

21 April 2009

ASX RELEASE

Polaris signs agreement for potential Poondano Iron Ore Operation

- **Polaris signs option agreement with Mineral Resources to permit iron ore mining at Poondano**
- **Agreement has potential to generate several million dollars annual revenue for Polaris from 2010**
- **Revenue flow to underpin development of Polaris' primary production target, Yilgarn Iron Ore Project, and exploration of Weelumurra project in the Pilbara**

Polaris Metals N.L (ASX:POL) and Mineral Resources Limited (ASX:MIN) have entered into an agreement which grants Mineral Resources an exclusive option to acquire the rights to mine, process, transport and ship all of the iron ore deposited on Polaris' Poondano tenements located approximately 30 kilometres southeast of Port Hedland.

Under the agreement, Mineral Resources will complete a feasibility study and if successful, build, own and operate the site facilities and pay Polaris Metals for each tonne of iron ore removed from the site. The project will potentially generate several million dollars per annum revenue for Polaris.

Mineral Resources has committed to spend at least \$400,000 to complete an operational feasibility review to establish the quantum and grade of the ore reserve and detail the scope and timing of the site operations.

Ken Hellsten, Managing Director of Polaris Metals, has welcomed the agreement with Mineral Resources, which has the potential to provide significant cash flow to Polaris Metals to underpin its core activities.

"The arrangement monetises the value of the Poondano deposit and allows Polaris Metals to focus its management efforts on bringing the advanced Yilgarn Iron Ore Project (YIOP) on stream as its primary development, as well as commencing exploration of the exciting Weelumurra project in the Pilbara," he said.

The YIOP project has a target resource potential of over 100 million tonnes of direct shipping grade iron ore mineralisation in close proximity to Kwinana and Esperance rail links, while Weelumurra holds potential for 300 million tonnes of iron ore deposits."

"The Mineral Resources proposal can be seen as part of our longer term development process to establish strategic alliances with partners with complementary skills that can add value and support our growth aspirations on our projects.

“We clearly recognise the synergies that flow from a collaborative arrangement between Polaris Metals and Mineral Resources on the Poondano tenements and look forward to developing further areas of mutual co-operation” said Mr Hellsten.

Peter Wade, Executive Chairman of Mineral Resources, said that Mineral Resources is well placed to bring the Poondano Project into operation in the 2009-2010 financial year with an initial target in excess of 500,000 tonnes per annum of iron ore product for export through Port Hedland.

“The tenements are located in close proximity to the existing operations and infrastructure of Process Minerals International (a wholly owned Mineral Resources subsidiary) and will allow for the cost effective utilisation of common elements of the Company’s supply chain from mine to port to optimise production and profitability from the resource.”

“Process Minerals has proven performance in the recovery and processing of ferrous and non-ferrous base metals from smaller mineral tenements in Western Australia that would be uneconomic for the tenement owners to develop.

“The Company’s ability to use existing Group personnel, plant and infrastructure to mine and process the ore from the tenements, its low cost transport links, together with the company’s existing strong relationship with Chinese customers for both iron ore and manganese, provides a low cost, secure operation that will add value to all of the Company’s stakeholders.” Mr Wade said.

POLARIS METALS NL



Ken Hellsten
Managing Director

