

ASX RELEASE

POLARIS BOARD AFFIRMS RECOMMENDATION OF IMPROVED MINERAL RESOURCES SHARE OFFER

The Board of Polaris Metals NL ("Polaris") (ASX : POL) notes the announcements by Mineral Resources Limited ("Mineral Resources") and Lion-Asia Resources Pte. Ltd. ("Lion-Asia") on 23 November 2009 of proposed increases in their respective offers for Polaris.

Under the further Improved Mineral Resources Share Offer, Polaris shareholders will receive one Mineral Resources share and \$1.00 cash for every 10 Polaris shares¹. Under the further proposed Improved Lion-Asia Offer, subject to certain conditions, Polaris shareholders would receive \$0.74 cash per share.

The Polaris board considers the value provided under the further Improved Mineral Resources Share Offer to be **superior** to the proposed Improved Lion-Asia Offer.

Accordingly the Board affirms its prior recommendation that shareholders **reject** the proposed Improved Lion-Asia Offer and **accept the Improved Mineral Resources Share Offer, in the absence of a superior proposal**. To **reject** the proposed Improved Lion-Asia Offer, shareholders should simply ignore all correspondence in relation to that offer.

Relevant considerations

Based on the closing price of Mineral Resources shares on ASX on 24 November 2009 of \$7.15, the implied value of the Improved Mineral Resources Share Offer is \$0.815 per Polaris share, a premium of 10% to the proposed Improved Lion-Asia Offer. Based on the 5-day VWAP of Mineral Resources shares to and including 24 November 2009 of \$7.18, the implied value is \$0.818 per Polaris share, a premium of approximately 11% to the proposed Improved Lion-Asia Offer.

The Improved Mineral Resources Share Offer is now unconditional and Mineral Resources has also agreed to process payment of consideration within 5 business days.

The proposed Improved Lion-Asia Offer remains subject to a number of conditions, including a non-waivable minimum acceptance condition which, as previously noted, was imposed as a condition of ASIC relief required to facilitate the offer by Lion-Asia. As noted in the announcement by Lion-Asia on 23 November 2009, Lion-Asia will seek orders from the Takeovers Panel overturning the decision by ASIC to refuse to permit Lion-Asia to waive this

¹ This means Polaris shareholders will receive 1 Mineral Resources share for every 10 Polaris shares they hold, plus \$0.10 in cash for each Polaris share they hold.

condition. However, even if this application were to be successful, and the Lion-Asia offer declared unconditional, this would not alter the conclusion of the Polaris Board, based on information currently available to it, that the Improved Mineral Resources Share Offer is superior to the Improved Lion-Asia offer.

Offer to Optionholders

The proposed improvement in the Mineral Resources offer for Polaris options will, subject to obtaining required ASIC relief, provide equivalence in value with the offer for the Polaris shares. This offer remains subject to Mineral Resources achieving a minimum acceptance of 50.1% of Polaris shares.

Nonetheless given the number of factors which potentially impact on the valuation of options, the Polaris Board reiterates its prior advice that optionholders take into account the specific terms of their own options when evaluating the offers and consider seeking professional advice before accepting either offer.

Current status

As at 24 November 2009, Mineral Resources disclosed a relevant interest in 32.04% of Polaris shares through acceptance of its share offer. Lion-Asia holds a relevant interest in 25.5% of Polaris shares through an agreement with Lion Diversified Holdings Berhad.

Following a further extension, the Mineral Resources offer is now scheduled to close on 9 December 2009, unless further extended.

Polaris shareholders who have previously accepted the Mineral Resources offer will receive the increased consideration provided under the most recently Improved Mineral Resources Offers.

As noted in Polaris' announcement of 23 November 2009, it is a requirement of the Corporations Act that Lion-Asia dispatch its offers to shareholders on or before 6 December 2009.

POLARIS METALS NL



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