

20 August 2009

MINERAL RESOURCES LIMITED TO MAKE TAKEOVER BID FOR POLARIS METALS NL

The Directors of Polaris Metals NL (“Polaris”) (ASX : POL) are pleased to announce the proposed acquisition of all the shares and options in the company by Mineral Resources Limited (“Mineral Resources”) (ASX : MIN) by means of a recommended off-market takeover bid (the “Offer”).

Under the Offer, **Polaris shareholders will receive one Mineral Resources share for every 12.5 Polaris shares held**¹. Outstanding Polaris options will be exchanged for options in Mineral Resources on comparable terms, taking into account the exchange ratio under the Offer.

Mineral Resources is a mining services and mineral processing company with operations in contract crushing, general mine services, infrastructure provision and recovery of base metal concentrate for export sales, including a Woodie Woodie manganese fines operation.

The Offer represents the culmination of a comprehensive process undertaken by the Board of Polaris with the assistance of its advisers to identify the optimal route for the development of its Yilgarn Iron Ore Project (“YIOP”) and other projects in the Yilgarn and Pilbara. In the view of the Directors, the Offer provides the stand-out alternative from a range of proposals put forward by Australian and international organisations, allowing Polaris shareholders to continue to benefit from the development of its projects while becoming part of a larger, more diverse and financially sound company.

Based on the closing prices of Polaris and Mineral Resources shares on Friday 14 August 2009² (being the last trading day before Polaris entered a trading halt – “Last Trading Date”), the Offer is valued at \$0.38 per Polaris share, representing:

- a 26% premium to \$0.30, the closing price of Polaris Shares on the Last Trading Date;
- a 42% premium to \$0.27, the volume weighted average price (VWAP) of Polaris Shares for one month up to and including the Last Trading Date; and
- a 53% premium to \$0.25, the VWAP of Polaris Shares for three months up to and including the Last Trading Date.

¹ The entitlement to receive Mineral Resources shares is subject to usual provisions in respect of foreign securities laws. In accordance with usual practice, Mineral Resources shares to which Polaris shareholders resident in ineligible foreign jurisdictions would otherwise be entitled will be issued to a nominee for sale.

² The closing price on ASX of Polaris shares and Mineral Resources shares on 14 August 2009 was \$0.30 and \$4.71 respectively.

The Directors of Polaris have considered the advantages and disadvantages of the Offer and, in the absence of a superior proposal and subject to an Independent Expert's Report concluding that the Offer is fair and reasonable to Polaris shareholders, intend to recommend that Polaris shareholders accept the Offer. Each of the Polaris Directors intends to accept the Offer in relation to the Polaris shares and options held or controlled by them.

The Board also notes that major Polaris shareholder Heron Resources Limited ("Heron") has entered into a pre-bid acceptance agreement with Mineral Resources in respect of 19.9% of Polaris' shares.

The Combined Group

The combined Mineral Resources/Polaris group of companies ("Combined Group") will provide Polaris Shareholders with a number of important benefits in addition to the headline premium noted above, including:

- **Financial strength** – The Combined Group will have a pro forma market capitalisation in excess of \$651 million, minimal net debt and strong cashflows from its ownership of three key operating divisions³.
- **Diversified exposure** – Polaris shareholders will gain exposure to the assets, operations and growth prospects of the Combined Group.
- **Continuing participation** – Polaris shareholders will not only retain exposure to the assets, operations and growth prospects of Polaris, but will also be able to participate in the synergies between Mineral Resources and Polaris which are expected to be realised as a result of the Offer and the creation of the Combined Group⁴.

Depending on the level of acceptance of the Mineral Resources Offer, eligible Polaris shareholders and optionholders may be entitled to Australian capital gains tax ("CGT") roll-over relief in respect of the disposal of their Polaris shares and options pursuant to the Offer. If so, eligible shareholders may defer any potential CGT liability, which may arise from the acceptance of the Offer, until they dispose of the new Mineral Resources shares or options.

Mineral Resources has indicated that, subject to the Offer being successful, Polaris's management team will be integrated into Mineral Resources as a Specialist Iron Ore Resources business unit. Polaris' Managing Director Ken Hellsten will join Mineral Resources' Executive Team as General Manager of the new business unit.

Polaris's Chairman, Lewis Cross said today:

"We believe that this is a major step forward and a strong result for our shareholders. In addition to a significant premium, this proposal provides Polaris shareholders with operational diversification and increased financial strength. It also allows our shareholders to benefit from the upside that ownership of shares in Mineral Resources offers in a strong commodity market."

³ Based on market prices as at 14 August 2009 and on the assumption of 100% acceptance of the Offer by shareholders.

⁴ The extent of the synergies derived from the combined group will depend on the level of acceptances under the Offer.

Bid Details

Mineral Resources and Polaris have today signed a Bid Implementation Deed under which each party has agreed to take the steps necessary to implement the recommended Offer.

A summary of the conditions to the Offer and certain other key provisions of the Bid Implementation Deed is contained in annexure A to this announcement.

Pre-Acceptance Agreement

Mineral Resources has today entered into a Pre-Acceptance Agreement with Heron in relation to 19.9% of the shares in Polaris. The full terms and conditions of the Pre-Acceptance Agreement will be attached to a Form 603 "Notice of Initial Substantial Holder" to be lodged with ASX by Mineral Resources.

Timetable

It is expected that a Bidder's Statement will be available in mid September with a Target's Statement (including an Independent Expert's Report) to follow in late September.

The Offer must remain open for a minimum of one month from the dispatch of the Bidder's Statement.

Further information

Polaris is being advised by Gresham Advisory Partners and Clayton Utz.

Further information about the companies is available on the Polaris and Mineral Resources websites (see www.polarismetals.com.au and www.mineralresources.com.au).

Contacts

Name	Company	Contact
Kenneth Hellsten	Managing Director Polaris Metals NL	+61 8 9215 1222
Justin Mannolini/ Darren Martin	Gresham Advisory Partners Limited	+61 8 9486 7077

Annexure A

Summary of conditions to the Share Offer

- **(Minimum acceptance)** Mineral Resources acquiring a relevant interest in not less than 50.1% of the Polaris shares on issue before the close of the Offer;
- **(No "prescribed occurrences")** no "prescribed occurrences" occurring in relation to Polaris prior to the close of the Offer, which includes no material acquisitions, disposals, capital expenditure etc;
- **(No material adverse change)** there being no event(s), prior to close of the Offer, which could have a material adverse effect on the business, properties, financial condition, results, operations or prospects of Polaris;
- **(Conduct of Polaris' business)** Polaris does not undertake certain non-ordinary course matters; and
- **(Regulatory approvals)** Mineral Resources obtains any regulatory approval required for the Offer.

The full details of the Share Offer conditions are set in the Mineral Resources announcement of 20 August 2009.

Key provisions of Bid Implementation Deed

The following is a summary only of certain provisions of the Bid Implementation Agreement.

For the purposes of this summary, a "Competing Proposal" is a transaction or arrangement pursuant to which a third party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in, all or a significant part of the business of the Polaris Group;
- acquire a relevant interest in any Polaris Shares, as a result of which the third party will have a relevant interest in 20% or more of Polaris Shares;
- otherwise acquire control of Polaris or the Polaris Group; or
- otherwise directly or indirectly acquire, merge with, or acquire a significant shareholding or economic interest in Polaris or its businesses, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Polaris Group or other synthetic merger or any other transaction or arrangement.

No solicitation

Polaris has agreed not to directly or indirectly solicit or invite a Competing Proposal or expression of interest or offer that may lead to a Competing Proposal, or to initiate any discussions with a third party which might lead to a Competing Proposal.

No talk, no due diligence and no commitments

Polaris has also agreed not to:

- participate in any negotiations in relation to a Competing Proposal or which may reasonably be expected to lead to a Competing Proposal;
- provide any information to a third party for the purposes of enabling that person to make an expression of interest, offer or proposal which may reasonably be expected to lead to a Competing Proposal; or
- enter into any arrangement or understanding in relation to a Competing Proposal, or approve or recommend a Competing Proposal.

Notification

Polaris has also agreed to notify Mineral Resources of any approaches from third parties with respect to Competing Proposals, and any requests for information in respect of Polaris.

Fiduciary carve-out

The no solicitation, no talk, no due diligence, no commitments and notification restrictions and obligations summarised above do not apply to the extent that they restrict Polaris from taking or refusing to take any action with respect to a bona fide Competing Proposal (which was not encouraged, solicited or invited, facilitated or initiated by Polaris in contravention of the Bid Implementation Deed) provided that:

- the Polaris Board has determined, in good faith and acting reasonably, that such bona fide Competing Proposal could reasonably be considered to be or become a proposal that, if completed substantially in accordance with its terms, would result in a transaction more favourable to Polaris shareholders than the Mineral Resources Offer; and
- after receiving legal advice, failing to respond to such bona fide Competing Proposal would be reasonably likely to constitute a breach of the Polaris directors' fiduciary or statutory obligations or expose Polaris or the Polaris directors to a real risk of liability at the suit of any holder of Polaris Shares or any regulatory authority.

Break fees

A mutual break fee of \$600,000 has been agreed.

The break fee is payable by Polaris to Mineral Resources where:

- a Competing Proposal has been publicly announced, proposed, offered or made to the Polaris Shareholders or to Polaris, and such Competing Proposal results in a third party acquiring more than 50.1% of all Polaris Shares; or

- the Polaris directors withdraw, qualify or change any of their recommendations in respect of the Mineral Resources Offer a manner adverse to MRL or causes Polaris to execute any agreement in relation to a Superior Proposal or resolves to do either of the foregoing prior to the expiry of the Offer Period.

The break fee is payable by Mineral Resources to Polaris where Polaris terminates the Bid Implementation Deed as a result of a material breach by Mineral Resources of its warranties or obligations, or if Mineral Resources withdraws the Offer.



20 August 2009

The Manager
Company Announcements
Australian Stock Exchange
Perth Office

MINERAL RESOURCES LIMITED ANNOUNCES TAKEOVER OFFER FOR POLARIS METALS NL

Mineral Resources Limited (**Mineral Resources** – ASX: MIN) today announced its intention to make an off-market takeover bid to acquire all of the issued shares in Polaris Metals NL (**Polaris** – ASX: POL).

The all scrip offer is based on **one (1) Mineral Resources share for every 12.5 Polaris shares (Offer)**. The Offer is valued at AUD\$0.38 per Polaris share based on Mineral Resources' last traded share price on Friday 14 August 2009 (being the last trading date prior Polaris entering a trading halt) (**Implied Offer Price**).

A separate offer will be made in respect of all Polaris options currently on issue, whereby Mineral Resources will offer to exchange the Polaris options for comparable Mineral Resources options. Details of the Polaris options offers will be set out in Mineral Resources' bidder's statement.

Highlights

The highlights of the Mineral Resources Offer include:

- Based on Mineral Resources' 5 day VWAP¹, the Implied Offer Price represents:
 - a 26% premium to Polaris' closing share price of AUD\$0.30 on 14 August 2009.
 - a 34% premium to Polaris' 5 day VWAP of AUD\$0.28
 - a 42% premium to Polaris' 30 day VWAP of AUD\$0.27
 - a 53% premium to Polaris' 3 month VWAP of AUD\$0.25
 - a 77% premium to Polaris' 6 month VWAP of AUD\$0.21
- Polaris shareholders who accept the Offer will enjoy the future benefits associated with the Mineral Resources' shareholder dividend policy, which provides that 50% of the profits will be distributed to Mineral Resources' shareholders by way of dividends².

¹ to 14 August 2009.

² Shares issued under the Offer will not be entitled to receive the final Mineral Resources dividend for FY2009.



- Polaris shareholders who accept the Offer will benefit from the culmination of receiving additional exposure to the benefits that flow from Mineral Resources' substantial mining services and base metal sales to China while also maintaining exposure to the benefits to be derived from exploiting Polaris' Iron Ore assets in a cost effective manner utilising Mineral Resources' existing infrastructure and proven methods.
- Polaris shareholders have the added reassurance that the Offer has the unanimous support and recommendation of Polaris's Board of Directors, and they intend to accept the Offer in relation to the Polaris shares and options held or controlled by them.³
- Major Polaris shareholder Heron Resource Limited (**Heron**) has entered into a pre-bid acceptance agreement with Mineral Resources in respect of 19.9% of the issued capital of Polaris, confirming that Heron accepts the Offer in relation to those shares.

A compelling offer

Mineral Resources believes the Offer is compelling for Polaris shareholders for the following reasons:

- The Offer represents a substantial premium to Polaris' trading price and VWAP.
- Polaris shareholders will gain exposure to Mineral Resources' substantial and profitable portfolio of diverse mining services, Iron ore and Manganese operations.
- Mineral Resources will provide increased liquidity and institutional support with greater access to capital markets.
- Mineral Resources has a proven track record of developing projects with innovative fast track solutions in an extremely cost effective manner through its history of owning and operating long term, low cost operations.
- The Mineral Resources Group operates one of the most substantial on-highway mine to market supply chain in WA and is currently the third largest exporter, by volume, of base metal product through Port Hedland to the Asian markets.
- Mineral Resources has a highly experienced Board and Management team, whose proven performance will be applied to develop Polaris' Iron Ore assets in a cost effective manner.
- Polaris shareholders who accept the Offer reduce their exposure to the inherent risks and uncertainties currently facing Polaris, including volatile commodity prices, development risks, financing risks and market uncertainties.
- The Poondano project that is currently in the development stage will target commencement within the first half of 2010.

³ In the absence of a superior offer and subject to the Independent Expert concluding that the offer is fair and reasonable to the Polaris shareholders.



Mr Peter Wade, Managing Director and Executive Chairman of Mineral Resources said:

“Mineral Resources’ Offer provides all Polaris shareholders with the opportunity to gain exposure to a significantly larger and more diversified company with the funds, resources

and capability to advance Polaris’ deposits into production in a relatively short timeframe and in an extremely cost effective manner using proven methods.

“Mineral Resources’ Board is confident that combining the businesses and assets of Mineral Resources and Polaris and potentially realising the upside offered by the combined group, with its exposure to the Asian markets, will be a dramatic value driver for the shareholders of both Polaris and Mineral Resources.”

Mineral Resources’ Offer will be subject to a number of conditions which are set out in Annexure A.

Offer Process

Mineral Resources is in the process of preparing a formal Bidder’s Statement which will be lodged with the Australian Securities Exchange and the Australian Securities and Investments Commission in due course.

For further information:

Mr Peter Wade
Executive Chairman/Managing Director
Telephone: (08) 9437 7000
www.mineralresources.com.au

Background to Mineral Resources Limited

Mineral Resources Limited and is a leading, integrated, Australian based mining services and processing company with operations in a contract crushing, general miner services, infrastructure provision and recovery of base metal concentrate for export. Operations are supplemented by rehabilitation and sale of heavy duty crushing and processing equipment, hire of engineering and crushing fleet plant and workshop manufacture of polyethylene pipe fittings and components.

Comprising three long standing core businesses, PIHA Pty Ltd, Crushing Services International Pty Ltd and Process Minerals International Pty Ltd, Mineral Resources Limited has developed a strong reputation for the cost effective delivery of its services and products to the resources and infrastructure sectors.



ANNEXURE A

Share Offer Conditions

1. **Minimum Acceptance Condition**

By the end of the Offer Period, Mineral Resources has a Relevant Interest in more than 50.1 per cent of all Polaris Shares.

2. **Material Adverse Change**

Before the end of the Offer Period, no Material Adverse Change occurs, is discovered, announced, disclosed or otherwise becomes known to Mineral Resources (whether or not becoming public).

3. **Prescribed Occurrences**

Before the end of the Offer Period, no Prescribed Occurrence occurs.

4. **Conduct of Polaris' business**

Before the end of the Offer Period, none of Polaris, or any Subsidiary of Polaris, without the written consent of Mineral Resources:

- (a) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee, except:
 - (i) as required by law or provided under any superannuation, provident or retirement scheme as in effect on the date of this deed; or
 - (ii) any action undertaken in accordance with contractual obligations that exist at the date of this deed; or
- (b) has threatened or commenced against it any material claims or proceedings in any court or tribunal.

5. **Regulatory Approval**

Before the end of the Offer Period, Mineral Resources obtains any regulatory approval required for the Share Bid.

Option Offer Conditions

1. **Minimum Acceptance Condition**

By the end of the Offer Period for the Share Offer, Mineral Resources has a Relevant Interest in more than 50.1 per cent of all Polaris Shares.

2. **Share Offer unconditional**

Before the end of the Offer Period, the Share Offer is, or has been declared, unconditional in all respects.



3. **ASX approval of amendment of option terms**

Before the end of the Offer Period for the Option Offer, ASX has provided all such waivers as are required to permit the amendment of the terms of the Polaris Options to allow transfer to Mineral Resources without the approval of Polaris Shareholders pursuant to ASX Listing Rule 6.23.4.

4. **Regulatory Approval**

Before the end of the Offer Period, Mineral Resources obtains any regulatory approval required for the Option Bid.

DEFINITIONS FOR PURPOSE OF ANNEXURE A

ASX means ASX Limited.

Disclosure Material means, in respect of a party, material released by that party to ASX on the company announcements platform.

Group, in respect of a party, means that party and each of its Subsidiaries.

Material Adverse Change means, in respect of a party, any one or more events, occurrences or matters which individually or when aggregated with all such events, occurrences or matters of a like kind or category, has a material adverse effect on the business, properties, financial condition, results, operations or prospects of that party's Group, taken as a whole, other than:

- (a) an event, occurrence or matter required to be undertaken or procured pursuant to the Implementation Deed; or
- (b) to the extent that an event, occurrence or matter was announced to ASX or otherwise fairly disclosed in the Disclosure Materials or in writing to the other party prior to the date of the Implementation Deed.

Mineral Resources means Mineral Resources Limited (ACN 118 549 910).

Offers means the Share Offer and the Option Offer, and **Offer** means either of them.

Offer Period means the period that the Share Offer or the Option Offer (as appropriate) is open for acceptance.

Option Bid means an off-market takeover bid to be made by Mineral Resources, or a subsidiary of Mineral Resources, for all Polaris Options under Chapter 6 of the Corporations Act.

Option Offer means each offer by MRL to acquire Polaris Options under the Option Bid.

Prescribed Occurrence means the occurrence of any of the following events (other than as required to be undertaken or procured by the Polaris Group pursuant to the Implementation Deed):

- (a) Polaris or any of its Subsidiaries converts all or any of its securities into a larger or smaller number of securities;
- (b) Polaris or any of its Subsidiaries resolves to reduce its capital in any way;
- (c) Polaris or any of its Subsidiaries:
 - (i) enters into a buy-back agreement; or



Mineral Resources Limited

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ACN 118 549 910

- (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
- (d) Other than with the prior consent of Mineral Resources, Polaris or any of its Subsidiaries issues securities, or grants an option over or to subscribe for its securities, or agrees to make such an issue or grant such an option;
- (e) Polaris or any of its Subsidiaries issues, or agrees to issue, convertible notes or any other security convertible into shares;
- (f) Polaris or any of its Subsidiaries agrees to pay, declares or pays a dividend or any other form of distribution of profit or capital;
- (g) Polaris makes any change to its constitution;
- (h) Polaris or any of its Subsidiaries acquires or agrees to acquire any assets, properties or businesses, or incurs, agrees to incur or enters into a commitment or a series of commitments involving capital expenditure by the Polaris Group, whether in one or more transactions, where the amounts or value involved in such transaction, transactions, commitments or series of commitments exceeds \$250,000 in aggregate;
- (i) Polaris or any of its Subsidiaries disposes of, or agrees to dispose of, any assets, properties or businesses, whether in one transaction or a number of such transactions, where the amount or value involved in such transaction or transactions exceeds \$250,000 in aggregate;
- (j) Polaris or any of its Subsidiaries creates, or agrees to create, any mortgage, charge, lien or other encumbrance over its business or any part of its property other than in the ordinary course of its business;
- (k) Polaris or any of its Subsidiaries incurs any financial indebtedness or issues any indebtedness or debt securities, other than in the ordinary course of business or pursuant to advances under its credit facilities in existence as at the date of the Implementation Deed where the funds drawn pursuant to those advances are used in the ordinary course of business or in connection with a purpose that is contemplated and permitted in paragraph (h) of this definition;
- (l) Polaris or any of its Subsidiaries makes any loans, advances or capital contributions to, or investments in, any other person (other than to or in Polaris or any wholly-owned Subsidiary of Polaris in the ordinary course of business), other than in the ordinary course of business;
- (m) Polaris or any of its Subsidiaries resolves that it be wound up or an application or order is made for the winding up or dissolution of Polaris or any of its Subsidiaries other than where the application or order (as the case may be) is set aside within 14 days;
- (n) a liquidator or provisional liquidator of Polaris or any of its Subsidiaries is appointed;
- (o) a court makes an order for the winding up of Polaris or any of its Subsidiaries;
- (p) an administrator of Polaris or of any of its Subsidiaries is appointed under sections 436A, 436B or 436C of the Corporations Act;



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- (q) Polaris or any of its Subsidiaries ceases, or threatens to cease, to carry on business;
- (r) Polaris or any of its Subsidiaries executes a deed of company arrangement;
- (s) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Polaris or any of its Subsidiaries;
- (t) Polaris or any of its Subsidiaries is deregistered as a company or otherwise dissolved;
- (u) Polaris or any of its Subsidiaries is or becomes unable to pay its debts when they fall due; or
- (v) the trustee of any trust in which Polaris or any of its Subsidiaries has an interest of more than 50% and which would, if it were a company, be a Subsidiary of Polaris undertaking an action in respect of that trust if the corresponding action, in the case of Polaris and its Subsidiaries, would (mutatis mutandis) constitute a Polaris Prescribed Occurrence.

Polaris means Polaris Metals NL (ACN 085 223 570).

Polaris Option means an option to subscribe for a Polaris Share.

Polaris Share means a fully paid ordinary share in Polaris.

Relevant Interest has the meaning given in section 9 of the Corporations Act.

Share Bid means an off-market takeover bid to be made by Mineral Resources, or a subsidiary of Mineral Resources, for all Polaris Shares under Chapter 6 of the Corporations Act.

Share Offer means each offer by MRL to acquire Polaris Shares under the Share Bid.

Subsidiary means a subsidiary within the meaning given to that term in section 9 of the Corporations Act.