

SEPTEMBER 2009

ASX
POL

CURRENT SHARE PRICE
\$0.415

52 WEEK TRADING RANGE
\$0.075-\$0.435

**MARKET CAPITALISATION
AT \$0.415 PER SHARE**
\$72.9m

ISSUED CAPITAL
175.8m Ordinary Shares

CASH (AUGUST 09)
\$3.5m

BOARD OF DIRECTORS
Mr Ken Hellesten
Managing Director

Mr Lewis Cross
Non-Executive Chairman

Mr Jonathan Lea
Technical Director

Mr Alan Tough
Executive Director for Operations

Mr Ian Buchhorn
Non-Executive Director

TOP SHAREHOLDERS
Lion Diversified Holdings 25.6%
Heron Resources Ltd 22.3%

TOP 20 HOLDING
64.5%

SHARE PRICE CHART



COMPANY OVERVIEW

Polaris Metals (ASX: POL) is an aspiring iron ore producer with a pipeline of high quality development projects and exploration targets across more than 5000km² of tenement holdings in Western Australia.

The Company's portfolio of iron ore assets comprises an estimated exploration potential in excess of 400Mt of direct shipping ore (DSO) across two of Western Australia's premier iron ore provinces.

Polaris' key production target, Stage 1 of the Yilgarn Iron Ore Project (YIOP), is scheduled to commence mining in late 2011. The initial target is complemented by other highly prospective projects in the Central Yilgarn region, such as Bungalbin East, J4, J5 and the high grade Mayfield magnetite project, which comprise YIOP Stage 2, a potential expansion to 6 – 8 million tonnes per year of production.

Importantly YIOP has access to multi-user rail and port infrastructure which not only reduces initial

capital costs but also enables a relatively short development timetable.

The Company anticipates cash flow from the Poondano project in the Pilbara from mid-2010, which Process Minerals International (PMI) intends to bring into production under a Development Agreement with Polaris. PMI is targeting initial production in the first half of 2010, ramping up to more than 500,000 tpa of product and potentially delivering several million dollars per year in royalties to Polaris.

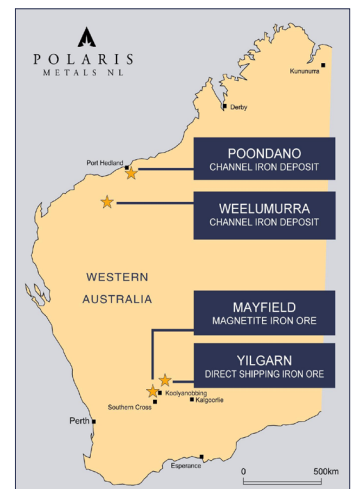
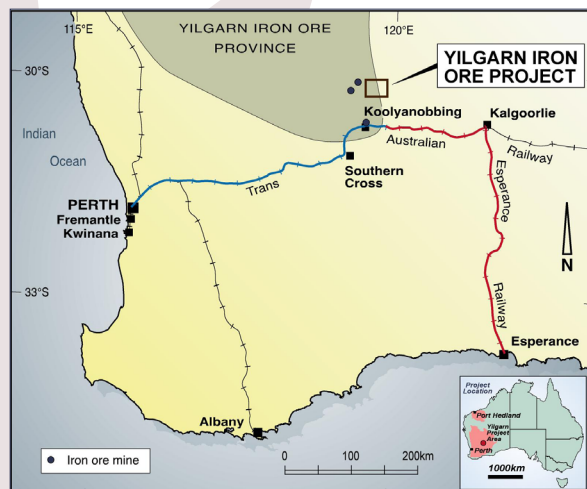
Polaris also has a number of key exploration targets in the Pilbara iron ore province, including the Weelumurra project which has potential for 250 – 300Mt of channel iron deposit (CID) and detrital resources.

With a strong resource base across key regions, access to key infrastructure and a clear pathway to iron ore production within the next 2 – 3 years, Polaris provides investors with direct exposure to a major near term iron producer.

YILGARN IRON ORE PROJECT

STAGE 1 – ON THE PATH TO PRODUCTION BY 2011

- The Yilgarn Iron Ore Project, located in the highly prospective Central Yilgarn Region of Western Australia and 100% owned by Polaris, has a total exploration potential for DSO resources of 100-150Mt at 57-59% Fe.
- Polaris is currently focused on bringing Stage 1 of the YIOP into production by late 2011 at a production rate of 3.5- 4.5mtpa.
- Stage 1, comprising the Carina and Chamaeleon deposits, has target exploration potential of 40 - 58Mt Direct Shipping Ore (DSO), with Indicated and Inferred Resources of 26.7Mt at 58.9% Fe at Carina.
- The goethite/hematite product is low in silica and alumina and benchmarks favourably against BHP Billiton Iron Ore and Rio Tinto Yarri fines products, making it attractive to overseas customers.
- The potential for rapid development of YIOP Stage 1 at moderate cost is enhanced by its close proximity to existing multi-user rail and port infrastructure.
- The project is just 50km from the Perth-Kalgoorlie railway, and the Company has negotiated access to haulage roads and signed Memorandums of Understanding with both Fremantle and Esperance ports.
- A Pre-Feasibility Study (PFS) found the project to be viable at the target production rates, with competitive operating costs of US\$30- 35 per tonne FOB and relatively low capital costs due to existing multi-user infrastructure.
- Environmental and mining approvals processes have commenced, with no significant issues anticipated.



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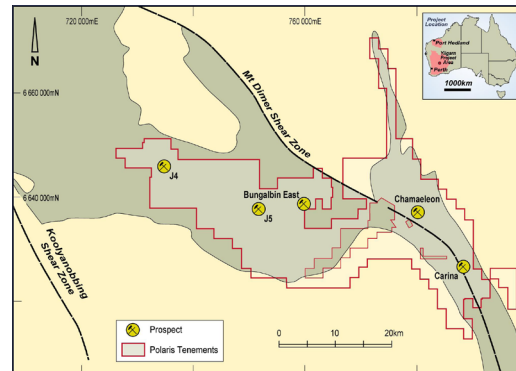
www.polarismetals.com.au

MINERAL RESOURCES TAKEOVER

An extensive strategic partner search conducted during the first half of 2009 led to a number of proposals from Australian and overseas strategic groups for the development of YIOP Stage 1 and involvement in the Company. On 20 August Mineral Resources announced its intention to acquire all of the shares and options in Polaris by offering 1 Mineral Resources share for every 12.5 Polaris shares.

A comprehensive review of the proposals indicated the Mineral Resources offer was clearly superior to the alternatives and is supported unanimously by the Polaris board, in the absence of a superior offer and subject to an Independent Experts Report concluding the offer is fair and reasonable.

Heron Resources Limited has entered into a pre-bid acceptance agreement with Minerals Resources in respect of 19.9% of Polaris' shares.



**YILGARN IRON ORE PROJECT
STAGE 2 - GROWTH OPPORTUNITIES**

- Stage 2 of the Yilgarn Iron Ore Project, comprising the Bungalbin, J5 and J4 DSO prospects and the Mayfield high grade magnetite project, has a total exploration potential of 74-100Mt at 57-60% Fe of DSO.
- Drilling at the 100% owned Mayfield Project near YIOP has outlined target potential of 100-150Mt of DSO and high grade, coarse grained magnetite at 45-50% Fe.
- The project has the potential to deliver 69% Fe concentrate using traditional grinding and wet magnetic separation processing or a "fines" equivalent product containing around 60% Fe for direct shipping through simple crushing and dry beneficiation.
- Sharing infrastructure synergies with the YIOP and complemented by regional potential of billions of tonnes of resource, the Mayfield magnetite represents significant long term potential value for the Company.
- While Polaris is currently focused on the timely development of Stage 1, Stage 2 represents an opportunity for future growth, offering economies of scale and infrastructure synergies.

POLARIS IN THE PILBARA

- Polaris also has holdings in the Pilbara, one of the world's premier iron ore precincts.
- Exploration efforts are focused on the Weelumurra project, which comprised the Weelumurra and Caliwinga deposits.
- Weelumurra is located in a precinct with regional potential of 3-4Bt across all companies.
- Consultant interpretation and helicopter reconnaissance has been completed at Weelumurra, indicating 250-300Mt potential for CID and Canga deposits.
- Assays to date have returned results of up to 64% Fe.
- At Caliwinga, which features CID to 25m thick, assays to date indicate an average of 57.4% Fe with a best result of 64% Fe.

