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L A W Y E R S

**5 October 2009****By fax | 10 pages**

Company Announcements Office  
Australian Securities Exchange Limited

Fax 1300 135 638

Dear Sir/Madam

**Takeover offer by Lion-Asia Resources Pte. Ltd. for Polaris Metals NL**We act for Lion-Asia Resources Pte. Ltd. (**Lion**).

On behalf of Lion, we attach an announcement in relation to an off-market takeover bid to be made by Lion for all the shares in Polaris Metals NL ACN 085 223 570.

Yours faithfully  
**Gilbert + Tobin**

A handwritten signature in black ink, appearing to be 'MK' or similar initials.

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金杜律师事务所  
**KING & WOOD**  
P R C L A W Y E R S

### ASX Announcement

#### LION-ASIA RESOURCES PTE. LTD. ANNOUNCES \$0.60 PER SHARE ALL CASH OFFER FOR OUTSTANDING SHARES IN POLARIS METALS NL

**Monday, 5 October 2009:** Lion-Asia Resources Pte. Ltd. ("Lion") today announced its intention to make an off-market all cash offer to acquire all the shares in Polaris Metals NL ("Polaris") for \$0.60 per share (the "Lion Offer" or the "Offer").

Lion is a 50:50 joint-venture company incorporated in Singapore by SGX-ST-listed Lion Asiapac Limited ("LAP"), through its wholly-owned subsidiary LAP Exploration Pte. Ltd. ("LAPE"), and Tan Sri William Cheng Heng Jem, the Chairman of Malaysia's Lion Group, through his wholly-owned private investment company Vital Bond Limited ("VBL").

Each of these parties are associated with Lion Diversified Holdings Berhad ("LDHB"), which is currently the largest shareholder in Polaris with a 25.4% stake ("LDHB's Polaris Shares"). Lion has a relevant interest in LDHB's Polaris Shares.

The Lion Offer is superior to the offer for Polaris announced by Mineral Resources Limited (MIN) on 20 August 2009 (the "Mineral Resources Offer").

Tan Sri William Cheng Heng Jem, the Chairman of the Lion Group said:

*"Lion's cash offer for Polaris is compelling and represents a significant premium to the scrip bid made by Mineral Resources Limited on 20 August this year. I believe that the Lion offer represents outstanding value for Polaris shareholders and provides an excellent opportunity for shareholders to realise immediate and certain value from their investment in Polaris. We have been proudly associated with Polaris as a key and supportive shareholder for a number of years now and remain committed as a major shareholder to Polaris' future development opportunities."*

#### Highlights

- \$0.60 per share all cash offer for Polaris represents:
  - a **100% premium** to Polaris' closing share price of \$0.30 on 14 August 2009, being the last day of trading in Polaris shares prior to the announcement of the Mineral Resources Offer on 20 August 2009;
  - a **126% premium** to the volume weighted average price of Polaris shares of \$0.265 for the 1 month to 14 August 2009;
  - a **62% premium** to the high point of the Independent Expert's valuation range for Polaris under the Mineral Resources Offer of \$0.37 per Share<sup>1</sup>;
  - a **18% premium** to the Polaris' closing share price of \$0.51 on 5 October 2009, being the last day of trading in Polaris shares prior to the announcement of Lion's Offer;
  - a **19% premium** to the implied value of the Mineral Resources Offer of \$0.504<sup>2</sup> per Polaris share on 5 October 2009, being the last full day of trading before the Lion Offer was announced; and
- The Lion Offer is not conditional on due diligence, recommendation by the Polaris Board of Directors or the outcome of the Mineral Resources Offer.

<sup>1</sup>The Independent Expert's Report prepared by Stantons International Pty Ltd and published in the Target Statement prepared by Polaris states that the value of the Polaris Shares is between \$0.265 and \$0.370 per Share, with a preferred value of \$0.314 per Share.

<sup>2</sup>Based on MIN's closing share price of \$6.30 on 5 October 2009.

**Lion's Offer is compelling**

Under the Mineral Resources Offer, Polaris shareholders would receive 1 MIN share for every 12.5 Polaris shares they hold. Based on the MIN closing share price of \$6.30 on 5 October 2009 (being the last full day of trading before this announcement), the Mineral Resources Offer is worth \$0.504 per Polaris share.

Lion's Offer provides a cash consideration of \$0.60 per Polaris share, representing a premium to the Mineral Resources scrip offer. Lion's cash Offer also removes any uncertainty and risk associated with holding Polaris or MIN shares and involves no brokerage or transaction costs for Polaris shareholders.

Lion believes the Offer is compelling for Polaris shareholders for the following reasons:

- Polaris shareholders will receive a substantial premium for their Polaris shares;
- Lion's Offer enables Polaris shareholders to realise an immediate value for their Polaris shares through a cash payment in a volatile and uncertain market;
- Accepting the Offer provides certainty of value for Polaris shareholders; and
- Polaris shareholders who accept the Lion Offer will avoid the risks associated with the Mineral Resources Offer – as outlined in section 9 of the MIN Bidder's Statement.

Lion's Offer will be subject to a number of conditions which are set out in Annexure A.

**Funding**

Lion's shareholders will provide Lion (via capital contributions and/or shareholder loans) with the funding necessary to pay the maximum consideration payable under the Lion Offer and Lion's costs and expenses associated with the Offer. This funding will be financed by Lion's shareholders in equal proportions through a combination of existing cash reserves and bank debt.

**Co-operation Agreement**

Lion and LDHB entered into a Co-operation Agreement on 5 October 2009. Under that agreement, LDHB has agreed that:

- (a) it will not accept the Lion Offer in respect of LDHB's Polaris Shares; and
- (b) it will not during the term of the Co-operation Agreement dispose, sell or otherwise transfer (or agree to do any of those things) any of LDHB's Polaris Shares to a third party, other than pursuant to a superior proposal for all of the shares in Polaris which is not at least matched by Lion.

A copy of the executed Co-operation Agreement will be lodged with ASX.

As a result of the execution of the Co-operation Agreement on 5 October 2009, Lion acquired a relevant interest in the 25.4% of Polaris shares held by LDHB. The Australian Securities and Investments Commission (ASIC) has granted relief to Lion under its joint bid policy exempting the acquisition by Lion of a relevant interest in LDHB's Polaris Shares from the operation of section 606 of the Corporations Act.

### Put Option Agreement

As noted above, Lion is a joint-venture company of LAP and Tan Sri William Cheng Heng Jem, owned in the following proportions:

- (a) LAP, through its wholly owned subsidiary LAPE – as to 50%; and
- (b) Tan Sri William Cheng Heng Jem, through his wholly owned private investment company, VBL – as to 50%.

LAP is listed on the Singapore Exchange Securities Trading Limited (**SGX-ST**). Under Rule 1014 of the Listing Manual of SGX-ST, LAP is required to obtain the prior approval of its shareholders in relation to the making, execution and completion of the Lion Offer by Lion.

LAP is currently seeking from the SGX-ST clarification on certain requirements under the Listing Manual in connection with the Lion Offer, and will make an announcement in this regard in due course once a formal response from the SGX-ST has been received.

In the event that LAP shareholders do not approve the Lion Offer, LAPE will transfer the shares it holds in Lion to VBL pursuant to the terms of a Put Option Agreement entered into between LAPE and VBL. The consideration paid by VBL for LAPE's 50% interest in Lion will be equivalent to 50% of the aggregate consideration paid to Polaris shareholders under the Lion Offer.

If the Lion Offer is successful, LAP intends to convene an extraordinary general meeting to seek its shareholders' approval and ratification of the Lion Offer following the close of the Lion Offer.

Polaris shareholders should note that the Lion Offer is **not conditional** on the outcome of the LAP extraordinary general meeting to approve the Lion Offer.

### Offer Process

Lion is in the process of preparing a formal Bidder's Statement which will be lodged with the ASIC in due course. Lion will seek the consent of Polaris for the early despatch of its Bidder's Statement to Polaris shareholders as soon as possible after it is lodged with ASIC. If Polaris does not consent to early despatch of Lion's Bidder's Statement, it will be despatched to Polaris shareholders approximately 2 weeks after it has been lodged with ASIC.

### Advisers

Lion is being advised by Wilson HTM Corporate Finance, Gilbert + Tobin and WongPartnership LLP.

For more information, please contact:

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**Annexure A: Offer Conditions****1 Minimum Acceptance Condition**

- (a) By the end of the Offer Period, Lion has received valid acceptances for not less than 50.1% of the Polaris Shares that Lion offers to acquire under the Bid, excluding:
- (i) any such Polaris Shares in which Lion, LDHB, Tan Sri William Cheng Heng Jem, VBL, LAPE, LAP and their respective associates have a relevant interest in at the beginning of the Offer Period; and
  - (ii) any such Polaris Shares the subject of a pre-bid acceptance agreement between Heron and Mineral Resources dated 20 August 2009.
- (b) Lion will not waive this condition.

**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 Lion (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 Lion:

- (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, Lion obtains any regulatory approval required for the Bid.

**6 Australian Foreign Investment Review Board**

The Treasurer of the Commonwealth of Australia advises Lion in writing, before the end of the Offer Period, that there is no objection under the Australian Federal Government's foreign investment policy or under FATA to the acquisition of all Polaris Shares (or an interest in those shares) under the Transactions or the Treasurer is not or ceases to be

entitled to make an order under Part 2 of FATA regarding the acquisition of Polaris Shares (or an interest in those shares) under the Transactions.

**7 No regulatory action**

Between the Announcement Date and the end of the Offer Period:

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (b) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (c) no application is made to any Public Authority (other than by Lion),

in consequence of, or in connection with, the Offer (other than an application to or a decision or order of ASIC or the Takeovers Panel for the purpose of or in the exercise of the powers and discretions conferred on it by the Corporations Act), which restrains, prohibits or impedes or threatens to restrain, prohibit or impede or may otherwise materially adversely impact upon, the making of the Offer or which requires or purports to require the variation of the terms of the Offer or the completion of any transaction contemplated by Lion's Bidder's Statement (including implementing the intentions expressed in Lion's Bidder's Statement) or seeks to require the divestiture of any Polaris Shares or the divestiture of any assets held by Polaris or Lion or their respective Subsidiaries.

**DEFINITIONS**

**Announcement Date** means 5 October 2009.

**ASX** means ASX Limited.

**Bid** means an off-market takeover bid to be made by Lion for all Polaris Shares under Chapter 6 of the Corporations Act.

**FATA** means the Foreign Acquisitions and Takeovers Act 1975.

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

**Heron** means Heron Resources Limited (ACN 068 263 098).

**LAP** means Lion Asiapac Limited.

**LAPE** means LAP Exploration Pte. Ltd. (Company Registration Number 200917338M), a limited liability company incorporated in Singapore and a wholly-owned subsidiary of LAP.

**LDHB** means Lion Diversified Holdings Berhad.

**Lion** means Lion-Asia Resources Pte. Ltd (Company Registration Number 200917896Z), a limited liability company incorporated in Singapore as a 50:50 joint venture between LAPE and VBL.

**Material Adverse Change** means 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 the Polaris Group, taken as a whole.

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

**Mineral Resources Offer** means the takeover offer for Polaris by Mineral Resources announced to the ASX on 20 August 2009.

**Offer** means each offer by Lion to acquire Polaris Shares under the Bid.

**Offer Period** means the period that the Offer is open for acceptance.

**Prescribed Occurrence** means the occurrence of any of the following events:

- (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
  - (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 written consent of Lion, 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 Announcement Date 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;
- (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 Prescribed Occurrence.

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

**Polaris Share** means a fully paid ordinary share in Polaris.

**Public Authority** means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer). It also includes any self-regulatory organisation established under statute or any stock exchange.

**Put Option Agreement** means the put option agreement entered into by VBL and LAPE on 5 October 2009 under which LAPE has a right to require VBL to acquire the shares in Lion held by LAPE in the event that LAP shareholders do not ratify the Bid after close of the Offer Period.

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

**Transactions** means:

- (a) the acquisition of Polaris Shares by Lion under the Lion Offer; and
- (b) any acquisition of an interest in Polaris shares by VBL that arises as a result of the exercise of the put option under the Put Option Agreement.

**VBL** means Vital Bond Limited, a private investment company incorporated in the British Virgin Islands and wholly-owned by Tan Sri William Cheng Heng Jem.

**Annexure B: About Lion and Tan Sri William Cheng Heng Jem**

Lion-Asia Resources Pte. Ltd. ("Lion") is a limited liability company incorporated in Singapore as an incorporated 50:50 joint venture between Lion Asiapac Limited ("LAP"), via its wholly-owned subsidiary LAP Exploration Pte Ltd., and Tan Sri William Cheng Heng Jem through his wholly-owned subsidiary, Vital Bond Limited. Lion has been formed specifically for the purpose of acquiring the shares of Polaris Metals NL ("Polaris") via an off-market takeover offer.

LAP, a company listed on the Singapore Stock Exchange Securities Trading Limited, is majority owned by and part of the Lion Group which has operations in Malaysia, Singapore, Indonesia, China, USA, Mexico, Vietnam and Hong Kong. Its main businesses are in steel, retail, property development, tyre, computer, motor and plantation.

More information in relation to LAP can be located at the LAP's website at <http://www.lionapac.com>.

The Lion Group has five companies listed on Bursa Malaysia Securities Berhad, with another two each in Indonesia and Singapore (including LAP), and one in Hong Kong. It has an annual group turnover of approximately RM\$ 18 billion (approximately A\$6 billion) and provides employment for about 25,500 people.

Lion Diversified Holdings Berhad ("LDHB") is a public company and its shares are quoted on Bursa Malaysia Securities Berhad. It is majority owned by entities within the Lion Group. LDHB is a substantial shareholder of Polaris Metals NL, holding approximately 25.4% of the shares in Polaris.

More information in relation to LDHB can be located at LDHB's website at <http://www.lion.com.my/WebCorp/ldhb.nsf/Intro>.

More information in relation to the Lion Group can be located at the Lion Group's website at <http://www.lion.com.my>.

Tan Sri William Cheng Heng Jem is the Chairman of LDHB. Tan Sri William Cheng Heng Jem was appointed to the board of LDHB on 27 October 1989 and has been the Chairman of LDHB since 17 December 1994. Tan Sri William Cheng Heng Jem has more than 35 years of experience in the business operations of the Lion Group.

Tan Sri William Cheng Heng Jem is the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor.