpose of soliciting financing to construct a mine.

**Project** means the Yilgarn Iron Ore Project held by Polaris Metals NL (ACN 085 223 570).

## **5. Tranche 5 MRL Options**

1. The terms of Tranche 5 MRL Options are the same as Tranche 1 MRL Options except as set out below.
2. The exercise price of the Options is the applicable price for Tranche 5 MRL Options as set out in Annexure E of the Bidder's Statement dated 17 September 2009 as amended ("**Exercise Price**"), being \$3.50 per Option.
3. Options are exercisable on or before 5 pm Perth time on the applicable date for Tranche 5 MRL Options as set out in Annexure E of the Bidder's Statement dated 17 September 2009 as amended ("**Expiry Date**") being 31 December 2011.
4. The Options must be exercised in multiples of 10,000 except where the number of options held is less than 10,000 in which case all such options must be exercised at the same time. The exercise of some of the Options does not affect the option holder's right to exercise other Options at a later time.
5. No issue price is payable for the grant of the Options.
6. Except as a result of retirement, permanent disability, redundancy or death, the Options automatically lapse when you cease to be an employee (whether part-time or full-time) of the Company.
7. Except as a result of death, the Option Holder must not sell, transfer, mortgage, pledge or otherwise encumber an Option at any time.
8. The Options do not confer on the holder any right to participate in dividends until shares are allotted pursuant to the exercise of the options.
9. An Option Holder cannot, in that capacity, participate in new issues of securities of the Company without exercising the Option.
10. In the event of a reorganisation of the issued capital of the Company, the options will be reorganised in accordance with the Listing Rules.
11. The number of Shares to be issued pursuant to the exercise of options will be adjusted for bonus issues made prior to exercise of the options so that, upon exercise of the options the number of Shares received by the Option Holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the options shall not change as a result of any such bonus issues.