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27 November 2009

By fax // pages

To Company Announcements Platform
Australian Securities Exchange Limited
Fax 1300 135 638

**Lion-Asia Resources Pte. Ltd – takeover bid for Polaris Metals NL
Supplementary Bidder's Statement**

Please find attached a Supplementary Bidder's Statement in relation to Lion-Asia Resources Pte. Ltd.'s off-market takeover bid for Polaris Metals NL.

Yours faithfully
Gilbert + Tobin


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KING & WOOD
P R C L A W Y E R S

First Supplementary Bidder's Statement

In relation to the offers by

LION-ASIA RESOURCES PTE. LTD.

to acquire all of your Polaris Shares and Polaris Options in

POLARIS METALS NL

ABN 18 085 223 570

This document contains important information and requires your immediate attention.

You should read this document in its entirety. If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional advisor as soon as possible.

If you have any questions about the Offers or this document, or about how to accept the Offers, please contact the Offer Information Line on 1800 132 875 (toll free within Australia) or +61 2 8280 7733 (not toll free) from outside Australia.

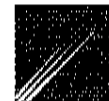
Legal Advisors



LAWYERS

WONGPARTNERSHIP

Financial Advisors



Wilson HTM
INVESTMENT GROUP

FIRST SUPPLEMENTARY BIDDER'S STATEMENT

1 Introduction

This document is a supplementary bidder's statement under section 643 of the Corporations Act 2001 (Cth). It is the first supplementary bidder's statement (**Supplementary Bidder's Statement**) issued by Lion-Asia Resources Pte. Ltd. (**Lion**) to the bidder's statement lodged with ASIC and ASX on 13 November 2009 (**Original Bidder's Statement**) in relation to its off-market takeover bid for all of the ordinary shares and all of the options in Polaris Metals NL (ABN 18 085 223 570) (**Polaris**) that have an exercise price below \$0.70.

This Supplementary Bidder's Statement supplements, and should be read together with, the Original Bidder's Statement. This document will prevail in the event of any inconsistency with the Original Bidder's Statement. Unless the context requires otherwise, terms defined in the Original Bidder's Statement have the same meaning where used in this document.

A copy of this document was lodged with ASIC on and is dated 27 November 2009. Neither ASIC nor any of its officers takes any responsibility for the contents of this document.

2 Variations to Lion Offers

2.1 Share Offer

On 23 November 2009, Lion announced its intention to increase the consideration offered under the Share Offers to \$0.74 per Polaris Share.

2.2 Option Offer

On 24 November 2009, Lion announced its intention to vary the Option Offers by:

- extending the Option Offers to all Polaris Options on issue as at 13 November 2009 with an exercise price of less than \$0.74; and
- increasing the amount of consideration offered under the Option Offers to a cash amount for each Polaris Option equivalent to the difference between \$0.74 and the exercise price of the Polaris Option in question.

As a result of this variation, subject to the terms of the Option Offer, the consideration offered by Lion for the acquisition of all Your Polaris Options is as set out in the table below.

Polaris Tranche	Key terms	Total number on issue	Consideration to be issued for each Polaris Option	Total consideration to be funded
2	Exercisable at \$0.281 expiring 31 December 2010	150,000	\$0.459	\$68,850
3	Exercisable at \$0.281 expiring 14 July 2011	14,100,000	\$0.459	\$6,471,900

Polaris Tranche	Key terms	Total number on issue	Consideration to be issued for each Polaris Option	Total consideration to be funded
4	Exercisable at \$0.40 expiring 31 December 2011	750,000	\$0.340	\$255,000
5	Exercisable at \$0.531 expiring 31 December 2011	5,825,000	\$0.209	\$1,217,425
6	Exercisable at \$0.531 expiring 31 December 2011	500,000	\$0.209	\$104,500
7	Exercisable at \$0.55 expiring 31 December 2011	1,250,000	\$0.190	\$237,500
8	Exercisable at \$0.55 expiring 31 December 2011	275,000	\$0.190	\$52,250
9	Exercisable at \$0.631 expiring 31 December 2011	50,000	\$0.109	\$5,450
10	Exercisable at \$0.731 expiring 31 December 2011	5,825,000	\$0.009	\$52,425
	TOTAL	28,725,000		\$8,465,300

2.3 Notices of variation

On or about the date of this Supplementary Bidder's Statement, Lion gave notice of the above variations pursuant to section 650D(1) of the Corporations Act to ASIC, Polaris and each person to whom the Lion Offers were made.

3 Why you should accept the Lion Offers

Attached as Annexure A to this Supplementary Bidder's Statement are pages which update the Section in the Original Bidder's Statement (appearing on pages 5 to 10) headed "Why you should accept the Lion Offers" in light of the variations to the Lion Offers referred to in Section 2 of this Supplementary Bidder's Statement.

The pages in Annexure A to this Supplementary Bidder's Statement should be read in substitution for pages 5 to 10 of the Original Bidder's Statement.

4 Funding

As a result of the variations to the Lion Offers referred to in Section 2 of this Supplementary Bidder's Statement, the total maximum cash consideration that Lion will be required to pay under the Lion Offers is \$105,963,484.96 comprised of:

- \$97,498,184.96 under the Share Offer; and
- \$8,465,300.00 under the Option Offer.

Lion's funding arrangements to satisfy these payment obligations are detailed in Section 5 of the Original Bidder's Statement. The funds available to Lion for drawdown under the facilities detailed in that Section are sufficient to satisfy Lion's obligations to provide the consideration offered under the revised Lion Offers.

As at the date of this Supplementary Bidder's Statement, each of the conditions precedent to drawdown under the Amended Facility Agreement described in Section 5.2 of the Original Bidder's Statement have been satisfied.

5 Status of Defeating Conditions

On 23 November 2009, Lion announced to ASX that ASIC has refused to grant relief in respect of Lion's application to waive the 50.1% minimum acceptance condition in Section 8.9(a)(i) of the Original Bidder's Statement. On 23 November 2009, Lion lodged an application with the Takeovers Panel to review ASIC's decision. As at the date of this Supplementary Bidder's Statement, the Takeovers Panel has not made a determination in relation to Lion's application. If Lion's application to the Takeovers Panel is successful, Lion will immediately declare the Share Offer free from all Defeating Conditions.

6 Amendments to definitions in Original Bidder's Statement

The definitions of "Mineral Resources Share Offer" and "Mineral Resources Options Offer" set out in Section 10 of the Original Bidder's Statement are replaced with the following:

Mineral Resources Share Offer means the takeover offer by Mineral Resources to acquire all of the ordinary shares in Polaris announced on 20 August 2009, as amended from time to time.

Mineral Resources Options Offer means the takeover offer by Mineral Resources to acquire all of the options issued in Polaris announced on 20 August 2009, as amended from time to time.

7 Approval of Supplementary Bidder's Statement

This Supplementary Bidder's Statement has been approved by a resolution passed by the directors of Lion-Asia Resources Pte. Ltd.

Dated 27 November 2009

Signed for and on behalf of Lion-Asia Resources Pte. Ltd. by:



Loh Kgai Mun
Director

ANNEXURE A

Why you should accept the Lion Offers

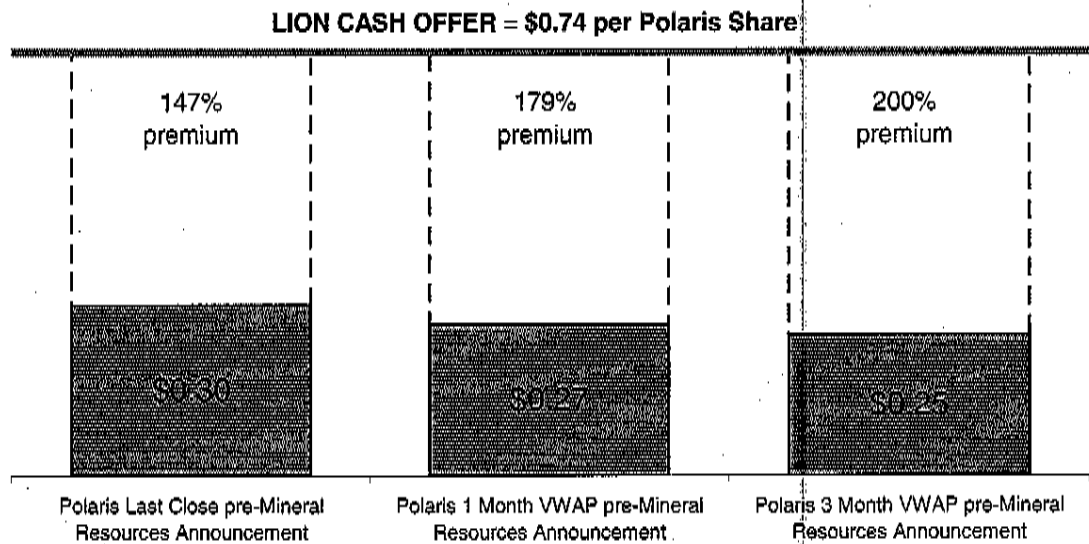
- A You will receive a substantial premium for Your Polaris Shares;
- B The Lion Offers are all cash offers which enable you to realise value for Your Polaris Shares and/or Your Polaris Options through cash payments;
- C Accepting the Offers provides certainty of value for Your Polaris Shares and/or Your Polaris Options; and
- D Lion believes the Lion Offers are superior to the Mineral Resources Offers.

A YOU WILL RECEIVE A SUBSTANTIAL PREMIUM FOR YOUR POLARIS SHARES

Lion is offering \$0.74 for each Polaris Share you own under the Share Offer. This represents:

- a 147% premium to Polaris' closing share price of \$0.30 on 14 August 2009, being the last day of trading in Polaris Shares prior to the announcement of the Mineral Resources Offer on 20 August 2009;
- a 179% premium to the volume weighted average price of Polaris Shares of \$0.265 for the 1 month to 14 August 2009; and
- a 200% premium to the volume weighted average price of Polaris Shares of \$0.247 for the 3 months to 14 August 2009.

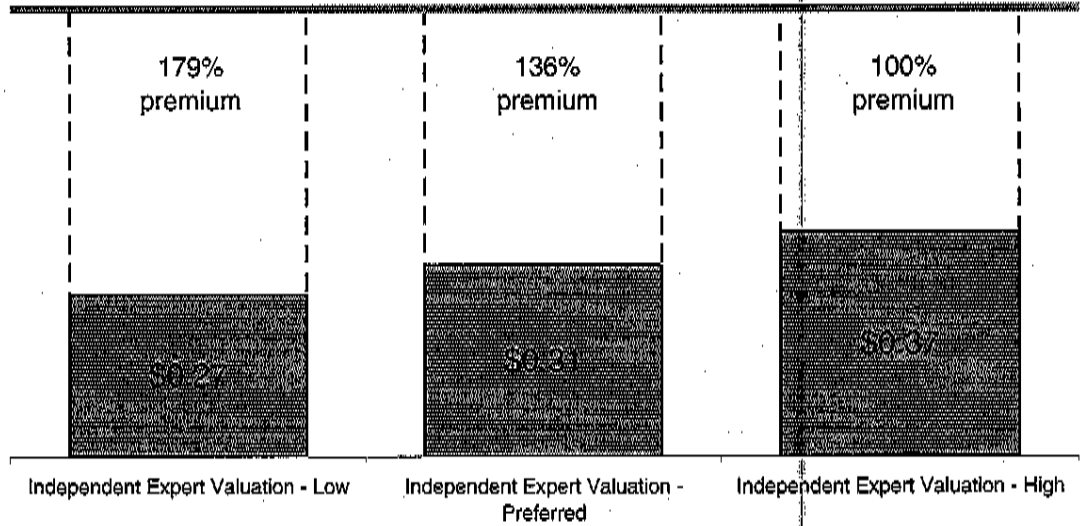
The graph below illustrates the premium represented by the cash consideration for \$0.74 per Polaris Share being offered by Lion relative to Polaris' trading prices on the ASX prior to the announcement of the Mineral Resources Offer on 20 August 2009.



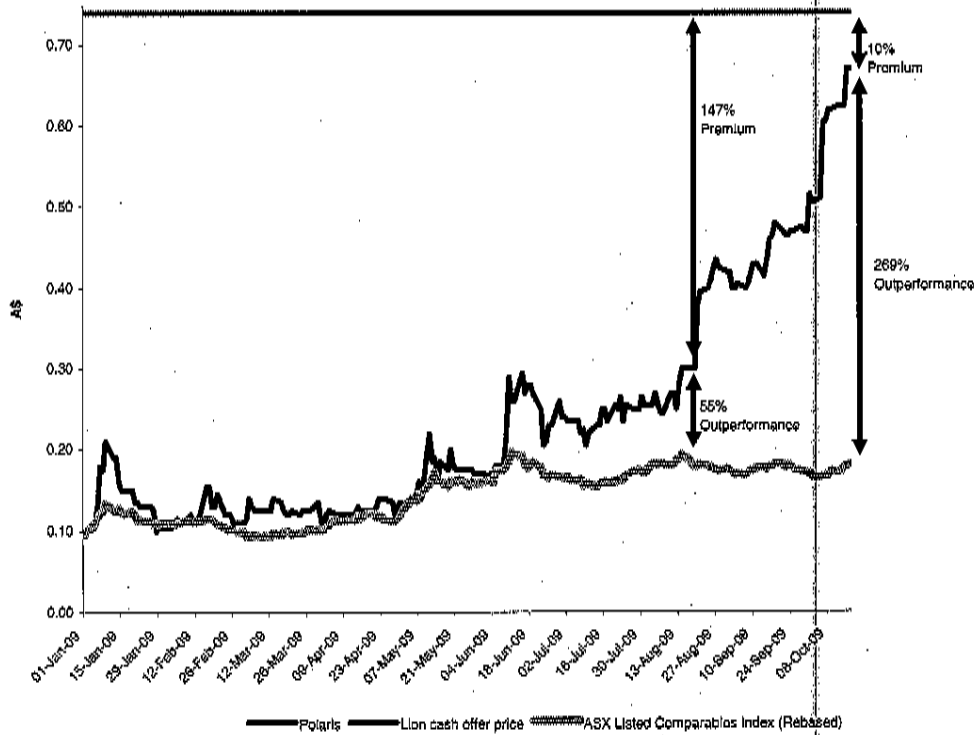
The Independent Expert has assessed a fair value range for Polaris Shares of between \$0.265 and \$0.370 per Polaris Share.

Lion's Offer of \$0.74 per Polaris Share represents a premium of between 179% and 100% to the Independent Expert's assessment of fair value for Polaris Shares (including a premium for control).

LION CASH OFFER = \$0.74 per Polaris Share



Lion considers the premium being offered to be particularly attractive given the performance of Polaris' share price in 2009 relative to the performance of other ASX listed iron ore explorers. The graph below compares the performance of Polaris' share price to the market capitalisation weighted average performance of its peer group (which has been re-based to demonstrate the relative performance) between 1 January 2009 and 16 October 2009, and highlights the relative performance levels as at 14 August 2009, the last day on which Polaris Shares traded prior to the announcement of the Mineral Resources Offer.



The "ASX Listed Comparables Index (Rebased)" comprises: BC Iron (BCI), Cullen Resources (CUL), Northern Iron (NFE), Resource Mining Corporation (RMI), Ferraus (FRS), Helix Resources (HLX), Iron Ore Holdings (IOH), Golden West Resources (GWR), Sundance Resources (SDL), IMX Resources (IXR), Grange Resources (GRR), Admiralty Resources (ADY) and Australasian Resources (ARH). The index has been calculated using a market capitalisation weighted average of daily closing share prices.

B THE LION OFFERS ARE ALL CASH OFFERS WHICH ENABLE YOU TO REALISE VALUE FOR YOUR POLARIS SHARES AND/OR YOUR POLARIS OPTIONS THROUGH CASH PAYMENTS

The Offers are to acquire all of Your Polaris Shares and/or Your Polaris Options for cash. Under the Offers:

- you will receive \$0.74 cash for each Polaris Share you own; and
- you will receive a cash amount for each Polaris Option you own, equivalent to the difference between the Share Offer Consideration of \$0.74 per Polaris Share and the exercise price of each Polaris Option.

C ACCEPTING THE OFFERS PROVIDES CERTAINTY OF VALUE FOR YOUR POLARIS SHARES AND/OR YOUR POLARIS OPTIONS

Lion's cash consideration provides an opportunity to realise certain value for Your Polaris Shares and/or Your Polaris Options.

By comparison, accepting the Mineral Resources Offers is equivalent to investing in Mineral Resources shares or options. As described in Section 9 of the MIN Bidder's Statement, there are a broad range of risks and uncertainties inherent in an investment in Mineral Resources shares and options, including:

- **Business risks of the merged Mineral Resources and Polaris businesses:**
 - (a) Risks inherent with commercial operations including variations in general economic conditions, demand for Mineral Resources' goods and services, third parties failing to meet their contractual commitments, dependency on senior management, adverse events outside the scope of insurance coverage and changes in government policy and laws;
 - (b) Commodity price, foreign exchange rate and interest rate volatility;
 - (c) The ability to access capital from debt and equity markets to finance future projects or developments and pay future dividends;
 - (d) Changes to the nature or extent of industry competition, adversely affecting Mineral Resources' ability to compete profitably;
 - (e) Risks specific to the resources sector including adverse health, safety or environmental incidents, inability to locate, identify or economically develop mineral deposits, operational and technical difficulties associated with exploration, commissioning and plant operations, industrial disputes, adverse weather conditions and the ability to access plant, equipment and consumables as required and at economic cost; and
 - (f) Risks associated with securing and retaining title to the tenements and leases required for exploration, development and mining.
- **General securities risks:**
 - (g) Price of Mineral Resources shares may rise or fall due to factors outside Mineral Resources' control or as a result of factors unrelated to the financial or operating performance of Mineral Resources; and
 - (h) Potential for trading in Mineral Resources shares to become illiquid, preventing holders of Mineral Resources shares or options from realising their investments.

Risks specific to the Mineral Resources Offers:

- (i) The market value of Mineral Resources shares may vary significantly between the date of acceptance and the date on which Mineral Resources shares are issued as consideration to Polaris Shareholders;
- (j) LDHB will not accept the Mineral Resources Offer on its current terms and Mineral Resources will not achieve acceptances of at least 80% of the voting shares in Polaris. As a result, scrip-for-scrip capital gains tax rollover relief will not be available to Australian resident shareholders and Polaris Shareholders will require access to alternative cash sources to meet taxation obligations arising from the sale of their Polaris Shares;
- (k) A number of Polaris Shareholders may elect to sell some or all of their Mineral Resources shares issued as consideration, which may adversely impact on the price of and demand for Mineral Resources shares; and
- (l) Integration of Polaris' management, information systems and work practices entails some risk, including additional costs being incurred, and there is no guarantee that any cost savings or synergy benefits will be achieved.

In accepting the Lion Offers, Polaris Shareholders and Polaris Optionholders will cease to be exposed to these risks, and will receive a significant premium for their Polaris Shares and Polaris Options as consideration.

D LION BELIEVES THE OFFERS ARE SUPERIOR TO THE MINERAL RESOURCES OFFERS

Lion believes the Lion Offers are superior to the Mineral Resources Offers because:

- the Lion Offers provide certainty for Polaris Securityholders through a 100% cash payment which compensates them appropriately for a change of control;
- the scrip component of the Mineral Resources Share Offer comprises more than 87% of the implied value of the Mineral Resources Share Offer¹;
- LDHB will not accept the Mineral Resources Offer on its current terms and Mineral Resources will not achieve acceptances of at least 80% of the voting shares in Polaris. As a result, scrip-for-scrip capital gains tax rollover relief will not be available to Australian resident shareholders and Polaris Shareholders will require access to alternative cash sources to meet taxation obligations arising from the sale of their Polaris Shares; and
- Lion continues to believe there is significant uncertainty around the inherent value of the scrip component of the Mineral Resources Share Offer, which comprises more than 87% of the implied value of that offer², because:
 - as set out in section C above, there are a range of risks and uncertainties inherent in an investment in Mineral Resources;
 - historically, trading in Mineral Resources shares has been relatively illiquid. In the period between 1 January 2009 and 19 August 2009 (being the last day of trading in Mineral Resources shares prior to the announcement of the Mineral Resources Offer), approximately 15.1 million Mineral Resources shares were traded, representing an average daily turnover of approximately 94,000 shares. If the Mineral Resources Share Offer is accepted by all

¹ Based on the closing price of Mineral Resources shares on ASX of \$7.15 on 24 November 2009.

² Based on the closing price of Mineral Resources shares on ASX of \$7.15 on 24 November 2009.

Polaris Shareholders except LDHB, under the terms of the Mineral Resources Share Offer, 13,175,430 Mineral Resources shares will be issued to Polaris Shareholders. Should a significant proportion of Polaris Shareholders choose to sell some or all of the Mineral Resources shares issued, the relatively illiquid trading in Mineral Resources shares suggests that:

- there is the potential for significant downward pressure on the Mineral Resources share price; and
- the sale of the Mineral Resources shares in such circumstances is likely to take a significant period of time (approximately 6-7 months based on historical trading volumes).

historically, Mineral Resources shares have traded at much lower prices than their current value. Between 1 January 2009 and 19 August 2009, the Mineral Resources share price ranged from a low of \$2.01 per share to a high of \$4.80 per share. Taking the high of \$4.80 per share, this values the consideration under the Mineral Resources Share Offer at \$0.53 per Polaris Share. Lion's Offer of \$0.74 per Polaris Shares represents a premium of 40% to this value; and

the Independent Expert assessed a fair indicative value for Mineral Resources' shares of between \$4.19 and \$4.77 per Mineral Resources share, with a preferred value of \$4.45 per share based on the volume weighted average last sale price for the period 1 August 2009 to 19 August 2009. Applying the preferred value of \$4.45 per share, this values the consideration under the Mineral Resources Share Offer at \$0.495 per Polaris Share. Lion's Offer of \$0.74 per Polaris Share represents a premium of 49% to this value.

Lion believes that the Lion Option Offer is also superior to the Mineral Resources Option Offer. Under the Lion Option Offer, Polaris Optionholders will receive a cash amount for each option held equivalent to the difference between the Share Offer Consideration of \$0.74 and the exercise price of the Polaris Option.

By comparison, Mineral Resources proposes issuing Polaris Optionholders new Mineral Resources options. For Polaris Optionholders to be in an equivalent financial position to accepting the Lion Option Offer, Mineral Resources' share price would need to increase to at least \$7.40.³ If Mineral Resources is granted ASIC approval to vary the terms of the Mineral Resources option offer in accordance with Mineral Resources' announcement of 23 November 2009, the Mineral Resources' share price would need to be at least \$6.40 to put Polaris Optionholders in an equivalent financial position to accepting the Lion Option Offer.

³ "Equivalent financial position" is calculated as the share price at which Mineral Resources would need to trade at for a Polaris Optionholder to receive the same cash proceeds from the exercise of Mineral Resources options issued as consideration for Polaris Options and the subsequent sale of the Mineral Resources shares issued as a result of that exercise (excluding any transaction and financing costs and the time value of money). For example, a Polaris Optionholder with 10,000 Polaris Options with an exercise price of \$0.40 expiring 31 December 2011 (Polaris Tranche 4) would receive \$3,400 from accepting the Lion Option Offer. Under the Mineral Resources Option Offer, the same Polaris Optionholder would receive 1,000 Mineral Resources options with an exercise price of \$4.00 expiring 31 December 2011. If these 1,000 options were exercised and the Mineral Resources shares then sold on-market, in order to realise net proceeds (after the cost of exercising the option) of \$3,400, the shares would need to be sold for \$7.40 (i.e. \$7,400 from the sale of shares less \$4,000 costs to exercise the options, leaving net proceeds of \$3,400).