



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

ABN 18 085 223 570

PROSPECTUS

For a non-renounceable pro rata entitlement issue to Shareholders of 1 New Share for every 8 Existing Shares held at an issue price of 12.5 cents per New Share to raise \$2,440,169 before issue costs

Underwriter

Patersons Securities Limited ACN 008 896 311

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the New Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The New Shares offered by this Prospectus should be considered as speculative.

INVESTMENT HIGHLIGHTS

- ❖ Emerging iron ore producer - production planned for 2011;
- ❖ Bankable feasibility study for YIOP Stage 1 commencing in 2009;
- ❖ Carina Inferred Mineral Resource up-graded to 27.8Mt at 58.6% Fe and further resource increases expected;
- ❖ Potential access to infrastructure – road, rail and ports;
- ❖ Strong ground position in a producing iron ore province
- ❖ Excellent exploration potential at Weelumurra project in the Pilbara region
- ❖ Strengthened management team.

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KEY DATES

Ex-date (Existing Shares commence trading without the entitlement to participate in the Rights Issue)	1 April 2009
Record Date to determine Entitlement to New Shares	7 April 2009
Despatch of Prospectus with Application Form	15 April 2009
Closing date for acceptances	29 April 2009
Allotment and issue of New Shares	6 May 2009
Despatch of holding statements	7 May 2009

These dates are indicative only and subject to change. The Company, in conjunction with the Underwriter, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary the above dates.

1 IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisers.

This Prospectus is dated 27 March 2009 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company will apply to ASX for Official Quotation of the New Shares.

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. Applications for New Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

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

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus, including each of the documents attached to it and which form part of this Prospectus, is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser. In particular, it is important that you consider the risk factors (see **section 7** of this Prospectus) that could affect the performance of the Company before making an investment decision.

Some words and expressions used in this Prospectus have defined meanings which are explained in the Glossary in **section 10**.

ELECTRONIC PROSPECTUS

A copy of the Prospectus can be downloaded from the website of the Company at <http://www.polarismetals.com.au> or the website of ASX at www.asx.com.au. Any person accessing the electronic version of the Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to a hard copy of the Prospectus or it accompanies the complete and unaltered version of the Prospectus. Any person may obtain a hard copy of the Prospectus free of charge by contacting the Company or the Underwriter.

2 CHAIRMAN'S LETTER

Dear Shareholder

This Prospectus outlines the details of a fully underwritten non-renounceable rights issue by Polaris Metals NL ("Polaris") to raise approximately \$2.4 million (before costs of issue), for funding our on-going exploration and project development activities. I encourage you to carefully consider the contents of this Prospectus with a view to participating in the issue.

Over the past year Polaris has made significant progress towards our vision of becoming a significant, independent iron ore producer and increasing shareholder value by identifying ore bodies and developing them into profitable mines. The Pre-feasibility Study completed in October 2008 indicated Stage 1 of the Yilgarn Iron Ore Project (YIOP) was viable and recent resource upgrades and highly encouraging metallurgical testwork results have further enhanced the project. This, in conjunction with the imminent grant of the Weelumurra tenements in the Pilbara region mean the company is entering an exciting stage of its progress towards its goal.

Consistent with the primary focus of ensuring the timely development of Stage 1 of YIOP we recently announced the strengthening of our executive team with the appointment of Ken Hellsten as Managing Director. This change not only provides further corporate, project and operations skills to the team, it enables Technical Director Jonathan Lea to drive the resource up-grades for YIOP and exploration of Weelumurra and Projects Director Alan Tough to focus on delivery of our initial operation, YIOP Stage 1.

Production at YIOP is planned for 2011 based on an initial resource potential of 30-40Mt of iron ore. With current JORC compliant Inferred Mineral Resources of 28Mt grading 58.6%Fe with low contaminant levels and excellent potential within the Carina – Chamaeleon corridor we are confident this target will be achieved as part of the study program. Recent encouraging metallurgical test results and the project's proximity to rail and port infrastructure have reinforced our view that the YIOP represents an attractive development opportunity for the company.

Critical studies continue to ensure key project timelines are met and we expect to formally commence a bankable feasibility study with a development partner later in 2009.

Delineation of the Stage 2 YIOP potential of an additional 70-80Mt of iron ore (currently 15Mt JORC compliant Inferred Mineral Resource) is progressing as planned. This potential has been outlined by previous drilling programs by BHP in the 1960s but requires further drilling using modern techniques to prepare a JORC compliant resource. Environmental approvals to obtain access are progressing and once obtained drill testing will commence.

The other key Polaris project is Weelumurra – between Tom Price and Dampier in the Pilbara Region. Formal granting of the tenements is in progress and should be completed in 3-6 months. Remote sensing data suggests the potential for 250-300Mt of channel iron deposits. In surrounding areas, other companies have defined resources totalling 3,000 - 4,000Mt in equivalent geological settings, hence Polaris is confident its exploration programs at Weelumurra will materially increase our resource base. Field work will commence as soon as practical after granting of the tenements.

Polaris has a number of projects that are likely to proceed into development in coming years. The potential access to existing infrastructure for the YIOP is a key benefit and will facilitate relatively rapid and low cost entry in the ranks of iron ore producers. For all these reasons I believe Polaris has a bright future. The proceeds from this rights issue will enable the Company to continue its activities in advancing towards our goal of developing profitable iron ore mines.

As previously reported the Company requires additional funding to complete the study and development programs for YIOP Stage 1 and its exploration activities. This rights issue forms part of this process and the Company is continuing to pursue, where appropriate, potential farm-out and partnering opportunities.

Further information on the Company's activities is available through our web site and in the quarterly and half-yearly reports.

The rights issue is fully underwritten by Patersons Securities Limited and fully sub-underwritten by Lion Diversified Holdings Berhad. Lion currently holds approximately 20.2% of Polaris. We are delighted that a major shareholder and potential customer has shown its support for the company and its plans in this way. Depending on the level of participation, Lion Diversified can potentially increase its interest up to approximately 29.0%.

It is the intention of the Directors to subscribe to the Rights Issue.

I commend this Rights Issue to you and look forward to your continued support as a Shareholder.



Lew Cross
Chairman

The information in this prospectus 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 Jonathan Lea, an employee of the Company who is a Member of The Australasian Institute of Mining and Metallurgy with the requisite experience in the field of activity in which he is reporting. Mr Lea has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Lea consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The potential quantity and grade of iron deposits reported as exploration potential 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.

3 DETAILS OF THE OFFER

3.1 Introduction

Polaris is offering Eligible Shareholders the opportunity to participate in a non-renounceable Rights Issue of 19,521,357 New Shares in the Company on the basis of 1 New Share for every 8 Shares held on the Record Date, at an issue price of 12.5 cents per New Share to raise approximately \$2,440,000.

3.2 Underwriting

The Issue is fully underwritten by Patersons Securities Limited (Underwriter) and fully sub-underwritten by Lion Diversified Holdings Berhad (Lion or Sub-underwriter). Lion is an investment holding company while its subsidiaries are principally involved in the manufacturing and trading of steel related products and services and manufacturing and marketing of computer casings and electronics related products and services. Lion currently holds 20.17% of the issued capital of Polaris. A summary of the Underwriting Agreements are set out in **section 8.4** of the Prospectus.

3.3 Entitlements to the Rights Issue

Eligible Shareholders who are on the Company's share register at the close of business on the Record Date, being 5.00 pm WST on 7 April 2009 will receive Rights to acquire 1 New Share for every 8 Shares held, at an issue price of 12.5 cents per New Share.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If Polaris considers that holdings have been split to take advantage of rounding, Polaris reserves the right to aggregate holdings held by associated Eligible Shareholders for the purpose of calculating Entitlements.

An Application Form setting out your Entitlement to New Shares accompanies this Prospectus.

Eligible Shareholders may apply for Additional New Shares as described in the next section.

3.4 Issue Amount and Minimum Subscription

A total of 19,521,357 New Shares are to be issued pursuant to this Prospectus at an issue price of 12.5 cents per New Share to raise up to \$2,440,169 before the costs of the Issue.

There is no minimum subscription to be raised under this Prospectus as the Issue is fully underwritten.

3.5 Applying for Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding.

Entitlements not taken up will become available as Additional New Shares and may be allocated at the discretion of the Company and Underwriter.

It is possible, that there will be few or no Additional New Shares available for issue. If more Additional New Shares are applied for than the quantity of New Shares not taken up under the Rights Issue, those Applications will be scaled back in a manner determined by the Directors and the Underwriter in their absolute discretion. It is an express term of the Offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for, if a lesser number is allocated to them. Excess Application Money will be refunded without interest.

3.6 Acceptances and Entitlements

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company and the Underwriter to extend the offer period or close the Offer early.

Instructions for completion of the acceptance of your Entitlement are set out on the Application Form which accompanies this Prospectus.

Acceptance cannot exceed your Entitlement as shown on the Application Form. If it does, acceptance will be deemed to be for your maximum Entitlement and any surplus subscription funds will be treated as an application for Additional New Shares.

Shareholders wishing to apply for further New Shares in addition to their Entitlement shown on the Application Form may apply for Additional New Shares in the manner set out in sections 3.5 and 4.2.

3.7 Market Prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares (which are on the same terms and conditions as the New Shares offered under this Prospectus) during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC and the last market sale price before the lodgement date of this Prospectus is set out below.

	3 month high	3 month low	Last market sale price
Existing Shares	\$0.21	\$0.093	\$0.125

3.8 Opening and Closing Dates

The Issue will open for receipt of acceptances on 15 April 2009 and will close on 29 April 2009, subject to the right of the Company, in consultation with the Underwriter, to vary these dates.

3.9 Allotment

Application monies will be held in trust for applicants until allotment of the New Shares. The Company will be entitled to all interest paid or accrued on Application Monies.

No allotment of the New Shares will occur until ASX grants permission to quote the New Shares.

The New Shares are expected to be allotted by no later than 5.00 pm (WST) on 6 May 2009. Statements of holding of New Shares will be mailed after allotment occurs.

3.10 ASX Quotation

Application for admission of the New Shares to official quotation on ASX will be made within 7 days after the date of this Prospectus.

If such an application is not made within these 7 days, or the New Shares are not admitted to Official Quotation within 3 months after the date of this Prospectus, then the Company will not allot or issue any New Shares and all application monies received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

The fact that ASX may agree to 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 the New Shares. ASX takes no responsibility for the contents of this Prospectus.

3.11 Ranking of New Shares

The New Shares will rank equally in respect of dividends and in all other respects (eg voting, bonus issues) as Existing Shares. A summary of the rights and liabilities attaching to the New Shares is set out in **section 6** of this Prospectus.

3.12 Non-Qualifying Foreign Shareholders

The Company has decided that it would be unreasonable to make the Offer to Shareholders who, as at the Record Date have registered addresses outside Australia or New Zealand. This is because of the small number of such Shareholders, and the cost of complying with applicable regulations outside this jurisdiction. The Prospectus is sent to those Shareholders for information only.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not Eligible Shareholders on the Record Date are not entitled to apply for any New Shares.

Recipients may not send or otherwise distribute this Prospectus or the Application Form to any person outside Australia (other than to Eligible Shareholders).

3.13 CHES

The Company participates in the Clearing House Electronic Sub-register System ("CHES"). ASTC, a wholly owned subsidiary of ASX, operates CHES in accordance with the ASX Listing Rules and the ASTC Settlement Rules.

Under CHES, applicants will not receive a certificate but will receive a statement of their holding of New Shares. If you are broker sponsored, ASTC will send you a CHES statement. The CHES statement will set out the number of New Shares issued under this

Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESSE statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

3.14 Taxation Implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the non-renounceable Rights Issue or applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to Shareholders in the Issue. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Issue.

3.15 Privacy Act

If you complete an application for New Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

3.16 Enquiries

Any questions concerning the Issue should be directed to Polaris's Company Secretary on (08) 9215 1222

4 ACTION REQUIRED BY SHAREHOLDERS

As an Eligible Shareholder, you may:

- take up all of your Entitlement (refer **section 4.1**)
- apply for Additional New Shares (4.2)
- take up part of your Entitlement (refer **section 4.3**); or
- allow all or part of your Entitlement to lapse (refer **section 4.4**);

4.1 To take up all of your Entitlement

Please complete the Application Form, which accompanies this Prospectus, in accordance with the instructions contained on the form. Forward your completed Application Form, together with your cheque for the amount shown to reach the Company's share registry, Security Transfer Registrars Pty Limited at either of the following addresses by 5.00 pm WST on 29 April 2009:

By hand:	By post:
770 Canning Highway Applecross WA 6153 Australia	PO Box 535 Applecross WA 6953 Australia

Cheques or bank drafts in Australian dollars should be made payable to “**Polaris Metals NL**” and crossed “**Not Negotiable**”. Cash will not be accepted and no receipts will be issued.

4.2 To apply for Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding. Refer to **section 3.5** if you wish to apply for Additional New Shares.

A single cheque should be used for the Application Money for your Entitlement and the number of Additional New Shares you wish to apply for as stated on the Application Form.

4.3 If you wish to take up part of your Entitlement

Please complete the Application Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Application Form).

Forward your completed Application Form, together with your cheque for the amount shown to reach the Company's share registry, Security Transfer Registrars Pty Limited at either of the following addresses by 5.00 pm WST on 29 April 2009:

By hand:	By post:
770 Canning Highway Applecross WA 6153 Australia	PO Box 535 Applecross WA 6953 Australia

Cheques or bank drafts in Australian dollars should be made payable to “**Polaris Metals NL**” and crossed “**Not Negotiable**”. Cash will not be accepted and no receipts will be issued.

4.4 Entitlements not taken up

If you decide not to accept all or part of your Entitlement, then your Entitlement will lapse.

If you do not wish to take up any part of your Entitlement you are not required to take any action.

The Company and the Underwriter will deal with any New Shares not accepted in accordance with the Underwriting Agreement.

If you do not wish to take up any part of your Entitlement you are not required to take any action. If you have any queries concerning your Entitlement, please contact the Company’s share registry, your stockbroker or professional adviser.

5 PURPOSE AND EFFECT OF THE ISSUE

5.1 Purpose of the Issue

The purpose for the Issue is to raise \$2,440,169 (before costs of the Issue). The proceeds from the Issue are planned to be used in accordance with the table set out below:

Proceeds of the Issue

Exploration and Development	\$2,005,169
Working capital	\$400,000
Expenses of the Offer	\$35,000
Total	<u>\$2,440,169</u>

Exploration and development expenditure will fund the continuing resource definition work and technical studies for the Yilgarn Iron Ore Project (YIOP) Stage 1 and other exploration prospects – in particular the YIOP Stage 2 and the Weelumurra Project

5.2 Effect of the Issue and Pro Forma Balance Sheet

The principal effect of the Issue will be that:

- (a) cash reserves will initially increase by \$2,405,169; and
- (b) the number of Shares on issue will increase from 156,170,859 up to 175,692,216

Set out below is:

- (c) a Balance Sheet of the Company as at 31 December 2008; and
- (d) a pro forma Balance Sheet of the Company as at 31 December 2008, incorporating the effect of the Issue.

5.3 Balance Sheet

The Balance Sheet as at 31 December 2008 and Pro Forma Balance Sheet as at 31 December 2008 shown in the table below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. The Balance Sheet assumes full subscription under this Prospectus given that the Offer is fully underwritten.

	Notes	Audit Reviewed 31 December 2008 \$	Pro forma Adjustments \$	Pro forma 31 December 2008 \$
ASSETS				
Current Assets				
Cash and cash equivalents	1	3,794,159	2,405,169	6,199,328
Other receivables		52,967		52,967
Total Current Assets		<u>3,847,126</u>	<u>2,405,169</u>	<u>6,252,295</u>
Non-current Assets				
Available-for-sale financial assets		2,534,896		2,534,896
Other financial assets		241,624		241,624
Property, plant & equipment		478,772		478,772
Exploration and evaluation assets		21,839,993		21,839,993
Intangible assets		36,347		36,347
Total Non-current Assets		<u>25,131,632</u>	<u>-</u>	<u>25,131,632</u>
TOTAL ASSETS		<u>28,978,758</u>	<u>2,405,169</u>	<u>31,383,927</u>
LIABILITIES				
Current Liabilities				
Trade and other payables		640,472		640,472
Provisions		94,838		94,838
Total Current Liabilities		<u>735,310</u>	<u>-</u>	<u>735,310</u>
TOTAL LIABILITIES		<u>735,310</u>	<u>-</u>	<u>735,310</u>
NET ASSETS		<u>28,243,448</u>	<u>2,405,169</u>	<u>30,648,617</u>
EQUITY				
Issued capital	2	35,876,373	2,405,169	38,281,542
Other reserves		6,262,008		6,262,008
Accumulated losses		(13,894,933)		(13,894,933)
TOTAL EQUITY		<u>28,243,448</u>	<u>2,405,169</u>	<u>30,648,617</u>

Note 1. Cash and cash equivalents

Balance at 31 December 2008	3,794,159
Funds raised pursuant to this Prospectus	2,440,169
Cost of funds raised pursuant to this Prospectus	<u>(35,000)</u>
	<u>6,199,328</u>

Note 2. Issued capital

Balance at 31 December 2008	35,876,373
Issue from this Prospectus	2,440,169
Costs of issue from this Prospectus	<u>(35,000)</u>
	<u>38,281,542</u>

Assumptions for Proforma consolidated Balance Sheet

The proforma consolidated balance sheet disclosed above, has been prepared on the basis that there has been no material movements in the assets and liabilities of the consolidated entity between 31 December 2008 and the date of the Prospectus other than:

1. the issue of 19,521,357 New Shares at 12.5 cents each pursuant to the Prospectus to raise gross \$2,440,169;
2. the payment of additional share issue costs totalling an estimated \$35,000 and expensed against issued capital;

5.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Issue is set out below, assuming that the Issue is fully subscribed.

Capital Structure after Completion of Issue:

Shares	
156,170,859	Shares on issue at the date of this Prospectus
<u>19,521,357</u>	New Shares issued pursuant to this Prospectus
<u>175,692,216</u>	Total Shares Issued

Options	
150,000	Options at an exercise price of \$0.281 expiring on 31/12/10
14,900,000	Options at an exercise price of \$0.281 expiring on 14/07/11
750,000	Options at an exercise price of \$0.40 expiring on 31/12/11
100,000	Options at an exercise price of \$0.50 expiring on 31/12/11
6,325,000	Options at an exercise price of \$0.531 expiring on 31/12/11
1,550,000	Options at an exercise price of \$0.55 expiring on 31/12/11
5,047,062	Options at an exercise price of \$0.621 expiring on 31/12/11
50,000	Options at an exercise price of \$0.631 expiring on 31/12/11
5,875,000	Options at an exercise price of \$0.731 expiring on 31/12/11
3,000,000	Options at an exercise price of \$0.75 expiring on 31/12/11
37,747,062	Total options issued

Holders of the Company's existing Options which have vested may participate in the Issue by exercising any or all of their Options prior to the Record Date. If all the existing Options which are capable of exercise before the Record Date were exercised 32,847,062 Shares would be issued. Accordingly, an additional 4,105,883 New Shares would be offered under the Issue and if taken up, would raise an additional \$533,765, before costs. Should additional funds be raised the Company would seek to accelerate project development and pre-construction and exploration programs.

5.5 Effect on Control

The Sub-underwriter currently holds approximately 20.17% of the Company's issued share capital. The Offer is fully sub-underwritten by the Sub-underwriter. The potential effect that the issue of New Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up all of their Entitlement under the Offer, the percentage interest in the Shares of the Company held by any other major Shareholders would not materially change and there would not be any effect on the control of the Company; or
- (b) if some or all Eligible Shareholders do not take up their Entitlements under the Offer, and there is therefore a shortfall under the Rights Issue ("**Shortfall**"), then the Issue may have an effect on the control of the Company as detailed below.

The table below sets out various scenarios to indicate the effect on the Company's shareholding and the Sub-underwriter's voting power depending on any shortfall of the

Issue. The potential maximum increase in the voting power of the Sub-underwriter is set out below and will only occur if no Shareholders take up their Entitlement under the Offer. In the table below it is assumed that the Sub-underwriter will take up its full Entitlement as a Shareholder under the Offer and that no Eligible Shareholders take up any Additional New Shares.

Event	Number of Shares of the Company held by the Sub-underwriter	Voting power of the Sub-underwriter in the Company
The Sub-underwriter's holding as at the date of the Prospectus	31,494,120	20.17%
After issue of Shares to the Sub-underwriter assuming 100% Shortfall	51,015,477	29.04%
After issue of Shares to the Sub-underwriter assuming 75% Shortfall	50,071,903	28.50%
After issue of Shares to the Sub-underwriter assuming 50% Shortfall	45,191,564	25.72%
After issue of Shares to the Sub-underwriter assuming 25% Shortfall	40,311,224	22.94%

This assumes the Sub-underwriter does not increase its holding of Shares prior to the Record Date.

Importantly, Shareholders should note that depending on the extent to which the Rights Issue is subscribed for, the Sub-underwriter and Heron Resources Limited (who currently holds approximately 25% of the Company) may following the Rights Issue together have a voting power greater than 50% in the Company, as compared to the existing 45% (approximate).

The Sub-underwriter has advised the Company that it does not presently intend to change its existing relationship with the Company (other than the number of Shares it holds) if it increases its voting power in the Company by virtue of taking up its full Entitlement under the Issue and its underwriting of the Issue. The Company invited the Sub-underwriter to nominate a non-executive director to the Board in 2008. No action has been taken on this matter by the Sub-underwriter, however the invitation remains current.

The intentions and statements of future conduct set out above must also be read as being subject to the legal obligation of the Directors of the Company at the time to act in good faith in the best interests of the Company and for proper purposes and to have regard to the interests of the Shareholders including, without limitation, those of the Sub-underwriter. The statements above are of current intention only which may change as new information becomes available or circumstances change (including those of the Sub-underwriter). The statements should be read in this context.

6 RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

The following is a summary of the more significant rights and liabilities attaching to New Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) Share Capital

All issued Shares rank equally in all respects.

(b) Voting Rights

At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for each Share held, and for every contributing Share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing Share. Where there is an equality of votes, the chairperson has a casting vote.

(c) Dividend Rights

Subject to the rights of holders of Shares issued with any special or preferential rights (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the Shareholders in proportion to the Shares held by them respectively, according to the amount paid up (not credited) as paid up on the Shares.

(d) Rights on Winding-Up

Subject to the rights of holders with Shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all assets which may be legally distributed amongst the members will be distributed in proportion to the Shares held by them respectively, accordingly to the amount paid up or credited as paid up on the Share.

(e) Transfer of Shares

Shares in the Company may be transferred by instrument in any form which complies with the Company's constitution, the Corporations Act, ASX Listing Rules and ASTC Settlement Rules.

Shares may be transferred by such means in accordance with ASX Listing Rules and the ASTC Settlement Rules. The Directors may refuse to register a transfer of Shares only in those circumstances permitted by the Company's constitution, ASX Listing Rules and ASTC Settlement Rules.

(f) Calls on Shares

Where Shares are issued as partly paid, the Directors may make calls upon the holders of those Shares to pay the whole of or a portion of the balance of the issue price. If a Shareholder fails to pay a call or instalment of a call, then subject to the Corporations Act and ASX Listing Rules, the Shares in respect of the call may be forfeited and interest and expenses may be payable in accordance with the Company's constitution, the Corporations Act and ASX Listing Rules or proceedings taken to recover the amount unpaid.

(g) Further Increases in Capital

The allotment and issue of any new Shares is under the control of the Directors and, subject to any restrictions on the allotment of Shares imposed by the Company's constitution, ASX Listing Rules or the Corporations Act, the Directors may allot, issue or grant Options over or otherwise dispose of those Shares to such persons, with such rights or restrictions as they may from time to time determine.

(h) Variation of Rights Attaching to Shares

Where Shares of different classes are issued, the rights attaching to the Shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those Shares of that class, or with the written consent of the holders of at least three quarters of the issued Shares of that class.

(i) General Meeting

Each holder of Shares will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's constitution, the Corporations Act and ASX Listing Rules.

7 RISK FACTORS

The New Shares offered under this Prospectus are considered speculative because of the inherent risks associated with minerals exploration, appraisal, development, production, transport and marketing. In addition, there are risks inherent in investing in the share market in general.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in the New Shares. The risks identified by the Directors are not exhaustive and potential investors should read this Prospectus in full and seek professional advice if they require further information on material risks in deciding whether to subscribe for New Shares.

7.1 Risks specific to the Yilgarn Iron Ore Project (YIOP)

Specific risks associated with the Yilgarn Iron Ore Project (YIOP) include:

- A recommendation by the EPA was made to extend the Mount Manning A-class Nature Reserve to cover the Helena Aurora Banded Ironstone Range which contain some of the Stage 2 YIOP iron ore targets. The zoning of these YIOP Stage 2 targets is currently as a Conservation Park, a land use which includes both mining and conservation.
- Following a change of State Government in WA in 2008, the new Government has yet to formalise its position on the status of these proposals and the future of iron ore mining on BIF ranges in WA. Indications from Government Departments are that the review currently underway may result in a different policy outcome.
- The YIOP Stage 1 is dependent on securing access to available multi-user rail and port facilities. Discussions with infrastructure owners and operators are well advanced and Polaris has been advised that sufficient capacity is, or can be made available for YIOP. Continued access to this capacity is likely to depend on the Company achieving certain study and development milestones and commitments.

7.2 Risks specific to the Company

(a) Exploration Risks

All of the Company's projects are at the exploration stage. The business of minerals exploration, project development and production involves risks by its very nature. There can be no assurance that exploration of the tenements, or any other tenement in which the Company may acquire an interest in the future, will result in the discovery of an economic mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it will be able to be profitably exploited.

Exploration and development may be hampered by mining, heritage and environmental legislation, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies. Any exploitation of a deposit will involve the need to obtain

licences or clearances from relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied.

Exploration may ultimately be unsuccessful, resulting in a reduction of the value of the Company's projects, diminution in the cash reserves of the Company and possible relinquishment of the exploration tenements. Outcomes of the exploration program outlined in this Prospectus will affect the future performance of the Company and its Shares.

(b) Production Risks

Operations such as the design and construction of efficient mining and processing facilities, competent operation and managerial performance, and efficient transport and marketing services, are required to be successful. In particular production operations can be hampered by force majeure circumstances, engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events. In the event the Company proceeds to development of economic deposits production may be affected by these matters.

(c) Access to Land

Significant delays may be experienced in gaining access to privately owned freehold or leasehold land. Delays may be caused by weather, deference to landholders' activities such as cropping, harvesting, calving and mustering, and other factors.

Granting of tenements in some cases is subject to Heritage agreements with the traditional owners. The negotiation process can delay access and the commencement of assessment depending on the capacity of the parties to reach agreement.

(d) Cultural Heritage

Delays may be experienced if evidence of Aboriginal cultural heritage exists on any land to which the Company requires access.

When exercising a right or permission for access to any land, it is an offence, to disturb physical evidence of human occupation of prehistoric or historic significance without statutory permission. This restriction applies to any activity including minerals exploration and production.

The Company has not undertaken the comprehensive research, investigations or enquiries which would be necessary to enable it to form an opinion with certainty as to whether any such evidence exists on any land covered by Polaris's wholly-owned or optioned tenements.

(e) Environmental Impact Constraints

The Company's exploration and appraisal programs will, in general, be subject to approval by government authorities. Development of any mineral resources will be dependent on the Company being able to obtain environmental approvals to carry out its planned activities, and then being able to meet all environmental conditions placed on such activities.

(f) Exploration and Appraisal Expenditure

Exploration and appraisal is a process subject to unforeseen contingencies. Exploration programs must be flexible enough to respond to the results obtained.

The actual scope, costs and timetables of exploration programs may differ substantially from the proposals set out in this Prospectus. Financial failure, or default by any future alliance or joint venture partner of the Company, may require the Company to face unplanned expenditure or risk forfeiting relevant tenements.

(g) Funding

Unless and until the Company develops or acquires income producing assets, it will be dependent upon the funds raised by this Offer, and its ability to obtain future equity or debt funding to support exploration evaluation and development of the properties in which it has an interest. The Company's ability to raise further equity or debt or to divest part of its interest in a project, and the terms of such transactions, will vary according to a number of factors, including the success of exploration results and the future development of the Company's projects, stock market conditions and prices for metals in world markets.

(h) Key Personnel

The ability of the Company to achieve its objectives depends on the retention of key external contractors who constitute its technical panel and provide technical expertise. If the Company cannot secure external technical expertise (for example to carry out drilling) or if the services of the present technical panel cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

(i) Volatility in the price of minerals

Commodity prices are influenced by the physical and investment demand for those commodities. Fluctuations in commodity prices may Influence timing, viability and management of projects in which the Company has an interest.

(j) Iron Ore price volatility

Iron Ore prices are influenced by a number of international factors including supply and demand factors, geo-political events, and exchange rates. The price of iron ore in Australian dollars will influence the returns on the Polaris mining projects.

(k) Volatility in the market price of Shares

Although the Company is listed on the Official List, there is no assurance that an active trading market for its Shares will be sustained. There is also no assurance that the market price for the Shares will not decline below the issue price. The market price of the Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Shares in the market, any difference between the Company's actual financial or operating results and broader market-wide fluctuations. Furthermore, any stock market volatility and weakness could result in the market price of the Shares

decreasing so that they trade at prices significantly below the issue price, without regard to the Company's operating performance.

(l) Negative publicity may adversely affect the Share Price

Any negative publicity or announcement relating to any of our substantial shareholders or key personnel may adversely affect the stock performance of the Company, whether or not this is justifiable. Examples of this negative publicity or announcement may include involvement in legal or insolvency proceedings, failed attempts in takeovers, joint ventures or other business transactions.

(m) Insurance Risks

The Company maintains insurance coverage that is substantially consistent with exploration industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Company's business.

(n) Construction capital costs

The Company is conscious that there has been competition for skilled labour and that material costs over the past 5 years. The impact of these factors has been upward costs pressures in the market, however the recent slowing of project activity and the impact of the global financial crisis has seen upward cost pressure diminish. Nevertheless capital cost pressures can return when construction activity strengthens and this may occur prior to the completion of the project.

7.3 General Risks

(a) General economic climate

The Company's future income, asset values and share price can be affected by these factors and, in particular, by the market price for any metals that the Company may produce and sell. The short and medium term impacts of the global financial crisis are uncertain.

(b) Stock market conditions

The market price of the New Shares when quoted on the Australian Securities Exchange will be influenced by international domestic factors affecting conditions in equity and financial markets. These factors may affect the prices for the securities of minerals exploration companies quoted on the Australian Securities Exchange, including Polaris.

The stock market has in the past and may in the future be affected by a number of matters including:

- commodity prices;
- market confidence;
- supply and demand for money, and
- currency exchange rates.

(c) Commodity prices may go down

The demand for, and price of, commodities is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative commodities, actions taken by governments and international cartels, and global economic and political developments. Commodity prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in commodity prices and, in particular, a material decline in the price of commodities may have a materially adverse effect on the Company's business, financial condition and results of operations.

(d) Governments may stop exploration and production activities

Any material adverse changes in government policies or legislation of any countries in which it may operate may affect the viability and profitability of the Company.

(e) Foreign currency and exchange rate fluctuations

Revenue and expenditure of the Company may be domiciled in currencies other than Australian dollars and as such expose the Company to foreign exchange movements, which may have a positive or negative influence on the Australian dollar equivalent of such revenue and expenditure.

The Company will appropriately monitor and assess such risks and may from time to time implement measures, such as foreign exchange currency hedging, to assist manage these risks. However, the implementation of such measures may not eliminate all such risks and the measures themselves may expose the Company to related risks.

(a) Speculative nature of investments

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 in the Company.

8 ADDITIONAL INFORMATION

8.1 Nature of this Prospectus

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to offers of securities in a class which has been continuously quoted by ASX for the three months prior to the date of this prospectus.

8.2 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111 AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

8.3 Availability of other documents

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;

- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of this Prospectus and the Closing Date:
- (i) the financial statements of the Company for the financial year ended 30 June 2008 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) the half-year financial report of the Company for the half-year ended 31 December 2008, being the half-year financial report of the Company lodged with the ASIC after lodgement of the financial statements referred to in paragraph (i) above and before the issue of this Prospectus; and
 - (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2008 audited financial statements:

Date	Description of Announcement
24/03/2009	Global Iron & Steel Forecast Conference Presentation
18/03/2009	Polaris Strengthens Executive Team
13/03/2009	Half Year Accounts
10/03/2009	Highly Encouraging Carina Metallurgical Results
17/02/2009	Esperance Industry Forum Presentation
29/01/2009	Second Quarter Cashflow Report
29/01/2009	Second Quarter Activities Report
12/01/2009	Appendix 3B - Exercise of Options
05/01/2009	Expiry of Options
24/12/2008	Change in substantial holding
19/12/2008	Updated Shareholder Newsletter
18/12/2008	Shareholder Newsletter
12/12/2008	Appendix 3B - Employee Option Plan
12/12/2008	Significant Increase in Carina Resource
11/12/2008	Change of Director`s Interest Notice x 3
04/12/2008	Appendix 3B - Issue of Options

Date	Description of Announcement
28/11/2008	Final Director`s Interest Notice
28/11/2008	Expiry of Listed Options
25/11/2008	Results of Annual General Meeting
25/11/2008	Managing director`s address to the 2008 AGM
25/11/2008	Chairman`s address to the 2008 AGM
14/11/2008	AMEC Investor Briefing Presentation
31/10/2008	Quarterly Cashflow Report
31/10/2008	Quarterly Activities Report
22/10/2008	Notice of Annual General Meeting/Proxy Form
22/10/2008	Annual Report to shareholders
21/10/2008	Memorandum of Understanding with Esperance Ports
10/10/2008	Change of Registered Office
08/10/2008	Change of Director`s Interest Notice

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours and all announcements can be obtained from www.asx.com.au.

8.4 Material Contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

Underwriting Agreements

Under an Underwriting Agreement dated 27 March 2009 ("**Underwriting Agreement**"), Patersons Securities Limited ("**Underwriter**") has agreed to underwrite the Offer. The Underwriter has discretion to terminate the Underwriting Agreement for reasons that are standard in agreements of this nature.

Lion has agreed to fully sub-underwrite the offer. The Sub-underwriter will not receive a fee from Sub-underwriting this issue.

8.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgment of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of New Shares pursuant to this Prospectus; or
- (c) the Offer of New Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer of New Shares pursuant to this Prospectus.

8.6 Directors' Holdings of the Company's securities

Directors' interests in securities of the Company at the date of this Prospectus are:

	Mr Alan Tough	Mr Kenneth Hellsten	Mr Ian James Buchhorn	Mr Jonathan Lea	Mr Lewis George Cross
Ordinary Shares	75,000	30,000	1,320,224	125,070	2,140,002
31/12/11 \$0.75 Options	2,000,000	1,000,000			
31/12/11 \$0.55 Options		1,000,000		250,000	
31/12/11 \$0.531 Options			1,000,000	1,000,000	1,000,000
31/12/11 \$0.731 Options			1,000,000	1,000,000	1,000,000

The Directors may participate in the Offer to the extent that they are Eligible Shareholders as at the Record Date.

8.7 Directors' Remuneration

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-Executive Directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Non-Executive Directors and in default of agreement then in equal Shares. Details of all amounts that the Company has paid to its Directors up to 30 June 2008 are contained in the Company's annual financial reports, copies of which lodged with ASIC and which can be obtained from the Company for no charge. Since 1 July 2008 the Company has paid \$597,134 by way of remuneration for services provided by all Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

8.8 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.9 Consents of Experts and Advisers

Each of the other parties referred to in this **section 8.9**:

- 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;
- 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 Prospectus with the consent of that party as specified in this section; and
- has not authorised or caused the issue of this Prospectus.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- Patersons Securities Limited, in the capacity as underwriter of the Offer;
- Lion Diversified Holdings Berhad, in the capacity as sub-underwriter to the Offer;
- Pullinger Readhead Lucas, in the capacity of solicitors to the Company;

Reference to Security Transfer Registrars Pty Limited as share register to the Company appear for information purposes only.

8.10 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, the Underwriter, the Sub-underwriter and all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

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

- the Offer of New Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer of New Shares pursuant to this Prospectus.

Patersons Securities Limited is acting as the Underwriter and will be paid upon completion a fee of \$25,000. Lion is acting as Sub-underwriter but no fees or commissions are being paid. Pullinger Readhead Lucas are entitled to be paid \$10,000 (exclusive of GST) for advice and assistance in relation to certain aspects of this Prospectus, assisting the Company in relation to its due diligence regime and enquiries and in relation to application for quotation of the New Shares on ASX.

These amounts were paid for the provision of professional services to the Company.

8.11 Estimated Expenses of Issue

The expenses of the Issue are estimated to be \$35,000.

8.12 Governing Law

This Prospectus and the contracts formed on acceptance of Applications are governed by the laws applicable in Western Australia, Australia. Each applicant for New Ordinary Shares submits to the exclusive jurisdiction of the courts of Western Australia, Australia.

9 DIRECTORS' CONSENT

Each Director has consented to the lodgment of this Prospectus with the ASIC.

Signed on behalf of the Directors pursuant to a resolution of the Board.



Alan Tough
Executive Director

10 GLOSSARY

"A\$", "\$" and **dollars** means Australian dollars, unless otherwise stated.

Additional New Shares means New Shares in addition to an Eligible Shareholder's Entitlement for which an Eligible Shareholder makes an Application.

Application means an application for New Shares or Additional New Shares made pursuant to an Application Form.

Application Form means the application form attached to or accompanying this Prospectus.

Application Money means money received from Eligible Shareholders in respect of their Applications.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

ASTC Settlement Rules means the settlement rules of ASTC.

ASX means ASX Limited (ABN 98 008 624 691).

Board means the board of Directors.

Business Day has the meaning given in the ASX Listing Rules.

CHESS means ASX Clearing House Electronic Sub-register System.

Closing Date means 29 April 2009, or such other date as may be determined by the Directors and the Underwriters under this Prospectus.

Company or **Polaris** means Polaris Metals NL (ABN 18 085 223 570).

Constitution means the Company's constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Commonwealth).

Directors means directors of the Company at the date of this Prospectus.

Eligible Shareholder means a Shareholder, as at the Record Date, other than a Non-qualifying Foreign Shareholder.

Entitlement or **Right** means a Shareholder's entitlement (or right) to subscribe for New Shares under this Prospectus.

Existing Share means a Share issued before the Record Date.

Listing Rules or **ASX Listing Rules** means the Listing Rules of ASX.

New Share means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus.

Non-qualifying Foreign Shareholder means a Shareholder whose registered address is not situated in Australia or New Zealand.

Official List means the Official List of ASX.

Official Quotation means official quotation on ASX.

Offer means the offer of New Shares under this Prospectus.

Option means an option to acquire a Share.

Prospectus means the prospectus constituted by this document.

Record Date means 5 pm WST on 7 April 2009.

Rights Issue or **Issue** means the non-renounceable pro rata issue pursuant to this Prospectus by the Company of 1 New Share for every 8 Existing Shares held at an issue price of 12.5 cents per New Share.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Sub-underwriter or Lion means Lion Diversified Holdings Berhad.

Underwriter means Patersons Securities Limited.

Underwriting Agreement means the underwriting agreement dated 27 March 2009 between the Underwriter and the Company.

WST means Western Standard Time.

11 CORPORATE DIRECTORY**Directors**

Mr Lewis Cross (Non Exec. Chairman)
Mr Kenneth John Hellsten (Managing Director)
Mr Jonathan Robert Lea (Technical Exec. Director)
Mr Alan Ronald Tough (Exec. Director)
Mr Ian Buchhorn (Non Exec. Director)

Share Registry

Security Transfer Registrars Pty Limited
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Tel: (08) 9315 2333
Fax: +61 8 9315 2233

Company Secretary

Mr Trevor Verran

Solicitors

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West Perth WA 6005

Auditors

Ord Partners Chartered Accountants
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Nedlands WA 6009

PO Box 3437
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Underwriter

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