

QUARTERLY STATEMENT OF EXPLORATION AND DEVELOPMENT DECEMBER 2011

Carina Iron Ore Project

Operations have progressed smoothly during the initial startup period and the operational focus is now towards ramping up to full capacity.

Hauling of ore to the train loadout commenced in October, with the first train delivering ore to the port leaving site on 31 October 2011. The first ship departed the Kwinana Berth 2 loaded with Carina iron ore on 19 November 2011. For the period ended 31 December 2011, a total of 325,075 tonnes of Carina iron ore have been shipped.

Construction Update

A number of construction activities continued throughout the quarter including; sealing of the haul road; development of the site airstrip; construction of the permanent crushing facilities and development of the iron ore stock yard at Carina. These initiatives are part of the ramp-up process and will provide significant operational efficiencies.

Resource Development and Exploration Activities

Drilling activities were undertaken at Carina, Carina Extended and Chameleon during the quarter with a total of 8,909 metres drilled in 80 RC holes, 229.55 metres of diamond core and 150 metres of RC pre-collar drilled in two diamond holes.

Carina

Drilling at Carina included the diamond drilling required for completion of the Carina resource development work for 2011, and 21 RC holes for 2388m targeted at investigating and sterilizing parallel zones of interest surrounding the open cut. In addition, drilling between Carina and Carina Extended was commenced. A further 5 RC holes totalling 672 metres were completed as part of the program of ongoing hydrological investigation.

Carina Extended

Drilling operations at Carina Extended completed 4,625 metres in 45 RC holes during the quarter. This completed the Carina Extended resource development work for the year. There is ongoing drilling between Carina and Carina Extended to investigate the extension of mineralization horizons between the two deposits.

Aboriginal Heritage surveys of the Carina Extended mining lease application were also completed during the quarter.

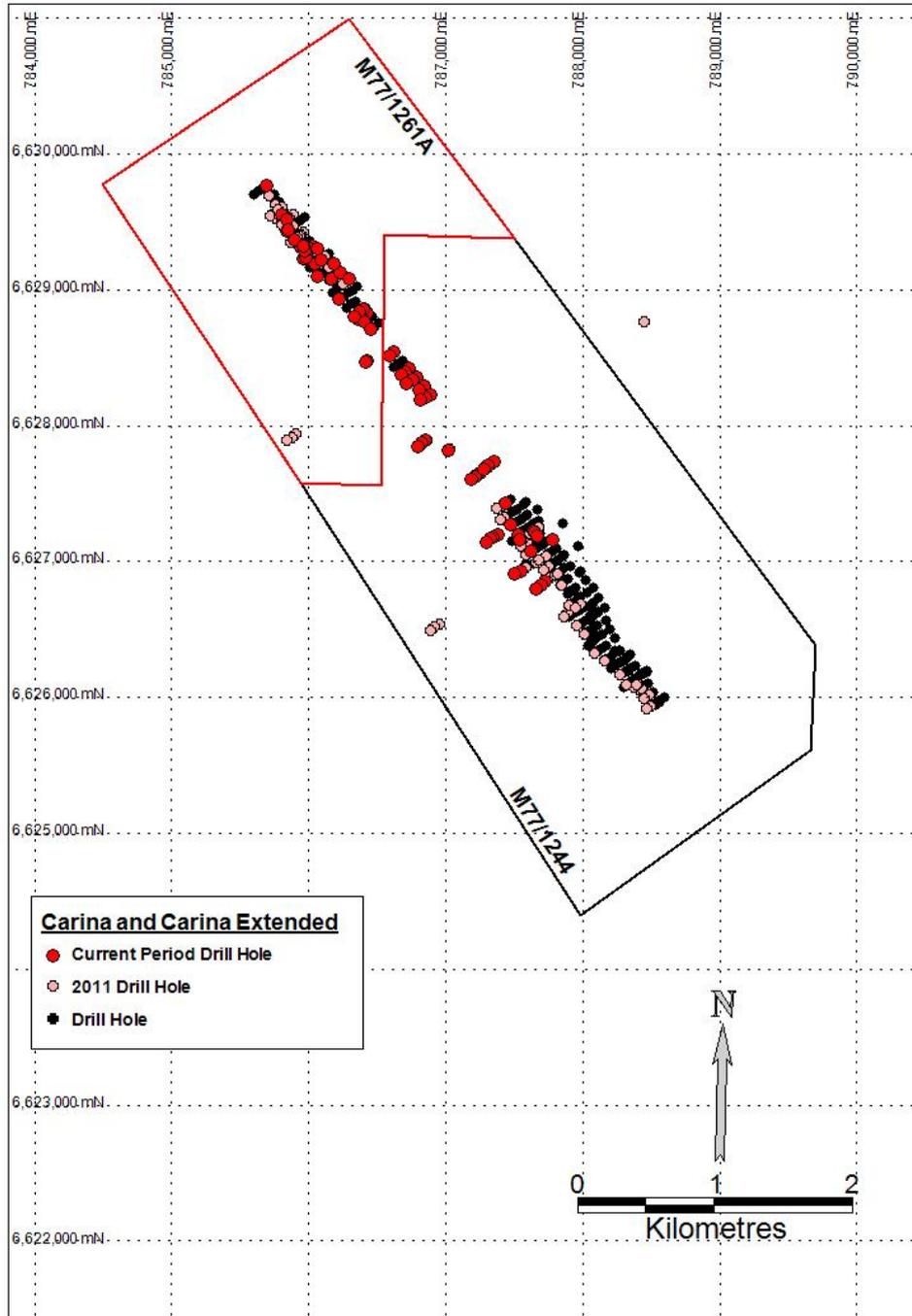


Figure 1: Carina and Carina Extended Drilling

Chameleon

Drilling at Chameleon completed 1,224 metres in 9 RC holes. This has resulted in additional intercepts and further understanding of this deposit, which will be investigated during 2012. A Program of Work has been submitted for the next phase of this work, which will include extending the strike extent of the current mineralization.

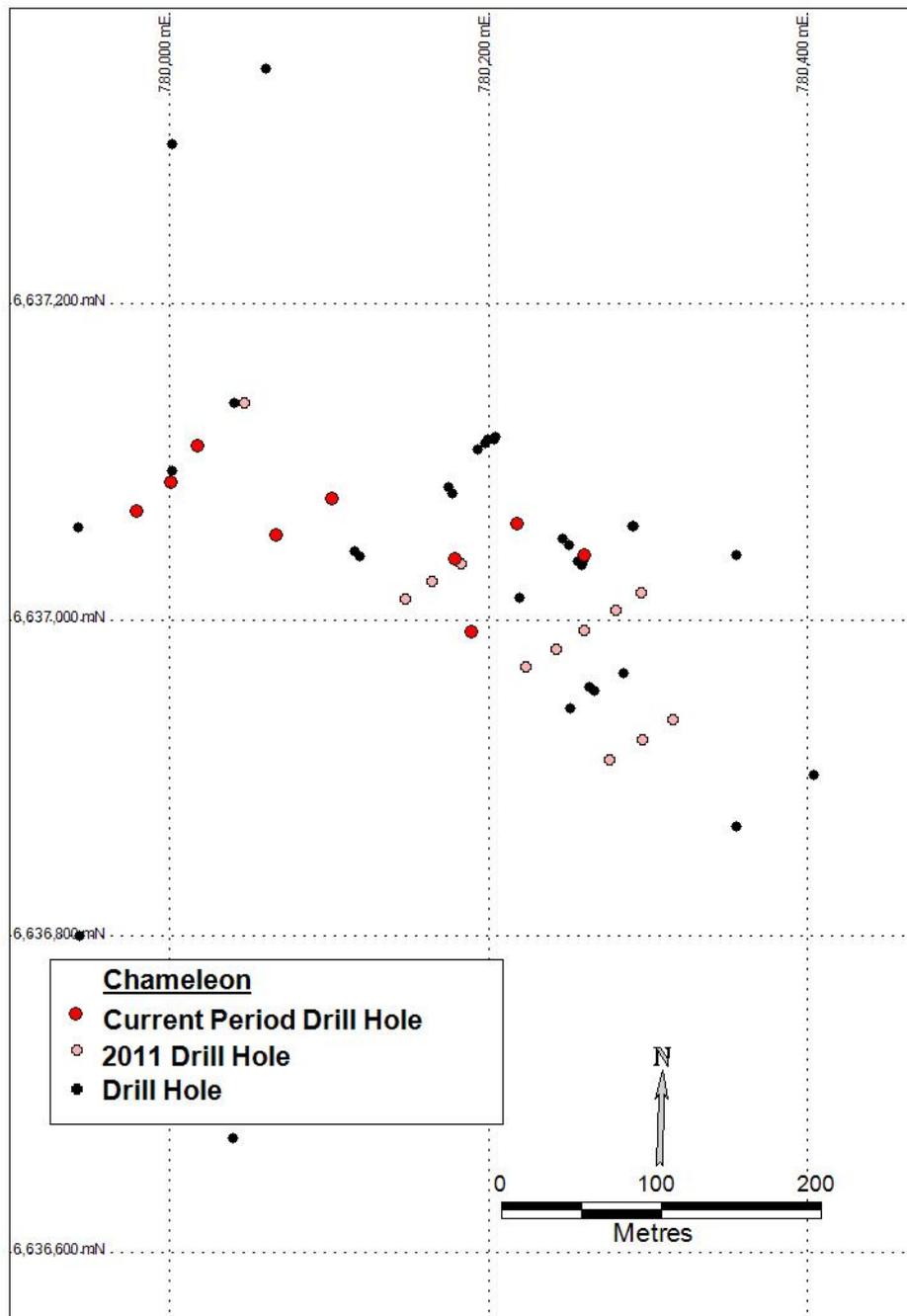


Figure 2: Chameleon Drilling

Central Pilbara

During October Mineral Resources agreed to purchase three Central Pilbara tenement packages from Iron Ore Holdings Limited (ASX:IOH). Completion of this transaction is expected during the March 2012 quarter.

Regional Exploration

During the quarter a regional Airborne Laser Scanning (LiDar) survey was completed along with detailed Aerial Imagery. Survey control is currently being finalised.

Program of Work approvals were received for the upcoming Mayfield RC drilling and the temporary exploration camp at J4.

An application for an exploration camp at Bungalbin Central was submitted to provide a base for future development work in the area. Environmental and Aboriginal Heritage surveys were also undertaken during the quarter to support this application.

Reconnaissance exploration was undertaken particularly at Hunt Range, approximately 20km north northwest of Carina and 9km from Chameleon.

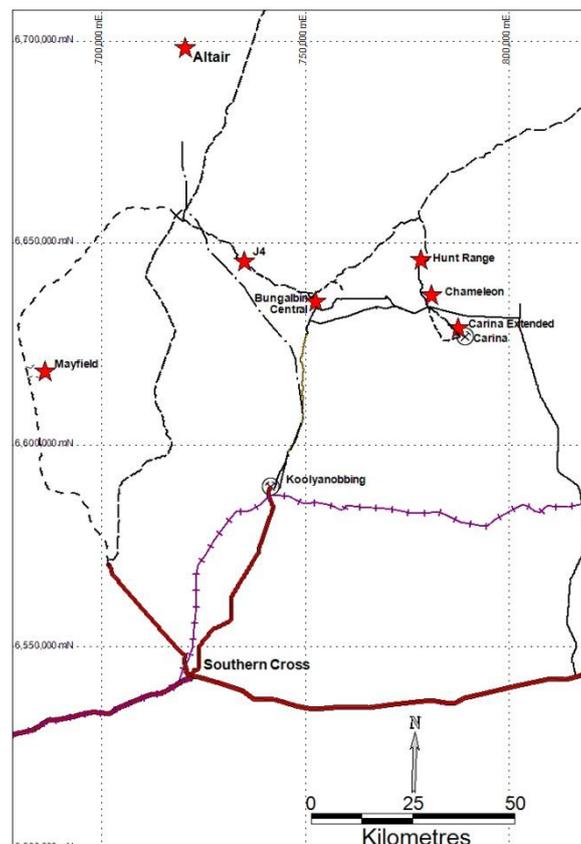


Figure 3: Prospect Locations

Tenements

Tenements granted during the period include:

- E45/3786 Poondano
- E45/3788 Poondano
- L16/91 Carina

Exploration Activities for the Upcoming Quarter

Resource drilling programs are planned for Chameleon, Mayfield and J4, and further exploration drilling will be undertaken in the Carina Corridor, particularly along the Carina mineralization horizon.

A Program of Work has been submitted for a temporary exploration camp at Mayfield to support the upcoming drilling.

Hunt Range

A Program of Work has been submitted for a 106 hole RC and diamond drilling program designed to test a 1,200 metre strike of hematite-goethite mineralized banded iron formation at Hunt Range. Environmental and heritage surveys are being scheduled to support the drilling program.

COMPETENT PERSONS AND JORC COMPLIANCE STATEMENT

Exploration Results

The information in this report that relates to exploration results is based on information compiled by Mr Brett Morey who is a member of the Australian Institute of Mining and Metallurgy and an employee of Polaris Metals Pty Ltd. Brett Morey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results'. Brett Morey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation

The information in this report that relates to mineral resource results is based on information compiled by Mr Brett Morey who is a member of the Australasian Institute of Mining and Metallurgy and a full time employee of Polaris Metals Pty Ltd. Brett Morey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Brett Morey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.