



# Mineral Resources Limited

ABN 33 118 549 910

## SIXTH 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 sixth supplementary bidder's statement (**Sixth Supplementary Bidder's Statement**) by Mineral Resources Limited (**MRL** or the **Company**) dated 3 December 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 Sixth 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 Sixth Supplementary Bidder's Statement was lodged with the ASIC on 3 December 2009. Neither the ASIC nor any of its officers takes any responsibility for the contents of this Sixth Supplementary Bidder's Statement.

This Sixth 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**), MRL's fourth supplementary bidder's statement dated 13 November 2009 (**Fourth Supplementary Bidder's Statement**) and MRL's fifth supplementary bidder's statement dated 25 November 2009 (**Fifth Supplementary Bidder's Statement**),

Unless the context otherwise requires, defined terms in the Original Bidder's Statement have the same meaning in this Sixth Supplementary Bidder's Statement. This Sixth 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. CAPITAL RAISING AND SELL DOWN

On 30 November 2009, MRL completed the issue of 7.75 million MRL Shares at \$6.75 per Share to institutional investors to raise approximately \$52 million



**(Placement)**. The funds raised through the Placement are to be used for initial capital expenditure associated with various mineral processing operations to be undertaken by the Company in 2010 including the Nicholas Downs manganese operation (in joint venture with Hancock Prospecting), the Poondana iron ore operation near Port Hedland and the Booraloola manganese operation in the Northern Territory (in joint venture with Sandfire Resources Ltd). These project developments are a fundamental part of MRL's strategy to become a volume producer of iron ore and manganese.

In association with the Placement, Director's Peter Wade and Chris Ellison and other key management personnel have sold a total of 10.7 million MRL Shares to key institutional investors (**Sell Down**). Details of the change of directors' interests and change of substantial shareholdings were lodged with ASX on 1 December 2009. This has increased the Company's free float to 53% and is intended to fulfil one of the requirements for the Company to be included in the ASX 200 Index.

Following the Placement and the Sell Down, the Share Offer values your Polaris Shares at **76.6 cents per share**<sup>1</sup>. This is:

- (a) a **155% 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 **184% premium** over the 1 month volume weighted average closing price for Polaris Shares to 14th August 2009;
- (c) a **206% premium** over the 3 month volume weighted average closing price for Polaris Shares to 14th August 2009; and
- (d) a **4% premium** to the 74 cents per Share offered by Lion Asia Resources Pte Ltd under its takeover offer for Polaris Shares<sup>2</sup>.

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### 3. BAOSTEEL MANGANESE SALE CONTRACT

As announced to the ASX on 27 November 2009, the Company has, through its subsidiary Process Minerals International Pty Ltd (**PMI**), entered into a long term manganese sales contract with Baosteel Resources Co Ltd of China for the sale and export of lump and fines manganese ores from the Company's operations at Woodie Woodie and Peak Hill in Western Australia.

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### 4. WINDIMURRA VANADIUM PROJECT

As announced to the ASX on 25 November 2009, the Company has entered into a heads of agreement with the receivers and managers of Midwest Vanadium Pty Ltd (**Midwest**) to lead a consortium to recapitalise the Windimurra vanadium project in Western Australia.

Under the proposal, the MRL consortium will provide secured funding to complete the project and commence production in return for a substantial majority shareholding in Midwest, with the original, secured lenders taking a

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<sup>1</sup> Based on the closing price of MRL Shares on ASX of \$6.66 on 2 December 2009.

<sup>2</sup> Based on the closing price of MRL Shares on ASX of \$6.66 on 2 December 2009.



minor equity role. MRL will continue to operate the crushing and processing plants through its existing Build Own and Operate contract with Midwest.

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**5. EXTENDING OPTION OFFER PERIOD**

On 25 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 23 December 2009 (unless further extended or withdrawn).

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) 14 December 2009 (unless the Option Offer is further extended or withdrawn).

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**6. APPLICATION TO ASIC**

MRL is in the process of applying to ASIC for approval to decrease the exercise price of each MRL Option offered as consideration under the Option Offer by \$1.00 per MRL Option or, alternatively, offer a cash payment of \$1.00 per MRL Option. The Company will update Polaris security holders once ASIC has responded to this application.

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**7. SHARE OFFER SETTLEMENT**

On 30 November 2009, MRL completed the first settlement of acceptances under the Share Offer (**Share Offer Settlement**). A total of 6,186,014 MRL Shares were issued, together with cheques for a total of \$6,185,995 in consideration for the acquisition of Polaris Shares. In addition, 245,000 MRL Shares were issued on the exercise of MRL employee Options.

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**8. CHANGES TO CAPITAL**

As a result of the Placement and the Share Offer Settlement referred to above, MRL wishes to update the disclosure set out in Section 4.8 of the Original Bidder's Statement (as amended by the Second, Fourth and Fifth Supplementary Bidder's Statements) regarding the capital structure of MRL assuming completion of the Share 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.

<b>MRL Shares</b>	<b>Number Assuming 100% Acceptance</b>
MRL Shares on issue <sup>1</sup>	134,209,666
Takeover Consideration <sup>2</sup>	17,649,222
<b>TOTAL</b>	<b>151,858,888</b>

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Notes:

1. For calculation purposes, this excludes 6,186,014 MRL Shares issued under the Share Offer Settlement. A total of 140,395,680 MRL Shares are in fact currently on issue.
2. Includes 6,186,014 MRL Shares already issued under the Share Offer Settlement.

If 100% of Polaris Shareholders as at the date of this Sixth Supplementary Bidder's Statement accept the Share Offer, Polaris Shareholders will become entitled to 11.6% of the issued Share capital of MRL, on an undiluted basis. Previously, Polaris Shareholders would have become entitled to 12.3% of the issued Share capital of MRL, on an undiluted basis.

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**9. CHANGES TO RELATED PARTY INTERESTS**

As a result of the Sell Down, the interests of related parties of MRL have changed. MRL replaces the table and notes in Section 10.9 of the Original Bidder's Statement with the following table and notes:

Director	MRL Shares	MRL Options	Polaris Shares	Polaris Options
P Wade	4,416,162	-	-	-
J Ricciardo	2,055,750	-	-	-
M Dutton	-	-2	-	-
C Ellison	36,062,814	-	-	-

Notes:

1. This table includes interests held by related parties of the Directors.
2. Shareholder approval was granted on 19 November 2009 for Mark Dutton to be entitled to purchase 1,500,000 MRL Shares as part of his remuneration under the Company's Senior Employee Share Purchase Plan, including an advance by the Company of the money required to purchase the Shares. As at the date of this Sixth Supplementary Bidder's Statement, the Shares have not been issued and the advance has not been drawn.

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**10. FINANCIAL INFORMATION**

As a result of the Placement, 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 Sixth Supplementary Bidder's Statement.

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**11. CONCLUSION**

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

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## Sixth Supplementary Bidder's Statement continued...

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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### 12. APPROVAL OF THE SIXTH SUPPLEMENTARY BIDDER'S STATEMENT

This Sixth Supplementary Bidder's Statement is dated 3 December 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

	<b>Mineral Resources Audited Balance Sheet at 30Jun09 (adjusted) \$'000</b>	<b>Polaris Metals Audited Balance Sheet at 30Jun09 \$'000</b>	<b>Consolidation Entries \$'000</b>	<b>Proforma Consolidated Balance Sheet of the Merged Entity at 30Jun09 \$'000</b>
<b><u>Current assets</u></b>				
Cash and cash equivalents	106,801	4,209	(22,982)	88,028
Trade and other receivables	36,777	411		37,188
Inventories	16,320			16,320
Other financial assets	188			188
Other	659			659
<b>Total current assets</b>	<b>160,745</b>	<b>4,620</b>	<b>(22,982)</b>	<b>142,383</b>
<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		116,705	126,940
Other intangible assets		26		26
Deferred tax assets	10,127			10,127
<b>Total non current assets</b>	<b>179,996</b>	<b>26,952</b>	<b>116,705</b>	<b>323,653</b>
<b>Total assets</b>	<b>340,741</b>	<b>31,572</b>	<b>93,723</b>	<b>466,036</b>
<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	4,882			4,882
Provisions	4,439	119		4,558
<b>Total current liabilities</b>	<b>59,644</b>	<b>873</b>	<b>0</b>	<b>60,517</b>
<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
<b>Total non current liabilities</b>	<b>84,293</b>	<b>0</b>	<b>0</b>	<b>84,293</b>
<b>Total liabilities</b>	<b>143,937</b>	<b>873</b>	<b>0</b>	<b>144,810</b>
<b>Net assets</b>	<b>196,804</b>	<b>30,699</b>	<b>93,723</b>	<b>321,226</b>



	Mineral Resources Audited Balance Sheet at 30Jun09 (adjusted)	Polaris Metals Audited Balance Sheet at 30Jun09	Consolidation Entries	Proforma Consolidated Balance Sheet of the Merged Entity at 30Jun09
<b>Equity</b>				
Issued capital	125,095	38,298	91,457	254,850
Reserves	4,456	6,943	(6,943)	4,456
Retained earnings	67,253	(14,542)	9,209	61,920
Total equity	196,804	30,699	93,723	321,226

### 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 \$147.404 million consists of:

	\$'000
New MRL Shares for POL Shares at MRL market value on 2 December 2009 of \$6.66	117,544
Cash consideration of \$0.10 per Polaris Share	17,649
New MRL Options for POL Options at fair value	12,211
Total Purchase Consideration	147,404

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 \$5.333 million (including stamp duty) have been expensed in accordance with Australian Accounting Standard AASB3 Business Combinations.

The impact of the share placement dated 30 November 2009 has been included as an adjustment to the Mineral Resources Audited Balance Sheet as at 30 June 2009. Key elements of the share placement are

	\$'000
7,750,000 new MRL Shares issued on 30 November 2009 at \$6.75	52,313
Expenses of the issue (brokerage)	392



Tax deduction for expenses of the issue

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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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