

POLARIS METALS NL

ABN 18 085 223 570

SHORT FORM PROSPECTUS

This Prospectus has been issued to facilitate the secondary trading of Shares issued pursuant to a placement of 4,400,000 fully paid shares at 19 cents each to raise \$836,000 before costs of the placement. This Prospectus has also been issued to provide information on the offer of 10,000 shares at an issue price of 19 cents each.

IMPORTANT NOTICE

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act 2001. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to another document, the information of which is deemed to be incorporated in this prospectus.

This document is important and requires your immediate attention. If you do not understand it, you should consult your sharebroker, accountant or other adviser without delay in order to satisfy yourself as to the contents of this Prospectus.

This Offer should be considered speculative and read in conjunction with the risk factors outlined in this Prospectus.

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IMPORTANT INFORMATION

Important Notice

This Prospectus is dated 15 March 2005 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus.

No New Shares will be allotted or issued pursuant to this Prospectus later than 13 months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for the New Shares offered by this Prospectus to be listed for Quotation.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for New Shares. There are risks associated with an investment in Polaris Metals NL and the New Shares offered under this Prospectus must be regarded as a speculative investment. The New Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares.

The New Shares issued pursuant to this Prospectus will be issued on the terms and conditions set out in Section 3 of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer. Any information or representation in relation to the Offer which is not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary of this Prospectus.

Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act 2001. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. Rather, the Prospectus incorporates by reference information contained in a document that has been lodged with ASIC.

This Prospectus refers to the disclosure document lodged by the Company with ASIC on 9 February 2004 (IPO Prospectus), the 30 June 2004 Annual Report and the 31 December 2004 Half Year Financial Report. In referring to the IPO Prospectus, Annual Report and Half Year Financial Report, the Company:

- (a) identifies the IPO Prospectus, Annual Report and Half Year Financial Report as being relevant to the offer of Shares under this Prospectus and containing information that will provide Shareholders and their professional advisers information to assist them in making an informed assessment of:
 - (i) the rights and liabilities attaching to the Shares;
 - (ii) the capacity of the Company to issue the Shares; and

- (iii) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company;
- (b) refers Shareholders and their professional advisers to Section 4 of this Prospectus which summarises the information in the IPO Prospectus, Annual Report and Half Year Financial Report deemed to be incorporated in this Prospectus;
- (c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the IPO Prospectus, Annual Report and Half Year Financial Report by contacting the Company at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the IPO Prospectus, Annual Report and Half Year Financial Report will be primarily of interest to Shareholders and their professional advisers or analysts.

Electronic Prospectus

This Prospectus will be issued as an electronic prospectus. The offer of New Shares pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act prohibits any person from passing to another person the Application Form unless it is attached to or accompanies the complete and unaltered version of this Prospectus. During the Offer period, any person may obtain a hard copy of this Prospectus by contacting the Company by email at info@polarismetals.com.au

The Prospectus may be viewed online at www.polarismetals.com.au

SECTION 1: CORPORATE DIRECTORY

DIRECTORS	Lewis Cross - Non-executive Chairman Kevin Schultz - Managing Director Colin McCavana - Non-executive Director Vernon Strange - Non-executive Director
COMPANY SECRETARY	Trevor Verran
PRINCIPAL PLACE OF BUSINESS	Ground Floor 7 Havelock Street West Perth WA 6005 PO Box 670 West Perth WA 6872 Telephone: +61 (08) 9481 3030 Facsimile: +61 (08) 9481 3031 Email: info@polarismetals.com.au Website: www.polarismetals.com.au
REGISTERED OFFICE	Ground Floor, Colord House, 33 Colin Street West Perth WA 6005 Telephone: +61 (08) 9226 1660 Facsimile: +61 (08) 9226 2550
CORPORATE ADVISOR	Hartleys Limited Level 6 141 St Georges Terrace Perth WA 6000
SOLICITORS	Blakiston & Crabb 1202 Hay Street West Perth WA 6005
AUDITOR	Ord Partners Level 2, 47 Colin Street West Perth WA 6005
SHARE REGISTRY	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 PO Box 535 Applecross WA 6953 Telephone: +61 (08) 9315 0933 Facsimile: +61 (08) 9315 2233
STOCK EXCHANGE LISTING	Securities in Polaris Metals NL are listed on Australian Stock Exchange Limited. Home Branch – Perth ASX Code – POL, POLO

SECTION 2: TIMETABLE AND IMPORTANT DATES

Summary of Important Dates

Date of Prospectus	15 March 2005
Prospectus Lodged with ASIC and ASX	15 March 2005
Opening Date	15 March 2005
Closing Date	22 March 2005
Allotment and issue of New Shares	23 March 2005
Despatch of holding statements for New Shares	24 March 2005
Quotation of New Shares on ASX	24 March 2005

The dates in the table above are indicative only. Subject to the Listing Rules, the Directors reserve the right to vary the dates without prior notice.

SECTION 3: DETAILS OF THE ISSUE

3.1 IMPORTANT NOTE

The information set out in this Section 3 is not intended to be comprehensive. This Prospectus should be read and considered in its entirety.

3.2 THE OFFER

The Company has made a placement through Hartleys Limited as Broker, of 4,400,000 Shares at an issue price of 19.0 cents each to raise approximately \$836,000 before costs ("**Placement Shares**"). This Prospectus has been issued to facilitate the secondary trading of these Placement Shares. It has also been issued to offer 10,000 shares at an issue price of 19.0 cents each ("**New Shares**").

All application monies received for the New Shares will be held on trust in a bank account established solely for the purpose of depositing application monies, until the New Shares are issued and allotted.

3.3 ACCEPTANCE

The Offer may only be accepted by validly completing the Application Form attached to or accompanying this Prospectus. It is the intention of the Directors to close the Offer no later than 5pm WST on 22 March 2005 or such earlier date as determined by the Directors.

Allotment of New Shares will take place as soon as practicable after the Closing Date.

The Directors reserve the right to allot to an Applicant a lesser number of New Shares than the number for which the Applicant applies or to reject an Application.

If the number of New Shares allotted is fewer than the number applied for, surplus application monies will be refunded in full. Interest will not be paid on monies refunded.

Payment must be made to "Polaris Metals NL – Application Account" by cheque crossed "*Not Negotiable*" and must be in Australian dollars.

It is important that you consider this Offer carefully. If you decide to accept you must do so in accordance with the instructions set out in this Prospectus. If you are in doubt as to the course you should follow you should consult your professional adviser.

3.4 PURPOSE OF THE OFFER

The funds raised from the Placement will be applied towards:

- Exploration and scoping study of an iron ore project on Bullfinch North tenements
- Gold and nickel exploration programs that are expected as an outcome of work by Geoinformatics Exploration Ltd on Bullfinch North tenements
- Pay for the expenses of the Placement including the costs associated with this Prospectus.

The following table illustrates the proposed application of funds raised from the Placement and the New Shares:

Exploration and scoping study of Iron ore project on Bullfinch North tenements	\$310,000
Gold and nickel exploration on Bullfinch North tenements	\$451,900
Sponsoring broker commissions for Placement	\$54,000
Expenses of the Prospectus	\$22,000
Total proceeds from the Placement and the New Shares	\$837,900

The actual manner in which the exploration expenditure is incurred may vary having regard to numerous factors, including the results of ongoing exploration activities.

3.5 ISSUE OF NEW SHARES

No New Shares will be issued pursuant to this Prospectus until permission is granted by ASX for quotation of the New Shares during the relevant time periods set out in the Corporations Act. Application monies received will be held in trust in a bank account established solely for the purpose of depositing application monies until the New Shares are issued and allotted. No interest will be paid to applicants on monies received.

3.6 STOCK EXCHANGE LISTING

Within seven (7) days after the date of issue of this Prospectus, the Company will apply to have the New Shares admitted to quotation on ASX. If approval for the quotation of the New Shares is not granted by ASX within three months after the date of this Prospectus, the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or of the New Shares now offered for subscription.

3.7 OVERSEAS INVESTORS

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

3.8 MARKET PRICES OF SHARES ON ASX

The highest and lowest closing market sale prices of Shares on ASX during the period from the commencement of trading of the Company's securities on ASX (16 April 2004) and the date of this Prospectus is:

	Cents	Date
High	27.0	29 April 2004
Low	13.0	23 November 2004
Last sale	23.0	14 March 2005

SECTION 4: INFORMATION DEEMED INCORPORATED IN THIS PROSPECTUS

4.1 SHORT FORM PROSPECTUS

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

Pursuant to such provisions, the Company's Prospectus dated 9 February 2004 (IPO Prospectus), the 30 June 2004 Annual Report and the 31 December 2004 Half Year Financial Report are expressly incorporated into this Prospectus.

The information to be incorporated by reference into this Prospectus is summarised below in subsection 4.2 and will primarily be of interest to Shareholders and their professional advisers or analysts.

The Company informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the IPO Prospectus, Annual Report and Half Year Financial Report by contacting the Company at its registered office during normal business hours during the Offer Period. The IPO Prospectus, Annual Report and Half Year Financial Report are also available on the Company's website at www.polarismetals.com.au or by searching ASX and ASIC's records.

4.2 SUMMARY OF INFORMATION DEEMED TO BE INCORPORATED

Set out below is a summary of the information contained in the IPO Prospectus, Annual Report and Half Year Financial Report that are deemed to be incorporated in this Prospectus to assist investors and their professional advisers to determine whether, for the purposes of making an informed investment decision in relation to the Shares, they should obtain a copy of the IPO Prospectus, Annual Report and Half Year Financial Report.

The Sections referred to below are a reference to sections in the IPO Prospectus, Annual Report and Half Year Financial Report (as the case may be).

4.2.1 IPO Prospectus

Section 2 – Company Overview

This section contains an overview of the Company including its strategy, expenditure plans and capital structure.

Section 3 – Directors' Profiles

This section contains information relating to each of the four directors of the Company.

Section 4 – Project Review

This section contains a summary of the projects held by Polaris and proposed funding of intended exploration programs. It provides information relating to the mineral exploration tenements which are divided into six main projects, being the Parker Range Project, Southern Cross Project, Bullfinch North Project, Central Yilgarn Project, Lake Jeffries Project and Denison Range Project. This section is further expounded upon in sections 6 and 7.

Section 6 - Independent Geologist's Report

This section consists of the report prepared by the Independent Geologist, Continental and Resource Management Pty Ltd dated 5 February 2004. The report describes in detail the geological setting and historical mining and exploration on the mining tenements of Polaris. The Report also sets out details of proposed exploration programs and budgets on the mining tenements.

Section 7 - Solicitor's Report on Tenements

Section 7 consists of a report prepared by Blakiston & Crabb, Solicitors, on the mining tenements in which Polaris held an interest as at 14 November 2003. The report details the status of the mining tenements and the interest of the Company in those tenements as at 14 November 2003.

Section 8 – Investigating Accountant's Report

This comprises the Investigating Accountant's Report prepared by Ord Group Pty Ltd dated 6 February 2004. The report was included in the IPO Prospectus to assist Shareholders and their financial advisers in making an assessment of the financial position of the Company.

The Investigating Accountant's Report contains unaudited statements of financial position of the Company as at 31 October 2003 and a pro-forma statement of financial position as at 31 October 2003 reflecting the position of the Company on the basis that various transactions occur, including the issue of all the Shares offered under the IPO 2004 Prospectus.

Section 9 - Risk Factors

This section notes that an investment in Polaris is speculative and involves many risks which may be higher than the risks associated with an investment in other companies. It identifies the areas the Directors regard as the major risks including general risk factors, share investment, exploration and mining risks, general market conditions, resource estimates, environmental risks, native title, renewal of title, commodity price risk and legal risks.

Section 10 - Additional Information

Section 10 sets out additional information required to be disclosed in the Prospectus including:

- Incorporation;
- Company Tax Status and Financial Year;
- Corporate Governance Matters;
- Legal Proceedings;
- Material Contracts;
- Share Capital;
- Rights Attaching to Shares;
- Options;
- Directors' Interests;
- Electronic Prospectus;
- Interests of Named Persons;
- Consents;
- Expenses of the Issue; and
- Directors Responsibility Statement and Consent.

4.2.2 Annual Report – 30 June 2004

Chairman’s Statement to Shareholders (Page 2)

This Section of the Annual Report contains information regarding the Company’s progress in the year ended 30 June 2004.

Managing Director’s Report (Page 3)

This Section of the Annual Report contains information regarding the Company’s progress in the year ended 30 June 2004.

Exploration Prospects and Results (Page 5)

This section contains a summary of the Company’s prospects and results from exploration and drilling programs in the year ended 30 June 2004.

Tenement Schedule (Page 10)

This section of the Annual Report lists the Company’s tenement interests.

Shareholder Information (Page 11)

This section of the Annual Report contains shareholder information as at 24 August 2004 including distribution of ordinary shares and options, shares and options subject to escrow, 20 largest shareholders and option holders and substantial shareholders.

Directors’ Report (Page 13)

This section of the Annual Report includes brief biographies of the Company’s Directors, review of the operations of the Company, details of Shares and Options held by Directors, attendance at Director’s meetings and Directors’ and executives’ remuneration.

Corporate Governance Statement (Page 19)

This section of the Annual Report outlines information in accordance with the ASX Corporate Governance Council’s Principles of Good Corporate Governance and Best Practice Recommendations.

Statement of Financial Performance (Page 21)

This section sets out the consolidated statement of financial performance of the Company and the consolidated entity for the year ended 30 June 2004.

Statement of Financial Position (Page 22)

This section sets out the consolidated statement of financial position of the Company and the consolidated entity as at 30 June 2004.

Statement of Cash Flows (Page 23)

This section sets out the consolidated statement of cashflows for the Company and the consolidated entity for the year ended 30 June 2004.

Notes to the Financial Statements (Page 24)

This section sets out the notes to the financial statements for the year ended 30 June 2004. This section includes the Company's and the consolidated entity's summary of significant accounting policies, income tax, Directors' and executives' disclosures, Auditors remuneration, deferred exploration costs, payables, contributed equity, retained profits, notes to statement of cashflows, expenditure commitments, subsequent events, impact of adopting AASB equivalents to IASB Standards.

Directors' Declaration (Page 38)

This section contains the Directors' declaration in respect of the financial statements and the ability of the Company to pay its debts as and when they become due and payable.

Independent Audit Report (Page 39)

This section contains an Independent Audit Report to the members of the Company.

4.2.3 Half Year Financial Report – 31 December 2004

Directors' Report (Page 2)

This section of the Half Year Financial Report contains the names of the Directors, a review of operations of the Company and a summary of the results of operations for the half year ended 31 December 2004.

Statement of Financial Performance (Page 6)

This section sets out the consolidated statement of financial performance of the Company for the half year ended 31 December 2004.

Statement of Financial Position (Page 7)

This section sets out the consolidated statement of financial position of the Company as at 31 December 2004.

Statement of Cash Flows (Page 8)

This section sets out the consolidated statement of cashflows for the Company for the half year ended 31 December 2004.

Notes to the Financial Statements (Page 9)

This section sets out the notes to the financial statements for the half year ended 31 December 2004. This Section includes the basis of preparation of the half year financial report, the impact of adopting Australian equivalents to IFRS, contributed equity, retained profits (accumulated losses), contingent liabilities, segment information and subsequent event.

Directors' Declaration (Page 12)

This section contains the Directors' declaration in respect of the financial statements and the ability of the Company to pay its debts as and when they become due and payable.

Auditor's Independence Declaration

This section contains the auditor's independence declaration under Section 307C of the Corporations Act 2001.

Independent Review Report

This section contains an Independent Review Report to the members of the Company.

SECTION 5: COMPANY OVERVIEW

5.1 OVERVIEW AND REFERENCE TO IPO PROSPECTUS

An overview of the Company is set out in the IPO Prospectus that was lodged with ASIC on 9 February 2004 for the Initial Public Offering of up to 17,500,000 ordinary Shares at 20 cents each, with 8,750,000 Attaching Options, to raise up to \$3,500,000. Persons considering subscribing for Shares under this Prospectus should refer to Section 4 of this Prospectus for a summary of the information contained in the IPO Prospectus deemed to be incorporated in this Prospectus.

The Initial Public Offering closed oversubscribed on 2 April 2004 raising \$3.5 million capital.

Polaris was admitted to the Official List on 14 April 2004 with Official Quotation of its shares commencing 16 April 2004.

The capital structure of the Company at the date of this Prospectus is as follows:

	Number
(a) Share capital:	
*Ordinary shares fully paid (refer note below)	<u>38,000,002</u>
<i>Restricted ordinary shares subject to escrow included in above:</i>	
Escrow period ending 7 April 2005	50,000
Escrow period ending 16 April 2006	<u>8,779,187</u>
	<u>8,829,187</u>
(b) Options over ordinary shares:	
Exercise price of \$0.20 expiring on 31 December 2008 (listed)	20,749,977
Exercise price of \$0.25 expiring on 31 December 2008 (unlisted)	<u>3,650,000</u>
	<u>24,399,977</u>
<i>Restricted options subject to escrow included in above:</i>	
Escrow period ending 16 April 2006	<u>8,606,067</u>

*Note: Ordinary shares fully paid on issue do not include the 550,000 shares agreed to be issued to Western Areas NL as consideration for the acquisition of mineral tenements but not yet issued, in accordance with the agreement to restructure Bullfinch North Joint Venture summarised in section 9 of this Prospectus.

Central Yilgarn Project

The Central Yilgarn Project includes the Jackson, Yarbu and Clampton North prospects, in greenstones of the Marda-Diemals Belt north of Southern Cross. The area has been targeted by Polaris for its potential for major new gold deposits. Due to the relative remoteness and poor accessibility, exploration of the area has lagged behind other, similar, Western Australian greenstone belts which have yielded major discoveries in the last 25 years.

Yarbu-Clampton North Exploration

Since listing on the ASX geochemical sampling of lateritic soils north of old gold workings at Yarbu located an area of anomalous gold 3km long by up to 1.5km wide, open to the north. Only part of the area has been tested so far, with 26 rotary air blast (RAB) holes drilled for a total of 2,010m. Vein quartz mineralisation was encountered in one of the holes, anomalous in gold from 42-60m and assaying up to 1.2g/t Au in the last 3 metres.

Recent results from geochemical sampling east of the Yarbu workings assay up to 430ppb Au and indicate that the mineralisation encountered so far by RAB drilling may not be an isolated occurrence. Programs of additional RAB and reverse circulation (RC) percussion drilling will be planned to follow up the new unexplored gold mineralisation during 2005.

Jackson Exploration

Key tenements were granted and the process of Aboriginal Heritage clearance ahead of planned costeaning and drilling programs reached an advanced stage. Low impact activities such as geological mapping and rock chip sampling were commenced in the meantime. Rock chip samples from the Golden Lady Hay target zone returned encouraging results over a strike length of 660m with many samples assaying >1g/t Au, and the highest being 9.7g/t Au.

Southern Cross-Parker Range Project

The Southern Cross-Parker Range Project includes the Battler, Glendower, British Hill, Olga Rocks and Centipede prospects in a region favoured for its gold prospectivity, established infrastructure and mining culture.

Battler Exploration

RC drilling at Battler to outline mineral resources associated with the old mine shaft and shallow open-pit gold workings was completed to approximately 100 metres depth below the surface. The drilling was on lines 20m apart and the spacing of holes along the lines was generally 10m. A geological interpretation was compiled on plans and sections incorporating rock types, base of complete oxidation and base of transitional partly oxidised surfaces, mapped underground workings, underground mine features interpreted from the drilling, and gold assays. The interpretation was the basis of outlining grade-based polygons of three categories of mineralisation on cross sections – oxide, transitional and fresh (unoxidised). Mineral resources were then estimated from the cross sections as follows:

Battler Prospect – Mineral Resource Estimate

Resource Category	Tonnes	Grade g/t Au	Ounces	Depth Range
Indicated oxide	72,000	1.81	4,200	0 – 55m
Indicated transitional	113,000	2.39	8,700	15 – 70m
Indicated fresh	46,500	3.09	4,600	50 – 90m
Indicated stope back-fill	7,400	5.48	1,300	30 – 65m
Inferred transitional	5,900	4.00	760	60 – 85m
Inferred fresh	56,600	3.88	7,000	70 – 120m
TOTAL	301,400	2.75	26,560	0 – 120m

Notes:

1. Data from 6,424m reverse circulation drilling. Gold assay results are fire assayed.
2. Nominal top cut of 30g/t Au applied.
3. Mineralisation assay sub-set included all assays over 0.5g/t Au, observing a potential minimum mining width of 2m, incorporating adjacent lower grade assays as a dilution skin where isolated 1m assay were included in the sub-set, and incorporating as internal dilution material below 0.5g/t Au provided widths <2m.
4. Indicated polygons based on drill intersections with down-hole assay runs to average $\geq 0.5\text{g/t Au}$ to 60m below surface and $\geq 1.0\text{g/t Au}$ below 60m.
5. Inferred polygons may not contain drill intersections and are either interpolations between indicated polygons or down-dip extrapolations, constrained between north-plunging structural boundaries to a maximum of 120m below surface.
6. Density estimates based on comparisons with other similar deposits in the district; i.e. oxide 2.0, transitional 2.5, fresh 2.9, stope back-fill 1.4.

RAB drilling has been completed to test gold targets parallel to the Battler structure.

Battler Mine Scoping Study

Mining consultants Peter O'Bryan & Associates commissioned a Whittle 4D open cut pit optimisation run on the Battler mineral resources as a means of determining the potential for a cash-positive operation involving open pit mining and toll treating ore at Marvel Loch, 16km distant. Costs of mining, transportation and processing used for the optimisation run were based on similar sized projects in Western Australia. No discussions have been held with Sons of Gwalia on toll treatment rates at its Marvel Loch plant. A gold price of \$555 per ounce was used (\$570 per ounce minus the state royalty of 2.5%), and the run used an overall pit slope angle of 40° to 40m depth and 50° below that depth. The mining cost included administration, supervision, dewatering, grade control and rehabilitation. Processing recovery was assumed to be 92%.

The optimal pit shell based on the study produces a total of 13,911 recovered ounces of gold with operating revenue of \$7,720,000, operating cost of \$6,262,000 and an operating profit of \$1,458,000. Recently a dialogue commenced with Sons of Gwalia Limited, regarding toll treatment, as is required under a current agreement.

Glendower Exploration

The positive assessment of Battler also encourages the further exploration of targets similar to Battler in other tenements owned by Polaris between Southern Cross and Marvel Loch, including the Glendower tenements acquired from Sons of Gwalia.

In addition to gold the Glendower tenements also have potential for nickel deposits associated with ultramafic rocks, including possible komatiites. Previous exploration included extensive shallow auger geochemical surveys that generated gold-in-soil and nickel-copper-in-soil anomalies. With the main emphasis being on gold, some nickel-copper-anomalous areas were not drill tested. Following compilation of all available data for GIS-based spatial visualisation and interpretation, a number of targets were identified by Polaris and these were tested with 1,451m of RAB drilling. Anomalous nickel was encountered, ranging from 1,500-3,000ppm and peaking at 3,552ppm, with copper in the range 20-50ppm and peaking at 286ppm. Relict spinifex texture was visible in some holes and one intersected rock with equigranular textures typical of komatiitic ultramafics. Further exploration, including litho-geochemical studies and geophysics will be planned in the future.

British Hill Exploration

Diamond drilling by Polaris earlier in 2004 in the northern zone of the 3km-long British Hill mineralised structure, intersected a high grade lode in BHD002 (3m at 9.1g/t Au from 145-148m). The lode comprises intensely altered and mineralised, banded metasediment with the mineralisation comprising veins and disseminations of pyrite, pyrrhotite, arsenopyrite and quartz accompanied by silicification. Free gold is visible in the core. Similar mineralisation was intersected in a deep hole drilled by CRAE in 1989 on a line 250m to the south. CRAE's hole (89PRDD35) intersected 6m at 5.1g/t Au from 189-195m including 1m at 13.8g/t Au. These holes and other shallower holes suggest a 300m-long zone remains open at depth.

Critical factors influencing economic viability of underground mining are the structural continuity of the mineralisation and its average grade. A study is currently underway with the objective of confirming the structural relationship of holes BHD002 and PRDD35. A data bank from numerous RC holes and a few other diamond core holes drilled by previous explorers in the depth range surface to 150m is available for the study. The outcome will strongly influence the direction of future exploration plans for the project.

Centipede and Olga Rocks Exploration

306m of RC drilling has been completed to follow up previous drilling intersections of 10m at 4.2g/t Au at Centipede Prospect and 3m at 10.6g/t Au at Olga Rocks Prospect. In addition 312m of RAB drilling was conducted at Olga Rocks following up geochemical anomalies in previous explorers' air core holes. Results are currently being assessed but are not considered at this stage to be significant.

Lake Jeffries Project

Polaris' Lake Jeffries tenements were applied for in 2002 to cover an area in which GSWA regolith geochemical sampling had found anomalous concentrations of chalcophile elements that are indicative of sub-surface sulphide mineralisation. The tenements lie within the Proterozoic Earraheedy Basin near its southern margin and are situated only 25km NNW of the WMC Resources/Falcon Minerals Ltd nickel-copper-PGM Olympia Prospect at Collurabbie Hills.

Regional aeromagnetics and gravity clearly show that the Archaean greenstone belt hosting the WMC/Falcon mineralisation extends beneath the Earraheedy Basin sediments. A strongly magnetic body (possible ultramafic) on the projected NNW trend of the mineralisation crosses the eastern boundary of Polaris' Lake Jeffries tenements and represents a 10km-long exploration target for nickel.

Lake Jeffries PGM Potential

Some GSWA regolith geochemical samples in the region are anomalous in platinum group metals platinum and palladium. Peaks in palladium are notable at Collurabbie Hills and also within Polaris' Lake Jeffries tenements.

Naudy (Intrepid) auto-modelling geophysical processing and interpretation software used to calculate depth to magnetic bodies in the Archaean basement below the cover of Proterozoic sediments within the Lake Jeffries tenements gave results ranging from 60m to 400m. This means that the area can be explored with conventional methods such as geophysical surveying and drilling.

Denison Range Project

Exploration of the Denison Range Project has directed attention towards a prominent 1.5km diameter dome-shaped magnetic anomaly which is similar to the geophysical signature of some iron-oxide copper-gold-uranium deposits. The anomaly and surrounding area is now held on behalf of the Denison Range Joint Venture (Polaris 75%, Independence Group NL 25%) under two exploration licences.

Gardiner Range Project

Polaris has applied for three new exploration licences covering 660km² in the Gardiner Range, situated 130km southeast of Halls Creek and east of the current Denison Range Joint Venture area. The licences cover an extensive area of the unconformity between the basal mid-Proterozoic Gardiner Sandstone and the underlying Killi Killi Beds of the Tanami Complex. The ground was applied for to position Polaris for possible exploration for uranium as well as copper and gold deposits in the future. Gardiner Range has been a focus of exploration for uranium in the past, mainly in the 1980s. However, the exploration lacked persistence, despite encouraging signs of mineralisation, due to the then prevailing low demand and negative political sentiment in Australia concerning uranium and nuclear power generation.

Exploration models that are likely to be appropriate for the Gardiner Range project include sub-surface iron oxide copper-gold-uranium deposits (Olympic Dam-style) and high grade unconformity-related uranium and uranium-gold (Athabasca Basin and Alligator Rivers-style). Previous exploration emphasised the latter as the Gardiner Sandstone unconformity has been compared with the Athabasca Basin unconformity in Saskatchewan, Canada and the Kombolgie Sandstone unconformity of the East Alligator River area, Northern Territory, Australia. The Athabasca Basin contains the most significant high grade, low cost uranium deposits in the world.

Because of the Company's current focus on gold, nickel and iron ore, Polaris' approach to exploring the Gardiner Range area will be measured, requiring in the first instance the satisfactory negotiation of an Aboriginal Heritage Protection Agreement before the new tenements can be granted. At an appropriate time thereafter, if consumer and investor interest in uranium is robust, Polaris can step up its activities in the area or alternatively attract a major joint venture partner to farm in and manage the project.

IRON PROJECT SCOPING STUDY

Mayfield Iron Deposit

Polaris has a stake in iron ore through its holding of a 40% interest in the Mayfield deposit which occurs in two tenements in the northern part of the Bullfinch North area. Portman holds the other 60% of Mayfield.

Based on the potential of Mayfield and magnetite-rich BIF in other Bullfinch North tenements Polaris intends a scoping study of a project to produce a minimum of 2.5Mtpa of magnetite concentrates over 20 years life.

Although the project does not have a JORC-compliant resource, the Company does have targeted tonnages which can be disclosed in accordance with paragraph 18 of the JORC Code:

Mayfield hematite iron ore (Polaris 40%)

Potential in the range 4 to 5 million tonnes (Mt) at +60% Fe is based on Portman's 2002 Second Quarter Activities Report. Portman announced a potential of 5Mt after completing mapping, sampling and drilling a total of 65 RC holes (5,340m) over a strike length of 6km. Holes which targeted outcropping goethitic hematite mineralisation were paired 20-30m apart on 100m spaced lines. Holes testing possible mineralisation beneath laterite, hardcap or "unmineralised" BIF were single holes drilled on 200m centres.

Mayfield magnetite BIF (Polaris 40%)

Expected quantities are in the range 40 to 60Mt, with open pit stripping ratios being the key determinant. Assessment of the Portman drilling data by Polaris indicates that the parent iron formation is consistently 30-40m thick over at least 4km of the 6km strike length. Relevant intersections range from 44% Fe to 56% Fe and average approximately 50% Fe. Magnetite BIF grades as high as 60-65% Fe persist below 100m in some holes (>50m vertical depth). The stated range of quantities is based on projection to 125-150m at which depths stripping ratios of 1.5-2.0 bcm waste per tonne of magnetite BIF may be expected. Magnetite BIF deposits of the Mayfield type can be expected to maintain consistency in width and grade to depths well in excess of 150m.

Visually the magnetite BIF contains a very high proportion of magnetite, and may be expected to produce high quality concentrates by magnetic separation, with good Fe recovery. Davis Tube recovery test work on representative composite samples will be required to determine actual magnetite concentrate recoveries, and XRF analyses of the concentrates will be required to determine the purity of the magnetite. Additional drilling will be required to confirm the quantity of mineral resources. The assumption by Polaris that there are reasonable prospects for eventual economic extraction is based on the quantity of magnetite BIF in Mayfield and, potentially, in similar magnetite BIF over 15km strike length in other Bullfinch North tenements; the Fe grade of the Mayfield BIF which is higher than the published Fe grades of similar magnetite BIF deposits in Western Australia (e.g. Mt Gibson, Southdown and Koolanooka) that are considered potentially viable; and the proximity of Mayfield to established iron ore production infrastructure (within 60km of Koolyanobbing). Portman transports iron ore from Koolyanobbing by rail via Kalgoorlie to the port of Esperance from where it is exported.

Magnetite BIF in other Bullfinch North tenements (Polaris 75%)

The high magnetic signature of Mayfield in aeromagnetics is replicated in other parts of Bullfinch North project area where there are extensive iron formations. It is believed likely that more deposits similar to Mayfield may be found in other Bullfinch North tenements and Polaris has recently applied for the necessary authorisation to explore them for iron ore.

There is potential for 80-150Mt at 30-50% Fe to depths ranging from 100-150m based on the observed high magnetic signatures of banded iron formations with widths of 30-50m occurring over more than 15km strike length. Field observations in a number of localities confirm that BIF with partially oxidised (martitised) magnetite mesobands making up 25-50% of the rock by volume are the cause of the high magnetic responses in aeromagnetic imaging. Confirmation of mineral resources will require mapping and sampling of the BIF outcrops, followed by an appropriate number of deep RC holes to obtain samples of unoxidised magnetite BIF for concentration test work. The assumption by Polaris that there are reasonable prospects for eventual economic extraction is based on the potential quantity of magnetite BIF; the proximity to Mayfield; and the proximity to established iron ore production infrastructure (Koolyanobbing). Success in exploration of the target potential will lead to a scoping study of a magnetite project based on a total resource of 150Mt of magnetite BIF (including Mayfield).

Stakeholders in Scoping and Pre-feasibility Studies

The major stake holders in the proposed scoping and pre-feasibility studies, besides Polaris, are Portman, with 60% of Mayfield, and Western Areas with a 25% carried interest in other relevant Bullfinch North tenements.

Discussions with Portman regarding its Mayfield holding are current; but Polaris, with the responsibility of maintaining the Mayfield tenements at its sole cost, has the right to proceed with exploration and scoping/pre-feasibility studies. The outcome of discussions with Portman will determine the full management and respective funding requirements for exploration of the Mayfield tenements, as distinct from the other Bullfinch North tenements.

At the conclusion of the pre-feasibility study, if results are positive, Western Areas will be required to decide whether to maintain a 25% interest on a contributing basis or dilute to a 10% interest carried to the conclusion of a bankable feasibility study.

Work Programs

The preliminary work program to determine potential for economic recovery of magnetite concentrates will begin with test work on samples from Mayfield magnetite BIF primary zone. Composite samples from available drill cuttings will be subjected to Davis Tube tests to determine magnetite concentrate recoveries, and the concentrates will be analysed for the standard iron ore suite Fe, P, SiO₂, Al₂O₃, CaO, MnO, MgO, TiO₂, S and LOI. Within the Mayfield Agreement area deeper RC holes will be drilled and sufficient test work on samples will be conducted to confirm the quantity and quality of potentially economic magnetite reserves. In the other Bullfinch North tenements with wide BIF areas having a high magnetic signature work will commence with a program of mapping and outcrop sampling, followed by an appropriate number of 150m deep RC holes to obtain samples of magnetite BIF for concentration test work. The objective is to demonstrate the existence of more iron ore deposits similar to Mayfield. These programs are expected to cost in the order of \$200,000.

The full scope of a pre-feasibility study will be determined by the outcome of the exploration and a scoping study which will address resources and preliminary mining studies, development options, markets, water requirements, environmental issues, native title issues, preliminary metallurgical test work, conceptual engineering and design, infrastructure, transport and shipping options, government liaison, preliminary financial models, and financing options. The likely cost, including the expenditure referred to above, is estimated to be \$310,000.

Polaris' Capability in the Iron Ore Industry

The Polaris exploration team has a significant amount of experience in iron ore exploration and feasibility studies. Exploration Manager, Mr Kerry Taylor, was formerly a specialist geologist and exploration superintendent for Hamersley Iron from 1990 to 1997. Managing Director, Mr Kevin Schultz, was involved in pre-feasibility work on the Mt Gibson deposit as a consulting geologist and mining engineer (Extension Hill drilling– 1995), and had a senior role in the Thiess-Tanganyika Gold Balla Balla Vanadium Project feasibility study in 1999-2000, which involved studies of proposed mining and magnetic concentration of a vanadium-bearing magnetite deposit. Mr Colin McCavana, a non-executive director, also has strong credentials in respect of iron ore development. In the early 1990s he was involved in Portman' feasibility study leading to the re-development of Koolyanobbing, and had specific responsibilities in relation to the design and development of the rail loop, crushing plant and other infrastructure on site, and port facilities at Esperance.

The company has recruited additional experienced geological staff in anticipation of commencement of the iron ore project, in order that there will be no disruption to other current exploration.

Timing of Iron Ore Exploration, Scoping Study and Pre-Feasibility Study

The iron ore exploration and scoping study, and follow up of gold and nickel targets on Bullfinch North tenements, will run concurrently with the gold exploration programs that are current on the Company's Central Yilgarn and Southern Cross-Parker Range prospects. The Bullfinch North iron ore project can commence immediately on the Mayfield tenements; but on tenements other than at Mayfield the proposed exploration for iron will be delayed pending authorisation under the Mining Act, which has been applied for.

Anticipating that all necessary authorisations will be in place in the first quarter of 2005, the iron ore scoping study is expected to be completed in June 2005. Another 6-9 months will then be required for a pre-feasibility study confirming potential for viable development. The pre-feasibility study will include an estimate of JORC compliant mineral resources, a conceptual mine plan, preliminary beneficiation testwork, general outline of a treatment plant and infrastructure requirements, general outline of environmental impact and other stakeholder issues including native title issues, conceptual project implementation plan including consideration of transport and shipping alternatives, capital cost estimates to $\pm 20\%$ accuracy, operating cost estimates to $\pm 20\%$ accuracy and preliminary market evaluation in respect of the estimated amount of production.

Competent Person Declaration

The information on mineralisation and potential mineral resources in this section accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves). It is compiled by Mr K Schultz, an employee of the Company who is a Fellow of The Australasian Institute of Mining and Metallurgy with the requisite experience in the field of activity in which he is reporting. The potential quantity and grade of magnetite BIF reported in this section is 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.

5.3 EXPLORATION TENEMENTS ACQUIRED AND RELINQUISHED

Since the IPO Prospectus, the Company has acquired and relinquished interests in the following tenements:

Project	Tenement	Interest at date of IPO Prospectus	Current Interest
Tenements Acquired:			
Bullfinch North Golden Valley (restructure of Bullfinch North Joint Venture – refer section 9)	E77/1010, E77/1012, P77/3295, P77/3301 to P77/3304, P77/3307, P77/3313, M77/123, M77/228, M77/1094, M77/1103	21%	80%
Bullfinch North Remaining Tenements (restructure of Bullfinch North Joint Venture – refer section 9)	E77/1022, E77/1036, E77/1048, E77/1058, E77/474, E77/485, E77/733, E77/879, E77/907, E77/920, E77/922, E77/924, E77/932, E77/933, E77/944, M77/1050, M77/1058 to M77/1060, M77/1062, M77/1064, M77/1081, M77/1082, M77/1089, M77/1090, M77/1099, P77/3292, P77/3335, P77/3336	30%	75%
Glendower (new applications)	P77/3523 to P77/3526	0%	100%
Gardiner Range (new applications)	E80/3404, E80/3405, E80/3414	0%	100%
British Hill (replaces expiring tenements P77/3308 to P77/3312)	M77/1098	0%	75%
Tenements Relinquished:			
Yarbu (fringe tenements - exploration negative)	P77/3376 to P77/3380	100%	0%

SECTION 6: EFFECT OF THE ISSUE ON THE COMPANY

6.1 CAPITAL STRUCTURE

The capital structure of the Company following the completion of the Offer is summarised below (assuming that all Options are not exercised):

Number of Shares	Issued and Paid Up Capital	\$
38,000,002	*Ordinary fully paid Shares on issue(refer note below)	5,121,615
10,000	New Shares to be issued pursuant to this Prospectus	1,900
-	Costs of the Prospectus and Placement	(76,000)
<u>38,010,002</u>		<u>5,047,515</u>

Number of Options	Options	Exercise Price
20,749,977	Options expiring on 31 December 2008 (listed)	\$0.20
<u>3,650,000</u>	Options expiring on 31 December 2008 (unlisted)	\$0.25
<u>24,399,977</u>		

*Note: Ordinary shares fully paid on issue do not include the 550,000 shares agreed to be issued to Western Areas NL as consideration for the acquisition of mineral tenements but not yet issued, in accordance with the agreement to restructure Bullfinch North Joint Venture summarised in section 9 of this Prospectus.

6.2 FINANCIAL POSITION

The Company will receive a total of \$1,900 for the issue of the New Shares, before costs of the issue. The costs of the Prospectus are expected to be \$22,000. These costs will be met from the funds raised from the Placement Shares. The balance of the funds raised from the Placement Shares will be used to fund the costs of the Placement (being \$54,000) and the Bullfinch North tenements exploration expenditure and scoping study. The funds raised from the New Shares will be used for Bullfinch North tenements exploration expenditure.

The Company had funds on hand totalling \$1,478,326 as at 31 December 2004. These funds will be used primarily for gold exploration already in progress at Jackson, Yarbu and British Hill, nickel-copper-PGM exploration proposed for Lake Jeffries and to cover corporate and administration costs.

PROFORMA STATEMENT OF FINANCIAL POSITION

	Audited 30/06/04 \$	Audit Reviewed 31/12/04 \$	Notes	Proforma 31/12/04 \$
CURRENT ASSETS				
Cash assets	2,680,239	1,478,326	2	1,846,928
Receivables	129,946	19,902		19,902
TOTAL CURRENT ASSETS	<u>2,810,185</u>	<u>1,498,228</u>		<u>1,866,830</u>
NON-CURRENT ASSETS				
Property, plant & equipment	117,059	182,564		182,564
Deferred exploration costs	1,793,553	2,680,495	3	2,850,495
TOTAL NON-CURRENT ASSETS	<u>1,910,612</u>	<u>2,863,059</u>		<u>3,033,059</u>
TOTAL ASSETS	<u>4,720,797</u>	<u>4,361,287</u>		<u>4,899,889</u>
CURRENT LIABILITIES				
Payables	224,872	143,298	4	-
Interest-bearing liabilities	15,975	28,881		28,881
Provisions	4,643	18,952		18,952
TOTAL CURRENT LIABILITIES	<u>245,490</u>	<u>191,131</u>		<u>47,833</u>
NON-CURRENT LIABILITIES				
Interest-bearing liabilities	57,255	97,077		97,077
TOTAL NON-CURRENT LIABILITIES	<u>57,255</u>	<u>97,077</u>		<u>97,077</u>
TOTAL LIABILITIES	<u>302,745</u>	<u>288,208</u>		<u>144,910</u>
NET ASSETS	<u>4,418,052</u>	<u>4,073,079</u>		<u>4,754,979</u>
EQUITY				
Contributed equity	4,288,943	4,285,615	5	5,047,515
Retained profits (Accumulated losses)	129,109	(212,536)	6	(292,536)
TOTAL EQUITY	<u>4,418,052</u>	<u>4,073,079</u>		<u>4,754,979</u>

NOTES TO THE PROFORMA STATEMENT OF FINANCIAL POSITION

1. Actual and Proposed Transactions to Arrive at Pro-forma Statement of Financial Position

Actual and proposed transactions adjusting the 31 December 2004 audited reviewed consolidated statement of financial position in the pro-forma consolidated statement of financial position are as follows:

- (a) The receipt of funds from the issue of the Placement Shares to raise \$836,000.
- (b) The receipt of funds from the issue of New Shares to raise \$1,900.
- (c) The costs of the Placement comprising broker commissions of \$54,000.
- (d) The costs associated with this Prospectus of approximately \$22,000.
- (e) The payment of accounts payable of \$143,298.
- (f) Exploration expenditure since 31 December 2004 estimated at \$170,000.
- (g) Administration and corporate expenses since 31 December 2004 estimated at \$80,000.

	Notes	Proforma 31/12/04 \$
2. CASH		
Balance at 31 December 2004		1,478,326
Funds raised pursuant to Placement	1 (a)	836,000
Funds raised pursuant to this Prospectus	1 (b)	1,900
Costs of the Placement	1 (c)	(54,000)
Capital raising costs of this Prospectus	1 (d)	(22,000)
Payment of payables	1 (e)	(143,298)
Payments for exploration expenditure	1 (f)	(170,000)
Payments for administration & corporate expenses	1 (g)	<u>(80,000)</u>
Closing Balance		<u><u>1,846,928</u></u>
3. DEFERRED EXPLORATION COSTS		
Balance at 31 December 2004		2,680,495
Payments for exploration expenditure	1 (f)	<u>170,000</u>
Closing Balance		<u><u>2,850,495</u></u>
4. PAYABLES		
Balance at 31 December 2004		143,298
Payment of payables	1 (e)	<u>(143,298)</u>
Closing Balance		<u><u>-</u></u>
5. CONTRIBUTED EQUITY		
Balance at 31 December 2004		4,285,615
Issue from Placement	1 (a)	836,000
Issue from Prospectus	1 (b)	1,900
Costs of the Placement	1 (c)	(54,000)
Costs of Prospectus	1 (d)	<u>(22,000)</u>
Closing Balance		<u><u>5,047,515</u></u>
6. ACCUMULATED LOSSES		
Balance at 31 December 2004		(212,536)
Payments for administration & corporate expenses	1 (g)	<u>(80,000)</u>
Closing Balance		<u><u>(292,536)</u></u>

SECTION 7: RIGHTS ATTACHING TO SHARES

Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

There is only one class of shares on issue in the Company being fully paid ordinary shares.

The rights attaching to Shares in the Company are:

- a) set out in the Constitution of the Company; and
- b) in certain circumstances, regulated by the Corporations Act, the Listing Rules of the ASX, the SCH Business Rules and the general law.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

Voting

Every holder of shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of shares who is present in person or by proxy, attorney or representative has one vote for every fully paid share held by him or her, and a proportionate vote for every partly paid share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the chairperson of the meeting, by any 5 shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the shares of all those shareholders having the right to vote at that meeting.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will be payable on the shares in accordance with but subject to the provisions of Section 254W of the Corporations Act.

Transfer of Shares

A shareholder may transfer shares by a market transfer in accordance with any computerised or electronic system established or recognised by the ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by the ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of shares, other than a Proper SCH Transfer (as defined in the Corporations Act), where permitted by the Listing Rules of the ASX or the SCH Business Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a Proper SCH Transfer of shares or other securities.

Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution of the Company, the Corporations Act or the ASX Listing Rules.

Liquidation Rights

The Company has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of shareholders divide the whole or any part of the remaining assets of the Company.

Shareholder Liability

As the shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

ASX Listing Rules

Notwithstanding anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

SECTION 8: ADDITIONAL INFORMATION

8.1 TAX CONSIDERATIONS

The following is a simplified outline of the tax position for Australian resident individual investors based on the current law. It is not meant to be an authoritative or complete statement of law. Shareholders, and in particular, non-Australian residents, should seek their own advice in relation to their particular taxation situation.

Tax on Dividends – Individual Shareholders

Dividends received by Australian residents are normally taxable as income. Individuals are required to include in their assessable income the dividend received in addition to the amount of imputation credit attached to the franked component of the dividend. The individual is entitled to a rebate equivalent to the amount of this imputation credit. A franked dividend is one which is paid out of company profits in respect of which Australian company tax has been paid. The tax paid determines the available imputation credit attaching to the dividend which in turn determines the franking rebate.

Tax on Dividends – Corporate Shareholders

Australian resident corporate Shareholders who receive dividends are required to include the dividend in their assessable income. The Shareholders are then entitled to a dividend rebate equal to the company tax rate multiplied by the franked portion of the dividend.

Disposal of Shares

Shareholders who dispose of their Shares at a price in excess of the cost base may be subject to capital gains tax. Tax is imposed on the gain realised on the disposal, less incidental costs on acquisition and disposal. Shareholders who dispose of their Shares at a price which is less than their cost base may incur a capital loss. Subject to conditions, a capital loss may be offset against capital gains that arise in the same year of income or a subsequent year of income. A capital loss may not be offset against ordinary income. Gains realised by certain categories of Shareholders (such as share traders) may be taxed as ordinary income. An individual may be able to reduce any future capital gain liability by 50% where the Shares are held for at least 12 months.

Investors who have any queries about the taxation consideration of share ownership should consult a suitably qualified adviser.

8.2 HOLDINGS OF DIRECTORS

As at the date of this Prospectus the Directors have relevant interests in Shares and Options as set out in the table below:

	Ordinary Shares	31/12/08 \$0.20 Options	31/12/08 \$0.25 Options
Lewis George Cross	1,040,001	1,020,001	500,000
Kevin Schultz	951,207	951,207	1,000,000
Vernon Wesley Strange	3,527,745	3,334,593	500,000
Colin James McCavana	2,680,533	2,480,533	500,000

8.3 INTERESTS OF EXPERTS AND ADVISORS

Hartleys Limited received a fee of 6.5% of the amount raised from issue of the Placement Shares. This fee totalled \$54,000. Hartleys Limited also receives an advisory fee of \$5,000 per month for the provision of corporate and marketing advice to the Company with respect to funding commencing 14 February 2005. The total advisory fees that will be payable to Hartleys Limited under this arrangement is \$30,000. Hartleys also will charge fees on subsequent transactions and capital raisings during the term of their appointment as corporate adviser.

Blakiston & Crabb have acted as solicitors to the Offer and in that capacity has provided legal advice to the Company in relation to the Offer. In respect of this work, the Company will pay approximately \$12,000 for these services. Blakiston & Crabb have provided other professional services to the Company during the last two years totalling approximately \$52,985. Subsequent to the issue, fees will be charged in accordance with normal charge-out rates.

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
- the Offer under this Prospectus.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

8.4 FORECASTS

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projected information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.5 LITIGATION

To the knowledge of the Directors there is no litigation threatened against the Company and no litigation threatened by the Company. The Directors are not presently aware of any circumstances likely to give rise to any of the above.

8.6 RISK FACTORS

Introduction

This section identifies the areas the Directors regard as the major risks associated with an investment in Polaris. Investors should be aware that an investment in Polaris involves many risks which may be higher than the risks associated with an investment in other companies. The Directors strongly recommend that investors examine the entire contents of this Prospectus and consult their professional advisers before deciding whether to apply to participate in the Offer.

General Risk Factors

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with Polaris's business and its involvement in the exploration and mining industry.

Share Investment

Applicants should be aware that there are risks associated with any share investment. The prices at which the Company's shares trade may be above or below the issue price for the Shares under this Prospectus. The trading price of the shares is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's operating result or new services by the Company or its competitors.

The Shares allotted under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on the ASX.

Certain statements in this Prospectus constitute forward-looking statements that are subject to risks and uncertainties which may cause the actual income and expenditure of Polaris to be different from expectations both expressed and implied.

Exploration and Mining Risks

The future viability and profitability of the Company as a mining and exploration company will be dependent on a number of factors, including, but not limited to, the following:

- a) commodity prices;
- b) risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations and competent management;
- c) the risk of material adverse changes in the government policies or legislation of Australia affecting the level of mining and exploration activities;
- d) the strength of the equity and share markets in Australia and throughout the world;
- e) general economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- f) environmental management issues with which the Company may be required to comply from time to time;
- g) poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;
- h) unforeseen major failures, breakdowns or repairs required to key items of mining plant and equipment or mine structure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep;
- i) financial failure or default by a participant in any of the joint ventures to which the Company is, or may become, a party;
- j) insolvency or other managerial failure by any of the contractors used by the Company in its mining and exploration activities; and
- k) industrial disputation in Australia and overseas.

Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

General Market Conditions

Polaris is seeking to raise capital to fund its short to medium term objectives. The ability of Polaris to raise capital is largely dependent upon general economic and market conditions with specific attention toward the resource sector and commodity prices.

Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and exploration plans may have to be altered in a way which could adversely affect the Company's prospects.

Exploration and Development Risks

Mineral exploration and mining are high risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems, all affect the ability of a company to profit from any discovery.

There is no assurance that exploration and development of the mineral interests described in this document or any other projects that may be acquired in the future, will result in the development of an economic ore deposit. Even if the Company holds an apparently viable deposit, there is no guarantee that it can be profitably exploited.

Environmental Risks

The Company's projects are subject to Western Australian and Commonwealth laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

Native Title

Most of the ungranted tenements described in this document are in areas affected by Native Title claims under the Native Title Act 1993. The Native Title parties have lodged objections to the granting of the tenements, or may be expected to lodge objections. Such objections will need to be dealt with by the negotiation of mutually satisfactory Aboriginal Heritage clearance agreements and/or referral to the National Native Title Tribunal.

Renewal of Title

All of the granted tenements in which the Company has an interest will be subject to applications for renewal, the success of which cannot be guaranteed. If a tenement is not renewed, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

Commodity Price Risk

The Company is exploring for metal commodities. The Company's ability to discover ore containing economic quantities of these commodities will be closely related to the price of these commodities. Metal prices fluctuate and are affected by factors beyond the control of the Company. These factors include world supply and demand for metals.

Legal Risks

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its securities.

8.7 EXPENSES OF THE OFFER

The estimated expenses of the Prospectus are:

	\$
ASIC fees	2,010
ASX fees	3,000
Advisers costs and other expenses	16,990
Total Estimated Costs	<u>22,000</u>

SECTION 9: MATERIAL CONTRACTS

The Directors consider that certain documents entered into by the Company since the IPO Prospectus or not referred to in the IPO Prospectus is material to the Offer or the operation of the Company or otherwise are or may be relevant to prospective investors in the Company. A description of these material documents together with a summary of the more important details of each of these documents is set out below.

Agreement to restructure Bullfinch North Joint Venture

On 23 August 2004 Polaris Metals NL ("Polaris") and Western Areas NL ("Western") agreed to restructure the joint venture arrangements in respect of the Bullfinch North Joint Venture.

Under the new arrangements Polaris acquired Western's 70% interest in a part of the area referred to as the Golden Valley Tenements (GVT) for 550,000 ordinary shares in Polaris valued at approximately \$100,000. Western remains entitled to royalties of 1.5% - 2% in any minerals produced from within the GVT.

The restructure arrangements also affected the interests of Western and Polaris in the Remaining Tenements; i.e. tenements other than the GVT. Western agreed to relinquish 45% of its 70% interest in favour of Polaris, and Polaris agreed to sole fund and manage exploration of the Remaining Tenements. In respect of gold and minerals other than nickel Polaris will hold a 75% interest and free carry Western's 25% until completion of a pre-feasibility study of a viable mine. In respect of nickel Western will, for a period of five years, have the right to buy-back a 60% interest in any designated area within the Remaining Tenements by paying to Polaris an amount equal to three times Polaris' exploration expenditure on the Remaining Tenements and meeting costs associated with reaching a decision to mine in the designated area.

In addition Polaris paid Western cash of \$65,674 in settlement of past joint venture expenditure previously disputed and cash of \$33,000 for its share of joint venture expenditure up the date of restructuring.

Strategic Alliance with Geoinformatics Exploration Australia Pty Ltd

On 23 August 2004 Polaris Metals NL ("Polaris") and Geoinformatics Exploration Australia Pty Ltd ("GEX") established a strategic alliance involving GEX carrying out an "Intervention Project" over the Bullfinch North areas of interest, including the aggregation, validation and construction of 3D geoscience databases, the construction of a 3D geodynamic model to be the basis for a targeting strategy for developing prioritised areas for regional, prospect and mine scale evaluation of mineral deposits. Within these areas targets will be developed and ranked according to a structured analysis and interpretation of the databases, models and other geological data compiled during the intervention. The Intervention Project was on a fixed cost basis in return for GEX having a 15% carried interest on any deposits developed on the GVT and a 2% net smelter return royalty on the remaining tenements. The project was expected to take approximately 4-5 months to complete and cost approximately \$300,000.

Mayfield Farmin and Option Agreement

On 19 October 2001, Polaris Metals NL ("**Polaris**") entered into a Farmin and Option Agreement with Western Areas NL ("**Western Areas**") and Portman Iron Ore Limited ("**Portman**") in respect of EL77/924 and EL77/922 ("**Mayfield Tenements**"). These Mayfield Tenements are located in the northern part of the Bullfinch North area.

Under the agreement Polaris granted an option to Portman to acquire Polaris' 40% beneficial interest in any Iron Ore Rights in the Mayfield Tenements. Portman paid \$10,000 to Polaris for the grant of

the option. The remaining 60% interest in the Iron Ore Rights held by Western Areas was assigned to Portman under the same agreement.

Under the agreement Portman was required to incur exploration expenditure during the Option Period of at least \$50,000 in respect of the iron ore on the Mayfield Tenements. On 30 August 2002 Portman advised Polaris it would not be exercising the option and that it had expended \$396,650 in Exploration costs.

Polaris currently holds 40% and Portman holds a 60% beneficial interest in the Iron Ore Rights in the Mayfield Tenements. Polaris and Portman have had some discussions regarding additional exploration of the magnetite BIF in the Mayfield Tenements. Further discussions are intended to determine the full management and respective funding requirements for the additional exploration.

SECTION 10: CONSENTS

Each of the parties referred to in this Section:

- does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this or the February 2004 Prospectus with the consent of that party as specified in this Section.

Security Transfer Registrars Pty Ltd has given its written consent to being named as the Company's share registry in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Ord Partners has given its written consent to being named as the Company's Auditor in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Hartleys Limited has given its written consent to being named as the Company's Corporate Adviser in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Peter O'Bryan & Associates has given its written consent to being named in this Prospectus as having commissioned a Whittle 4D open cut pit optimisation run on the Battler mineral resources and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Blakiston & Crabb has given its written consent to be named as Solicitors to the Company and to the incorporation by reference into this Prospectus of its Solicitors' Report and Tenement Schedule and all statements referring to that Report and Schedule in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Ord Corporate Pty Ltd has given its written consent to the incorporation by reference in this Prospectus of its Investigating Accountant's Report and to all statements referring to that Report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Continental Resource Management Pty Ltd has given its written consent to the incorporation by reference in this Prospectus of its Independent Geologist's Report and to all statements referring to that Report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Kevin Schultz has given his written consent to being named in the Prospectus and to the inclusion of all statements made in respect of exploration results, mineral resources and ore reserves in respect of the review of operations in Section 5.2 of the Prospectus and has not withdrawn his consent prior to the lodgement of the Prospectus with ASIC.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and have not made statements included in this Prospectus. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

SECTION 11: DIRECTORS' STATEMENT

The Directors report that, in their opinion, there have not been any circumstances that have materially affected or will materially affect the value of the assets of the Company, except as disclosed in this Prospectus.

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and in that respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons having given their consent to the statements being included in this Prospectus in the form and context in which they appear and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

This Prospectus is issued by Polaris Metals NL. The issue of this Prospectus has been authorised by the Directors and this Prospectus has been signed by Kevin Schultz on behalf of the Directors.

Dated: 15 March 2005



Signed for and on behalf of Polaris Metals NL
By Kevin Schultz
Managing Director

SECTION 12: GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise.

\$	means Australian dollars. All amounts in this Prospectus are in Australian dollars unless otherwise stated.
Applicant(s)	The person(s) who submit valid Application Forms pursuant to this Prospectus.
Application	A valid application made to purchase or subscribe for a specified number of Shares pursuant to this Prospectus.
Application Form	A valid application made to purchase or subscribe for a specified number of Shares pursuant to this Prospectus.
ASIC	means the Australian Securities and Investments Commission.
ASX	means Australian Stock Exchange Limited.
ASX Listing Rules	means the official listing rules of ASX and any other rules of ASX which apply while the Company is a listed company, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.
Board	means the board of Directors as constituted from time to time.
Business Day	means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.
CHESS	means the Clearing House Electronic Sub-register System.
Closing Date	5.00 pm Western Standard Time 22 March 2005.
Company or Polaris	Polaris Metals NL ACN 085 223 570.
Corporations Act	means the Corporations Act 2001 (Cwth).
Directors	means the Directors of the Company.
Electronic Prospectus	An electronic version of the Prospectus.
Existing Shares	The 38,000,002 Shares on issue at the date of this prospectus
g/t	means grams per tonne
IPO Prospectus	means the Company's prospectus dated 9 February 2004
Issue	The issue of Shares pursuant to this Prospectus.
Listing Rules	The official listing rules of the ASX.
New Shares	Shares in the Company offered pursuant to this Prospectus.

Offer	The invitation to the public made in this Prospectus to subscribe for New Shares.
Official List	means the official list of ASX.
Opening Date	9.00 am Western Standard Time 15 March 2005.
Official Quotation	has the same meaning as quotation in the ASX Listing Rules.
Options	The 20,749,977 existing listed options to acquire Shares in the Company at 20 cents each on or before 31 December 2008 and the 3,650,000 existing unlisted options to acquire Shares in the Company at 25 cents each on or before 31 December 2008
Placement Shares	means the Shares issued pursuant to a placement by Hartley Limited of 4,400,000 shares at 19 cents per share on or about 14 March 2005
Prospectus	means this prospectus dated 15 March 2005.
Related Body Corporate	A body corporate which is related to Polaris pursuant to section 50 of the Corporations Act.
SCH Business Rules	means the SCH Business Rules and any other rules of ASX Settlement and Transfer Corporation Pty Limited which apply while the Company is an issuer of CHESS Approved Securities, each as amended or replaced from time to time.
Share(s)	means a fully paid ordinary share(s) in the capital of the Company.
Shareholders	means a holder of Shares in the Company.
WST	Western Australian Standard Time.

APPLICATION FORM

Accompanying the Prospectus dated 15 March 2005

POLARIS METALS NL

ABN 085 223 570

To meet the requirements of the Corporations Act this form must not be handed on unless attached to or accompanying the Prospectus.

I/We declare that this application is completed according to the declarations/appropriate statements and in accordance with the instructions and agree to be bound by the Constitution of POLARIS METALS NL. I/We agree to take any number of New Shares equal to or less than the number applied for. I/We authorise the Directors to complete or amend this Application Form where necessary to correct any errors or omissions.

NOTE: Return of this Application Form with your cheque or bank draft for the application monies will constitute your offer to subscribe for New Shares in the Company. No signature is required. You should read the Prospectus before completing this Application Form.

PLEASE USE BLOCK LETTERS TO PRINT YOUR NAME

TITLE	GIVEN NAMES	SURNAME

TITLE	JOINT APPLICATION No.2 OR ACCOUNT DESIGNATION

ADDRESS

SUBURB/TOWN	STATE	P/CODE

CONTACT NAME	DAYTIME TELEPHONE	EMAIL ADDRESS

PID	HIN

I/We apply for	Application Money	Date
<input type="checkbox"/> New Shares and lodge application monies in full of 19 cents per New Share	A\$ <input type="text"/>	<input type="text"/>

Cheque Details			
DRAWER	BANK	BRANCH	AMOUNT OF CHEQUE

Cheques should be made payable to "POLARIS METALS NL- APPLICATION ACCOUNT".

Lodgement instructions for Application Form

Please complete all relevant sections of the Application Form using BLOCK LETTERS. If you have any questions on how to complete this Application Form please contact the Company on (08) 94813030.

Before completing this Application Form, applicants should read the Prospectus to which it relates.

The Prospectus does not constitute an offer in any place where or to any person to whom it would not be lawful to make such an offer.

Forward the Application Form together with your remittance for application money at 19 cents per New Share subscribed so as to reach:

Polaris Metals NL
PO Box 670
West Perth WA 6872

It is the intention of the Directors to close the Offer no later than 5.00pm WST on 22 March 2005 or such earlier date as determined by the Directors.

Only cheques and/or bank drafts in Australian currency and drawn or payable on a bank within Australia should be sent, made payable to "*POLARIS METALS NL - APPLICATION ACCOUNT*" and crossed "*Not Negotiable*".

Electronic funds transfers are to be directed to:

Polaris Metals NL – Application Account
National Australia Bank
BSB: 086-492
Account Number: 58-087-7908

Transfers are to include the designation "[name of subscriber]".

A receipt for payment will not be forwarded.

Personal cheques drawn on overseas banks in Australian Dollars or in a foreign currency will not be accepted. These will be returned and the application deemed invalid.