



Mineral Resources Limited

ABN 33 118 549 910

FIFTH SUPPLEMENTARY BIDDER'S STATEMENT

by Mineral Resources Limited (ACN 118 549 910) in respect of the Offers to acquire all of the ordinary shares and options in Polaris Metals NL (ACN 085 223 570)

1. INTRODUCTION

This document is the fifth supplementary bidder's statement (**Fifth Supplementary Bidder's Statement**) by Mineral Resources Limited (**MRL**) dated 25 November 2009 under section 643 of the Corporations Act in relation to the off-market takeover offers by MRL to acquire all of the issued shares and options in Polaris Metals NL (**Polaris**) as set out in MRL's bidder's statement dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 17 September 2009 (**Original Bidder's Statement**).

This Fifth Supplementary Bidder's Statement has been prepared by MRL to ensure that full information has been provided to Polaris Shareholders and Optionholders in respect of the Offers made by MRL.

A copy of this Fifth Supplementary Bidder's Statement was lodged with the ASIC on 25 November 2009. Neither the ASIC nor any of its officers takes any responsibility for the contents of this Fourth Supplementary Bidder's Statement.

This Fifth Supplementary Bidder's Statement supplements, and must be read together with, the Original Bidder's Statement as amended by MRL's first supplementary bidder's statement dated 2 October 2009 (**First Supplementary Bidder's Statement**), MRL's second supplementary bidder's statement dated 16 October 2009 (**Second Supplementary Bidder's Statement**), MRL's third supplementary bidder's statement dated 5 November 2009 (**Third Supplementary Bidder's Statement**) and MRL's fourth supplementary bidder's statement dated 13 November 2009 (**Fourth Supplementary Bidder's Statement**).

Unless the context otherwise requires, defined terms in the Original Bidder's Statement have the same meaning in this Fifth Supplementary Bidder's Statement. This Fifth Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Original Bidder's Statement as amended.

2. IMPROVING OPTION OFFER

On 16 November 2009, MRL gave notice that it had varied the Option Offer by increasing the consideration so that Polaris Optionholders will now receive **one (1) MRL Option for every 10 Polaris Options they hold**.



Polaris Optionholders who have already accepted the Option Offer will be entitled to receive the increased consideration offered under the revised Option Offer.

MRL has announced its intention to seek ASIC approval to increase in the consideration under its Option Offer for all of Polaris' Options. Subject to ASIC's approval (which may or may not be provided) on terms acceptable to MRL, MRL intends to decrease the exercise price of each MRL Option offered as consideration under the Share Offer by \$1.00 per MRL Option or, alternatively, offer a cash payment of \$1.00 per MRL Option. This equates to a reduction in the exercise price of Polaris Options of 10 cents for every Polaris Option held.

3. EXTENDING OPTION OFFER PERIOD AND RIGHT TO WITHDRAW

On 16 November 2009, MRL gave notice that it had extended the Option Offer Period so that the Option Offers now end at 5.00pm (WST/Perth time) on 9 December 2009 (unless further extended or withdrawn).

As a result of the above extension, a Polaris Optionholder who accepted the Option Offer before 16 November 2009 is entitled to withdraw their acceptance of the Option Offer by:

- (a) giving MRL written notice within one (1) month beginning on the day after the day on which a copy of a notice regarding the withdrawal rights is received by the Polaris Optionholder (MRL has posted these notices to all Optionholders); and
- (b) returning any consideration received by the Polaris Optionholder for accepting the Option Offer.

The new date for notifying Polaris Optionholders of the status of defeating conditions of the Option Offer under Section 630(3) of the Corporations Act is 5pm (WST/Perth time) 2 December 2009 (unless the Option Offer is further extended or withdrawn).

4. SATISFACTION OF DEFEATING CONDITION

On 16 November 2009, MRL gave notice that the defeating condition to the Option Offer set out in section 1.7(a)(ii) of Annexure B to the Original Bidder's Statement (as amended) had been fulfilled. This condition required that the Share Offer became unconditional before the end of the Option Offer Period. This condition was fulfilled on 11 November 2009.

5. CHANGES TO CAPITAL

As a result of the revised Option Offer consideration, MRL has updated the disclosure set out in Section 4.8 of the Original Bidder's Statement (as amended by the Second and Fourth Supplementary Bidder's Statements) regarding the capital structure of MRL assuming completion of the Option Offer. Except as otherwise described below, the assumptions set out in section 4.8 of the Original Bidder's Statement (as amended) continue to apply.



MRL Options	Number Assuming 100% Acceptance
MRL Options on issue	17,235,000
Takeover Consideration	3,677,206
TOTAL	20,912,206

Notes:

Since the date of the Original Bidder's Statement, MRL has converted 211,890 MRL employee share options into Shares.

6. IMPROVING SHARE OFFER

On 24 November 2009, MRL gave notice that it had varied the Share Offer by increasing the consideration so that Polaris Shareholders will now receive **one (1) MRL Share for every 10 Polaris Shares they hold plus 10 cents cash for every one (1) Polaris Share they hold**. This means Polaris Shareholders will receive 1 MRL Share and \$1.00 cash for every 10 Polaris Shares they hold.

The increased offer values your Polaris Shares at **81.5 cents per share**¹. This is:

- (a) a **172% premium** to the 30 cents closing price of Polaris Shares on 14 August 2009 (the trading day prior to announcement of the Share Offer);
- (b) a **202% premium** over the 1 month volume weighted average closing price for Polaris Shares to 14th August 2009;
- (c) a **226% premium** over the 3 month volume weighted average closing price for Polaris Shares to 14th August 2009; and
- (d) a **10% premium** to the 74 cents per Share to be offered by Lion Asia Resources Pte Ltd under its takeover offer for Polaris Shares².

In accordance with Section 650B(2) of the Corporations Act, Polaris Shareholders who have already accepted the Share Offer will be entitled to receive the increased consideration offered under the revised Share Offer.

The total cash consideration offered under the improved Share Offer (assuming 100% acceptance of the Share Offer) is \$17.6 million. MRL will fund the cash consideration for its improved Share Offer from its existing cash reserves held on account with National Australia Bank.

¹ Based on the closing price of MRL Shares on ASX of \$7.15 on 24 November 2009.

² Based on the closing price of MRL Shares on ASX of \$7.15 on 24 November 2009.



7. EXTENSION OF SHARE OFFER PERIOD

MRL's Share Offer was due to close at 5.00pm (WST/Perth time) on 25 November 2009.

On 24 November 2009, MRL gave notice that it had extended the period of its Share Offer by two weeks so that the Share Offer will now close at 5.00pm (WST/Perth time) on 9 December 2009 (unless further extended or withdrawn).

8. FINANCIAL INFORMATION

As a result of the above changes to the Share Offer and Option Offer, MRL replaces the pro forma balance sheet set out in Section 7.1 of the Original Bidder's Statement (as amended) with the balance sheet and assumptions set out in Annexure A to this Fifth Supplementary Bidder's Statement.

9. CONCLUSION

MRL encourages you to consider all information that has either been sent to you or is included in this Fifth Supplementary Bidder's Statement, and to **ACCEPT** MRL's Offers.

If you have any queries about the Offers or require assistance with your acceptance, please contact your financial advisor or call the offer information line on 1800 253 782 (callers within Australia) or +61 3 9415 4285 (callers outside Australia).

10. APPROVAL OF THE FIFTH SUPPLEMENTARY BIDDER'S STATEMENT

This Fifth Supplementary Bidder's Statement is dated 25 November 2009 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of MRL.

Signed for and on behalf of

Mineral Resources Limited

**Mr Bruce Goulds
Company Secretary**

**ANNEXURE A – FINANCIAL INFORMATION**

Pro Forma Merged Entity if MRL acquires 100% of Polaris at 30 June 2009

	Mineral Resources Audited Balance Sheet at 30Jun09	Polaris Metals Audited Balance Sheet at 30Jun09	Consolidation Entries	Proforma Consolidated Balance Sheet of the Merged Entity at 30Jun09
	\$'000	\$'000	\$'000	\$'000
<u>Current assets</u>				
Cash and cash equivalents	54,880	4,209	(23,292)	35,797
Trade and other receivables	36,777	411		37,188
Inventories	16,320			16,320
Other financial assets	188			188
Other	659			659
Total current assets	108,824	4,620	(23,292)	90,152
<u>Non current assets</u>				
Trade and other receivables	7			7
Available for sale financial assets	2,405	2,762		5,167
Investments accounted using the equity method	189			189
Other financial assets		241		241
Plant and equipment	157,033	425		157,458
Exploration and evaluation assets		23,498		23,498
Goodwill	10,235		125,424	135,659
Other intangible assets		26		26
Deferred tax assets	10,127			10,127
Total non current assets	179,996	26,952	125,424	332,372
Total assets	288,820	31,572	102,132	422,524
<u>Current liabilities</u>				
Trade and other payables	40,494	754		41,248
Financial lease liabilities	9,829			9,829
Income tax payable	5,000			5,000
Provisions	4,439	119		4,558
Total current liabilities	59,762	873	0	60,635
<u>Non current liabilities</u>				
Trade and other payables	13			13
Financial lease liabilities	11,692			11,692
Secured Loans	45,000			45,000
Provisions	12,698			12,698
Deferred tax liabilities	14,890			14,890
Total non current liabilities	84,293	0	0	84,293
Total liabilities	144,055	873	0	144,928
Net assets	144,765	30,699	102,132	277,596



Equity

Issued capital	72,782	38,298	100,176	211,256
Reserves	4,456	6,943	(6,943)	4,456
Retained earnings	67,527	(14,542)	8,899	61,884
Total equity	144,765	30,699	102,132	277,596

Assumptions

MRL acquires 100% acceptance of the Polaris Shares and Polaris Options.

MRL is required by Australian equivalent of International Accounting Standards to consolidate Polaris.

Purchase consideration of \$156.123 million consists of:

	\$'000
New MRL Shares for POL Shares at MRL market value on 24 November 2009 of \$7.15	126,192
Cash consideration of \$0.10 per Polaris Share	17,649
New MRL Options for POL Options at fair value	12,282
Total Purchase Consideration	<u>156,123</u>

Assets and liabilities of Polaris represent fair value and will be taken into the books of MRL without alteration.

The balance after eliminating the equity of Polaris on the acquisition date represents the goodwill on the investment.

The after tax impact of expenses of the acquisition of \$5.643 million (including stamp duty) have been expensed in accordance with Australian Accounting Standard AASB3 Business Combinations.

In the event that MRL does not acquire 100% of Polaris but acquires 50.1% or more of Polaris, MRL will still be required to consolidate Polaris in its financial statements, based on the Australian equivalent of International Accounting Standards, taking into account any minority interests.