

# Polaris Metals NL

Recommended Takeover Bid by

## Mineral Resources Limited



20 August 2009

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# Key Terms

- ✓ **All-scrip offer of 1 Mineral Resources Limited (MRL) share for every 12.5 Polaris shares**
- ✓ **Equivalent terms for Polaris options**
- ✓ **By recommended takeover, 50.1% minimum acceptance condition**
- ✓ **Board Recommendation**
  - ✓ **"Subject to the Independent Expert concluding that the offer is fair and reasonable to Polaris shareholders, the Directors unanimously recommend shareholders accept the offer, in the absence of a superior offer"**



# Benefits to Polaris shareholders

- ✓ **An attractive premium**
  - ✓ 42% premium on basis of 1-month VWAP\*
- ✓ **Few conditions**
  - ✓ 50.1% acceptance, no MAC, prescribed occurrences
- ✓ **Enhanced financial strength**
  - ✓ Combined market capitalisation of \$651m\* with no debt
- ✓ **Project and commodity diversification**
  - ✓ Benefit from MRL's portfolio of iron *and* manganese projects
- ✓ **Continuing exposure to Polaris assets**

# Attractive Premium



# Strategic Rationale



Quality resource  
6,000 km<sup>2</sup> tenement portfolio  
Track record of exploration success  
Experienced commodities management team



Balance sheet strength  
Track record of development success and earnings growth  
Innovation in production and infrastructure solutions  
Established logistics capabilities



A diversified commodities business with the potential to become the Yilgarn region's next iron ore producer

# Strategic Partner Process

- ✓ Exhaustive process involving Australian and international partners
- ✓ Several proposals received for equity injection, partial funding and offtake
- ✓ MRL proposal was the best available
  - ✓ Superior value to shareholders, with ongoing upside
  - ✓ MRL's strong balance sheet and processing expertise allows accelerated step-up to production in the Yilgarn – strengthening Polaris' infrastructure advantage
  - ✓ Avoids being bound to a single customer/partner – maintaining “corporate appeal” of assets



# An Exciting Future

## Immediate Development Targets

### Poondano:

MRL developing - potential cashflow FY10

### Yilgarn Iron Ore Project:

100-150 Mt @ 57-59% Fe\*

Stage 1 – Carina/Chamaeleon:

30-40 Mt\*

Stage 2 – Bungalbin/J5/J4: 70-80Mt\*

## Upside potential

### Polaris projects:

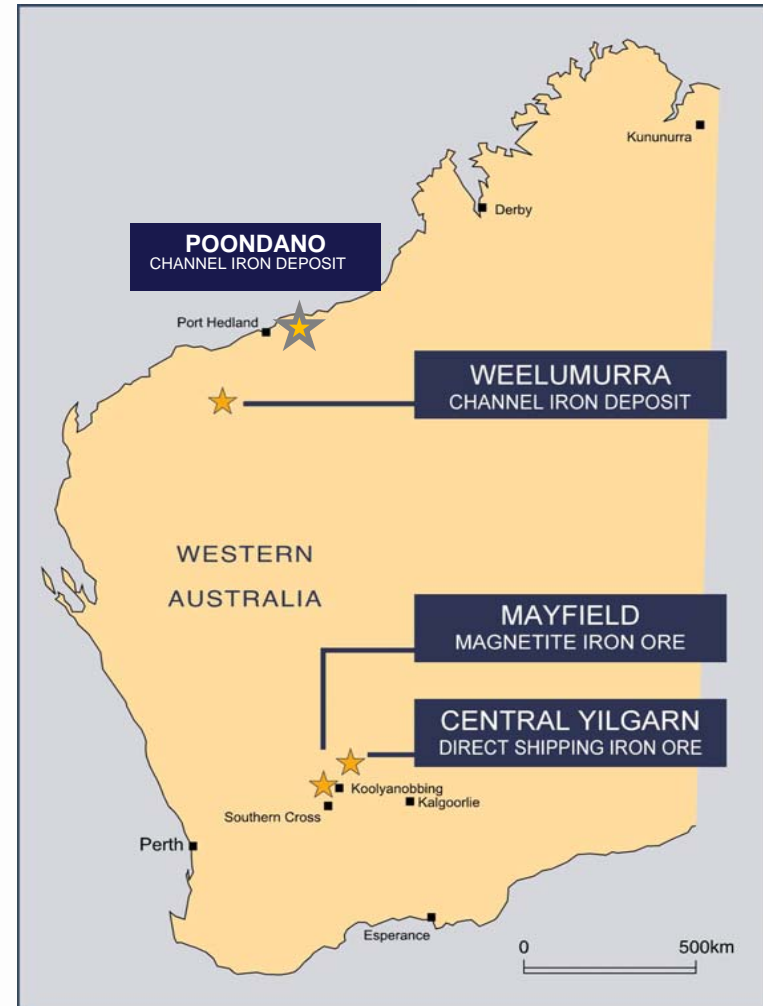
Mayfield, Weelumurra

### MRL projects

Diversified opportunities in Fe, Mn



**Polaris shareholders benefit through earnings from MRL's world class contracting business**





# Indicative Timetable

|                           |                            |
|---------------------------|----------------------------|
| <b>Bid Announcement</b>   | <b>20 August 2009</b>      |
| <b>Bidder's Statement</b> | <b>Mid September 2009</b>  |
| <b>Target's Statement</b> | <b>Late September 2009</b> |
| <b>Close of Offer</b>     | <b>Mid October 2009</b>    |



# Competent Person Declaration

*The information in this report accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves). It is compiled by Mr J Lea, an employee of the Company who is a Member of The Australasian Institute of Mining and Metallurgy with the requisite experience in the field of activity in which he is reporting. Mr Lea has sufficient experience which is relevant to the style of mineralisation and the 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, Mineral Resources and Ore Reserves". He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The potential quantity and grade of iron deposits reported is conceptual in nature and there has been insufficient exploration to define a Mineral Resource except where specifically stated and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

