



P O L A R I S
M E T A L S N L

ABN 18 085 223 570

Target's Statement

of Polaris Metals NL in response to the offers by Lion-Asia Resources Pte. Ltd.
to acquire all of your Polaris Shares and Eligible Polaris Options

**The Directors of Polaris unanimously recommend that you REJECT
the Lion Share Offer to acquire all of your Polaris Shares.**

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document, you should consult your financial or other professional adviser immediately.

Financial Adviser



Legal Adviser

CLAYTON UTZ

Important notices

Nature of this document

This document is a Target's Statement issued by Polaris Metals NL (ACN 085 223 570) (**Polaris**) in accordance with the Corporations Act in response to the Lion Bidder's Statement dated 13 November 2009 issued by Lion-Asia Resources Pte. Ltd. (**Lion-Asia**) in respect of the Lion Offers.

Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in Section 9 (Definitions and interpretation). That Section also sets out some rules of interpretation which apply to this Target's Statement.

Investment decision

The Directors recommend that you read the Lion Bidder's Statement and this Target's Statement in full and seek independent advice if you have any queries in respect of the Lion Offers. This Target's Statement does not take into account the individual investment objectives, financial situation or particular needs of any Polaris Securityholder. You may wish to seek independent financial, taxation and legal advice before making a decision as to whether or not to accept the Lion Offers.

Forward-looking statements

This Target's Statement may contain forward-looking statements, which include statements other than statements of historical fact. Polaris Securityholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Polaris. Actual results, values, performance or achievement may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement.

None of Polaris, its Directors, officers nor advisers, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Target's Statement will actually occur. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements in this Target's Statement only reflect views held as at the date of this Target's Statement.

ASIC and ASX

A copy of this Target's Statement was lodged with ASIC and provided to the ASX on 9 December 2009. Neither ASIC nor ASX, nor any of their respective officers, take any responsibility for the content of this Target's Statement.

Information on Lion-Asia

The information on Lion-Asia contained in this Target's Statement has been prepared by Polaris from publicly available information, and has not been independently verified by Polaris. Accordingly, Polaris does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

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Key Dates

Date of announcement of the Lion Offers	6 October 2009
Date of the Lion Bidder's Statement	13 November 2009
Date Lion Offers made (beginning of Offer Period)	27 November 2009
Date of this Target's Statement	9 December 2009
Close of Lion Offers (unless extended or withdrawn)	29 December 2009

Further information

Any questions regarding this Target's Statement should be directed to Polaris on +61 (0)8 9215 1222 Monday to Friday between 8.30 am and 5.30 pm (WST).

Letter from the Chairman

9 December 2009

Dear Polaris Securityholder

By now you should have received the Lion Bidder's Statement, which sets out the detailed terms of an off-market takeover offer by Lion-Asia for all of the shares and all the "in-the-money" options in Polaris (**Lion Offers**).

This Target's Statement contains the Directors' formal response to the Lion Offers and includes details of the Lion Offers and reasons for the Directors' recommendation that you reject the Lion Offers.

Background

There has been a lot of activity in respect of Polaris since 20 August 2009 when Mineral Resources Limited (**MRL**) first announced its proposed takeover offer for Polaris. Since then, Lion announced its intention to make a competing bid, and there have been several revisions to both bids. Most recently:

- On 23 November 2009, Lion-Asia gave notice of an increase in the consideration under the Lion Share Offer to \$0.74 for each Polaris Share.
- On 23 November 2009, MRL gave notice of, amongst other things:
 - an increase in consideration under the MRL Share Offer to 1 MRL Share plus \$1.00 cash for every 10 Polaris Shares; and
 - an effective improvement in consideration under the MRL Option Offer to either 1 MRL Option for every 10 Polaris Options with the exercise price of each MRL Option to be reduced by \$1.00 (subject to ASIC approval), or 1 MRL Option for every 10 Polaris Options plus \$1.00 cash per MRL Option.
- On 24 November 2009, Lion-Asia announced its intention to amend the terms of the Lion Option Offer for all the Eligible Polaris Options under which the consideration will be equal to the difference between the exercise price of the option and \$0.74 for every Eligible Polaris Option.

The MRL Share Offer is now unconditional, whereas the Lion Share Offer remains subject to a non-waivable minimum acceptance condition.

Copies of all documents relevant to the MRL Offers and the Lion Offers can be obtained from the Polaris website at www.polarismetals.com.au, the ASX website at www.asx.com.au, or by contacting Polaris on +61 (0) 8 9215 1222.

The Directors' recommendation in relation to the Lion Share Offer

After careful consideration, your Directors unanimously consider that the MRL Share Offer is superior to the Lion Share Offer. Accordingly, **the Directors unanimously recommend that Polaris Shareholders reject the Lion Share Offer.**

In summary, the Directors recommend you reject the Lion Share Offer because:

1. the Polaris Board unanimously considers that the MRL Share Offer is superior to the Lion Share Offer;
2. the Polaris Share price has consistently traded at or above the Lion Share Offer; and
3. the Lion Share Offer is conditional, meaning that payment to Polaris Shareholders who accept the offer is uncertain.

The Directors' recommendation in relation to the Lion Option Offer

The Lion Option Offer is subject to an effectively non-waivable condition that the Lion Share Offer becomes unconditional and Lion acquires more than 50% of all Polaris Shares, meaning that the Lion Option Offer will not deliver value to Polaris Optionholders unless Lion satisfies the minimum acceptance condition that attaches to the Lion Share Offer. The MRL Option Offer is subject to the same effectively non-waivable condition that MRL acquires more than 50% of all Polaris Shares, however the MRL Share Offer is already unconditional.

After careful consideration, your Directors unanimously recommend that Polaris Optionholders monitor the status of the MRL Share Offer and the Lion Share Offer to determine which, if either, of the offerors acquires (or is likely to acquire) more than 50% of Polaris Shares. Your Directors also recommend that Polaris Optionholders consider the specific terms of their own Polaris Options when evaluating the offers for Polaris Options made by Lion-Asia and MRL and consider seeking professional advice before accepting or rejecting the Lion Option Offer or exercising Polaris Options.

Next steps

To reject the Lion Share Offer, simply ignore the documents that you have received from Lion-Asia. To accept the MRL Share Offer, please follow the instructions in the MRL Bidder's Statement. The MRL Share Offer is open until 5.00 pm (WST) on 16 December 2009 , unless extended.

The Lion Offers are open until 7.00 pm (AEDT) on 29 December 2009, unless extended.

I encourage you to read this document carefully and if you need any more information I recommend that you seek professional advice or call Polaris +61 (0)8 9215 1222 between 8.30 am and 5.30 pm Monday to Friday (WST).

Your Directors will continue to keep you informed of all material developments.

Yours sincerely



Lewis Cross
Chairman

1. Reasons why you should reject the Lion Share Offer

This Section 1 summarises the key reasons why the Polaris Board has recommended Polaris Shareholders reject the Lion Share Offer.

- 1 The Polaris Board unanimously considers that the MRL Share Offer is superior to the Lion Share Offer
- 2 The Polaris Share price has consistently traded at or above the Lion Share Offer
- 3 The Lion Share Offer is conditional, meaning that payment is uncertain

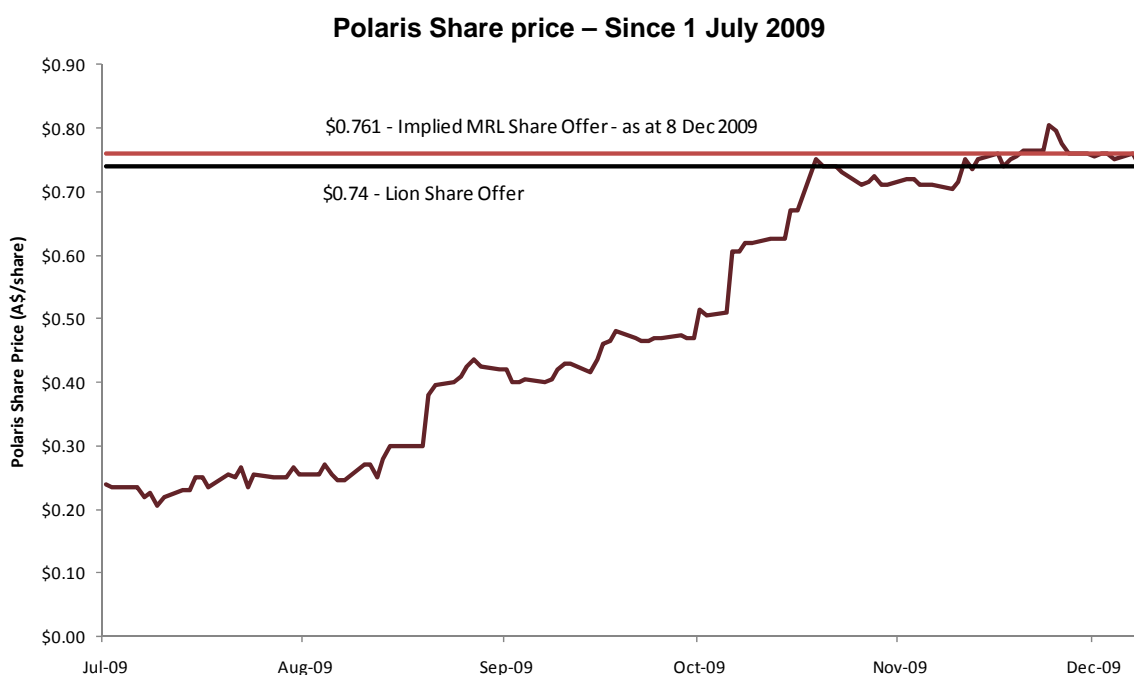
1. The Polaris Board unanimously considers that the MRL Share Offer is superior to the Lion Share Offer

Under the MRL Share Offer, Polaris Shareholders will receive one MRL share and \$1.00 cash for every 10 Polaris shares.¹ The Polaris Board unanimously considers the value provided under the current MRL Share Offer to be superior to the Lion Share Offer.

Based on the closing price of MRL Shares on ASX on 8 December 2009 of \$6.61, the implied value of the MRL Share Offer is \$0.76 per Polaris Share, a premium of approximately 3% to the Lion Share Offer.

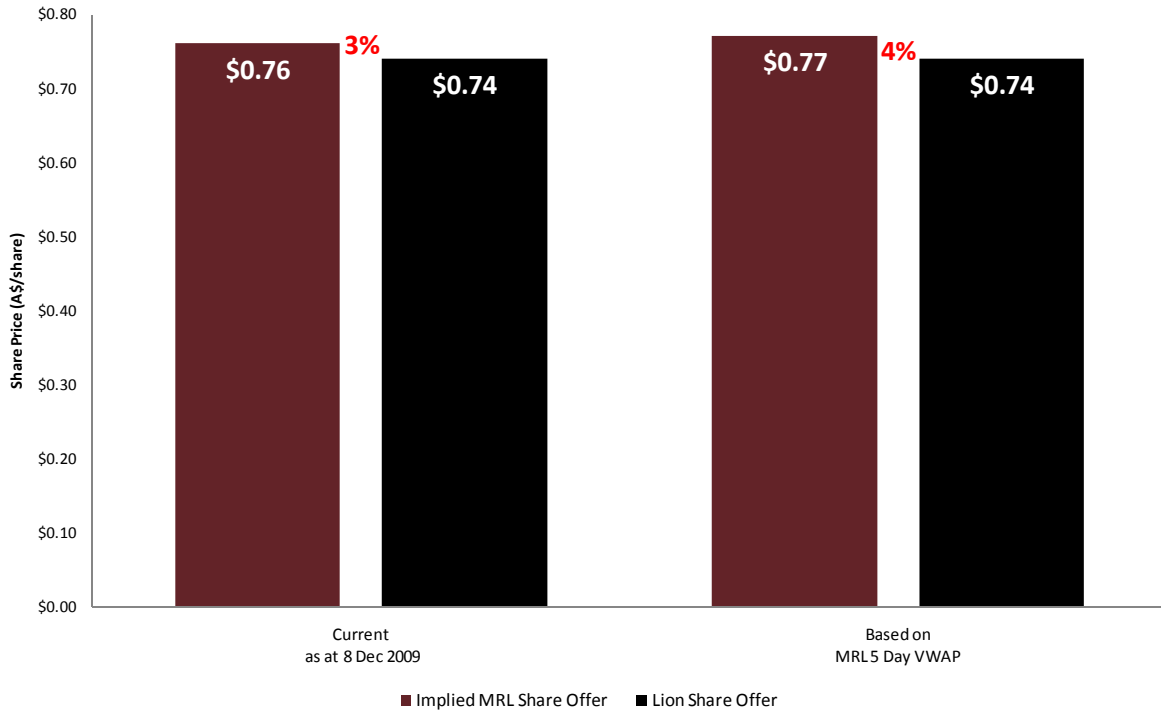
Based on the 5 day VWAP of MRL shares to and including 8 December 2009 of \$6.72, the implied value of the MRL Share Offer is \$0.77 per Polaris Share, representing a premium of approximately 4% to the Lion Share Offer.

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



¹ This means Polaris Shareholders will receive one MRL Share for every 10 Polaris Shares they hold, plus \$0.10 in cash for each Polaris Share they hold.

Implied value of MRL Share Offer versus the Lion Share Offer

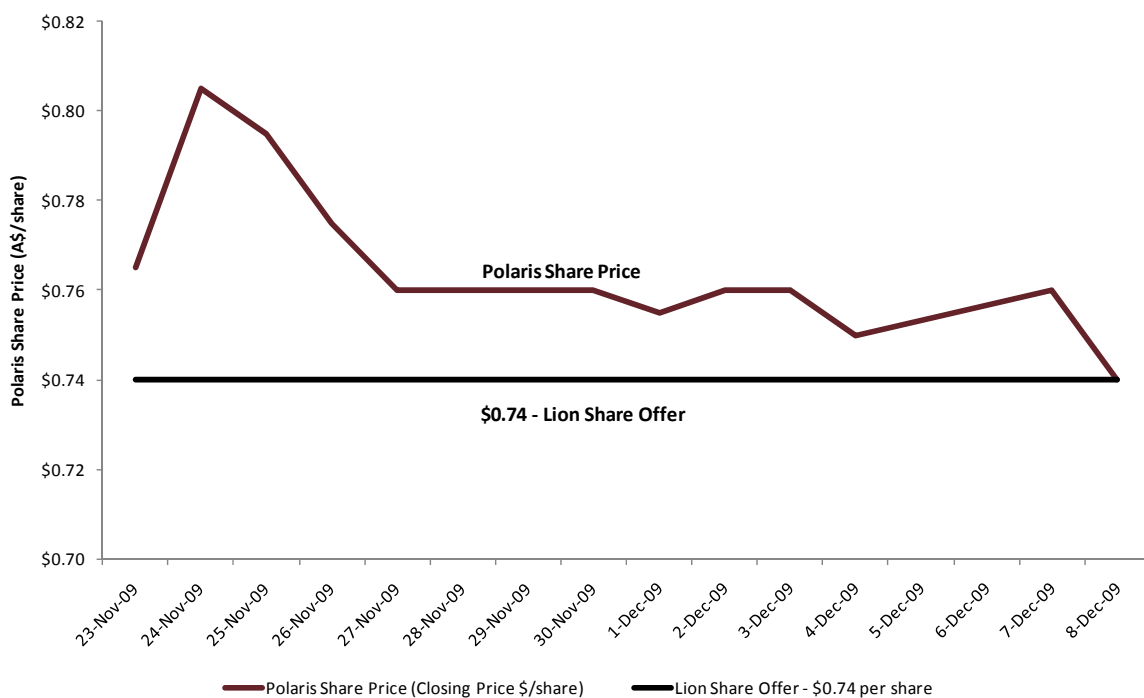


2. The Polaris Share price has consistently traded at or above the Lion Share Offer

Under the Lion Share Offer, subject to the minimum acceptance condition, Polaris Shareholders are being offered \$0.74 cash per Polaris Share.

The Lion Share Offer was increased from \$0.70 to \$0.74 per Polaris Share on 23 November 2009. The Polaris Share price has consistently traded on ASX at or above the value of the Lion Share Offer since announcement of the increased Lion Share Offer.

Polaris Share price – Since 23 November 2009



Polaris Shareholders who may be inclined to accept the Lion Share Offer may have the ability to realise value for some or all of their Polaris Shares by selling on ASX at prices at or above the \$0.74 per Polaris Share being offered by Lion-Asia.

3. The Lion Share Offer is conditional, meaning that payment is uncertain

The Lion Share Offer remains subject to a non-waivable minimum acceptance condition (imposed as a condition of the ASIC exemption that was necessitated by the structure of Lion-Asia's takeover bid for Polaris) that requires the Lion Share Offer to receive acceptances for not less than 50.1% of the Polaris Shares that Lion-Asia offers to acquire, excluding shares currently held by Lion Diversified Holdings Berhad (25.4%) and the shares the subject of the Pre-Bid Acceptance Agreement between Heron Resources Limited and MRL dated 20 August 2009 (19.9%).

Following an application to ASIC and then to the Takeovers Panel, on 3 December 2009 the Takeovers Panel affirmed the decision of ASIC not to remove or allow the waiver of this minimum acceptance condition.

The effect of this condition is that, in order for the Lion Share Offer to become unconditional (and for Polaris Shareholders to receive the consideration due to them under it), Polaris Shareholders holding a majority of the remaining 54.7% of Polaris Shares (i.e. 100% minus LDBH's 25.4% minus the 19.9% under the Pre-Bid Acceptance Agreement) must accept that offer. As at 8 December 2009, MRL had last reported a relevant interest in approximately 40.2% of Polaris Shares. Accordingly, (ignoring the effect of any exercise of Polaris Options) if acceptances of the MRL Offer increase by a further 7.1% (i.e. MRL acquires a relevant interest in a total of 47.3% of Polaris pursuant to the MRL Share Offer), and if MRL does not accept the Lion Share Offer, the Lion Share Offer cannot become unconditional.

At this time, Polaris is not aware of MRL's intentions in relation to the Lion Share Offer, however if MRL does not accept the Lion Share Offer the Polaris Board believes it will be difficult for Lion-Asia to satisfy the minimum acceptance condition to that offer. This means that it is uncertain whether Polaris Shareholders who accept the Lion Share Offer will receive payment under the Lion Share Offer.

Other matters

In considering the Lion Offers, the Directors encourage you to:

- read both this Target's Statement and the Lion Bidder's Statement in their entirety;
- have regard to your individual risk profile, portfolio strategy, tax considerations and financial circumstances; and
- obtain financial advice from your own broker or financial advisor regarding the Lion Offers and obtain taxation advice on the effect of accepting the Lion Offers.

Polaris Shareholders should be aware that the price of Polaris Shares (and the price of MRL Shares, and therefore the implied value of the MRL Share Offer) may fluctuate upwards and downwards prior to the close of the Lion Share Offer. Polaris Shareholders should monitor the trading price of Polaris Shares on ASX and consider seeking professional advice concerning their personal circumstances.

If you accept the Lion Share Offer, you will forfeit the opportunity to participate in:

- the MRL Share Offer, which your Directors unanimously consider to be superior to the Lion Share Offer; or
- any other superior proposal made by another party for your Polaris Shares, should one emerge (including any improvement in the MRL Share Offer).

Your Directors will keep you fully informed of any material developments in relation to the MRL Offers, the Lion Offers or any other possible competing proposal and its implications for your Directors' recommendation.

2. Important matters for Polaris Securityholders to consider

In making a decision whether to accept a Lion Offer you should carefully consider your personal circumstances and have regard to the following matters.

2.1 Overview of Polaris

Polaris is a Western Australian based company which listed on ASX in 2004. Polaris initially focused on gold and nickel exploration in the Southern Cross region of the Eastern Goldfields area of Western Australia. Since listing, the Company has expanded its portfolio to include several new iron ore, uranium, and gold projects.

The Company is now focused on exploration and development of its iron ore projects following the acquisition of the iron ore assets of Heron Resources Limited in 2006. The Company divested its uranium tenements to Northern Uranium Limited in 2006 and divested its gold and base metal assets to Southern Cross Goldfields Limited in 2008 and retains equity in both companies.

Following the discovery of the high quality Carina deposit in 2007, Polaris has made significant progress towards its strategic objective of becoming an iron ore producer having completed a pre-feasibility study and focusing on the development of Stage 1 of the Yilgarn Iron Ore Project (**YIOP**).

With the Yilgarn Iron Ore Project now at an advanced stage and a development agreement in place with MRL for the Poondano project near Port Hedland, the Company is well positioned to generate significant income within three years and make the transition from explorer to miner by late 2011. In addition, the excellent exploration potential within its 5,000km² of tenements in two of the three recognised iron ore provinces of Western Australia provides Polaris with several potential growth options in the future.

Yilgarn Iron Ore Project

The YIOP is the Company's key project located approximately 100 km northeast of the town of Southern Cross and 60 km northeast of Koolyanobbing in the central Yilgarn Province. The project area is adjacent to the iron ore operations of Cliffs Natural Resources which produces and exports approximately 8 million tonnes per year of direct shipping ore (**DSO**). A Stage 1 development of the Carina and associated deposits (Chamaeleon, Carina Extended and others) is planned to commence in 2011 with a potential DSO resource inventory of 40 - 55 million tonnes with a grade of 57 - 60% Fe.

Initial development programs are focused on the Carina deposit, a DSO goethite-haematite deposit close to established and accessible infrastructure. Polaris has completed substantial drilling programs at Carina resulting in Indicated and Inferred Mineral Resources totalling 26.7 million tonnes at an average grade of 58.9% Fe with very low alumina and silica levels. The initial development target is complemented by other nearby deposits, such as Bungalbin East, J4, J5, which are part of the YIOP Stage 2 with potential for over 100 million tonnes of mineralisation. These Stage 2 deposits require more rigorous environmental clearances related to the possible expansion of the Mount Manning Nature Reserve.

Recent results within the Johnston Range joint venture have confirmed the exploration potential of the company's Yilgarn tenements with two zones of goethite-haematite mineralisation similar in style, grade and area to the Carina deposit outlined by surface mapping and sampling. Drill testing is planned for early 2010.

The YIOP is in close proximity to existing multi-user rail infrastructure and has access to existing port facilities and hence does not suffer the potentially high capital cost and access issues affecting many other WA iron ore development projects. The DSO from the YIOP has low impurities and benchmarks favourably against other iron ore sources, making it attractive to overseas customers.



Other key projects

- The Weelumurra Project in the central Pilbara, which has an exploration potential to host 250 to 300 million tonnes grading 55 - 60% Fe of Channel Iron Deposits (CID), detrital iron deposits and canga eluvial mineralization. The Polaris exploration team has commenced field evaluation of this project which has confirmed the potential of the area with surface sampling results averaging 57.4% Fe and a best result of 64.7% Fe.
- The Bullfinch North Project, including Mayfield with an exploration potential of 100 - 120 million tonnes including several million tonnes of hematite DSO (55 - 60% Fe) and large tonnages of high grade magnetite-bearing mineralisation (45 - 55% Fe) which recent testwork suggests is capable of being up-graded to ~60% Fe through simple crushing and dry magnetic separation processes. This material could utilise much of the proposed YIOP Stage 1 infrastructure and hence represents one of the options for the Stage 2 development.
- The Poondano iron ore project is 30 km south east of Port Hedland in the Pilbara Province. An agreement with a wholly-owned subsidiary of MRL to fund a \$400,000 feasibility study and the subsequent development and operation of the Poondano iron ore project is expected to result in the first shipment exported from Port Hedland in 2010. The port access, process expertise and logistics capability of MRL enabled the early development of this project which could provide potential cash flows to the Company of several million dollars per year once it achieves the target production rate of 500,000 tonnes per year.

In total, the estimated resource potential of Polaris exceeds 400 million tonnes in the four key projects discussed above and with approximately 5,000 km² of tenements in Western Australia, there remains significant potential for further discoveries. Polaris continues to consider and explore opportunities in relation to these projects and other tenement packages with a view to creating value for Polaris Shareholders.

For further information regarding Polaris, please refer to the Annual Report, Polaris' latest quarterly activities report and Polaris' other announcements to the ASX. These documents are available on Polaris' website at www.polarismetals.com.au, the ASX website at www.asx.com.au or by contacting Polaris on +61 (0)8 9215 1222 between 8.30 am and 5.30 pm Monday to Friday (WST).

It should be noted that the potential quantities and grade of iron deposits reported as exploration potential in this Section 2.1 are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

2.2 Information in relation to Lion-Asia

Lion-Asia is a limited liability company incorporated in Singapore as an incorporated 50:50 joint venture between Lion Asiapac Limited (**LAP**), via its wholly-owned subsidiary LAP Exploration Pte Ltd (**LAPE**), and Mr Tan Sri William Cheng Heng Jem, through his wholly-owned subsidiary Vital Bond Limited (**VBL**). Lion-Asia has been formed specifically for the purpose of acquiring the Polaris Shares.

The Lion Group

Lion-Asia and LAP are part of a group of 10 companies incorporated throughout Asia (**Lion Group**). The Lion Group has operations in Malaysia, Singapore, Indonesia, China, USA, Mexico, Vietnam and Hong Kong and has an annual group turnover of approximately MYR18 billion (approximately A\$6 billion).

For further information regarding the Lion Group, please visit its website at www.lion.com.my.

LAP, a company listed on Singapore Stock Exchange Securities Trading Limited, is majority owned by and part of the Lion Group. Its main businesses are in steel, retail, property development, tyre, computer, motor and plantation.

For further information regarding LAP, please visit its website at www.lionpac.com.

Section 2 of the Lion Bidder's Statement provides background regarding the Lion Group and LAP.

Mr Tan Sri William Cheng Heng Jem

Mr Tan Sri William Cheng Heng Jem is the Chairman of Lion Diversified Holdings Berhad (**LDHB**) the current holder of a 25.4% shareholding interest in Polaris and a member of the Lion Group. Mr Tan Sri William Cheng Heng Jem was appointed to the board of LDHB on 27 October 1989 and has been the Chairman of LDHB since 17 December 1994. Mr Tan Sri William Cheng Heng Jem has more than 35 years of experience in the business operations of the Lion Group.

Mr Tan Sri William Cheng Heng Jem is the President of The Associated Chinese Chamber of Commerce and Industry of Malaysia and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor.

Section 2 of the Lion Bidder's Statement provides further information on Mr Tan Sri William Cheng Heng Jem.

2.3 Summary of major takeover events

Since 20 August 2009 there have been 2 proposals to acquire your Polaris Securities. Below is a summary of developments in respect of the proposals:

- On 20 August 2009, MRL announced an off-market bid for all Polaris Shares and all Polaris Options. The proposal contemplated an offer of 1 MRL Share for every 12.5 Polaris Shares and 1 MRL Option for every 12.5 Polaris Options. The proposal is outlined in the MRL Bidder's Statement. MRL also announced that it had acquired a 19.9% Relevant Interest in Polaris as a result of entering into the Pre- Bid Acceptance Agreement with Heron.
- On 20 August 2009, Polaris announced its recommendation of the MRL Offers, in the absence of a superior offer and subject to an independent expert's report concluding that the MRL Offers are fair and reasonable.
- On 17 September 2009, MRL issued the MRL Bidder's Statement.
- On 18 September 2009, Polaris issued the MRL Target's Statement in response to the MRL Bidder's Statement . The MRL Target's Statement contained an independent expert's report concluding that the MRL Offers were fair and reasonable, and a recommendation by the Directors that Polaris Securityholders accept the MRL Offers, in the absence of a superior proposal.
- On 23 September 2009, the MRL Bidder's Statement was sent to Polaris Securityholders and the offer period for the MRL Offers commenced.
- On 2 October 2009, Polaris announced that it had become aware of a potential competing takeover bid by a third party for Polaris.
- On 6 October 2009, Lion-Asia announced its intention to make a takeover offer for Polaris Shares. The proposal contemplated an offer of \$0.60 for each Polaris Share.
- On 15 October 2009, MRL gave notice that the 50.1% minimum acceptance condition (as described in section 1.10(a)(i) of Annexure A of the MRL Bidder's Statement) had been waived and that it would waive all other conditions if a 50% acceptance level was achieved. MRL also announced an increase in the consideration under the MRL Share Offer to 1 MRL Share and \$0.60 for every 12 Polaris Shares.
- On 15 October 2009, Polaris announced it was of the view that the improved MRL Share Offer was superior to the Lion Share Offer and recommended that Polaris Shareholders accept the MRL Share Offer.
- On 16 October 2009, Lion-Asia announced its intention to increase the consideration under the proposed takeover offer to \$0.70 for each Polaris Share and proposed to make a separate offer for all Polaris Options with an exercise price of \$0.70 or less, under which the consideration will be equal to the difference between the exercise price of the option and \$0.70.
- On 19 October 2009, Polaris announced it was of the view that the Lion Share Offer was superior to the MRL Share Offer and recommended that Polaris Shareholders should not accept the MRL Share Offer.
- On 10 November 2009, MRL announced an increase in the consideration under the MRL Share Offer to 1 MRL Share plus \$0.50 cash for every 10 Polaris Shares. MRL also announced that it had declared the MRL Share Offer unconditional.

- On 12 November 2009, Polaris announced that it was of the view that the MRL Share Offer was superior to the Lion Share Offer and recommended that Polaris Shareholders should accept the MRL Share Offer, in the absence of a superior proposal.
- On 13 November 2009, Lion-Asia issued the Lion Bidder's Statement.
- On 16 November 2009, MRL gave notice of an increase in the consideration under the MRL Option Offer to 1 MRL Option for every 10 Polaris Options held.
- On 23 November 2009, Lion-Asia announced an increase in the consideration under the Lion Share Offer to \$0.74 for each Polaris Share.
- On 23 November 2009, MRL gave notice of:
 - an increase in consideration under the MRL Share Offer to 1 MRL Share plus \$1.00 cash for every 10 Polaris Shares;
 - an effective improvement in the consideration under the MRL Option Offer to either 1 MRL Option for every 10 Polaris Options with the exercise price of each MRL Option to be reduced by \$1.00 (subject to ASIC approval), or 1 MRL Option for every 10 Polaris Options plus \$1.00 per MRL Option; and
 - a reduction in the settlement time for both MRL Offers to 5 days.
- On 24 November 2009, Lion-Asia announced its intention to amend the terms of the Lion Offer for all the Eligible Polaris Options, under which the consideration will be equal to the difference between the exercise price of the option and \$0.74 for each Eligible Polaris Option.
- On 24 November 2009, Polaris announced it was of the view that the MRL Share Offer was superior to the Lion Share Offer and recommended that Polaris Shareholders accept the MRL Share Offer in the absence of a superior proposal.
- On 27 November 2009 the Lion Bidder's Statement was despatched to Polaris Securityholders.
- On 3 December 2009, Lion-Asia announced that the Lion Share Offer would be freed of all defeating conditions other than the Minimum Acceptance Condition.

Copies of the announcements referred to above may be obtained from the from the Polaris website (www.polarismetals.com.au) or ASX website (www.asx.com.au).

2.4 Possible decrease in Polaris Share price

The Directors consider that the Polaris Share price might fall in the absence of either or both of the Lion Share Offer and the MRL Share Offer or in the absence of another equivalent or superior proposal. This is because:

- in the one month up to and including the Last Trading Date, Polaris Shares traded on ASX at a VWAP of \$0.27; and
- in the twelve months up to and including the Last Trading Date, Polaris Shares traded on ASX at a VWAP of \$0.20.

However, the Directors cannot predict movements in the Polaris Share price in the absence of the Lion Share Offer and/or the MRL Share Offer, as there may be other reasons for share price movements. Polaris Shareholders should note that the announcement of the MRL Share Offer and Lion Share Offer resulted in a material increase in the Polaris Share price.

The latest price for Polaris Shares may be obtained from the ASX website at www.asx.com.au using the code 'POL'.

2.5 Liquidity of Polaris Shares

As at 8 December 2009 (the day before the date of this Target's Statement):

- Lion-Asia held a 25.4% Relevant Interest in Polaris Shares; and
- MRL held a 40.2% Relevant Interest in Polaris Shares.

The Directors consider it likely that Lion-Asia (and its associates) and MRL will ultimately hold more than 65% of Polaris Shares between them. Both Lion-Asia and MRL have stated that they intend to retain the listing of Polaris Shares on ASX in those circumstances, subject to the continued satisfaction of ASX's listing requirements. Under these circumstances, the liquidity of Polaris Shares may be reduced, thereby impacting on Polaris Shareholders' ability to sell their Polaris Shares at price levels that reflect their value.

2.6 Consequences of acceptance

If you accept a Lion Offer, then unless you are able to withdraw your acceptance in the circumstances described in Section 7.7, you will forgo the opportunity to benefit from the MRL Offers or any superior proposal by another party for your Polaris Securities should such a proposal eventuate. At the date of this Target's Statement, the Directors are not aware of any alternative proposals.

If Lion-Asia varies the Lion Offers to increase the consideration it is offering for your Polaris Securities you will be entitled to receive the increased consideration, even if you have already accepted a Lion Offer, unless one of the defeating conditions attached to the revised offer is triggered (or not satisfied) and Lion-Asia does not or can not waive that condition, in which case the revised offer will lapse and you will retain your Polaris Securities.

2.7 Polaris funding requirements

As at 30 September 2009, Polaris had cash reserves of approximately \$3.1 million. In order to pursue its project development and exploration objectives, and to fund general corporate, operational and working capital requirements (including transaction expenses discussed in Section 2.11), it is likely that Polaris will require additional funding before the end of the first quarter of 2010. The timing and extent of fund raising will depend predominantly on the number and exercise price of any options which are exercised and the completion of the takeover process.

Polaris intends to explore all funding opportunities that may be or become available to it, potentially including debt facilities, convertible or hybrid debt and the raising of equity capital. If the Directors decide to pursue an equity capital raising or convertible or hybrid debt raising, the existing shareholding interests of Polaris Shareholders may be diluted.

Lion-Asia's intentions in relation to Polaris' funding requirements are set out in section 4.4(d) of the Lion Bidder's Statement.

2.8 Likelihood of the conditions being satisfied

The Lion Share Offer is subject to the non-waivable Minimum Acceptance Condition, and the Lion Option Offer is subject to a condition that the Lion Share Offer is unconditional. For the reasons discussed in Section 1, you should be aware that there is a risk that these conditions may not be satisfied. If this occurs, the Lion Offers will lapse and you will retain your Polaris Securities.

Lion-Asia applied to ASIC and to the Takeovers Panel for relief from the Minimum Acceptance Condition in relation to the Lion Share Offer. This relief was not forthcoming, with the result that the Minimum Acceptance Condition cannot be waived. In other words, in order for the Lion Offers to become unconditional, the Minimum Acceptance Condition on the Lion Share Offer must be satisfied. This means that (assuming MRL does not accept the Lion Share Offer and ignoring the effect of any exercise of Polaris Options), Lion-Asia must receive acceptances in respect of 27.4% of all Polaris Shares in circumstances where (at the date of this Target's Statement and based on the most recent MRL Share Offer acceptance data available to Polaris) there is only 34.5% of all Polaris Shares available to count towards satisfaction of the Minimum Acceptance Condition.

The MRL Share Offer is unconditional, meaning that Polaris Shareholders who accept that offer are assured of receiving the consideration due to them under that offer.

2.9 Lion-Asia's intentions with respect to the Lion Offers and Polaris

You should read section 4 of the Lion Bidder's Statement which details Lion-Asia's intentions in respect of the businesses, assets and employees of Polaris.

2.10 Lion-Asia's funding

Polaris Securityholders are encouraged to read section 5.2 of the Lion Bidder's Statement which details the arrangements that Lion-Asia has made in relation to the funding of the cash consideration payable under the Lion Offers.

The Directors note that certain facility arrangements entered into by entities associated with Tan Sri William Cheng in order to provide funding to Lion-Asia for the Lion Offers are secured by the pledge of listed securities and have events of default which are linked to the value of the securities pledged, which value may vary from time to time.

Lion-Asia has confirmed to Polaris that the pledged securities are liquid and able to realised if necessary in order to provide funding to Lion-Asia for the purposes of the Lion Offers. Polaris also understands that, as at the date of this Target's Statement, the value of the pledged securities is materially higher than that required by the loan-to-value ratios in the relevant facility agreements.

Nevertheless, in the view of the Polaris Directors there is a risk that, due to circumstances beyond the control of Lion-Asia, Lion-Asia may not have access to sufficient funding for the Lion Offers. Based on the information currently available, the Directors' assessment is that this risk is low.

Lion-Asia will be required to make supplementary disclosure if there is any material change to the financing arrangements in respect of the Lion Offers.

2.11 Transaction expenses

The MRL Offers and the Lion Offers have resulted in Polaris incurring expenses that would not otherwise arise from trading in the current financial year. Expenses include fees and costs payable to legal and financial advisers engaged to assist with responding to the MRL Offers and Lion Offers and with the strategic partner process conducted by Polaris, and other transaction-related expenses which will have a potential negative impact on Polaris' cash position of between \$4 million and \$4.5 million.

2.12 Taxation

The taxation consequences of accepting a Lion Offer depend on a number of factors and will vary depending on your particular circumstances.

Section 6 of the Lion Bidder's Statement contains a discussion of certain possible tax implications for Polaris Securityholders. You should recognise that this statement may not be an authoritative or complete statement of the tax position applicable to any given Polaris Securityholder.

If you accept a Lion Offer, you may trigger a Capital Gains Tax (CGT) event.

Your income tax and CGT liabilities will depend on your personal circumstances and the decisions you make. It is strongly recommended that you seek independent advice in regard to your personal situation.

Neither Polaris nor any of its officers or advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

2.13 Acceptance Facility

The Lion Share Offer is currently unconditional other than in respect of the non-waivable Minimum Acceptance Condition described in Section 7.2.

If you are inclined to accept the Lion Share Offer but are unable to do so until it becomes unconditional, Lion-Asia has established an Acceptance Facility which permits a Polaris Shareholder to demonstrate its inclination without actually accepting the Lion Share Offer.

The terms of the Acceptance Facility are described in the announcement by Lion-Asia on 3 December 2009, a copy of which is available from ASX's website at www.asx.com.au.

It is important to note that, following delivery of an acceptance into the Acceptance Facility, you will be immediately prevented from withdrawing that acceptance from the Acceptance Facility if Lion-Asia gives notice to the facility agent that the Minimum Acceptance Condition has been satisfied or would be satisfied if the acceptances the subject of the Acceptance Facility were treated as acceptances. At that time, all acceptances the subject of the Acceptance Facility will be processed and the Lion Share Offer will become unconditional.

3. Frequently asked questions

You may have questions regarding the Lion Offers. The following set of questions and answers is intended to assist in your understanding of the Lion Offers. If you have other questions, please contact Polaris on +61 (0)8 9215 1222 between 8.30 am and 5.30 pm Monday to Friday (WST).

3.1 Frequently asked questions - general

Question	Answer
1. Who is Lion-Asia?	<p>Lion-Asia is a 50:50 joint-venture company incorporated in Singapore by SGX-ST-listed LAP, (through its wholly-own subsidiary LAPE) and Tan Sri William Cheng Heng Jem, the Chairman of the Lion Group, (through his wholly-owned private investment company VBL).</p> <p>Each of these parties are associated with LDHB, which currently holds a 25.4% interest in Polaris.</p> <p>Further information in relation to Lion-Asia can be obtained from the Lion Bidder's Statement.</p>
2. What is the Lion Bidder's Statement?	<p>The Lion Bidder's Statement is the document setting out the terms of the Lion Offers. Lion-Asia lodged the Lion Bidder's Statement with ASIC on 13 November 2009.</p>
3. What is this Target's Statement?	<p>This Target's Statement has been prepared by Polaris and provides Polaris' response to the Lion Offers, including the recommendations of the Directors.</p>
4. What is the recommendation of the Directors?	<p>The Directors of Polaris unanimously recommend that you reject the Lion Share Offer and accept the MRL Share Offer, in the absence of a superior proposal. The reasons for the Directors' recommendation are set out in Section 1 of this Target's Statement.</p> <p>Due to the conditionality of the Lion Option Offer and the MRL Option Offer, in relation to the Lion Option Offer the Directors unanimously recommend that you monitor the status of the Lion Share Offer and the MRL Share Offer, consider the specific terms of your Polaris Options and, if necessary, seek professional advice. The reasons for the Directors' recommendation are set out in Section 4.4 of this Target's Statement.</p> <p>If there is a change in the Directors' recommendation or any material developments in relation to the Lion Offers, the Directors will make appropriate supplementary disclosure.</p>
5. What happens if I accept the Lion Offers now?	<p>If you accept the Lion Offers you will be unable to sell or transfer your Polaris Shares (on ASX or otherwise) or exercise your Eligible Polaris Options or accept any other bid for your Polaris Securities (including the MRL Offers which the Directors consider superior) unless either the Lion Offers are unsuccessful or the Lion Offers are varied in a way that confers statutory withdrawal rights.</p> <p>If you accept a Lion Offer and it becomes unconditional, you will be obliged to sell your Polaris Securities to Lion-Asia and you will receive the Share Consideration or the Option Consideration, as the case may be.</p>

6. Can I withdraw my acceptance?	Generally, no. You will be allowed to withdraw your acceptance only if, after you have accepted a Lion Offer and while that Lion Offer is still subject to conditions, Lion-Asia varies that Lion Offer in a way that postpones for more than one month the time Lion-Asia has to meet its obligations under that Lion Offer.
7. Can I accept a Lion Offer for only some of my Polaris Securities?	No. You may only accept a Lion Offer in respect of all the Polaris Shares and / or all of the Eligible Polaris Options you hold.
8. If I choose not to accept a Lion Offer now, but I change my mind later, can I still accept that Lion Offer?	You can accept the Lion Offers up until the end of the Offer Period, which is currently scheduled to end at 7.00 pm (AEDT) on 29 December 2009. If the relevant Lion Offer becomes free of its conditions, the Offer Period may be extended at any time.
9. If I do not accept, can I be forced to sell my Polaris Securities?	<p>You cannot be forced to sell your Polaris Shares (or Polaris Options, as the case may be) unless Lion-Asia acquires a Relevant Interest in at least 90% of all Polaris Shares (or 90% of all Polaris Options, as the case may be), by the end of the Offer Period, and Lion-Asia proceeds to the compulsory acquisition of your Polaris Shares (or Polaris Options, as the case may be), pursuant to the Corporations Act.</p> <p>If Lion-Asia does not become entitled to compulsorily acquire all outstanding Polaris Shares and / or all outstanding Polaris Options in accordance with Part 6A Division 1 of the Corporations Act, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act.</p>
10. What if there is a competing transaction?	<p>The Directors will carefully consider the merits of any competing transaction and provide supplementary information advising whether the competing transaction affects their recommendation.</p> <p>If you have already accepted a Lion Offer then you may not be able to participate in any other bid for your Polaris Securities.</p>
11. What will happen if Lion-Asia increases its offer?	If you accept a Lion Offer and Lion-Asia subsequently increases the Share Consideration or the Option Consideration (as applicable) and that Lion Offer becomes unconditional, you will receive the relevant increased consideration for your Polaris Shares or Eligible Polaris Options (as the case may be).
12. When do the Lion Offers close?	The closing date for the Lion Offers is currently 7.00 pm (AEDT) on 29 December 2009, but the Lion Offers can be extended or withdrawn by Lion-Asia before that date (subject to the Corporations Act).

13. The Lion Offers are conditional. What does that mean?	Certain conditions (including, in respect of the Lion Share Offer, the Minimum Acceptance Condition) are attached to the Lion Offers, which are detailed in sections 9.8 and 9.9 of the Lion Bidder's Statement and summarised in Sections 7.2 and 7.3 of this Target's Statement. If the conditions of the Lion Offers are not satisfied before the end of the Lion Offer period or waived by Lion-Asia, the relevant Lion Offer will lapse and all contracts resulting from the acceptance of that Lion Offer will be void. You will then be free to deal with your Polaris Shares or Eligible Polaris Options (as the case may be) as you see fit.
14. What happens if the conditions to the Lion Offers are not satisfied or waived?	If the conditions to a Lion Offer are not satisfied or waived before the end of the Offer Period, then the relevant Lion Offer will not proceed and you will not receive the Share Consideration or Option Consideration (as the case may be) even if you had accepted the Lion Offer. You will continue to hold your Polaris Securities and be free to deal with them as if the Lion Offers had not been made, unless you have already sold them to someone else.
15. What happens to Polaris if the Lion Offers are not successful?	If the Lion Offers do not proceed (because the conditions to the Lion Offers are not satisfied or waived before the end of the Offer Period, or for any other reason), Polaris will, subject to the outcome of the MRL Offers, continue in its current form. The raising of equity funding by Polaris for the development of its projects and for on-going corporate, operational and working capital purposes (potentially before the end of the first quarter of 2010) may result in the dilution of the interests of existing Polaris Shareholders (refer further to Section 2.7).
16. If I accept, when do I receive the Share Consideration and / or Option Consideration?	If you accept a Lion Offer, the Share Consideration or Option Consideration (as the case may be) will be paid to you by the earlier of: <ul style="list-style-type: none"> • one month after the date of your acceptance or, if the relevant Lion Offer is subject to a defeating condition when you accept the that offer, within one month after that relevant Lion Offer becomes unconditional; and • 21 days after the end of the relevant Offer Period.
17. Will I need to pay brokerage or stamp duty if I accept a Lion Offer?	The Lion Bidder's Statement states that you will not pay brokerage or stamp duty if you accept the Lion Offer.
18. What are the tax implications of accepting the Lion Offers?	This depends on your personal tax position and the price at which you originally acquired your Polaris Securities. Refer to section 6 of the Lion Bidder's Statement. Polaris Securityholders should be aware that if a Lion Offer is accepted, this will trigger a CGT event. You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept a Lion Offer.
19. What if I have other questions?	If you have any further questions which are not addressed in this Target's Statement, please call Polaris on +61 (0)8 9215 1222 Monday to Friday between 8.30 am and 5.30 pm (WST).

3.2 Frequently asked questions - concerning the Lion Share Offer

This part considers some key questions that you may have about the Lion Share Offer in respect of your Polaris Shares and should be read in conjunction with the entire Target's Statement.

Question	Answer
1. What is the Lion Share Offer?	The Lion Share Offer is to acquire all of your Polaris Shares. The Lion Share Offer contemplates Polaris Shareholders receiving \$0.74 for each Polaris Share.
2. What is the MRL Share Offer?	<p>The MRL Share Offer is to acquire all your Polaris Shares. The MRL Share Offer contemplates Polaris Shareholders receiving 1 MRL Share plus \$1.00 cash for every 10 Polaris Shares.</p> <p>The Directors unanimously recommend that you accept the MRL Share Offer. To accept the MRL Share Offer, please follow the instructions in the MRL Bidder's Statement.</p>
3. What choices do I have as a Polaris Shareholder in respect of the Lion Share Offer?	<p>As a Polaris Shareholder you have the following choices:</p> <ol style="list-style-type: none">1. <u>Reject the Lion Share Offer</u> by doing nothing. Simply ignore all documents sent to you by Lion-Asia. Do not deliver your acceptance into the Acceptance Facility. Note that your Polaris Shares may be compulsorily acquired by Lion-Asia in the event that the applicable statutory thresholds are met and Lion-Asia elects to compulsorily acquire outstanding securities. Lion-Asia has stated in the Lion Bidder's Statement that it does not intend to move to compulsory acquisition.2. <u>Sell your Polaris Shares on ASX</u>. You will receive a cash amount according to the prevailing market value of your Polaris Shares, less any brokerage payable. You will lose the right to participate in the Lion Share Offer and the MRL Share Offer. You should note there is limited liquidity in Polaris Shares which may impact on the sale price achieved by selling shareholders.3. <u>Accept the Lion Share Offer</u>. If you wish to accept the Lion Share Offer despite the unanimous recommendation from the Directors that you reject the Lion Share Offer you should follow the instructions in the Lion Bidder's Statement. <p>For further information refer to Section 5 of this Target's Statement.</p> <p>You may wish to seek legal, financial, or taxation advice from your professional adviser regarding the action that you should take in relation to the Lion Share Offer.</p>
4. What will the Directors be doing in relation to their Polaris Shares?	Each of the Directors has already accepted the MRL Share Offer in respect of all of the Polaris Shares controlled by him. Accordingly, the Directors no longer hold any Polaris Shares.
5. Can I sell my Polaris Shares on the stock exchange?	Yes, unless you have already accepted the Lion Share Offer or the MRL Share Offer. If you accept the Lion Share Offer or the MRL Share Offer you cannot sell your Polaris Shares on the ASX, unless you become entitled to withdraw your acceptance – refer to questions 5 and 6 in Section 3.1 of this Target's Statement. You may incur brokerage if you sell your Polaris Shares on the ASX.

3.3 Frequently asked questions - concerning the Lion Option Offer

This part answers some key questions that you may have about the Lion Option Offer in respect of your Eligible Polaris Options and should be read in conjunction with the entire Target's Statement.

Question	Answer
1. What is the Lion Option Offer?	The Lion Option Offer is being made to each Eligible Polaris Optionholder to acquire all Eligible Polaris Options. The Lion Option Offer contemplates Eligible Polaris Optionholders receiving the difference between the exercise price of the option and \$0.74 for every Eligible Polaris Option.
2. What is the MRL Option Offer?	The MRL Option Offer is to acquire all Polaris Options (including, subject to ASIC relief which Polaris understands is being sought by MRL, the New Options), regardless of the exercise price of the Polaris Option. The MRL Option Offer contemplates Polaris Optionholders receiving 1 MRL Option (having the relevant terms outlined in the MRL Bidder's Statement) plus \$1.00 for every 10 Polaris Options (or, as an alternative to the \$1.00 cash payment and subject to ASIC approval, a reduction of the exercise price of each MRL Option by \$1.00 per MRL Option).
3. What choices do I have as an Eligible Polaris Optionholder in relation to the Lion Option Offer?	<p>As an Eligible Polaris Optionholder you have the following choices:</p> <ol style="list-style-type: none">1. <u>Reject the Lion Option Offer</u> by doing nothing. Simply ignore all documents sent to you by Lion-Asia. Note that your Eligible Polaris Options may be compulsorily acquired in the event that the applicable statutory thresholds are met.2. <u>Exercise your Eligible Polaris Options</u>. You will receive Polaris Shares in accordance with the terms of your Eligible Polaris Options. You will then be eligible to participate in the MRL Share Offer (provided that such offer remains open for acceptance at the relevant time) or alternatively, you may sell your Polaris Shares on market and receive a cash amount according to the prevailing market value of the resulting Polaris Shares, less any brokerage payable. In this circumstance, you will lose the right to participate in the Lion Share Offer. Polaris Shares that result from the exercise of Polaris Options are not capable of being accepted into the Lion Share Offer. This may adversely affect the value that may be achieved for those resulting Polaris Shares from a sale on ASX.3. <u>Accept the Lion Option Offer</u>. If you wish to accept the Lion Option Offer you should follow the instructions in the Lion Bidder's Statement. <p>For further information refer to Section 6 of this Target's Statement.</p> <p>You may wish to seek legal, financial, or taxation advice from your professional adviser regarding the action that you should take in relation to the Lion Option Offer.</p>

4. What will the Directors be doing in relation to their Polaris Options? Each of the Directors has already accepted the MRL Option Offer in respect of all of the Eligible Polaris Options controlled by him. Although the Directors are permitted to withdraw their acceptances of the MRL Option Offer, as at the date of this Target's Statement, none of the Directors have exercised their right to withdraw.

5. How do I exercise my Polaris Options? Refer to Section 6.2 of this Target's Statement on how to exercise your Polaris Options.

Polaris Shares that result from the exercise of Polaris Options are not capable of being accepted into the Lion Share Offer. This may adversely affect the value that may be achieved for those resulting Polaris Shares from a sale on ASX.

In contrast, Polaris Shares that result from the exercise of Polaris Options may be accepted into the MRL Share Offer.

6. What choices do I have as an Ineligible Polaris Optionholder in relation to the Lion Option Offer? As an Ineligible Polaris Optionholder you are not entitled to participate in the Lion Option Offer. Instead, you have the following choices:

1. Exercise your Ineligible Polaris Options. You will receive Polaris Shares in accordance with the terms of your Ineligible Polaris Options. You will then be eligible to participate in the MRL Share Offer (provided that such offer remains open for acceptance at the relevant time and, in respect of the New Options, provided that ASIC relief has been granted) or alternatively, you may sell your Polaris Shares on market and receive a cash amount according to the prevailing market value of your Polaris Shares, less any brokerage payable.

Polaris Shares that result from the exercise of Polaris Options are not capable of being accepted into the Lion Share Offer. This may adversely affect the value that may be achieved for those resulting Polaris Shares from a sale on ASX.

2. Do nothing and hold on to your Ineligible Polaris Options. Note that your Ineligible Polaris Options may be compulsorily acquired by Lion-Asia in the event that the applicable statutory thresholds are met. You may have the opportunity to require Lion-Asia to buy-out your Ineligible Polaris Options in the event that the applicable statutory thresholds are met.

You may wish to seek legal, financial, or taxation advice from your professional adviser regarding the action that you should take in relation to your Ineligible Polaris Options.

4. Directors' recommendations and Directors' interests

4.1 Details of Directors

The Directors of Polaris as at the date of this Target's Statement are:

- (a) Mr Lewis Cross (Non-executive Chairman);
- (b) Mr Kenneth Hellsten (Managing Director);
- (c) Mr Jonathan Lea (Executive Director);
- (d) Mr Alan Tough (Executive Director); and
- (e) Mr Ian Buchhorn (Non-executive Director).

4.2 Directors' interests in Polaris Securities

As at the date of this Target's Statement, the Directors had no interests in any Polaris Shares following their acceptance of the MRL Share Offer in respect of all Polaris Shares in which they had a direct or indirect interest.

As at the date of this Target's Statement, the Directors had the following direct and indirect interests in Polaris Options:

Director	Direct interest in Polaris Options	Indirect interest in Polaris Options	Exercise price	Expiry date
Lewis Cross	-	1,000,000 ¹	\$0.531	31 December 2011
	-	1,000,000 ¹	\$0.731	31 December 2011
Ken Hellsten	1,000,000	-	\$0.55	31 December 2011
	1,000,000	-	\$0.75	31 December 2011
	1,000,000	-	\$0.30	31 December 2013
	1,000,000	-	\$0.40	31 December 2013
	2,000,000	-	\$0.50	31 December 2013
Jonathan Lea	-	1,000,000 ²	\$0.531	31 December 2011
	-	1,000,000 ²	\$0.731	31 December 2011
	-	250,000 ²	\$0.55	31 December 2011
Alan Tough	-	2,000,000 ³	\$0.75	31 December 2011
Ian Buchhorn	-	1,000,000 ⁴	\$0.531	31 December 2011
	-	1,000,000 ⁴	\$0.731	31 December 2011

1. Indirect interest held by Peterborough Nominees Pty Ltd of which Mr Cross is a director and shareholder.

2. Indirect interest held by Gleason Trust of which Mr Lea is trustee.

3. Indirect interest held by Gamma Corporation Pty Ltd of which Mr Tough is a shareholder.

4. Indirect interest held by Hazurn Pty Ltd as trustee for Buchhorn Super Fund A/C of which Mr Buchhorn is a beneficiary.

Other than the in respect of the MD Options (discussed below), the Directors have already accepted the MRL Offers in relation to the Polaris Securities held by them, or in which they had a Relevant Interest. As a result, no Director has a Relevant Interest in any Polaris Shares, but because the MRL Option Offer remains conditional, the Directors retain an interest in the Eligible Polaris Options described above.

The extension by MRL of the offer period for the MRL Option Offer on 30 November 2009 had the effect of conferring on the Directors the right to withdraw their acceptance of the MRL Option Offer. However, as at the date of this Target's Statement, none of the Directors have withdrawn their acceptances.

In accordance with the terms of the service agreement between Mr Ken Hellsten and Polaris and pursuant to shareholder approval obtained on 30 November 2009, Mr Hellsten has been granted 4,000,000 Polaris Options (**MD Options**). Neither the MD Options, nor any Polaris Shares resulting from the exercise of the MD Options, are capable of acceptance into the Lion Option Offer or the Lion Share Offer respectively.

Subject to a superior offer and provided that ASIC grants the relief required to extend the MRL Offers to include the MD Options and Polaris Shares resulting from an exercise of MD Options, Mr Hellsten intends to exercise some or all of the MD Options and accept the resulting Polaris Shares into the MRL Share Offer and/or to (provided that the MRL Option Offer is unconditional) accept the unexercised MD Options into the MRL Option Offer.

4.3 Recommendation of Directors in relation to the Lion Share Offer

Each Director recommends that Polaris Shareholders reject the Lion Share Offer in respect of their Polaris Shares, for the reasons set out in this Target's Statement (particularly the matters discussed in Section 1).

4.4 Recommendation of Directors in relation to the Lion Option Offer

The Lion Option Offer is conditional upon Lion-Asia acquiring voting power in Polaris of more than 50%, and also upon the Lion Share Offer becoming unconditional. Although the MRL Option Offer is similarly conditional upon MRL acquiring voting power of more than 50% of Polaris, the MRL Share Offer is unconditional.

The satisfaction of the conditions attaching to the Lion Option Offer and the MRL Option Offer are mutually exclusive, and therefore only one (if either) of the Lion Option Offer and the MRL Option Offer will be successful.

Accordingly, your Directors recommend that:

- Polaris Optionholders take into account the specific terms of their Polaris Options when evaluating the offers;
- monitor the status of the Lion Share Offer and the MRL Share Offer (in particular, the level of acceptances under those offers and therefore the likelihood of the conditions to the Lion Option Offer and the MRL Option Offer respectively being satisfied); and
- consider seeking professional advice before accepting or rejecting the Lion Option Offer.

If the Lion Share Offer becomes unconditional and Lion-Asia acquires voting power of more than 50% in Polaris, the Directors will recommend acceptance of the Lion Option Offer.

4.5 Directors' intentions in relation to personal holdings

Each of the Directors has already accepted the MRL Offers in respect of all of the Polaris Securities held by him, or in which he had a Relevant Interest.

The intentions of Mr Ken Hellsten in respect of the MD Options are outlined in Section 4.2.

4.6 Recent dealings in Polaris Securities by Directors

Other than in respect of the acceptance of the MRL Offers described in Section 4.2 and the grant of the MD Options, there has been no acquisitions or disposals of Polaris Securities by Directors or any of their respective associates in the four months preceding the date of this Target's Statement.

4.7 Interests or dealings with Lion

None of the Directors nor any of their respective associates have a relevant interest in Lion-Asia or the Lion Group, or have acquired or disposed of any securities in Lion-Asia or the Lion Group in the four months preceding the date of this Target's Statement.

4.8 No agreement with any Director in connection with the Lion Offer

There is no agreement or arrangement made between any Director and any other person in connection with or conditional on the outcome of the Lion Offers.

4.9 No interest in contracts

No Director has any interest in any contract entered into by Lion-Asia.

4.10 Benefits

It is Polaris' current corporate policy that, if a person (such as Lion-Asia) acquires more than 50% of all Polaris Shares and, within 12 months of that event, the service contract of any executive Director or senior manager is terminated, then the relevant executive Director or senior manager will be entitled to a minimum of 6 months' salary in addition to any other accrued benefits such as leave that are otherwise owing.

Polaris does not propose and, except as otherwise disclosed in this Target's Statement, is not aware of any proposal in connection with the Lion Offers that will confer a benefit:

- (a) on any person in connection with the retirement of that person from a board or managerial office of Polaris or related body corporate of Polaris; or
- (b) that will or may be given to any person in connection with the transfer of the whole or any part of Polaris' undertaking or property.

5. Your choices as a Polaris Shareholder

If you are a Polaris Shareholder, you have the choices outlined below.

The Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Polaris Shares.

5.1 Accept the MRL Share Offer

If you wish to accept the MRL Share Offer in accordance with the unanimous recommendation of your Directors, you must follow the acceptance instructions set out in the MRL Bidder's Statement. Because the MRL Share Offer is unconditional, you will receive the consideration being offered under the MRL Share Offer (without incurring any brokerage charges) within 5 business days of a valid acceptance being delivered.

If you accept the MRL Share Offer, you will give up your right to sell your Polaris Shares to anyone else, including by selling them on ASX or accepting the Lion Share Offer or any other superior proposal from another party that may emerge.

5.2 Sell your Polaris Shares on the ASX

During a takeover, shareholders in a target company may still sell their shares on ASX for cash provided that they have not accepted a takeover offer for those shares. Accordingly, Polaris Shareholders remain free to sell their Polaris Shares on ASX at any time, provided they have not already accepted the MRL Share Offer or the Lion Share Offer.

The latest price for Polaris Shares may be obtained from ASX's website www.asx.com.au under the code 'POL'.

Polaris Shareholders who sell their Polaris Shares on ASX:

- will lose the ability to accept the Lion Share Offer or the MRL Share Offer, or to participate in any other superior proposal that may emerge;
- may receive more or less for their Polaris Shares than the Share Consideration price of \$0.74 cash per Polaris Share;
- may receive more or less for their Polaris Shares than the considerations under the MRL Share Offer of 1 MRL Share plus \$1.00 cash for every 10 Polaris Shares;
- are likely to incur a brokerage charge; and
- will be paid the net proceeds of sale some time after the third business day after the date of trade.

Polaris Shareholders who wish to sell their Polaris Shares on ASX should contact their stockbroker.

5.3 Accept the Lion Share Offer

If you wish to accept the Lion Share Offer, despite the unanimous recommendation of your Directors that you should reject the Lion Share Offer, you must follow the acceptance instructions set out in the Lion Bidder's Statement.

If you accept the Lion Share Offer and the Lion Share Offer becomes unconditional, you will receive \$0.74 cash per Polaris Share without incurring any brokerage charges.

If you accept the Lion Share Offer, you will give up your right to sell your Polaris Shares to anyone else, including by selling them on ASX or accepting the MRL Share Offer or any other superior proposal from another party that may emerge.

5.4 Do nothing

If you do not wish to accept the Lion Share Offer or the MRL Share Offer and you wish to retain your Polaris Shares, you do not need to take any action.

If you do not accept the Lion Share Offer or the MRL Share Offer and Lion-Asia or MRL becomes entitled to compulsorily acquire your Polaris Shares under the Corporations Act, you may be paid later than Polaris Shareholders who chose to accept the Lion Share Offer or MRL Share Offer (as the case may be).

Further, if the Lion Share Offer or MRL Share Offer is successful but neither Lion-Asia nor MRL becomes entitled to, or elects not to, compulsorily acquire your Polaris Shares, you will become a minority shareholder in Polaris, with the possible implications described in Sections 2.4, 2.5 and 2.7.

6. Your choices as an Eligible Polaris Optionholder

If you are an Eligible Polaris Optionholder, you have the choices outlined below.

The Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Eligible Polaris Options.

6.1 Accept the Lion Option Offer

The recommendation of the Directors in respect of the Lion Option Offer is set out in Section 4.4.

If you are an Eligible Polaris Optionholder and you wish to accept the Lion Option Offer, you must follow the acceptance instructions set out in the Lion Bidder's Statement.

If you accept the Lion Option Offer and the Lion Option Offer becomes unconditional, you will receive the cash consideration specified in section 9.2 of the Lion Bidder's Statement, being the difference between the exercise price of your Eligible Polaris Options and \$0.74. You will not incur any brokerage charges.

If you accept the Lion Option Offer, you will give up your right to exercise your Eligible Polaris Options or to accept your Eligible Polaris Options into the MRL Option Offer, or to accept any other superior proposal from another party that may emerge.

6.2 Exercise your Polaris Options

Provided you have not accepted the Lion Option Offer or the MRL Option Offer, you can exercise your Polaris Options.

If you exercise your Polaris Options:

- you will be eligible to participate in the MRL Share Offer in respect of the resulting Polaris Shares (provided that such offer remains open for acceptance at the relevant time); and
- you will be able to sell the resulting Polaris Shares on ASX (in which case you should note the consequences discussed in Section 5.2 of this Target's Statement).

Polaris Optionholders should note that Polaris Shares that result from the exercise of Polaris Options are not capable of being accepted into the Lion Share Offer. This may adversely affect the value that may be achieved for those resulting Polaris Shares from a sale on ASX.

Any number of your Polaris Options may be exercised. You can exercise your Polaris Options by giving written notice to Polaris, together with a cheque, money order or bank draft in Australian currency drawn on an Australian branch of a financial institution for an amount equal to the exercise price of the relevant Polaris Options multiplied by the number of options to be exercised.

If you wish to exercise your Polaris Options with a view to accepting the MRL Share Offer you must allow sufficient time for Polaris to allot and issue the resulting Polaris Shares before the expiry of the relevant offer period.

6.3 Accept the MRL Option Offer

If you are a Polaris Optionholder and you wish to accept the MRL Option Offer, you must follow the acceptance instructions set out in the MRL Bidder's Statement.

If you accept the MRL Option Offer and the MRL Option Offer becomes unconditional, you will receive the MRL Option consideration specified in the MRL Bidder's Statement. You will not incur any brokerage charges.

If you accept the MRL Option Offer, you will give up your right to exercise your Polaris Options or to accept your Eligible Polaris Options into the Lion Option Offer, or to accept any other superior proposal from another party that may emerge.

6.4 Do nothing

If you do not wish to accept the Lion Option Offer or the MRL Option Offer and you wish to retain your Polaris Options, you do not need to take any action.

If you do not accept the Lion Option Offer or the MRL Option Offer and Lion-Asia or MRL becomes entitled to compulsorily acquire your Polaris Options under the Corporations Act, you may be paid later than Polaris Optionholders who chose to accept the Lion Option Offer or MRL Option Offer (as the case may be).

6.5 Your choices as an Ineligible Polaris Optionholder

If you are an Ineligible Polaris Optionholder (that is, any Polaris Optionholder who holds Polaris Options other than Eligible Polaris Options), you will not be able to accept the Lion Option Offer. Accordingly your choices are to accept the MRL Option Offer (refer to Section 6.3), do nothing (refer to Section 6.4) or exercise your Polaris Options.

If you exercise your Polaris Options:

- you will be eligible to participate in the MRL Share Offer in respect of the resulting Polaris Shares (provided that such offer remains open for acceptance at the relevant time); and
- you will be able to sell the resulting Polaris Shares on ASX (in which case you should note the consequences discussed in Section 5.2 of this Target's Statement).

Refer to Section 6.2 for details on how to exercise your Polaris Options.

Polaris Optionholders should note that Polaris Shares that result from the exercise of Polaris Options are not capable of being accepted into the Lion Share Offer. This may adversely affect the value that may be achieved for those resulting Polaris Shares from a sale on ASX.

Polaris notes that, as at the date of this Target's Statement, ASIC has yet to grant the relief required for the MRL Option Offer and the MRL Share Offer to extend, respectively, to:

- the Polaris Options issued to Mr Ken Hellsten (being the MD options) and Mr Ben Nicholson pursuant to shareholder approval on 30 November 2009 (**New Options**); and
- any Polaris Shares issued upon the exercise of the New Options.

Polaris understands that MRL has applied for the necessary ASIC relief to so extend the MRL Share Offer and the MRL Option Offer. Polaris is not aware of any intention on the part of Lion-Asia to seek to extend the Lion Option Offer to the New Options, and therefore the New Options are Ineligible Polaris Options.

7. Important information about the Lion Offers

7.1 Lion Offer consideration

Lion-Asia announced a takeover offer on 6 October 2009 for all of the Polaris Shares. On 24 November 2009, Lion-Asia announced an improved takeover offer for all the Polaris Shares and an offer for Eligible Polaris Options. The consideration under the Lion Offers is:

- (a) **Share Consideration:** \$0.74 for every Polaris Share held; and
- (b) **Option Consideration:** the difference between the exercise price and \$0.74 for every Eligible Polaris Option held.

7.2 Conditions of the Lion Share Offer

The conditions of the Lion Share Offer are set out in section 8.9 of the Lion Bidder's Statement. All the conditions have been waived with the exception of the minimum acceptance condition which is summarised as follows:

Minimum acceptance: By the end of the Offer Period for the Lion Share Offer, the Lion Group has a Relevant Interest in more than 50.1 percent of all Polaris Shares that Lion-Asia offers to acquire under the Lion Share Offer excluding:

- any such Polaris Shares in which the Lion Group and their respective associates have a Relevant Interest in at the beginning of the Offer Period; and
- any such Polaris Shares the subject of the Pre-Bid Acceptance Agreement.

7.3 Conditions of the Lion Option Offer

The conditions of the Lion Option Offer are set out in section 9.9 of the Bidder's Statement.

The conditions are summarised as follows:

- (a) **Lion Share Offer unconditional:** By the end of the Offer Period, the Lion Share Offer is, or has been declared, unconditional in all respects.
- (b) **Amendment to Polaris Option terms:** By the end of the Offer Period, the Directors have made any amendments to the terms of the Eligible Polaris Options which are necessary to permit their transfer to Lion-Asia, subject to satisfaction of the conditions attaching to the ASX waiver referred to in paragraph 8.7 below.
- (c) **Regulatory approvals:** By the end of the Offer Period, Lion-Asia obtains any regulatory approvals required for the Lion Option Offer.

7.4 Likelihood of satisfaction of the conditions

As discussed in Section 8.7 of this Target's Statement, the condition outlined in Section 7.3(b) above has been satisfied.

The condition outlined in Section 7.2 (the Minimum Acceptance Condition) will not be waived. The prospects of satisfying the Minimum Acceptance Condition, and the consequences of not satisfying the Minimum Acceptance Condition, are discussed in Section 2.8.

7.5 Implications of conditions not being satisfied

Due to the non-waivable nature of the Minimum Acceptance Condition and the condition described in Section 7.3(a) above, if these conditions are unsatisfied Lion-Asia will have to allow the relevant Lion Offer to lapse with unsatisfied conditions.

7.6 Offer Period

The Lion Offers are open for acceptance until 7.00 pm (AEDT) on 29 December 2009, unless extended or withdrawn.

The circumstances in which Lion-Asia may extend or withdraw the Lion Offers are set out in sections 8 and 9 of the Lion Bidder's Statement.

7.7 Withdrawal of your acceptance

Once you accept a Lion Offer (even while it remains subject to defeating conditions) you will not be able to sell your Polaris Shares on market or exercise your Eligible Polaris Options or otherwise deal with your Polaris Securities, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

Polaris Securityholders may only withdraw their acceptance of a Lion Offer if:

- (a) the relevant Lion Offer conditions are not satisfied or waived by the end of the relevant Offer Period. In that situation, you will be free to deal with your Polaris Securities; or
- (b) Lion-Asia varies the relevant Lion Offer in a way that postpones the time when Lion-Asia is required to satisfy its obligations by more than one month, for example if Lion-Asia extends the relevant Offer Period by more than one month, while the relevant Lion Offer is still conditional.

Polaris Securityholders who accept a Lion Offer (even while it is still subject to conditions) will give up their rights to sell or otherwise deal with their Polaris Securities, until withdrawal rights are exercised.

7.8 When you will receive payment

If you accept a Lion Offer, Lion-Asia will issue you the Share Consideration and / or the Option Consideration, as the case may be, to which you are entitled on or before the earlier of:

- (a) one month after the later of the Lion Offer being validly accepted by you and the Lion Offer (or the contract resulting from acceptance of the Lion Offer) becoming unconditional; and
- (b) 21 days after the end of the Offer Period for the relevant Lion Offer.

7.9 Notice of status of conditions

The Lion Bidder's Statement indicates that Lion-Asia will give a notice of status of conditions for both the Lion Share Offer and the Lion Option Offer (the **Conditions Notice**) to the ASX and Polaris not later than seven days before the end of the Offer Period.

Lion-Asia is required to set out in its Conditions Notice:

- (a) whether the relevant Lion Offer is free of any or all of the conditions;
- (b) whether, so far as Lion-Asia knows, the conditions have been fulfilled on the date the Conditions Notice is given; and

- (c) Lion-Asia's voting power in Polaris (including voting power acquired as a result of acceptances received under the Lion Offers).

If the Offer Period is extended by a period before the time by which the Conditions Notice is to be given, the date for giving the Conditions Notice will be taken to be postponed for the same period. In the event of such an extension, Lion-Asia is required, as soon as practicable after the extension, to give a notice to the ASX and Polaris that states the new date for the giving of the Conditions Notice. If a condition is fulfilled (so that a Lion Offer become free of that condition) during the bid period but before the date on which the Conditions Notice is required to be given, Lion-Asia must, as soon as practicable, give the ASX and Polaris a notice that states that the particular condition has been fulfilled.

8. Additional information

8.1 Issued capital

As at the date of this Target's Statement, Polaris' issued capital comprises:

- (a) 176,492,216 fully paid ordinary shares; and
- (b) 39,147,062 unlisted options, as set out in the table below:

Number of Polaris Options	Exercise price (\$)	Expiry date
150,000	\$0.281	31 December 2010
14,100,000	\$0.281	14 July 2011
1,000,000	\$0.30	31 December 2013
750,000	\$0.40	31 December 2011
1,000,000	\$0.40	31 December 2013
375,000	\$0.45	31 December 2011
2,000,000	\$0.50	31 December 2013
6,325,000	\$0.531	31 December 2011
1,525,000	\$0.55	31 December 2011
5,047,062	\$0.621	1 January 2010
50,000	\$0.631	31 December 2011
3,825,000	\$0.731	31 December 2011
3,000,000	\$0.75	31 December 2011

8.2 Notice of Lion-Asia's voting power

As at 8 December 2009 (being the day before the date of this Target's Statement), Lion-Asia held a Relevant Interest of 25.4% in Polaris' issued capital. Lion-Asia is required to notify the ASX and Polaris before 9.30 am on each trading day during the Offer Period where there is a movement of at least 1% in its holding of Polaris Shares.

8.3 Consents

Directors

The Directors have given and have not, before the date of issue of this Target's Statement, withdrawn their consent to be named in this Target's Statement in the form and context in which they are named.

Competent persons statements

Polaris' technical exploration and mining information contained in this Target's Statement was compiled by Mr Jonathan Lea, executive Director of Polaris. Jonathan Lea is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Lea consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

Other persons

Each of the other persons to whom a statement is attributed in this Target's Statement, or whose statement is included in this Target's Statement, or on which a statement in this Target's Statement is said to be based, has:

- (a) consented to the relevant statement being included in this Target's Statement in the form and context in which it is included; and
- (b) has not withdrawn that consent before this Target's Statement was lodged with ASIC.

Each such having given its consent to the inclusion of a statement or being named in this Target's Statement:

- (a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and any statements or report which have been included in this Target's Statement with the consent of that person.

Public information

As permitted by ASIC Class Order 01/1543 this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Lion-Asia and MRL with ASIC or given to the ASX or announced on the Company Announcements Platform of the ASX by Lion-Asia or MRL. Pursuant to the Class Order the consent of Lion-Asia and MRL respectively is not required for the inclusion of such statements in this Target's Statement.

You may obtain a copy of the announcements from the ASX website at www.asx.com.au or by contacting Polaris on +61 (0)8 9215 1222 Monday to Friday between 8.30 am and 5.30 pm (WST).

In addition, as permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

This Target's Statement includes references to the Lion Bidder's Statement and the MRL Bidder's Statement. Neither Lion-Asia nor MRL has consented to these references being included in, or referred to, in the form and context in which they are included.

8.4 Disclosing entity

Polaris is a disclosing entity and as such is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au and Polaris' website at www.polarismetals.com.au.

Copies of documents lodged with ASIC in relation to Polaris may be obtained from, or inspected at, an ASIC office. Polaris Shareholders may obtain a copy of:

- (a) the Annual Report;
- (b) Polaris' constitution; and
- (c) any document lodged by Polaris with the ASX between the release of the Annual Report to the ASX and the date of this Target's Statement,

free of charge upon request by contacting Polaris or from the ASX website at www.asx.com.au. The Annual Report, and this Target's Statement are also available on Polaris' website at www.polarismetals.com.au.

8.5 Officers' indemnities

Clause 26 of Polaris' constitution provides that the Company will indemnify every person who is or has been an officer of the Company or related body corporation of Polaris against any liabilities incurred by that person in his capacity as an officer of Polaris or related body corporate of Polaris to the extent permitted by law.

8.6 Litigation

There is no current litigation of a material nature against Polaris or any controlled entity of Polaris. The Directors have no knowledge of any potential material litigation.

8.7 ASX waiver

On 3 November 2009, Polaris obtained a waiver from ASX with respect to Listing Rule 6.23.4 to permit Polaris to amend the terms and conditions of all Polaris Options which are on their terms incapable of transfer, to permit their transfer to Lion-Asia on the following conditions:

- (a) the Lion Share Offer has been declared unconditional; and
- (b) Lion-Asia has acquired voting power in Polaris of more than 50%.

In addition, the Directors have resolved to amend the terms of the Polaris Options to permit the transfer to Lion-Asia, subject to:

- the satisfaction of the conditions attached to the waiver from ASX mentioned above; and
- the satisfaction or waiver of the other conditions of the Lion Option Offer as detailed in Section 7.3 of this Target's Statement.

8.8 No material change to the financial position of Polaris

The financial position of Polaris has not, so far as is known by the Directors, materially changed since 30 June 2009, being the date to which the Annual Report relates, other than:

- in respect of the incurring of actual and contingent transaction costs (including legal and financial advisory fees) associated with the MRL Offers and the Lion Offers and Polaris' strategic partner process, as described in Section 2.11; and
- as described elsewhere in this Target's Statement.

8.9 Effect of the Lion Offers on Polaris' material contracts

Other than as described below, Polaris is not a party to any material contracts which contain a change of control provision that may be triggered in connection with the Lion Offers.

On 20 August 2009, Polaris and MRL entered into the Bid Implementation Deed in respect of the MRL Offers, pursuant to which, amongst other matters, a mutual break fee of \$600,000 was agreed between the parties. In accordance with the terms of the Bid Implementation Deed, the mutual break fee will be triggered in the event that:

- (a) the Polaris Board withdraws, changes or qualifies its unanimous support for the MRL Offers or enters into an agreement in respect of an offer superior to the MRL Offers; or
- (b) a competing proposal, as defined by the Bid Implementation Deed, is announced and results in a third party acquiring more than 50.1% of Polaris Shares.

Accordingly, in the event that the Polaris Board changes its recommendation in support of the Lion Offers, or alternatively Lion-Asia acquires a 50.1% or more Relevant Interest in Polaris at the end of the Offer Period, Polaris will be liable to pay the break fee to MRL.

8.10 No other material information

This Target's Statement is required to include all the information that Polaris Securityholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Lion Offers, but only to the extent to which it is reasonable for Polaris Securityholders and their respective professional advisers to expect to find this information in this Target's Statement, and only if the information is known to any Director.

The Directors are of the opinion that the information that Polaris Securityholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Lion Offers is in:

- (a) the Lion Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) Polaris' annual reports and releases to ASX before the date of this Target's Statement;
- (c) documents lodged by Polaris with ASIC before the date of this Target's Statement; and
- (d) the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Lion Bidder's Statement is accurate. However, the Directors and their advisers do not take any responsibility for the contents of the Lion Bidder's Statement, and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- (a) the nature of the Polaris Securities;
- (b) the matters that Polaris Securityholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to the professional advisers of Polaris Securityholders; and
- (d) the time available to Polaris to prepare this Target's Statement.

9. Definitions and interpretation

9.1 Definitions

\$	Australian dollars unless otherwise stated
Acceptance Facility	an acceptance facility to be established by Lion-Asia on the terms and conditions described in the Lion Bidder's Statement
Acceptance Form	an acceptance form enclosed with the Lion Bidder's Statement
AEDT	Australian Eastern Daylight Time
Annual Report	the annual report of Polaris in respect of the 12 months ending 30 June 2009
ASTC	ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532, the body which administers the CHESS system in Australia
ASTC Settlement Rules	the settlement rules of the ASTC, a copy of which is available at www.asx.com.au
ASX	ASX Limited (ACN 008 624 691)
Bid Implementation Deed	the implementation deed between MRL and Polaris dated 20 August 2009, the material terms of which are set out in section 10.18 of the MRL Bidder's Statement
CGT	Capital Gains Tax
Corporations Act	Corporations Act 2001 (Cth)
Director	a director of Polaris
Eligible Polaris Optionholder	each holder of an Eligible Polaris Option
Eligible Polaris Options	Polaris Options on issue at 13 November 2009 which have an exercise price that is less than \$0.74
Heron	Heron Resources Limited (ACN 068 263 098)
Ineligible Polaris Optionholders	Polaris Optionholders other than Eligible Polaris Optionholders
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4th Edition)
LAP	Lion Asiapac Limited
LAPE	LAP Exploration Pte Ltd
Last Trading Date	14 August 2009, being the last day on which Polaris Shares traded on ASX prior to the announcement of the MRL Offers
LDHB	Lion Diversified Holdings Berhad
Lion-Asia	Lion-Asia Resources Pte. Ltd.
Lion Bidder's Statement	Lion-Asia's bidder's statement dated 13 November 2009, as supplemented by the supplementary bidder's statement dated 27 November 2009, available from ASX's website at www.asx.com.au

Lion Group	includes Lion-Asia, LDHB, Tan Sri William Cheng Heng Jem, VB, LAPE, LAP and their respective associates
Lion Offers	the Lion Share Offer and the Lion Option Offer
Lion Option Offer	the offer by Lion-Asia to acquire Eligible Polaris Options on the terms and conditions of the Lion Bidder's Statement
Lion Share Offer	the offer by Lion-Asia to acquire Polaris Shares on the terms and conditions of the Lion Bidder's Statement
Listing Rules	the official listing rules of ASX
Material Adverse Change	has the meaning given in the Lion Bidder's Statement
MD Options	has the meaning given in Section 4.2
Minimum Acceptance Condition	the non-waivable condition described in Section 7.2 which is set out in full in section 8.9(a)(i)(A) of the Lion Bidder's Statement
MRL	Mineral Resources Limited (ACN 118 549 910)
MRL Bidder's Statement	MRL's bidder's statement dated 17 September 2009, as supplemented by the first supplementary bidder's statement dated 2 October 2009, the second supplementary bidder's statement dated 16 October 2009, the third supplementary bidder's statement dated 5 November 2009, the fourth supplementary bidder's statement dated 13 November 2009, the fifth supplementary bidder's statement dated 25 November 2009 and the sixth supplementary bidder's statement dated 3 December 2009, available from ASX's website at www.asx.com.au
MRL Offers	the offer by MRL to acquire Polaris Shares and Polaris Options on the terms and conditions of the MRL Bidder's Statement
MRL Share	an ordinary share in the capital of MRL
MRL Share Offer	the offer by MRL to acquire Polaris Shares on the terms and conditions of the MRL Bidder's Statement
MRL Target's Statement	Polaris' target's statement dated 18 September 2009 in response to the MRL Bidder's Statement, also available from ASX's website at www.asx.com.au
MYR	Malaysian Ringgitt
Offer Period	the period until 7.00 pm (AEDT) on 29 December 2009, unless one or both of the Lion Share Offer and the Lion Option Offer is extended
Option Consideration	the cash consideration to be provided to Eligible Polaris Optionholders, being the difference between the exercise price and \$0.74 for every Eligible Polaris Option in accordance with the Lion Bidder's Statement
New Options	has the meaning given in Section 6.5
Polaris or Company	Polaris Metals NL (ACN 085 223 570)
Polaris Board	the board of Directors of Polaris
Polaris Option	an option to subscribe for Polaris Shares
Polaris Optionholder	each holder of a Polaris Option

Polaris Securities	Polaris Shares and Eligible Polaris Options
Polaris Securityholder	each holder of Polaris Shares or Eligible Polaris Options
Polaris Share	a full paid share in the capital of Polaris
Polaris Shareholder	each holder of a Polaris Share
Pre-Bid Acceptance Agreement	the pre-bid acceptance agreement between MRL and Heron dated 20 August 2009 and announced on ASX on 21 August 2009
Prescribed Occurrence	has the meaning given in the Lion Bidder's Statement
Relevant Interest	has the meaning given in section 9 of the Corporations Act
Section	a section of this Target's Statement
Share Consideration	the cash consideration to be provided to Polaris Shareholders on the terms and conditions of the Lion Bidder's Statement, being \$0.74 for each Polaris Share
Target's Statement	this document, being Polaris' target's statement in response to the Lion Bidder's Statement
VBL	Vital Bond Limited
VWAP	volume weighted average price calculated as the total dollar value of Polaris Shares traded divided by the total number of Polaris Shares traded during the relevant period
WST	Australian Western Standard Time
YIOP	Yilgarn Iron Ore Project, described in Section 2.1

9.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

- (a) all words and phrases in this Target's Statement have the meaning given to them, if any, in the Corporations Act;
- (b) the singular includes the plural and vice versa;
- (c) a gender includes all genders;
- (d) a reference to a person includes a corporation, other body corporate, unincorporated body, partnership, joint venture or association and vice versa;
- (e) headings are for ease of interpretation and do not affect meaning or interpretation;
- (f) where a term is defined, its other grammatical forms have a corresponding meaning; and
- (g) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

10. Approval of Target's Statement

This Target's Statement is dated 9 December 2009 (being the date on which this Target's Statement was lodged with ASIC) and has been approved by a unanimous resolution of the Directors of Polaris.

Signed for and on behalf of Polaris Metals NL:

A handwritten signature in black ink, appearing to be 'JL', is positioned above the printed name of Mr Jonathan Lea.

Mr Jonathan Lea
Executive Director

Corporate Directory

Directors

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Mr Ken J. Hellsten
Mr Jonathan R. Lea
Mr Alan R. Tough
Mr Ian Buchhorn

Company Secretary

Mr Trevor Verran

Financial Adviser

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