



# 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)

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### 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.

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### 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.

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**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).

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**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.

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**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.

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| MRL Options            | Number Assuming 100% Acceptance |
|------------------------|---------------------------------|
| MRL Options on issue   | 17,235,000                      |
| Takeover Consideration | 3,677,206                       |
| <b>TOTAL</b>           | <b>20,912,206</b>               |

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**<sup>1</sup>. This is:

- 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);
- a **202% premium** over the 1 month volume weighted average closing price for Polaris Shares to 14th August 2009;
- a **226% premium** over the 3 month volume weighted average closing price for Polaris Shares to 14th August 2009; and
- a **10% premium** to the 74 cents per Share to be offered by Lion Asia Resources Pte Ltd under its takeover offer for Polaris Shares<sup>2</sup>.

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.

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

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

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**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).

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**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.

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**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).

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**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**

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**Mr Bruce Goulds  
Company Secretary**

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**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<br>\$'000 | Polaris Metals Audited Balance Sheet at 30Jun09<br>\$'000 | Consolidation Entries<br>\$'000 | Proforma Consolidated Balance Sheet of the Merged Entity at 30Jun09<br>\$'000 |
|---|--|---|---------------------------------|---|
| <b><u>Current assets</u></b>                  |  |   |                                 |   |
| 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  |
| <b><u>Non current assets</u></b>              |  |   |                                 |   |
| 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   |
| <b><u>Current liabilities</u></b>             |  |   |                                 |   |
| 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  |
| <b><u>Non current liabilities</u></b>         |  |   |                                 |   |
| 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   |

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**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:

|   | <b>\$'000</b>  |
|---|----------------|
| 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.

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