



POLARIS
METALS NL

PROSPECTUS

For the offer 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.

SPONSORING BROKER TO THE ISSUE
Tolhust Noall Limited

ACN 085 223 570

www.polarismetals.com.au

CORPORATE DIRECTORY

DIRECTORS

Lewis Cross (Non-executive Chairman)
Kevin Schultz (Managing Director)
Vernon Strange (Non-executive Director)
Colin McCavana (Non-executive Director)

SECRETARY

John Hannaford

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INDEPENDENT GEOLOGIST

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10 Hehir Street
Belmont WA 6104

KEY POINTS

- 17.5 million Shares on offer at 20 cents each to raise \$3,500,000 plus Attaching Options on a 1 for 2 basis. Capital raised will enable Polaris to continue the exploration of its portfolio of 105 tenements (65 granted) covering approximately 1,370 km².
- Principal focus on gold and nickel in the Southern Cross region of Western Australia where advanced prospects, granted mining tenements and proximity to milling facilities provide opportunities for early stage gold production. 100% owned granted mining leases at Battler Prospect only 16km from the Marvel Loch mill. Past drilling highlights an immediate target for additional open pit resources and underground ore shoots.
- Potential for large scale mineral discoveries at British Hill (75% Polaris) and Yarbu (100% Polaris) respectively 75km south and 150km north of Southern Cross. Previous drilling of a 3km-long mineralized system at British Hill indicates there are targets at depth for the possible discovery of a significant underground gold resource. CSIRO sampling of lateritic regolith at Yarbu found extensive gold, nickel and other geochemical anomalies that have yet to be fully explored. Prospects in between, such as Olga Rocks (gold), Bullfinch North (nickel) and Jackson (gold), also have potential for significant new mineral discoveries.
- Targeting multi million ounce gold, sulphide nickel, and world class Olympic Dam style copper-gold deposits, the Company has other new greenfield prospects at Lake Jeffries and Denison Range in Western Australia.
- Solid management with a track record of achievement and a philosophy of reducing exploration risk with knowledge and scientific prediction. As well as using a conventional approach of follow up drilling in its advanced prospects, the Company is applying latest remote sensing techniques on its greenfield prospects.

Indicative Timetable ¹

Prospectus lodged with ASIC	9 February 2004
Opening Date	16 February 2004
Closing Date	19 March 2004
Holding statements to be despatched	26 March 2004
Trading commences on ASX	30 March 2004

¹ Those dates are indicative only and may vary. The Company reserves the right to vary the Opening Date and Closing Date of the Offer without prior notice. This may impact on subsequent dates. Applicants are encouraged to apply as soon as possible after the Offer opens as the Offer may close earlier than the date specified above. The Company also reserves the right not to proceed with the Offer at any time before the allotment of Shares and Attaching Options to successful applicants.

LETTER FROM THE CHAIRMAN

Dear Investor,

On behalf of the directors of Polaris Metals NL I am pleased to present this Prospectus to you and extend an invitation for your subscription in the public offer of Shares and Attaching Options.

Polaris is a mineral exploration company with a principal focus on the greenstone belts of the Southern Cross district in Western Australia. The district has a long history of gold production and, in the opinion of the directors, considerable scope for more to be discovered. Several of the Company's granted tenements are in close proximity to processing facilities which means commencement of mining at an early stage will be possible if exploration is successful. The district is also known to host nickel sulphides and the Company is participating in nickel exploration through its remaining stake in the Bullfinch North Joint Venture. We also intend investigating the nickel potential associated with ultramafic rocks in our tenements within the greenstone extensions of the Southern Cross Belt.

The combination of a quality package of prospects, professional and experienced directors and management, and the prospecting expertise and local knowledge of Southern Cross-resident director, Vernon Strange, distinguishes Polaris from many other junior explorers participating in the current wave of interest in mineral exploration in Australia. The Company's Managing Director Kevin Schultz is a geologist and mining engineer with more than 30 years experience in mining and mineral exploration. His track record as an exploration manager includes involvement in several new mine discoveries, including Carr Boyd Rocks and Scotia - nickel, Kurara (North Reedy) and Redeemer (South Emu) - gold. Vern Strange has had a lifetime of involvement in prospecting, mining and drilling in the Southern Cross area thus giving Polaris a strong local competitive edge. The Company's other non-executive director, Colin McCavana, also has a record of achievement notably in bringing new mines into production.

In the opinion of the directors investment in mineral exploration should also offer the possibility of a major new discovery resulting in a substantial re-rating of a company's share price. Polaris' portfolio of prospects has been carefully selected over a number of years towards such an objective. Advanced projects in close proximity to Southern Cross are in a geological environment already known to host million ounce gold deposits. The more outlying prospects are in areas that are under-explored but considered by the directors to be highly prospective.

The offer contained in this Prospectus seeks to raise \$3.5 million, which will enable Polaris to continue the exploration of its portfolio of mineral projects and also to list on ASX. The Prospectus contains detailed information about Polaris and its business, and I urge you to read it carefully and to seek appropriate professional advice before committing to invest. It is important to note that Polaris is an exploration company and therefore an investment in the Company should be considered speculative.

The directors join with me in commending the issue to you and we look forward to welcoming you as a shareholder in Polaris Metals NL.



Lewis Cross
Chairman

TABLE OF CONTENTS

SECTION 1: IMPORTANT NOTES	3
SECTION 2: COMPANY OVERVIEW	5
SECTION 3: DIRECTORS' PROFILES	8
SECTION 4: PROJECT REVIEW	9
SECTION 5: DETAILS OF THE OFFER	25
SECTION 6: INDEPENDENT GEOLOGIST'S REPORT	28
SECTION 7: SOLICITOR'S REPORT ON THE TENEMENTS	66
SECTION 8: INVESTIGATING ACCOUNTANT'S REPORT	82
SECTION 9: RISK FACTORS	91
SECTION 10: ADDITIONAL INFORMATION	94
GLOSSARY	112

SECTION 1: IMPORTANT NOTES

This Prospectus is dated 9 February 2004 and was lodged with the ASIC on that date. The ASIC and ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

No securities will be issued on the basis of this Prospectus after the expiry date, being the date that is 13 months after the date of this Prospectus.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, in considering the prospects for the Company, investors should consider the risk factors that could affect the financial performance of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Shares and Attaching Options that are offered by this Prospectus should be considered speculative. Refer to Section 9 of this Prospectus for details relating to risk factors. Investors should seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

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

1.1 Restrictions on Distribution

This Prospectus has been prepared by the Company. In preparing this Prospectus, the Company has taken reasonable steps to ensure that the information in this Prospectus is not false or misleading. In doing so, the Company has had regard to the requirements of the Corporations Act.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this document should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws.

SECTION 1: IMPORTANT NOTES

No action has been taken to register or qualify the Shares or Attaching Options, or otherwise permit a public offering of the Shares and Attaching Options, in any jurisdiction outside Australia.

Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to subscribe for Shares and Attaching Options.

Intending non-resident investors should also seek advice in respect of the taxation effect of an investment in the Company and dividends that the Company may distribute in the future.

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.

Prospective investors should read the full text of this Prospectus as the information contained in individual sections is not intended to and does not provide a comprehensive review of the business and financial affairs of the Company nor the securities offered under this Prospectus.

1.2 Website – Electronic Prospectus

This Prospectus will be issued as an Electronic Prospectus. A copy of this Prospectus can be downloaded from the website of Polaris at www.polarismetals.com.au or the website of the Sponsoring Broker at www.tolhurst.com.au. Any person accessing the electronic version of this 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 this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company or the Sponsoring Broker.

1.3 Glossary

Certain terms and abbreviations used in this Prospectus have defined meanings set out in the Glossary. Where in this Prospectus the first letter of any word, or each word in any phrase, consistently appears in a capitalised form, that is an indication that such word or phrase may be defined in the Glossary, which should in any such instance be cross referenced so as to establish whether or not it is a defined word or phrase. All financial amounts shown in this Prospectus are expressed in Australian dollars, unless otherwise stated. Unless otherwise specified, all figures and statistical and operational information contained in this document are materially accurate as at the date of this Prospectus.

1.4 Privacy Act

By completing an Application, investors will be providing personal information to the Company (directly or via the share registry). The Company collects, holds and will use that information to assess the Application, and for successful Applications, service Shareholder and Optionholder needs, communications and related administration.

The information may also be disclosed to persons inspecting the register, bidders for securities in the context of takeovers, regulatory bodies, authorised securities brokers, print service providers, mail houses and the Company's share registry activities generally.

Shareholders can access, correct and update the personal information that the Company holds on them by contacting the Company or the share registry.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988, the Corporations Act and certain rules applicable to ASX listed securities. If Applicants do not provide the information required on the Application Form, the Company may not be able to accept or process the Application.

SECTION 2: COMPANY OVERVIEW

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus.

2.1 Polaris

Following its incorporation on 24 November 1998 Polaris Metals NL (“Polaris”) secured tenure over most of the greenstone belt north of Bullfinch, with extensive ultramafic rocks and the Trough Well sulphide nickel deposit the main focus. A farm out agreement entered into in 2000 saw Western Areas NL take up 70% of this project, which still continues to the present as the Bullfinch North Joint Venture. Early in 2003 the Company secured options over gold prospects near Southern Cross and in the Bullfinch belt, and entered into a joint venture agreement giving it a 75% stake in tenements covering the old Mt Jackson gold mining centre 135km north of Southern Cross. Through a merger and the takeover of another unlisted company Polaris added to its portfolio of mineral prospects and broadened the skill base of its management and Board of Directors. Throughout 2003 the Company has responded to offers of additional opportunities in the Southern Cross-Parker Range belt and, by entering into option and farm-in agreements, pegging prospecting licences (PLs) and applying for exploration licences (ELs), has an extensive portfolio of 105 tenements (65 granted) covering approximately 1,370 km².

2.2 The Prospects

The principal focus and majority of prospects are in the Southern Cross region. The Company’s most advanced prospects, south of Southern Cross, provide an opportunity to potentially advance rapidly to junior gold producer status (Southern Cross and Parker Range projects). Granted mining leases (MLs) covering the 100% owned Battler Prospect are only 16km from the Marvel Loch mill and past drilling highlights potential for open pit and underground resources to be established. There is also potential for the discovery of large Archaean lode gold deposits at British Hill and Yarbu, respectively 75km south and 150km north of Southern Cross. Previous drilling at British Hill within a 3km-long mineralized system indicates potential at depth for a significant underground gold resource. Polaris holds 75% in a joint venture with International Goldfields Ltd. The 100% owned Yarbu Prospect, situated on the regional fault zone that links the Southern Cross and Sandstone greenstone belts, is in an area where regional laterite sampling by CSIRO found extensive gold, nickel and other geochemical anomalies that have yet to be followed up. The Jackson Prospect in the same belt has a history of high grade gold production and also has potential for new discoveries. Polaris holds 75% in a joint venture with Evanston Resources NL.

In addition to the aforementioned and its interest in the Bullfinch North Joint Venture, the Company has new greenfield prospects elsewhere in Western Australia, at Lake Jeffries and Denison Range. The Lake Jeffries Prospect (Polaris 100%) targets gold and nickel-prospective greenstones of the Laverton-Duketon province extending beneath sediments at the northern margin of the Archaean Yilgarn Craton. The Denison Range Project (Polaris 75% in a joint venture with Independence Group NL and Southstar Resources Ltd) features geochemical copper and gold anomalies associated with rift and domal structures in sediments on the northern margin of the Granites-Tanami Craton.

Further details of Polaris’ portfolio of mineral prospects are provided in Sections 4 and 6.

SECTION 2: COMPANY OVERVIEW

2.3 Strategy

In the opinion of the directors Polaris is well positioned to fast track progress into gold mining as a result of its focus on the Southern Cross belt and its greenstone extensions. The Southern Cross and Parker Range Projects, including the Battler and British Hill prospects, are well advanced and are favoured by established infrastructure. With immediate drilling targets expected to outline new mineral resources and, especially in the case of British Hill, the upside potential of discovery of a significant underground gold resource, this area will be given highest priority. Yarbu, Jackson and Bullfinch North also have potential for the early identification of gold resources by following up numerous promising leads in favourable geological and structural target areas.

The Company's other mineral prospects are highly prospective but under-explored. The prospectivity is established by the projection of ore-hosting regional fault zones, the presence of favourable lithologies and structures, and indications of target mineralisation in regional geochemical data.

The Lake Jeffries and Denison Range Projects are examples of areas with high prospectivity; but inadequate definition in respect of immediate drill targets. They require the application of new-generation remote-sensing exploration techniques that have been developed in the last decade by the collaborative efforts of mining companies and academic and research institutions. Their attraction is the potential for a new discovery capable of exciting the market because of its large scale.

2.4 Purpose of the Offer

The key purposes of the Offer are:

- to enable Polaris to comply with the admission requirements for companies seeking official quotation on ASX;
- to provide Polaris with working capital to conduct exploration on its portfolio of exploration properties in accordance with its exploration program;
- to facilitate future access to capital markets that may not otherwise be available.

2.5 Expenditure Plans

The funds raised from the Offer will be broadly applied as follows:

	Minimum Subscription \$2.5 million	Full Subscription \$3.5 million
Exploration expenditure (Note 1)	1,775,000	2,500,000
Costs of the issue (excluding brokers commissions) (Note 2)	166,500	167,500
Tenement acquisition costs and option fees (Note 3)	115,000	115,000
Sponsoring broker commissions	177,500	242,500
Working capital (Note 4)	266,000	475,000
Total funds to be raised pursuant to this Prospectus	2,500,000	3,500,000

Should the amount raised pursuant to this Prospectus be greater than the minimum subscription of \$2.5 million, the exploration expenditure will proportionally increase from \$1,775,000 to \$2,250,000. Details of the effect on expenditure by project are included in Section 4: Project Review.

Note 1: See Section 4 for detailed expenditure plans by project.

Note 2: A large percentage of the costs of the Issue have been expended from the Company's existing cash reserves.

Note 3: See Section 10.5 Material Contracts for more detail.

Note 4: The Company has approximately \$300,000 on hand (net of creditors) as at the date of this Prospectus.

2.6 Working Capital

On completion of the Issue, the directors believe that the Company will have sufficient working capital to carry out its stated objectives.

2.7 Capital Structure

The following sets out Polaris's shareholder structure on completion of the Offer.

Shareholders	Number of Shares	\$3.5 million raised	
			%
Directors (Direct and Indirect)	7,931,742		23.3
Other Existing Shareholders	8,068,260		23.7
	16,000,002		47.0
Public (Note 1)	17,500,000		51.4
Tenement acquisitions (Note 2)	550,000		1.6
Total Shares	34,050,002		100%
Options			
Existing Options (Note 3)		12,000,002	
Attaching Options pursuant to this Prospectus (Note 1)		8,750,000	
Total Options to be listed on ASX		20,750,002	
Director/Employee Options (unlisted)		3,000,000	

Note 1: Should only the minimum subscription be raised the total Shares to be issued pursuant to this Prospectus will reduce to 12.5 million resulting in total Shares on issue of 29,050,002. Similarly the number of Attaching Options issued will reduce to 6.25 million resulting in total listed options on issue of 18,250,002.

Note 2: See Section 10.5 Material Contracts for further detail.

Note 3: Options exercisable at \$0.20 on or before 31 December 2008. Details are included at Section 10.8.2.

2.8 Dividend Policy

The Company does not intend to pay dividends for the year ending 30 June 2004.

Any future determination as to the payment of dividends by the Company will be at the discretion of the directors and will depend upon the availability of distribution earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the directors. No assurances in relation to the payment of dividends, or the franking credits attached to such dividends, can be given.

2.9 Risk Factors

Prospective investors in the Company should be aware that subscribing for Shares and Attaching Options in Polaris involves a number of risks. The key risk factors of which investors should be aware are described in Section 9 of this Prospectus.

Investors are urged to consider these risks carefully before deciding whether to invest in the Company.

SECTION 3: DIRECTORS' PROFILES



Lewis Cross - Non executive Chairman

Mr Cross is a Certified Practising Accountant and principal of the firm CrossCorp Accounting, which has been established for over 24 years. He is a Bachelor of Business majoring in Accounting from Curtin University and is a Fellow of the Institute of Company Directors. He has extensive experience as a company director and is currently a Director of two other listed companies. Mr Cross has been involved in the mining industry for many years as well as various other industries in the course of his work in providing accounting and business consulting services.



Kevin Schultz - Managing Director

Mr Schultz, a geologist and mining engineer from the Western Australia School of Mines, is a Fellow of the AusIMM (Chartered Professional) and a Member of the Mineral Industry Consultants Association. He has extensive experience in mining and mineral exploration management which commenced during the 1968-1970 nickel boom when he was responsible for the discovery of the Carr Boyd Rocks nickel copper deposit. He was also associated with the discovery of the Scotia nickel deposit, and was involved in the development and operations of the mines.

As exploration manager for Nord Resources in 1976-1982 he identified exploration targets that led to the significant gold discoveries of Kurara (North Reedy) and Redeemer (South Emu). He was managing geologist for Freeport in 1983 when the Karonie gold deposit was discovered; and exploration manager for Golconda in 1987 when that company discovered significant gold resources in the Duketon area north of Laverton. Outside of Australia Mr Schultz's success in mineral exploration encompasses the USA (Aurora goldfield, Nevada) and Tanzania (Kitongo, Nyakafuru, Buckreef and Buhemba).

Mr Schultz is responsible for the day to day operation of the Company's business and interface with government departments and local authorities, ensuring compliance with licence agreements and regulations.



Vernon Strange - Non executive Director

Mr Strange is a businessman and the owner of drilling contracting company Southern Cross Drilling Services. He has been actively involved in the mineral business, including mining, exploration and prospecting, for over 20 years. Based in Southern Cross he has extensive experience and knowledge of the Yilgarn goldfields and this experience, and his many local contacts among Southern Cross miners, prospectors and farmers, provides the Company with extensive contacts in the area. He was a former President of the Yilgarn Prospectors' Association and Delegate for the Australian Prospectors' and Leaseholders' Association.



Colin McCavana - Non executive Director

Mr McCavana is also the Managing Director of Haddington Resources Limited. He has over 28 years world wide management experience in earthworks, construction and mining industries, many of which have been related to acquisition, development and operation of mineral recovery projects. Mr McCavana has had involvement with a variety of mineral commodities, including precious metals, ferrous metals, diamonds, energy minerals and industrial minerals; and his experience includes the management of acquisition, exploration and development of projects in Australia, Africa, USA, Mozambique, Vietnam and the Philippines.

SECTION 4: PROJECT REVIEW

A summary of the Company's current projects is set out below. This summary is not intended to provide full details of the projects and investors are referred to the Independent Consulting Geologists Report in Section 6 of this Prospectus for further information.

In the Southern Cross region of Western Australia the Company is actively exploring 10 prospects for gold, with interests ranging from 75% to 100%; and has a 30% stake in the Bullfinch North joint venture (nickel and gold exploration, managed by Western Areas NL). Two other gold and base metals exploration prospects are held elsewhere in Western Australia, with one small application located in Queensland. This portfolio of prospects comprises 105 tenements (65 granted) covering approximately 1,370km².

The Southern Cross region is favoured by the Company for its gold prospectivity, established infrastructure and mining culture. Prospectivity can be measured by the gold endowment of greenstone belts and the Southern Cross belt is amongst Western Australia's most productive.



SECTION 4: PROJECT REVIEW

PARKER RANGE PROJECT

The Parker Range Project comprises five advanced gold prospects located in the Parker Range area south-southeast of Southern Cross. The area is an extension of the Southern Cross greenstone belt which hosts the Frasers, Transvaal, Cornishman, Marvel Loch, Nevoria, Yilgarn Star and Great Victoria gold deposits. The British Hill prospect, situated 75km south-southeast of Southern Cross, is Polaris' highest priority prospect in the area. The others are British Hill East, Centipede, Spring Hill West and Olga Rocks.

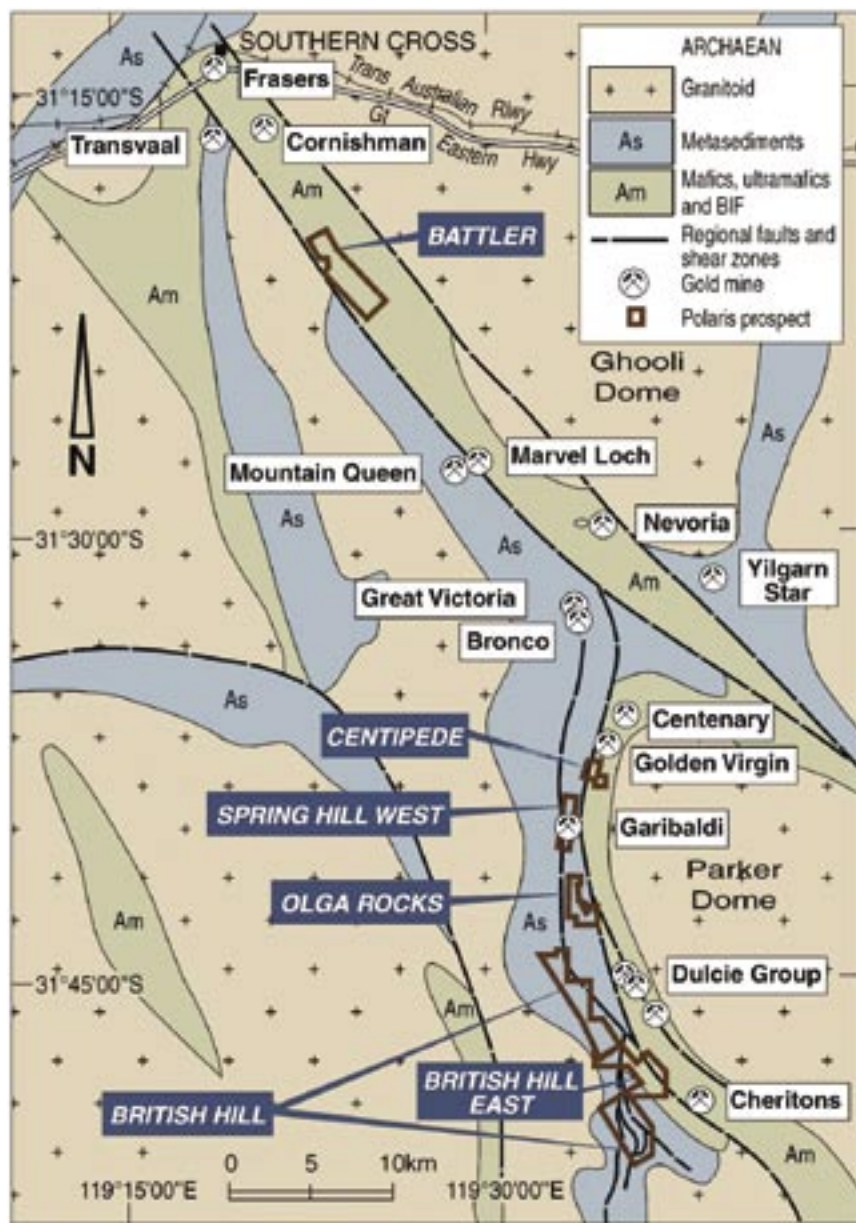


Figure B

SOUTHERN CROSS - PARKER RANGE BELT

Polaris' goal in the Parker Range Project is the discovery of a large stand-alone gold deposit. Smaller discoveries could also contribute to a positive economic outcome as feed for a central processing facility.

British Hill Prospect

British Hill is a joint venture with International Goldfields Ltd (IGL), formerly Hamill Resources Ltd (Hamill), V W Strange and J Treacy (key tenement holders), with Polaris earning 75% by sole funding a pre-feasibility study. From 1986 to 1996 CRAE Exploration Pty Ltd (CRAE) and others conducted extensive exploration of a 3km long mineralised zone, including soil sampling, geological mapping, trenching and RAB, aircore, RC and diamond drilling. Some of the holes, which were mostly drilled in the northernmost 1 km of the zone, made significant gold intersections.

In 1991 Eclipse Ridge Pty Ltd purchased CRAE's 80% interest in the British Hill tenements and partially mined mineral resources in laterite that had been outlined by CRAE. The prospect was later acquired by Abador Gold NL which re-assessed the area and completed RC drilling to test mineralisation below the laterites. The combined total of CRAE and Abador drilling was about 27,000m in 32 diamond drill holes, 185 RC holes and 597 air core holes.

British Hill Mined Area Exposing Primary Structures



Hamill gave details of previous mineral resource estimates in its 2001 Prospectus, including an estimate of gold-bearing laterite (583,000t at 1.2g/t Au using 0.5g/t cut-off) and an estimate by Abador of in situ potential open pit mineralisation (423,000t at 2.6g/t Au). The details are given in Section 6 of this Prospectus.

The British Hill primary gold mineralization occurs as multiple lenses associated with transverse faults and in steeply dipping shear zones with a mineral assemblage similar to the Transvaal gold deposit near Southern Cross. Transvaal was a successful underground mine, producing approximately 150,000 ounces from a narrow orebody with an average grade of about 7g/t Au, and is an appropriate model for the exploration of British Hill.

Polaris has assembled a digital database of the CRAE and Abador drilling results, together with other information such as geological mapping, aeromagnetic and ground magnetic data and soil sampling results. 3D-image based prospectivity analysis has identified untested new targets and partially tested zones of gold mineralisation warranting further exploration. The main targets so far identified in the northern 1km of the 3km-long zone of interest are referred to as "North Zone", "3500-3700N" Zone and "Southeast Resource" Zone.

British Hill North Zone

From 3900N-4100N of the local grid gold mineralisation occurs in a steeply dipping, coherent structure, open at depth and to the north. The average intersection grade in 13 holes that are indicative of potential shoots is 7.5g/t Au. Average intercept width is 4.4m, suggesting a true width of 2 - 3m. These dimensions and the grade are similar to the Transvaal deposit. Further drilling below 100m, possibly following a northerly plunge, could outline a significant underground resource. The target to a depth of 350m is 600,000t at 7.5g/t Au (145,000oz).

SECTION 4: PROJECT REVIEW

British Hill 3500-3700N Zone

In this area, 200m south of the North Zone, multiple lenses of mineralization are associated with northeasterly transverse faults. Intersections such as in the table below are indicative of open pit mining potential.

Table of RC and Diamond Drill Intersections in the 3500-3700N Zone

HOLE NUMBER	LOCAL NORTHING	LOCAL EASTING	AZIMUTH (DEG)	DECL. (DEG)	FROM (M)	TO (M)	INTERVAL (M)	G/T AU
89PRRC080	3550	2910	90	60	6	14	8	2.1
PRRC125	3550	2925	90	60	5	12	7	3.3
*89PRDD39	3550	2890	91	60	46	54	8	2.6
PRRC148	3575	2880	88	62	23	30	7	3.6
PRRC190	3575	2860	67	59	35	38	3	7.7
PRRC190					46	52	6	2.4
PRRC221	3600	2942	268	58	13	20	7	5.6
89PRRC081	3600	2915	90	60	36	48	12	1.5
PRRC218	3600	2905	86	58	75	84	9	3.3
PRRC185	3625	2930	87	59	40	44	4	2.3
PRRC220	3625	2930	270	58	24	32	8	2.2
PRRC219	3650	2924	270	60	12	23	11	6.5
89PRRC078	3650	2910	90	60	14	26	12	3.0
89PRRC026	3650	2890	90	60	42	48	6	2.2
PRRC144	3675	2880	89	61	36	48	12	1.8
PRRC179	3675	2919	268	59	4	8	4	3.0
PRRC179					22	28	6	3.3
PRRC179					34	47	13	1.8

* Diamond drill hole

British Hill Southeast Resource Zone

In a sub-parallel zone 200m southeast of the 3500-3700N Zone shallow intersections such as in the table below are also indicative of open pit mining potential.

Table of RC Intersections in the Southeast Resource Zone

HOLE NUMBER	LOCAL NORTHING	LOCAL EASTING	AZIMUTH (DEG)	DECL. (DEG)	FROM (M)	TO (M)	INTERVAL (M)	G/T AU
89PRRC012	3500	3030	90	60	20	34	14	3.6
89PRRC062	3525	3070	271	60	8	10	2	4.1
89PRRC062					14	18	4	13.9
89PRRC062					32	40	8	1.2
89PRRC065	3525	3030	91	60	16	24	8	4.6
89PRRC017	3550	3030	90	60	22	30	8	6.9

The 3500-3700N Zone and the Southeast Resource Zone have potential for around 250,000t grading 2.5g/t Au to about 40m depth; but this could increase with further drilling. South of 3500N the drill pattern is broadly spaced (50m x 40m) and may have missed lenses and shoots of mineralization concealed beneath the laterite cover.

Some of the deeper CRAE holes beneath these zones intersected up to 100m of anomalous gold and arsenic associated with highly foliated and altered rock with intervals of intense silicification and quartz \pm sulphides. Higher-grade gold intervals within these zones are characterised by more intense shearing and silicification, the presence of biotite and garnet, and stronger sulphide concentrations. As for the North Zone, further drilling could outline significant resources at depth in this strongly mineralised system.

Exploration of the southern 2km of the British Hill mineralised zone is incomplete, with only a few traverses of deeper holes drilled. Ground magnetics and anomalous soil geochemistry suggest there are similarities with the northern sector and some CRAE air core holes made promising intersections that have not been adequately followed up. With a better understanding of structural controls and styles of mineralisation Polaris believes it will be possible to establish additional targets with potential for near surface ore shoots, and “Transvaal” style underground resources.

The Company proposes drilling to test the down plunge extent and grade of the North Zone, and to similarly test the 3500-3700N and Southeast Resource Zones at depth. In-fill and along strike drilling is required to further test the shallow mineral resources in the 3500-3700N and Southeast Resource Zones; and exploration of the southern 2km of the mineralised zone using RAB drilling is also proposed. When an adequate resource base has been established the Company will proceed with an investigation of ground water resources and commence a pre-feasibility study. Metallurgical test work, and preliminary geotechnical, hydrogeological and environmental studies will be the first priorities. The total program, which is likely to take up to two years to complete, is expected to cost between \$900,000 and \$1,250,000.

SECTION 4: PROJECT REVIEW

British Hill East Prospect

The British Hill East prospect area is also referred to as “Cheritons West” because of the proximity to the Cheritons gold mining centre. The area was previously explored with shallow auger geochemical surveys which outlined several soil gold anomalies. Several percussion holes and two diamond holes were also drilled to test a mineralised structure believed to be the northwest extension of Cheritons, making a best intersection of 4m at 1.8g/t Au.

Centipede Prospect

The Centipede prospect, located 20km north of British Hill, has also seen significant past exploration. Rock chip sampling from previous exploration in 1988 recorded up to 74.8g/t Au and RC drilling recorded a best intersection of 10m at 4.2g/t Au from 34m. The prospect is along strike and only 1km distant from the Golden Virgin, a recently discovered pipe-like, high grade ore deposit in sheared and altered amphibolite.

Spring Hill West and Garibaldi Prospects

Polaris’ Spring Hill West tenements surround the old Garibaldi mine, one of the earliest gold producers in the Parker Range area. The mine occurs on a regionally extensive shear zone structure and previous broadly spaced geochemical exploration produced coincident gold and arsenic anomalies that extend 800m to the south and 600m to the north of the mine.

Olga Rocks Prospect

Olga Rocks prospect, situated approximately 14km north of British Hill, comprises four tenements held under option by Polaris. Previous drilling on the prospect found gold mineralisation beneath soil and lake-bed sediment cover. An RC hole OLC003 intersected 8m averaging 4.9g/tAu from 58-66m (including an assay of 167g/t Au which was cut to 20g/t). A diamond drill hole in close proximity made a similar intersection; but additional RC holes on lines 50m north and 50m south of OLC003 failed to intersect significant mineralisation. In other parts of the prospect RAB and air core drilling made shallow intersections up to 3m at 10.6g/t Au that were not followed up. Polaris intends completing a study of the previous exploration, and carrying out additional drilling, having concluded that further exploration for ore shoots is warranted.

SOUTHERN CROSS PROJECT

The Southern Cross Project includes the contiguous Battler and Glendower prospects located 16km south of Southern Cross. The Battler Prospect was drilled in 2001 by Gwalia under an option arrangement with the tenement owner. In 2002 Gwalia withdrew and Polaris subsequently acquired the prospect.

Gold mineralisation is present in old workings, including an open pit. Historical production from an old shaft was 14,000t at 9.6g/t Au. The mineralisation occurs as layer parallel and cross cutting quartz-diopside veins associated with shear zones. Sampling by Gwalia within the open pit indicated the gold-bearing veins generally have a grade range of 1-2.5g/t Au but occasionally carry much higher grades (up to 204g/t Au recorded). The mineralised shear zones are generally narrow (1-3m) but in places where the stratigraphy is dilated and possibly repeated by folding, such as in the southern part of the open pit near the Battler Shaft, widths of 10-20m are observed.

Gwalia drilled seven RC holes for a total of 881m, with six of the holes intersecting significant mineralisation: The sampling of remnant stockpiles around the pit also produced a range of assays, mostly around 2g/t Au but as high as 20.6g/t Au.

Table of RC drilling results at Battler Prospect

Hole	Northing	Easting	Azimuth	Decl.	Interval (m)	Intersection
BTC001*	620	725	070	60	33-35	2m @ 10.0 g/t Au
BTC003	525	715	075	55	76-78	2m @ 1.0 g/t Au
BTC004	475	730	075	55	120-128	8m @ 1.5 g/t Au
BTC005	450	735	075	55	66-79 and 97-103	13m @ 2.0 g/t Au 6m @ 3.3 g/t Au
BTC006	420	735	075	55	76-80	4m @ 1.6 g/t Au
BTC007	420	820	075	50	36-43	7m @ 4.8 g/t Au

* Drilled on a parallel structure 200m west of Battler open pit

The drilling has confirmed continuity of the mineralisation at depth and highlights the southern part of the Battler pit an immediate target for additional open pit resources and higher grade underground shoots. The Company regards the Battler Prospect as a priority exploration target presenting a low risk opportunity to prove up a significant gold resource base by drilling.

The Glendower Prospect, which was recently acquired from Gwalia, expands the area available for Polaris' exploration, with about 6km of the shear zone hosting the Battler mineralisation now available for exploration. Prospects for gold production are also enhanced by the proximity of Gwalia's Marvel Loch mill, which is only 16km to the south. The consideration for the purchase of the Glendower tenements from Gwalia includes the agreement of Polaris to treat ore at the Marvel Loch mill.

SECTION 4: PROJECT REVIEW

BULLFINCH NORTH PROJECT

Bullfinch North Project comprises a contiguous block of tenements covering an area of 443km² situated north of the Bullfinch mining centre, 35km north of Southern Cross. The tenements cover 60km strike length of highly prospective greenstones in which significant gold deposits, such as Copperhead, have collectively produced in excess of 1,000,000 ounces.

Polaris currently holds a 30% interest in the Bullfinch North Project in a joint venture with Western Areas NL (70%). The main focus of the joint venture has so far been nickel exploration, with a small sulphide nickel deposit known to be present (Trough Well). However, results of the limited gold exploration to date have been encouraging with RAB and RC drilling giving results ranging from 0.38g/t Au over 28m to 19g/t Au over 4m.

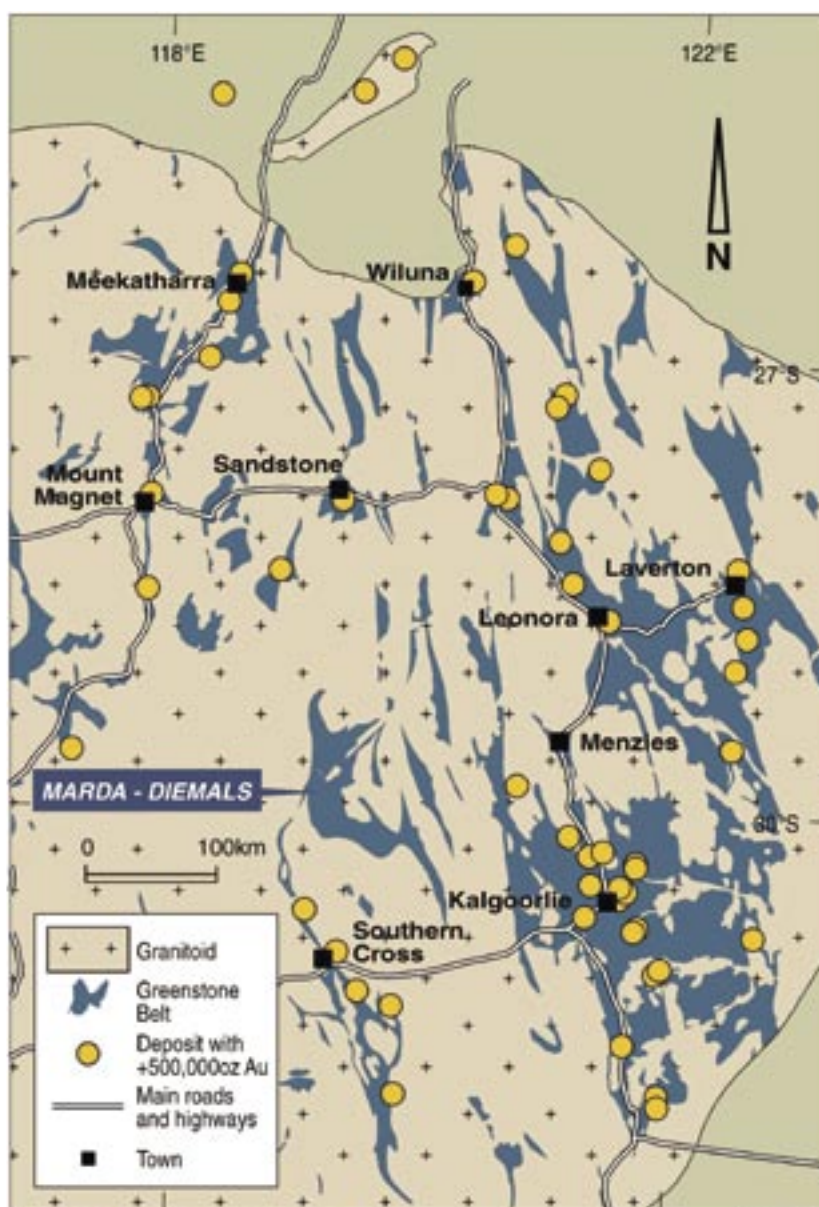
The greenstones in the belt include ultramafics, mafic volcanics and intrusives, and sediments providing a wide range of conceptual gold exploration targets.

In addition to participation in the Western Areas joint venture, Polaris has sought additional prospective ground in the Bullfinch North belt, and has secured options to acquire 100% interest in two blocks of PLs that have been applied for by V W Strange. The blocks are contiguous with the Western Areas joint venture ground, but are excluded from the joint venture. The PLs cover old gold workings at Newfield and Ennuin.

Expenditure on the Bullfinch North Prospect will include Polaris' contribution to joint venture expenditure as well as meeting the cost of exploration programs that are appropriate for the Newfield and Ennuin Options.

CENTRAL YILGARN PROJECT

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



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MAJOR GOLD DEPOSITS IN WESTERN AUSTRALIA'S ARCHAEAN YILGARN BLOCK

SECTION 4: PROJECT REVIEW

Jackson Prospect

Jackson Prospect is situated in the southern part of the Central Yilgarn Project area about 135km north of Southern Cross. The prospect comprises three exploration licences and seven prospecting licence applications. The tenements are contiguous and cover an area of approximately 60km². For most of the area Polaris holds a 75% participating interest in a joint venture with a subsidiary of IGL, but some tenements are held 100% by Polaris.



Outcrop of 600m-long Golden Lady Hay reef



Nugget finds highlight Jackson prospectivity

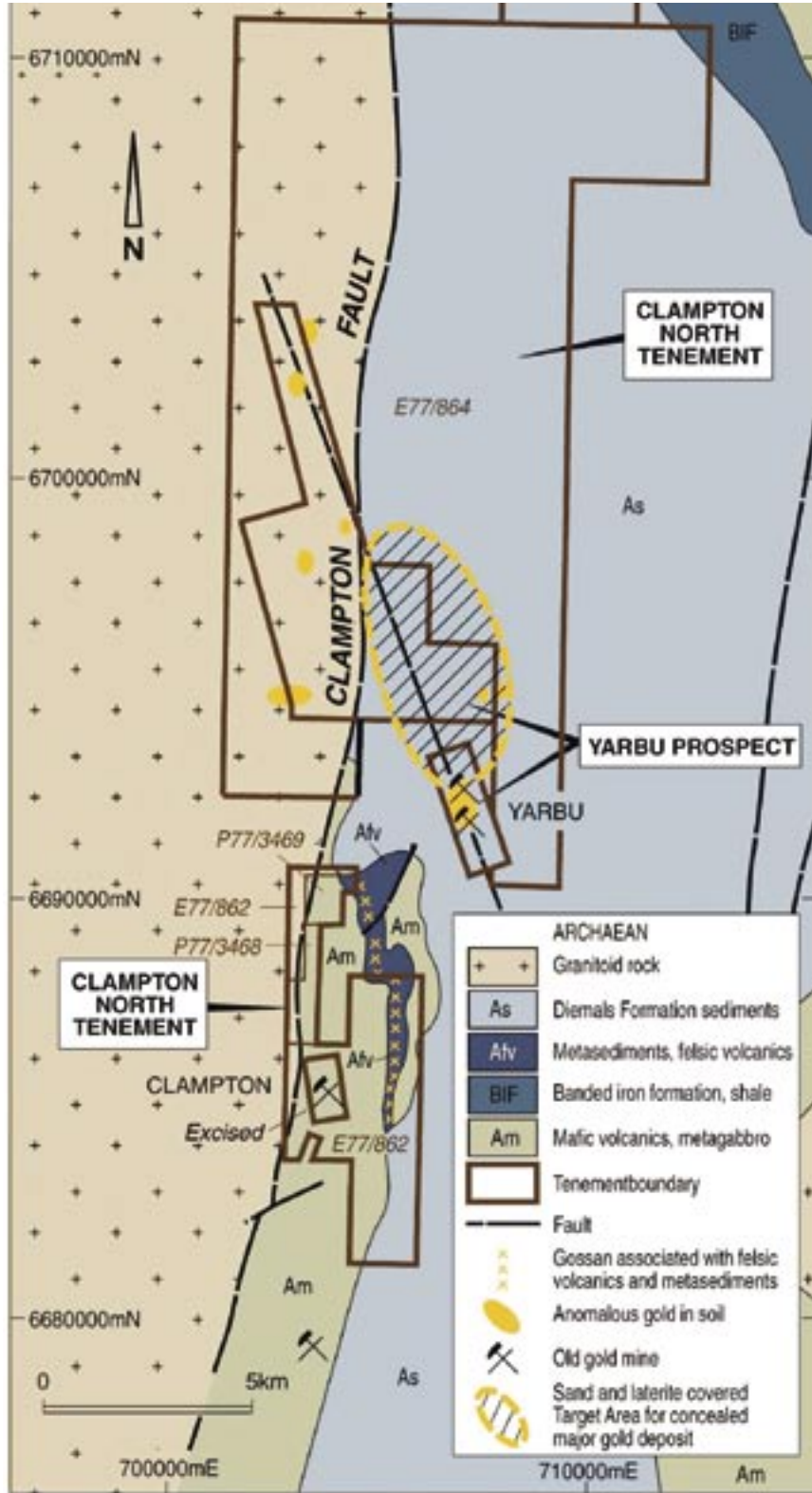
A key regional structure, the Koolyanobbing Shear Zone, juxtaposes granitoid rocks and greenstones over a strike length of 15km along the western edge of the greenstone belt at Jackson. The significance of the structure, from the viewpoint of prospectivity, is borne out by the concentration of old gold mines in the area, most notably the Mount Jackson Group of mines whose production history dates back to 1894 and peaked around the turn of the 20th Century. The recorded yield of the largest individual producer, the “Hazel Merle”, was approximately 20,000oz Au recovered from 30,000t indicating grade was +20g/t Au. Total production from the Mt Jackson Group of mines was not fully documented, but probably exceeded 30,000oz or one tonne of gold.

Exploration of the area during the 1980s and 1990s was encouraging but inconclusive. A geochemical survey defined a north-trending gold anomaly 3,000m long and 800m wide above a 10ppb threshold. Within this anomaly the 20ppb gold contour defined a series of linear en echelon north trending anomalies, some of which coincided with the old mines. RC drilling produced results such as 6m at 1.8g/t Au, 22m at 1.0g/t Au and 10m at 2.0g/t Au in limited testing of the old workings. The result of 10m at 2.0g/t Au was in a single hole test of a reef that is 600m long (Golden Lady Hay) and such a result clearly warrants following up.

Work proposed by Polaris will include detailed mapping of old workings and compilation of data from previous exploration, deeper RAB drilling of priority target areas, and a systematic RC drilling follow up of the encouraging results that have been obtained to date.

Yarbu Prospect

Yarbu Prospect encompasses a block of granted mining tenements in which Polaris holds 100% beneficial interest and two prospecting licences in which Polaris may acquire 95% interest. The Prospect, covering a total area of 23km², is approximately 150km north of Southern Cross. Records of production from the area, dating back to 1912, indicate that the grade of small parcels of ore was high (40 - 50g/t Au). Narrow quartz reefs in stockwork systems were selectively mined.



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YARBU & CLAMPTON NORTH PROSPECTS

SECTION 4: PROJECT REVIEW

Despite the high grade of the early workings Yarbu attracted little attention until the 1990s due to its relative remoteness. In the 1980s the CSIRO sampled lateritic regolith as part of a regional reconnaissance survey under a joint CSIRO/AMIRA project; but the results were not placed on open file until 1998. The CSIRO results show that Yarbu stands out as an area of anomalous concentrations of metals including gold, copper, antimony, lead, zinc and nickel; and other pathfinder elements such as arsenic, tungsten and tin. The earlier 1990s work in the area, mainly by Broken Hill Metals NL (BHM), included RAB drilling around the Yarbu workings making intersections such as 5m at 1.4g/t Au, 12m at 0.7g/t Au and 21m at 0.5g/t Au. BHM also found the wind blown sand and lateritic soils north of the workings to be anomalous in gold.

Current exploration by Polaris is at an early stage and is aimed at having a better understanding of the regolith, surface geology, mineralisation and alteration in the area. This will aid the interpretation of surface geochemical data and improve the definition of targets for RAB drilling. The promising RAB results of BHM around the Yarbu mine, and targets defined by RAB drilling of the sand- and laterite-covered areas, will then be followed up with RC and diamond drilling.

Clampton North and Copper Bore Prospects

The other prospects in the area, Clampton North and Copper Bore, are joint ventures respectively with IGL and Liberty Gold NL. Under the terms of the Clampton North JV Polaris has the right to earn an 80% interest by the expenditure of \$500,000 in up to three years. The prospect shares with the Yarbu Prospect favourable regional settings for Archaean gold deposits, including northeast and northwest-trending faults and fractures that displace granite-greenstone and greenstone-sediments contacts. Gossans associated with metasediments and volcanics and could potentially host Zn-Cu-Au-Ag mineralisation. They are also targets for supergene gold deposits that may have been produced during weathering of massive sulphides.

The CSIRO lateritic regolith sampling and the geochemical soil sampling by BHM referred to in the description of Yarbu Prospect extended to the north, west and south of Yarbu and the results are of interest, with numerous geochemical anomalies to be followed up.

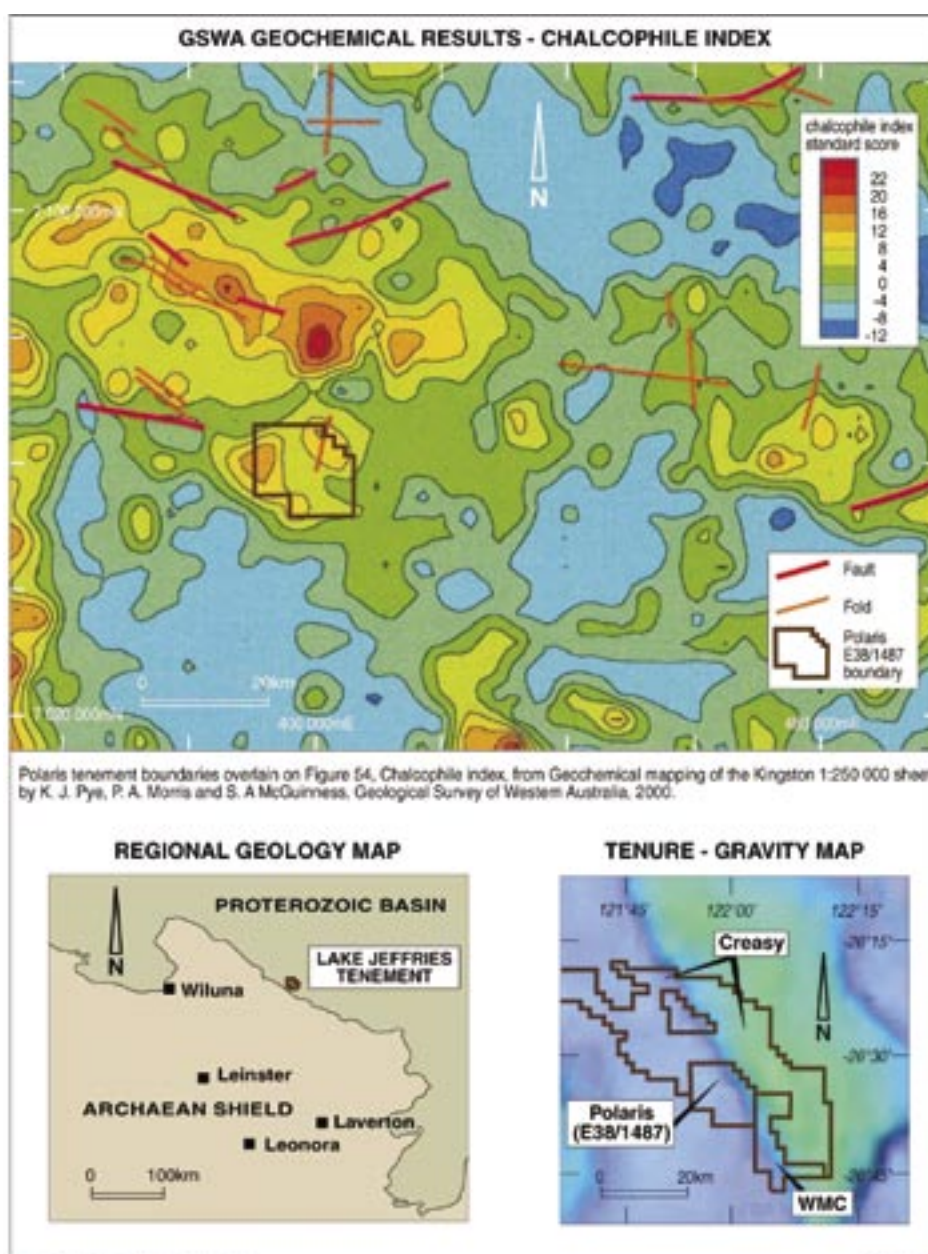
The intended exploration program for Clampton North will initially comprise reconnaissance mapping, gossan sampling and soil geochemical surveys, followed by RAB drilling in areas of interest. Once areas of potential resources have been defined by RAB drilling they will be followed up with RC and diamond drilling.

The Copper Bore Prospect refers to ELs and a granted PL situated to the north of Clampton North Prospect. A 95% interest is held by Polaris under the terms of an option agreement entered into with V W Strange (VWS Option). The prospect covers a total area of about 25km². Polaris and V W Strange have entered into a farm out and joint venture agreement with Liberty Gold NL granting Liberty the right to earn a 57% interest by the expenditure of \$300,000 in a two years period and, if warranted on results, being responsible for the balance of the cost involved in the exercising of the VWS Option. Thereafter certain elections are available to Polaris, ranging from contributing to hold a 38% participating interest to electing to take 10% carried to a decision to mine.

The main focus in the Copper Bore Prospect is a belt of shaley metasediments interbedded with mafic volcanics. Gossans associated with the metasediments are anomalous in copper, gold, silver, lead and zinc and have been explored in the past for VMS Zn-Cu-Au-Ag deposits.

LAKE JEFFRIES PROJECT

The Lake Jeffries Project comprises applications by Polaris subsidiary Eclipse Minerals Limited for an EL and two PLs near the northeastern margin of the Archaean Yilgarn Craton, 220km north of Laverton and 180km east of Wiluna. The project lies within the Proterozoic Earahedy Basin near its southern margin. Regional gravity clearly shows the presence of Archaean greenstones beneath the Earahedy sediments. The clarity of an aeromagnetic image of the area and the presence of a coincident gravity high suggest that the depth to the Archaean basement is not great. A structural interpretation of the Northeastern Goldfields by Geoscience Australia in 2000 indicates the presence of major north trending faults extending from south of Laverton to the project area. The Laverton area contains the significant Lancefield, Granny Smith, Sunrise, Cleo, and Wallaby gold deposits, and also the Windarra nickel deposits. The potential for mineralisation in the greenstones underlying the Lake Jeffries Project is indicated by anomalous concentrations of chalcophile elements that are indicative of sulphides (As, Sb, Bi, Mo, Ag, Sn, W and Se).



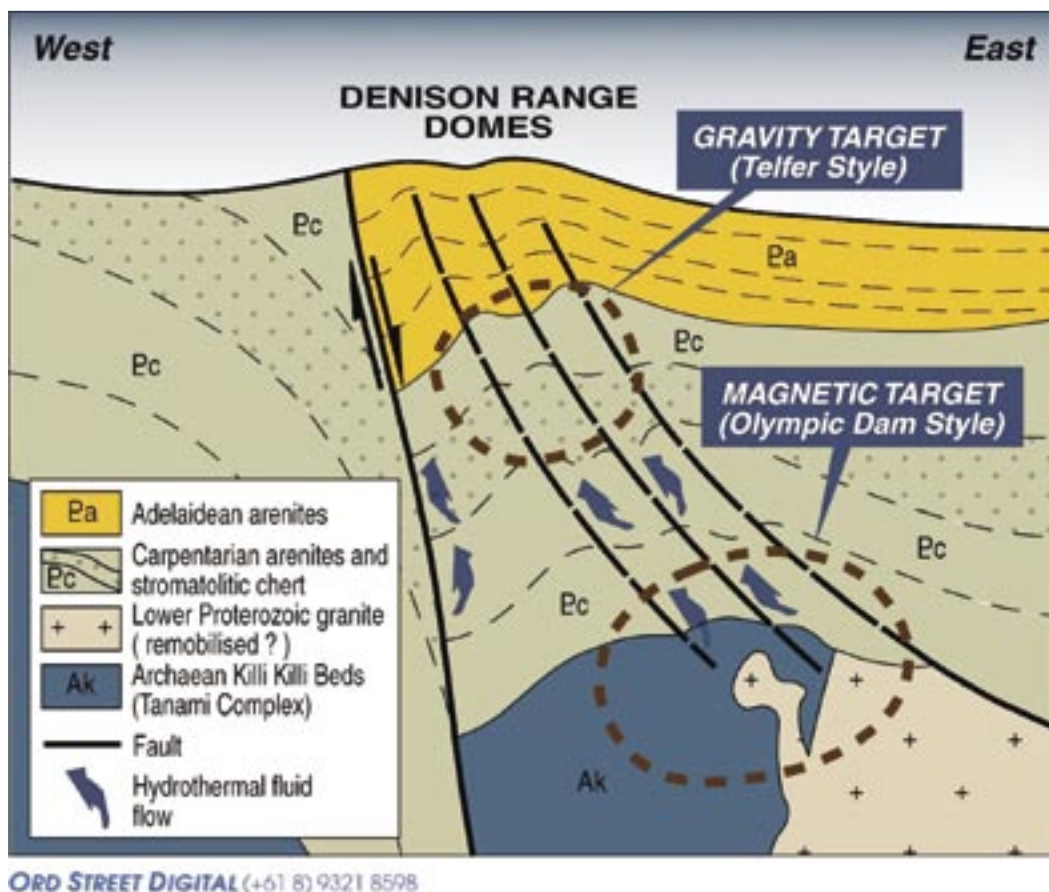
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SECTION 4: PROJECT REVIEW

DENISON RANGE PROJECT

Denison Range is situated at the northwestern margin of the Granites Tanami craton 140km southeast of Halls Creek in Western Australia. Polaris is manager and holds 75% interest in a joint venture with Independence Group NL (IGO) and Southstar Diamonds Ltd set up to explore three exploration licences for Telfer-style gold deposits and Olympic Dam-style copper-gold-uranium ore deposits (Denison Range Joint Venture). An additional exploration licence was recently applied for by Polaris to cover key structural trends and a prominent magnetic anomaly with characteristics similar to the geophysical signature of some iron-oxide copper-gold deposits (Pyramid Hill East Tenement).

The Denison Range tenements are underlain by Adelaidean and Carpentarian-age arenaceous sediments that are faulted and folded into rift and domal structures. Regional magnetics and gravity indicate that these structures are in a divergent plates setting, and major tectonic activity of late Adelaidean or Cambrian age has been noted by GSWA and the former Bureau of Mineral Resources following their regional mapping of the area. Polaris' exploration concept is that such tectonic activity caused hydrothermal fluids to migrate from the basement and form ore deposits in suitable structural traps.



IGO and Southstar have been able to provide geochemical information from a database of samples collected by WMC Resources during many years of diamond exploration in WA and the NT (IGO Prospectus, 2001) and the database provides evidence of significant metal anomalies in the joint venture area.

Polaris intends a program of remote sensing aimed at having a better understanding of the regolith, surface geology, structures and alteration in the area. This will aid the interpretation of WMC's surface geochemical data and, in conjunction with 3-D analysis of gravity and magnetics data, define areas with potential for sub-surface mineral deposits. Ground geophysical surveys will then be used to further define targets ahead of drilling.

EXPLORATION EXPENDITURE

Polaris proposes to fund its intended exploration programs as outlined below from the proceeds of the Issue. The actual manner in which exploration expenditure is incurred will be affected by numerous factors, including the results of ongoing exploration activities and other factors such as outlined in Section 6 of this Prospectus.

Polaris has the technical expertise and management skills to expeditiously but thoroughly explore its tenements and to then maintain a focus on prospects with greatest potential for development. If necessary, areas that are considered lower priority albeit still having potential will be farmed out.

Table of proposed expenditure on projects

PROJECT	Minimum subscription \$2.5 million raised	Full subscription \$3.5 million raised
Parker Range	\$900,000	\$1,250,000
Southern Cross	\$235,000	\$260,000
Central Yilgarn	\$250,000	\$350,000
Bullfinch North	\$200,000	\$250,000
Lake Jeffries	\$50,000	\$100,000
Denison Range	\$140,000	\$290,000
Total	\$1,775,000	\$2,500,000

The table above shows the allocation of funds to the different projects for the cases of minimum subscription and full subscription. Should the total amount raised fall between minimum and full subscription – for example \$3.0 million - then funds will be allocated on the basis of priority. The projects are listed above in the order of funding priority. In the case where \$3.0 million is raised pursuant to this Prospectus a total of \$2,225,000 will be allocated to exploration, spread between projects as follows:

PROJECT	Minimum subscription \$2.5 million raised	Example \$3.0 million raised
Parker Range	\$900,000	\$1,250,000
Southern Cross	\$235,000	\$250,000
Central Yilgarn	\$250,000	\$300,000
Bullfinch North	\$200,000	\$235,000
Lake Jeffries	\$50,000	\$50,000
Denison Range	\$140,000	\$140,000
Total	\$1,775,000	\$2,225,000

SECTION 4: PROJECT REVIEW

The general principle for amounts raised between minimum subscription and full subscription will be to make adjustments to the above figures pro rata to reflect the amounts raised. Funds raised above the minimum subscription will be allocated 90% to exploration activities until the full exploration budget is reached, after which funds will be added to general working capital.

The exploration budget for each prospect within the various projects will be reviewed regularly as results from exploration activities become available. The company will allocate exploration funds as it deems necessary and appropriate in light of these results.

The current intention for prospects in the Parker Range Project is that 90% of the proposed expenditure will be on the granted British Hill tenements, 5% on the granted Olga Rocks tenements and 5% on the granted Centipede tenements. At this stage no expenditure is proposed on the Spring Hill West, Garibaldi and British Hill East prospects pending the granting of tenements.

All of the Southern Cross Project tenements are granted and expenditure will be spread across all of them with an initial concentration on the Battler granted mining leases.

In the Central Yilgarn Project 95% of the proposed \$350,000 budget (assuming full subscription) will be committed to granted tenements in the Yarbu and Clampton North prospects. Pending the granting of tenements in the Jackson prospect only minor expenditure related to Aboriginal heritage and native title matters is intended.

Of the \$250,000 budget for the Bullfinch North Project (assuming full subscription) \$50,000 is proposed for the tenements the subject of the Ennuin Option and \$45,000 for the tenements the subject of the Newfield Option. The remainder is proposed to be spent on granted Bullfinch North Joint Venture tenements.

None of the Lake Jeffries Project tenements have been granted as at the date of the Prospectus and none of the budget of \$100,000 (assuming full subscription) will be spent until they are.

Only three of the four exploration licences in the Denison Range Project are granted; but pending the granting of the fourth it is intended to commit the full budget of \$290,000 (assuming full subscription) to the three that are granted.

SUMMARY

In summary, Polaris now holds an adequate portfolio of properties which have in the Directors' opinion a reasonable probability of discovering new wealth-generating mineral deposits. The company has its sights set on two tiers of achievement, which to some extent are complimentary. The first tier is the identification of potentially economic gold resources to enable commencement of a small to medium sized mine, the objective being positive cash flow so that shareholders are relieved of the necessity to continually inject capital into the company for exploration. The second tier, and the real point of exploring for minerals, is the discovery of a multi-million ounces gold deposit, or an equivalent, in terms of value, polymetallic deposit (eg Ni-Cu, Cu-Zn, Cu-Au) resulting in a substantial re-rating of the company's share price within a reasonable period of time.

SECTION 5: DETAILS OF THE OFFER

5.1 Description of the Offer

By this Prospectus, the Company invites investors to subscribe for a total of 17,500,000 fully paid ordinary Shares in the Company at an issue price of \$0.20 each to raise \$3,500,000.

Attaching Options exercisable at \$0.20 on or before 31 December 2008 will be issued on the basis of one Attaching Option for every two Shares subscribed.

The rights attaching to the Shares and Attaching Options are summarised in Sections 10.7 and 10.8 of this Prospectus.

5.2 Oversubscriptions

There are no over-subscriptions.

5.3 Indicative Timetable

• Prospectus lodged with ASIC	9 February 2004
• Opening Date	16 February 2004
• Closing Date	19 March 2004
• Date of quotation of Shares on ASX	30 March 2004

Those dates are indicative only and may vary. The Company reserves the right to vary the Opening Date and Closing Date of the Offer without prior notice. This may impact on subsequent dates. Applicants are encouraged to apply as soon as possible after the Offer opens as the Offer may close earlier than the date specified above. The Company also reserves the right not to proceed with the Offer at any time before the allotment of Shares and Attaching Options to successful applicants.

5.4 Applications for Shares and Attaching Options

To participate in the Issue, the Application Form attached to or accompanying this Prospectus must be completed in accordance with the instructions accompanying it and delivered to:

Polaris Metals NL
c/- Cross Corp
33 Colin Street
West Perth WA 6005

OR

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
PO Box 535, Applecross WA 6953

Applications must be accompanied by payment in full in Australian currency of \$0.20 for each Share applied for. Payment must be by way of cheque or bank draft drawn on and payable on an Australian bank and should be made payable to '**POLARIS METALS NL - FLOAT ACCOUNT**' and crossed 'Not Negotiable'.

No brokerage or stamp duty is payable by Applicants in respect of their Applications for Shares under this Prospectus. The amount payable on Application will not vary during the period of the Issue and no further amount is payable on allotment.

Applicants may apply for a minimum of 10,000 Shares and 5,000 Attaching Options representing a minimum investment of \$2,000. Applicants requiring additional Shares and Attaching Options must apply for shares in multiples of 1,000 thereafter.

Application Forms must not be circulated to prospective investors unless attached to a copy of this Prospectus.

A duly completed and lodged Application Form will constitute an offer by the Applicant to subscribe for the number of Shares and Attaching Options applied for pursuant to the Application Form.

SECTION 5: DETAILS OF THE OFFER

5.5 Minimum Subscription and Allotment of Shares and Attaching Options

The minimum subscription to be raised pursuant to this Prospectus is \$2,500,000. No Shares and Attaching Options will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus the Company will either repay the application monies to the Applicants or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their application monies.

All Allotment of Shares and Attaching Options 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 Shares and Attaching Options than the number for which the Applicant applies or to reject an Application.

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

All application monies shall, before the allotment of shares pursuant to this Prospectus, be held by the Company in trust in a bank account until allotment or, where applicable, it is repaid to the Applicants. The subscription account will be established solely for the purpose of depositing application monies received.

All interest earned on all application monies (including those which do not result in allotments of Shares) will be retained by the Company.

5.6 Brokerage and Commissions

Tolhurst Noall Limited ("Tolhurst") are entitled to a Sponsoring Broker fee of 1% of the total funds raised pursuant to this Prospectus. In addition Tolhurst will be paid commission of 5.5% of all funds raised under this Prospectus and a management fee of \$15,000.

No brokerage or stamp duty will be payable by Applicants subscribing for Shares and Attaching Options.

5.7 Australian Stock Exchange Limited

Application will be made by the Company to the ASX within seven (7) days following the date of this Prospectus, for the Company to be admitted to the Official List of the ASX and for admission of the Shares and Attaching Options offered pursuant to this Prospectus, and the Existing Shares and Existing Options that have no restrictions applying to them, to quotation on ASX.

If approval for quotation of the Shares and Attaching Options is not granted within three (3) months after the date of this Prospectus, all application monies will be refunded without interest.

5.8 CHESS

Polaris proposes participating in the Clearing House Electronic Subregister System (“CHESS”), operated by ASX Settlement and Transfer Corporation Pty Ltd (“ASTC”) a wholly owned subsidiary of ASX, in accordance with the Listing Rules and SCH Business Rules.

Under this System, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send them a CHESS statement.

The CHESS statement will set out the number of securities allotted to each holder under the Prospectus, give details of the Holder’s Holder Identification Number and give the Participant Identification Number of the sponsor.

If you are registered on the Issuer Sponsored Subregister, your statement will be dispatched by the share registry and will contain the number of securities allotted under the Prospectus and the Shareholder’s Securityholder Reference Number.

A CHESS statement or Issuer Sponsored Statement will routinely be sent to Holders at the end of any calendar month during which the balance of their holding changes. A Holder may request a statement at any other time, however, a charge may be made for additional statements.

5.9 Restricted Securities

The ASX may classify certain Existing Shares and Existing Options as being subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of such Shares and Options to be determined by ASX may be required to be held in escrow.

5.10 Overseas Investors

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

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

CONTINENTAL RESOURCE MANAGEMENT PTY LTD

10 Hehir Street

BELMONT W.A. 6104
PO Box 307
BELMONT W.A. 6984
Australia

ACN 009 366 929

Facsimile +61 8 9478 3986
Phone +61 8 9478 3987
Email crm@iinet.net.au



5 February 2004

The Directors
Polaris Metals NL
33 Colin St
West Perth WA 6005

Dear Sirs,

INDEPENDENT GEOLOGISTS' REPORT

This report has been prepared by Continental Resource Management Pty Ltd (CRM) for inclusion in a Prospectus to be dated on or about 6 February, 2004 relating to the offer by Polaris Metals NL (Polaris) of up to 17.5 million fully paid ordinary shares of 20 cents each, payable in full on application.

Polaris has assembled a portfolio of tenements in Western Australia, the areas of which are at variable stages of exploration. The principal commodities sought are gold and base metals. The agreements, status and interests held by Polaris in the properties are set out elsewhere in this Prospectus.

CRM's assessment of the properties included in the Prospectus is based upon technical and cost information provided by Polaris. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous title holders to the areas, where it has been considered necessary. CRM has endeavoured, by making reasonable enquiries, to confirm the authenticity and completeness of the technical data used in the preparation of this report and to ensure CRM had access to all relevant technical and other information.

It is the opinion of CRM that the properties described in this Prospectus are worthy of continued exploration and are located in areas where there is reasonable expectation for locating economic mineralisation. The program and budget proposed for the projects is appropriate. It is not possible to accurately determine the outcome of exploration and considerable variation to the proposed exploration program and budget may be required as new data becomes available. We have visited all of the Western Australian project areas in the course of our review except for the Denison Range and Lake Jefferies areas. The author has previous experience in these areas and it was considered that no material information would have been derived through a field visit.

The statements contained in this report are given in good faith and have been derived from information believed to be reliable and accurate, and supplemented by our own investigations. We have relied upon this information and have no reason to believe that any material facts have been withheld from us. We do not imply that we have carried out any type of audit on the technical, accounting or other records of Polaris or that our assessment has revealed all of the matters which an audit or more extensive examination might disclose at the date of this report. All references to mineral resources and reserves are consistent with the Australasian Code for Reporting of Identified Mineral Resources and Reserves (The Code) as recommended by the Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

Dr John Chisholm holds a Bachelor of Science degree (Geology) from the University of New England and a Doctorate of Philosophy (Applied Science) from the University of New South Wales and is a Fellow of both the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He also has Chartered Practising Status in geology with the AusIMM. On completion of his studies he lectured at the University of Western Australia and Curtin University in economic geology and geochemistry. Dr Chisholm subsequently worked in senior positions for Texasgulf Australia Ltd and Elf Aquitaine Australia Ltd in base metals and Getty Oil Development Company Ltd for gold. In late 1984 he joined Western United Mining Services Pty Ltd as geological manager later becoming managing director. Since 1989 he has been a principal geologist in the consulting firm Continental Resource Management Pty Ltd. He has 25 years extensive experience in exploration, assessment and development of gold, base metals and heavy minerals in Australia, West Africa, Southeast Asia and countries of the former Soviet Union.

No member or employee of CRM is, or is intended to be a director, officer or other direct employee of Polaris. No member or employee of CRM has, or has had, any share holding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in Polaris. Fees are being charged at a commercial rate for the preparation of this report, the payment of which are not contingent upon the conclusions of the report nor on the success of the proposed listing of Polaris on the Australian Stock Exchange Ltd.

CRM has given and has not at the time of lodgement of this Prospectus withdrawn its consent to the issue of the Prospectus with this report included in the form and context in which it appears.

Yours sincerely

A handwritten signature in black ink, appearing to read "J. Chisholm".

Dr John Chisholm

Continental Resource Management Pty Ltd

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

TABLE OF CONTENTS

Summary	32	Lake Jeffries Project	57
Parker Range Project	33	Introduction	57
Tenements and Agreements	34	Regional Setting	57
Geological Setting	36	Previous Exploration	58
Previous Exploration	36	Exploration Potential	58
Exploration Potential	42	Proposed Exploration and Budget	58
Proposed Exploration and Budget	43	Denison Range Project	59
Southern Cross Project	43	Introduction	59
Tenements and Agreements	43	Tenements and Agreements	59
Geological Setting	43	Geological Setting	60
Previous Exploration	44	Exploration Potential	61
Exploration Potential	44	Proposed Exploration and Budget	61
Proposed Exploration Programme and Budget	44	Declarations	61
Bullfinch North Project	46	Glossary Of Geological and Technical Terms	62
Tenements and Agreements	46		
Geological Setting	47		
Previous Exploration	48		
Exploration Potential	48		
Exploration Programme and Budget	49		
Central Yilgarn Project	49	Figures	
<i>Jackson Prospect</i>	49	Figure 1 Prospect Location Map	32
Tenements and Agreements	49	Figure 2 Southern Cross Regional Geology	33
Geological Setting	49	Figure 3 Parker Range Prospect Locations	34
Previous Exploration	50	Figure 4 British Hill Geological Setting	38
Proposed Exploration Programme and Budget	51	Figure 5 British Hill North Sections	39
<i>Yarbu Prospect</i>	52	Figure 6 British Hill Southeast Resource Sections	41
Tenements and Agreements	52	Figure 7 Battler Prospect - Sections	45
Geological Setting	53	Figure 8 Bullfinch North Geological Setting	47
Previous Exploration	54	Figure 9 Jackson Geological Setting	50
Exploration Potential	54	Figure 10 Yarbu and Clampton Prospects - Regional Geology	53
Proposed Exploration and Budget	54	Figure 11 Lake Jefferies Project Location	58
<i>Clampton North Prospect</i>	55	Figure 12 Denison Range Location and Aeromagnetics	59
Tenements and Agreements	55	Figure 13 Denison Range Project Showing Sample Sites	60
Geological Setting	55		
Previous Exploration	56		
Proposed Exploration and Budget	56		
<i>Copper Bore Prospect</i>	56		
Tenements and Agreements	56		
Geological Setting	56		
Previous Exploration	57		
Proposed Exploration and Budget	57		

Tables

Table 1	Parker Range Project – Tenement Summary	35
Table 2	British Hill – Resource Summary	37
Table 3	Potential Open Pittable Mineralisation	37
Table 4	North Zone - Best RC Drill Intersections (>4.5g/t Over 2m)	39
Table 5	“3500-3700N Zone” – Best Near Surface Intersections (>1.4g/t Over 3m)	40
Table 6	Southeast Zone – Best Drill Intersections (>1.1g/t Over 2m)	40
Table 7	Southern Cross Project – Tenement Summary	43
Table 8	Battler Prospect - Best Drill Results (≥ 1 g/t Over 2m)	44
Table 9	Bullfinch North Project – Tenement Summary	46
Table 10	Bullfinch North – Best RC Drill Intersections (>4gram.metres)	48
Table 11	Jackson Prospect – Tenement Summary	49
Table 12	Yarbu Prospect – Tenement Summary	52
Table 13	Yarbu Prospect – Best RAB Drilling Results (>1gram.metres)	54
Table 14	Clampton North Prospect – Tenement Summary	55
Table 15	Copper Bore Prospect – Tenement Summary	56
Table 16	Copper Bore – RAB Drilling Results	57
Table 17	Lake Jeffries Project – Tenement Summary	57
Table 18	Denison Range Project – Tenement Summary	60

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

SUMMARY



The Company holds interests ranging from 75% to 100% in advanced gold prospects in the Southern Cross-Parker Range area; a 30% stake in a joint venture with Western Areas NL exploring 60km of greenstones north of Bullfinch for nickel and gold; a major land position along the western margin of the Central Yilgarn Marda-Diemals greenstone belt north of Southern Cross (Jackson, Yarbu, Clampton North and Copper Bore prospects); a grass roots gold, nickel and other base metals project at Lake Jeffries in central Western Australia (100% Polaris) and a 75% interest in a joint venture with Independence Group NL and Southstar Resources Ltd exploring for Olympic Dam style copper-gold deposits at Denison Range in the Kimberley Mineral Field of northeast Western Australia. The Company also has a single application for an exploration permit for minerals (EPM 13824) in the Cloncurry district in Queensland. The EPM area which has some exploration potential for gold and copper was applied for as part of a larger project in which Polaris now has no interest.

A principal focus on the Southern Cross region is evident from the fact that 11 of the company's 13 prospects are located in this well-endowed mineral belt, favoured not only for its gold prospectivity but also the established infrastructure and mining culture of the area.



Geo Street Digital (+61 8) 9321 8198 Figure 2

SOUTHERN CROSS REGIONAL GEOLOGY

PARKER RANGE PROJECT

The Parker Range Project is comprised of five prospects located in the Parker Range area south-southeast of Southern Cross in the Yilgarn Mineral Field of Western Australia (Figure 3). The region has a long history of small scale mining but recent discoveries have included some large gold deposits including Bounty, Yilgarn Star and Marvel Loch (Figure 2). British Hill prospect, situated 75km south of Southern Cross, is Polaris' highest priority prospect in the area. The other prospects are British Hill East, Centipede, Spring Hill West and Olga Rocks. All of the prospects are in greenstones of the Southern Cross Greenstone Belt where it wraps around the western side of the Parker Dome. Access to the area is easily available via the Marvel Loch-Forrestania road.

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT



Tenements and Agreements

The five prospects consist of two exploration licences, 20 prospecting licences and two mining lease applications. British Hill prospect comprises P77/3308-12 held by Vernon Strange (Strange) and Joseph Treacy (Treacy), and E77/1063 and P77/3341-46 held by International Goldfields Ltd (IGL), formerly Hamill Resources Ltd (Hamill). Polaris has the right to earn a 75% interest in the British Hill prospect.

Polaris has also pegged and applied in its own right for tenements 3km northeast of British Hill at the British Hill East prospect (E77/1171 and P77/3429-30) forming a contiguous block between the two groups of British Hill tenements.

The arrangement with IGL, Strange and Treacy in respect of the British Hill prospect extends to a prospect referred to as Centipede, 20km north of British Hill. The Centipede prospect comprises a 200ha prospecting licence (P77/3353) surrounding a smaller prospecting licence (P77/3340) which Polaris is acquiring from S. Millward.

At Spring Hill West, Polaris recently pegged two prospecting licences covering an area of 310ha, situated about 2km south of Centipede (P77/3427-28). The area pegged is west of and contiguous with tenements that cover the Buffalo and Spring Hill gold resources. Under an option agreement with Treacy, Polaris can acquire 95% of a mining lease application (M77/918) that covers the dormant Garibaldi mine and is within the Polaris tenements.

The Olga Rocks prospect is situated approximately 14km north of British Hill. The prospect comprises two granted prospecting licences (P77/3114 and 3115) held by Strange and an application by G. Taylor (P77/3422). A mining lease (M77/916) covering the area of the two prospecting licences is pending. Under the terms of an agreement with Strange and Taylor, Polaris can acquire a 95% interest in the Olga Rocks prospect.

Table 1 Parker Range Project - Tenement Summary

Tenement	Date granted	Area	Rental (\$)	Commitment (\$)
British Hill				
E77/1063	Pending	8blks	-	-
P77/3308	31-10-2000	200ha	364.00	8,000
P77/3309	31-10-2000	200ha	364.00	8,000
P77/3310	31-10-2000	200ha	364.00	8,000
P77/3311	31-10-2000	200ha	364.00	8,000
P77/3312	31-10-2000	199ha	362.18	7,960
P77/3341	10-10-2003	179ha	325.78	7,160
P77/3342	10-10-2003	196ha	356.72	7,840
P77/3343	06-06-2002	179ha	325.78	7,160
P77/3344	06-06-2002	182ha	331.24	7,280
P77/3345	06-06-2002	182ha	331.24	7,280
P77/3346	06-06-2002	199ha	362.18	7,960
			\$3,851.12	\$84,640
British Hill East				
E77/1171	Pending	4blks	-	-
P77/3429	Pending	121ha	-	-
P77/3430	Pending	77ha	-	-
Centipede				
P77/3340	9-2-2001	2.41ha	18.20	2,000
P77/3353	31-10-2003	178ha	323.96	7,120
			\$342.16	\$9,120
Spring Hill West				
P77/3427	Pending	165ha	-	-
P77/3428	Pending	158ha	-	-
M77/918	Pending	15ha	-	-
Olga Rocks				
P77/3114	12-10-1994	86ha	156.52	3,440
P77/3115	12-10-1994	180ha	327.60	7,200
P77/3422	Pending	15.53ha	-	-
M77/916	Pending	281ha	-	-
			\$484.12	\$10,640
Totals Parker Range Project			\$4,677.40	\$104,400

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

Geological Setting

The Parker Range greenstone belt includes mafic and ultramafic metavolcanics and intrusives with intercalations of banded iron formation (BIF), and stratigraphically younger metasediments and schists, forming an elongate, arcuate belt around the granitoids of the Parker Dome. The stratigraphy is cut by late-stage pegmatites and cross cutting Proterozoic dolerite dykes. Deformation has produced folds and an array of mainly north to north-northwesterly regionally extensive shears and faults. The British Hill prospect occurs within the younger sequence of metasediments and quartz-biotite-garnet schists. The metasediments are pelitic and psammitic and include variable amounts of graphite and sillimanite. Sulphidic and siliceous magnetite-bearing para-amphibolite (interpreted as sulphide facies BIF) has been intersected in drilling and is represented on the surface as ferruginous chert and quartzite units.

A number of groups of historical mining centres are located in the region with gold traditionally having been mined from narrow high-grade quartz veins often associated with BIF. At British Hill, gold mineralisation occurs in steeply dipping shear zones and in the primary zone is associated with the sulphides pyrrhotite and arsenopyrite, distinctive aluminosilicate assemblages such as sillimanite and andalusite, and silicification and replacement of magnetite bearing para-amphibolite. In respect of this mineral assemblage, the mineralisation is similar to the Transvaal gold deposit near Southern Cross, a mine notable for its persistence in depth.

Previous Exploration

The Parker Range region has been explored and mined by the early prospectors. In terms of modern day exploration, some nickel exploration was conducted during the 1960s but it was not until the 1980s that the area was extensively explored for gold.

The area around British Hill was first explored by Geopeko between 1979 and 1983. CRA Exploration Pty Ltd (CRAE) in joint venture with Southern Goldfields Ltd and Scanfire Exploration Pty Ltd completed extensive exploration from 1986 to 1991. The exploration included soil geochemistry, geological mapping, trenching and RAB, aircore, RC and diamond drilling within a 3km long mineralised zone (Figure 4). The drilling returned a number of significant gold intersections from which CRAE prepared tonnage and grade estimations. Although the air core drilling extended over the full 3km length of the mineralised zone, the diamond and RC drilling was mostly concentrated in the northernmost 1km.

In 1991 Eclipse Ridge Pty Ltd purchased CRAE's 80% interest in the British Hill tenements and mined 160,000t of laterite at an average grade of 1.26g/t Au. Eclipse ultimately acquired a 100% interest in the area but experienced corporate difficulties and the project was subsequently acquired by Abador Gold NL (Abador). Abador proceeded to re-assess the area and completed RC drilling to test the mineralisation at depth below the laterites. Between 1987 and 1996 CRAE and Abador drilled approximately 27,000m comprised of 32 diamond holes, 185 RC holes and 597 air core holes.

In 2001 Hamill included the British Hill prospect in a Prospectus providing details of previous tonnage and grade estimates including an estimate of lateritic gold mineralisation (583,000t at 1.2g/t Au using 0.5g/t cutoff) and a 1995 estimate by Abador of other in situ mineralisation down to 80m depth (840,000t at 2.45g/t). Abador revised the estimation in 1996 to include some additional drilling, constrained the mineralisation to preliminary pit designs to a maximum of 80m and assigned the resources to JORC categories (Table 2). Two potentially open pit resources at 0.9g/t lower cutoff and 20g/t upper cut were defined between 3500N and 4100N (Table 3).

Table 2 British Hill - Resource Summary

Resource	Tonnes			Grade (g/t Au)
	*SG 2.4	SG 2.5	SG 2.6	
Indicated				
Zones >2m thick	314,950	328,075	341,198	2.5
Zones <2m thick	83,964	87,465	90,964	2.7
Subtotal	398,914	415,540	432,162	2.6
Inferred				
Zones >2m thick	177,890	185,305	192,717	2.4
Total	576,804	600,845	624,879	2.5

*SG = Specific Gravity

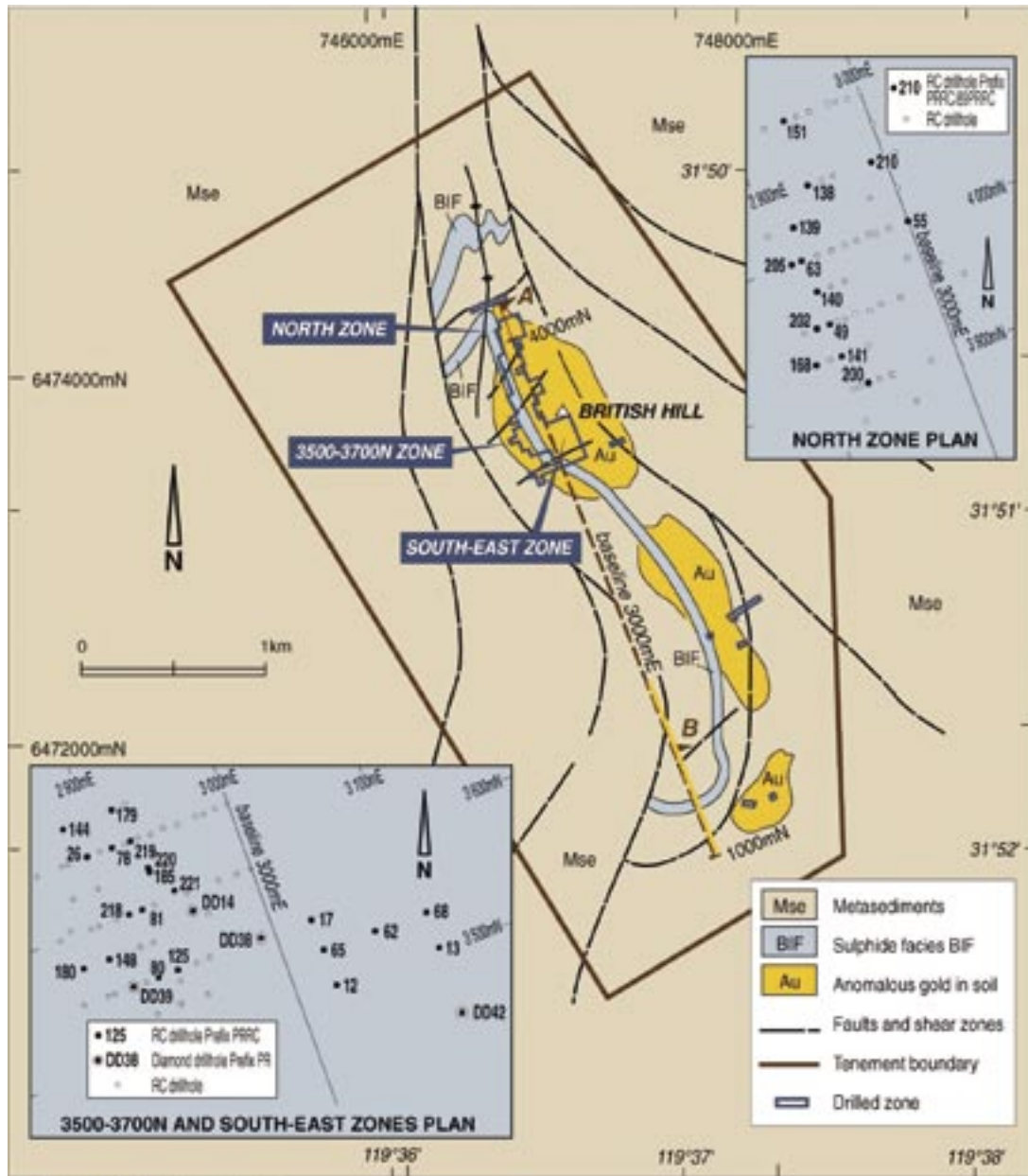
Table 3 Potential Open Pittable Mineralisation

Resource	Indicated		Inferred		Total	
	Tonnes (t)	Grade (g/t Au)	Tonnes (t)	Grade (g/t Au)	Tonnes (t)	Grade (g/t Au)
A	58,000	2.5	15,000	2.4	73,000	2.5
B	278,000	2.6	72,000	2.6	350,000	2.6
Total	336,000	2.6	87,000	2.5	423,000	2.6

The lateritic resources were partially mined in 1992-93 by Eclipse Ridge Limited; but the operation was not a success.

The CRAE and Abador drilling identified three zones of mineralisation (Figure 4) in the project area all of which contain a number of significant intersections (Tables 4-6) such as 4m at 11.2g/t on hole 89PRRC049 from 48m. As illustrated in Figure 5 drilling in the northernmost 200m of the British Hill mineralisation indicates a steeply dipping, coherent structure extending over more than 200m, open at depth and to the north. Polaris refers to this as the “North Zone”. The grades of some intersections are high enough to support an underground mining operation provided that sufficient tonnage can be delineated.

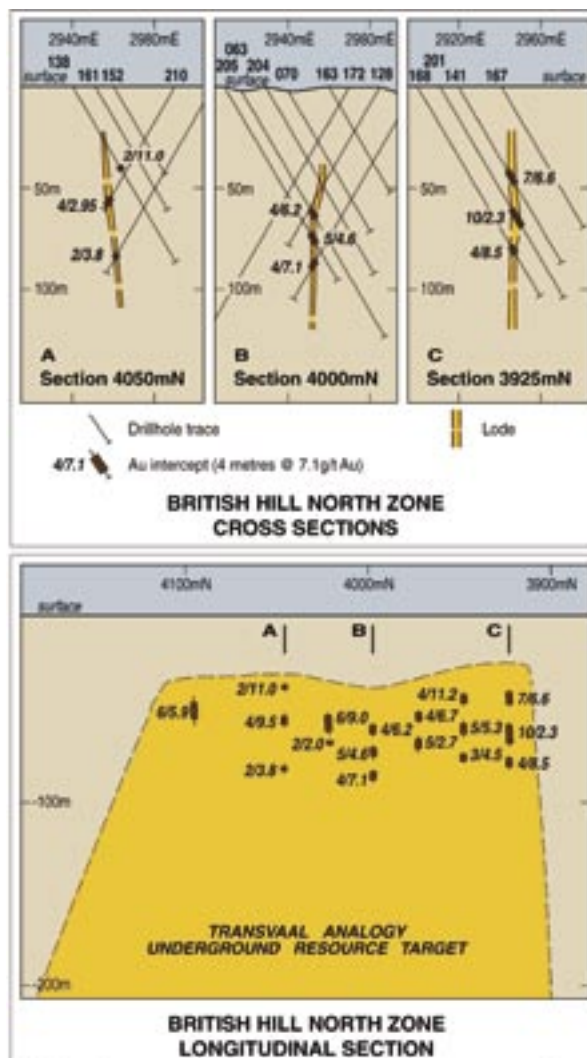
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ORD STREET DIGITAL (+61 8) 9321 8598

Figure 4

BRITISH HILL PROSPECT GEOLOGICAL SETTING



Old Street Digital (+41 8) 1123 8108 Figure 5
BRITISH HILL NORTH ZONE

Table 4 North Zone - Best RC Drill Intersections (>4.5g/t over 2m)

Hole	Northing	Easting	Azimuth	Decl.	From (m)	To (m)	Interval (m)	Gold (g/t)
PRRC200	3900	2931	085	59	35	38	3	11.2
PRRC141	3925	2920	089	60	48	55	7	6.6
PRRC168	3925	2900	090	60	90	94	4	8.5
89PRRC049	3950	2920	091	60	48	52	4	11.2
PRRC202	3950	2910	088	58	68	73	5	5.3
PRRC140	3975	2920	086	61	61	65	4	6.7
89PRRC055	4000	3000	271	60	94	98	4	7.1
89PRRC063	4000	2917	091	60	68	72	4	6.2
PRRC205	4000	2909	091	59	84	89	5	4.6
PRRC139	4025	2920	086	60	66	72	6	9.0
PRRC138	4050	2940	086	61	44	46	2	11.0
PRRC210	4050	2990	270	58	64	68	4	9.5
PRRC151	4100	2940	089	60	55	61	6	5.9

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

A second zone of mineralisation, referred to by Polaris as the "3500-3700N Zone", has been identified from the CRAE and Abador drilling 200-400m south of the North Zone and includes significant intersections such as 11m at 6.5g/t from 12m (Table 5).

Table 5 "3500-3700N Zone" – Best Near Surface Intersections (>1.4g/t over 3m)

Hole	Northing	Easting	Azimuth	Decl.	From (m)	To (m)	Interval (m)	Gold (g/t)
89PRRC080	3550	2910	090	60	6	14	8	2.1
PRRC125	3550	2925	090	60	5	12	7	3.3
89PRDD39	3550	2890	091	60	46	54	8	2.6
PRRC148	3575	2880	088	62	23	30	7	3.6
PRRC190	3575	2860	067	59	35	38	3	7.7
PRRC190	3575	2860	067	59	46	52	6	2.4
PRRC221	3600	2942	268	58	13	20	7	5.6
89PRRC081	3600	2915	090	60	36	48	12	1.5
PRRC218	3600	2905	086	58	75	84	9	3.3
PRRC185	3625	2930	087	59	40	44	4	2.3
PRRC220	3625	2930	270	58	24	32	8	2.2
PRRC219	3650	2924	270	60	12	23	11	6.5
89PRRC078	3650	2910	090	60	14	26	12	3.0
89PRRC026	3650	2890	090	60	42	48	6	2.2
PRRC144	3675	2880	089	61	36	48	12	1.8
PRRC179	3675	2919	268	59	4	8	4	3.0
PRRC179	3675	2919	268	59	22	28	6	3.0
PRRC179	3675	2919	268	59	34	47	13	1.8

Note All holes RC except 89PRDD39 which is diamond

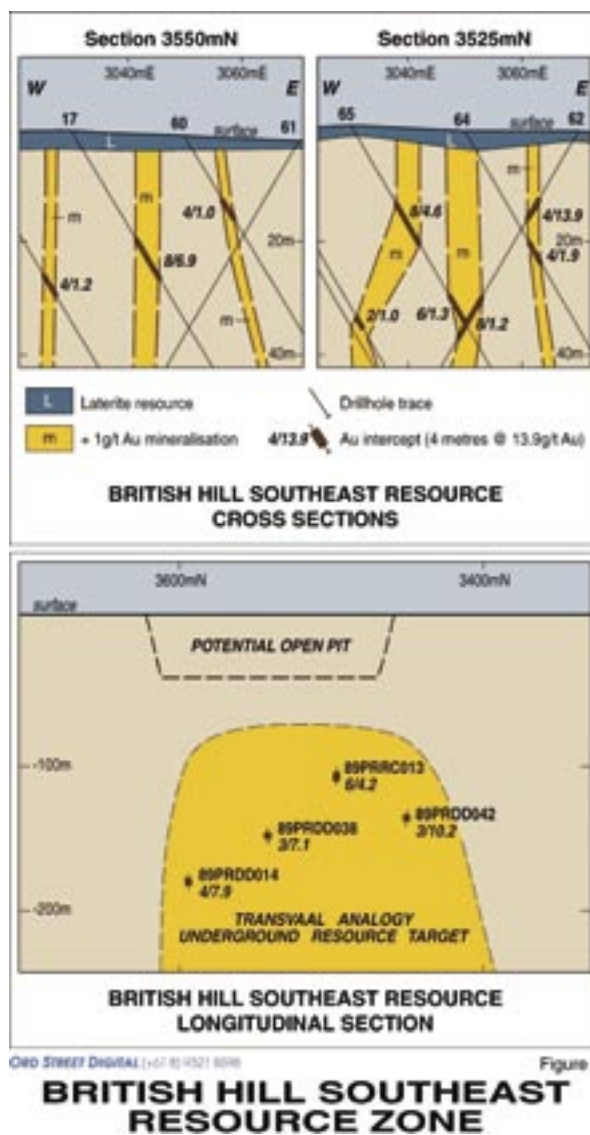
Further to the south and east there is a similar area of mineralisation, characterised by shoots and multiple lenses at shallow depth such as in Figure 6. There are also some ore grade intersections at depth which have the potential to support an underground operation provided that sufficient tonnage can be delineated. The following intersections have been made in this area:

Table 6 Southeast Zone – Best Drill Intersections (>1.1g/t over 2m)

Hole	Northing	Easting	Azimuth	Decl.	From (m)	To (m)	Interval (m)	Gold (g/t)
89PRRC012	3500	3030	090	60	20	34	14	3.6
89PRRC062	3525	3070	271	60	8	10	2	4.1
89PRRC062	3525	3070	271	60	14	18	4	13.9
89PRRC062	3525	3070	271	60	32	40	8	1.2
89PRRC065	3525	3030	091	60	16	24	8	4.6
89PRRC017	3550	3030	090	60	22	30	8	6.9
87PRDD14+	3600	2950	070	60	203	207	4	7.9
89PRDD38+	3550	2990	091	60	170	173	3	7.1
89PRRC068	3525	3110	271	60	124	126*	2+	3.2
89PRRC013	3500	3110	270	60	114	120	6	4.2
89PRDD42+	3450	3110	271	60	151	154	3	10.2

All holes RC except where noted

* bottom of hole + diamond hole



Geo STREET DIGITAL (1:67 81921 8098) Figure 6

The 3500-3700N Zone and Southeast Resource areas have potential for around a quarter of a million tonnes at a grade similar to the resources previously defined by Abador (2.5g/t Au) to about 40m depth but this could increase with further drilling. South of 3500N the drill pattern is broadly spaced (50m x 40m) and may have missed lenses and shoots of mineralisation concealed beneath the laterite cover.

Some of the deeper CRAE holes beneath these zones encountered wide zones of anomalous gold and arsenic associated with foliated to mylonitised, highly altered biotite-magnetite-chlorite rock with intervals of intense silicification and quartz ±arsenopyrite, pyrite and pyrrhotite. Higher-grade intervals within these zones are characterised by more intense shearing and silicification, the presence of biotite and garnet, and stronger sulphide concentrations. As for the North Zone, further drilling could outline significant underground resources in this strongly mineralised system.

The British Hill East prospect area was at one stage part of CRAE's "Parker Range Project" referred to as "Cheritons West" because of the proximity to the Cheritons gold mining centre. Previous exploration in the area included shallow auger geochemical surveys outlining several soil gold anomalies. Several percussion holes and two diamond drill holes were drilled to test a mineralised structure believed to be the northwest extension of Cheritons, making a best intersection of 4m at 1.8g/t Au. Follow up RAB drilling of the soil gold anomalies achieved up to 4m at 0.44g/t Au at the bottom of a hole. In an area that is completely soil covered these results are considered encouraging as a first pass.

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

The Centipede prospect has also seen significant past exploration including drilling of 10 aircore, 78 RAB and 11 RC holes. Rock chip sampling from previous exploration in 1988 recorded up to 74.8g/t Au and RC drilling recorded a best intersection of 10m at 4.2g/t Au from 34m. The prospect is along strike from the Golden Virgin, a recently discovered pipe-like, high grade ore deposit in sheared and altered amphibolite less than 1km to the north.

The Spring Hill West prospect is located adjacent to the Spring Hill gold deposit which has a published resource of 400,000t at 2.6g/t. The prospect surrounds the old Garibaldi mine, one of the earliest gold producers in the Parker Range area. The mine occurs on a regionally extensive shear zone structure where broadly spaced geochemical exploration from previous work produced coincident gold and arsenic anomalies that extend 800m to the south and 600m to the north of the mine. A soil gold anomaly in the northeast of the Spring Hill West prospect, in close proximity to Spring Hill, was previously tested with 43 holes totalling 1,475m along three lines of broadly spaced, shallow RAB drilling. The last 2m of one hole intersected mineralisation assaying 0.47g/t Au but there was no follow up.

Gwalia explored the Olga Rocks prospect in recent times. The work included RAB (137 holes), aircore (62 holes), RC (27 holes) drilling and one diamond hole in areas of soil and salt lake sediment cover. A best intersection of 8m at 4.9g/t Au (highest assay 167g/t, cut to 20g/t) in hole OLC003 (744366E/6486247N) was made in the south of the prospect. The result was repeated in a diamond drill hole OLD001 (744347E/6486245N) but step-out drilling on lines 50m north and 50m south, around this high-grade intersection failed to intersect further significant mineralisation. In other parts of the prospect Gwalia's RAB and air core drilling made shallow intersections (up to 3m at 10.6g/t Au from 33m in air core hole OLA043) that were not followed up.

Exploration Potential

The region is host to a number of large gold deposits including the Bounty and Yilgarn Star mines which were new discoveries resulting from drill testing of geochemical anomalies. The British Hill project area contains numerous near surface gold anomalies which have not been adequately drill tested and there is a very good chance of further resources being identified within the tenement areas. The southern 2km of the British Hill mineralised zone has not been fully explored compared to the northern sector, with only a few traverses of deeper holes drilled. Ground magnetics and anomalous soil geochemistry suggest there are similarities with the northern sector and although air core drilling made promising intersections in the south, including 1m at 5.11g/t Au from 2m in 89PRAC506 on line 1800N and 1m at 3.78g/t in hole 89PRAC557 on line 2150N, these have not been adequately followed up. With a better understanding of structural controls and styles of mineralisation emerging from the recent analysis of the CRAE and Abador data sets by Polaris it should be possible to establish additional targets with potential for near surface ore shoots, and "Transvaal" style underground resources which is typified by continuity at depth.

Aside from the British Hill mineralised zone the other tenements in the British Hill prospect package have potential that has also not been fully explored. The CRAE data set contains numerous leads for follow up and additional targets have been identified using aeromagnetic data acquired by World Geoscience Corporation in 1995 as part of a multiclient survey over the Southern Cross-Parker Range greenstone belt. In 1996 Abador engaged Southern Geoscience Consultants to process and interpret a window of data from the multiclient survey and a number of prospective targets are evident within the northern British Hill tenements, based on structural, geological and magnetic character. The targets are localised along the interpreted regionally extensive north-northwest strike slip fault zone that hosts the British Hill mineralised zone.

Gold intersections in previous RAB holes on the "Cheritons West" structure within the British Hill East prospect, and on the parallel structure to the west, are worthy of further investigation in view of the proximity to known gold resources. The proximity of the Centipede prospect to the Golden Virgin high grade pipe means that an intersection such as 10m at 4.2g/t Au at a depth of only 34m cannot be ignored and should be followed up. At Spring Hill West the regional shear zone hosting the Garibaldi mine warrants exploration in view of the gold and arsenic anomalies in shallow auger holes. There is also further exploration potential at the Olga Rocks prospect especially where previous RAB and air core drilling made shallow intersections that have not been followed up.

Proposed Exploration and Budget

The previous work at Parker Range has identified a number of zones of mineralisation. In-fill and along-strike drilling is required to further test these zones to upgrade the resource categories prior to the completion of a Feasibility study. A program of deeper drilling on some selected targets is proposed to test the down plunge continuity of the known shoots. Metallurgical test work on the mineralisation will be required as part of the feasibility work. A budget of \$750,000 for year 1 is recommended with a further \$500,000 in year 2.

SOUTHERN CROSS PROJECT

The Southern Cross Project includes the Battler and Glendower prospects located 16km south of Southern Cross (Figure 2).

Tenements and Agreements

The Battler Prospect comprises three granted mining leases all held by Vernon Strange. The Glendower Prospect is comprised of two mining lease applications and four granted prospecting licences. The mining tenements cover a total area of 680.5ha and 6km strike length of the Frasers Shear Zone which hosts the highly productive Frasers, Polaris South and Cornishman gold mines. The prospects are readily accessible via the Southern Cross-Marvel Loch road. Battler Prospect was drilled in 2001 by Gwalia under an option arrangement with Vernon Strange. In 2002 Gwalia withdrew and Polaris subsequently acquired the prospect. In 2003 Polaris entered into an agreement with Gwalia to purchase the Glendower Prospect.

Table 7 Southern Cross Project – Tenement Summary

Tenement	Date Granted	Area	Rental (\$)	Commitment (\$)
Battler				
M77/166	27-10-1987	51.4ha	663.52	10,000
M77/1044	24-09-2003	4.8ha	63.80	5,000
M77/1025	18-10-2002	4.0ha	51.04	5,000
Glendower				
P77/2917 ¹	01-10-1992	192.7ha	351.26	7,720
P77/2918 ¹	01-10-1992	171.9ha	313.04	6,880
P77/2919 ¹	01-10-1992	196.7ha	358.54	7,880
P77/3048 ¹	11-11-1993	59.0ha	107.00	2,360
Total		680.5ha	\$1,908.20	\$44,840

¹ Pending M77/797 and M77/868 overlap

Geological Setting

The Battler and Glendower prospects are hosted in an ultramafic, mafic and sediment rock suite within the eastern part of the Southern Cross Greenstone Belt. The prospect areas contain historical workings where the gold mineralisation occurs as layer parallel and cross cutting quartz-diopside veins associated with the Fraser Shear Zone. The Fraser Shear Zone is a dominant structural feature at least 1km in width that is sub-parallel to the stratigraphy and is host to numerous gold mines.

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

Gold mineralisation in old workings, including numerous shafts and an open pit (Figure 7), occurs as layer parallel and cross cutting quartz-diopside veins associated with shear zones within mafics (basalt), ultramafics and sediments. Sampling by Gwalia within the open pit indicated the gold-bearing veins generally have a grade range of 1-2.5g/t Au but occasionally carry much higher grades (up to 204g/t Au recorded). The mineralised shear zones are generally narrow (1-3m) but in places where the stratigraphy is dilated and possibly repeated by folding, such as in the southern part of the open pit near the Battler Shaft, widths of 10-20m are observed.

Previous Exploration

Historical and recent mining are recorded from the Battler and Glendower prospect areas. Historical production is recorded as 14,000t at 9.6g/t Au (4,320 ounces of gold) from the Battler Mine and 360t at 18.6g/t Au from Glendower. More recently Broken Hill Metals NL (BHM) mined 183,227t at 1.93g/t for 11,390oz during 1992-93 from the nearby Evelyn Molly-Victoria workings.

A small RAB drilling programme was completed on Battler Prospect by Vernon Strange in 1999. Six holes totalling 234m was complete to test two lines of old workings.

In 2001 Gwalia explored the prospect drilling seven RC holes for a total of 881m, with six of the holes intersecting significant mineralisation: The sampling of remnant stockpiles around the pit also produced a range of assays, mostly around 2g/t Au but as high as 20.6g/t Au.

Table 8 Battler Prospect - Best Drill Results ($\geq 1\text{g/t}$ over 2m)

Hole	Northing	Easting	Azimuth	Decl.	Interval (m)	Intersection
BTC001*	620	725	070	60	33-35	2m @ 10.0 g/t Au
BTC003	525	715	075	55	76-78	2m @ 1.0 g/t Au
BTC004	475	730	075	55	120-128	8m @ 1.5 g/t Au
BTC005	450	735	075	55	66-79	13m @ 2.0 g/t Au
		and			97-103	6m @ 3.3 g/t Au
BTC006	420	735	075	55	76-80	4m @ 1.6 g/t Au
BTC007	420	820	255	50	36-43	7m @ 4.8 g/t Au

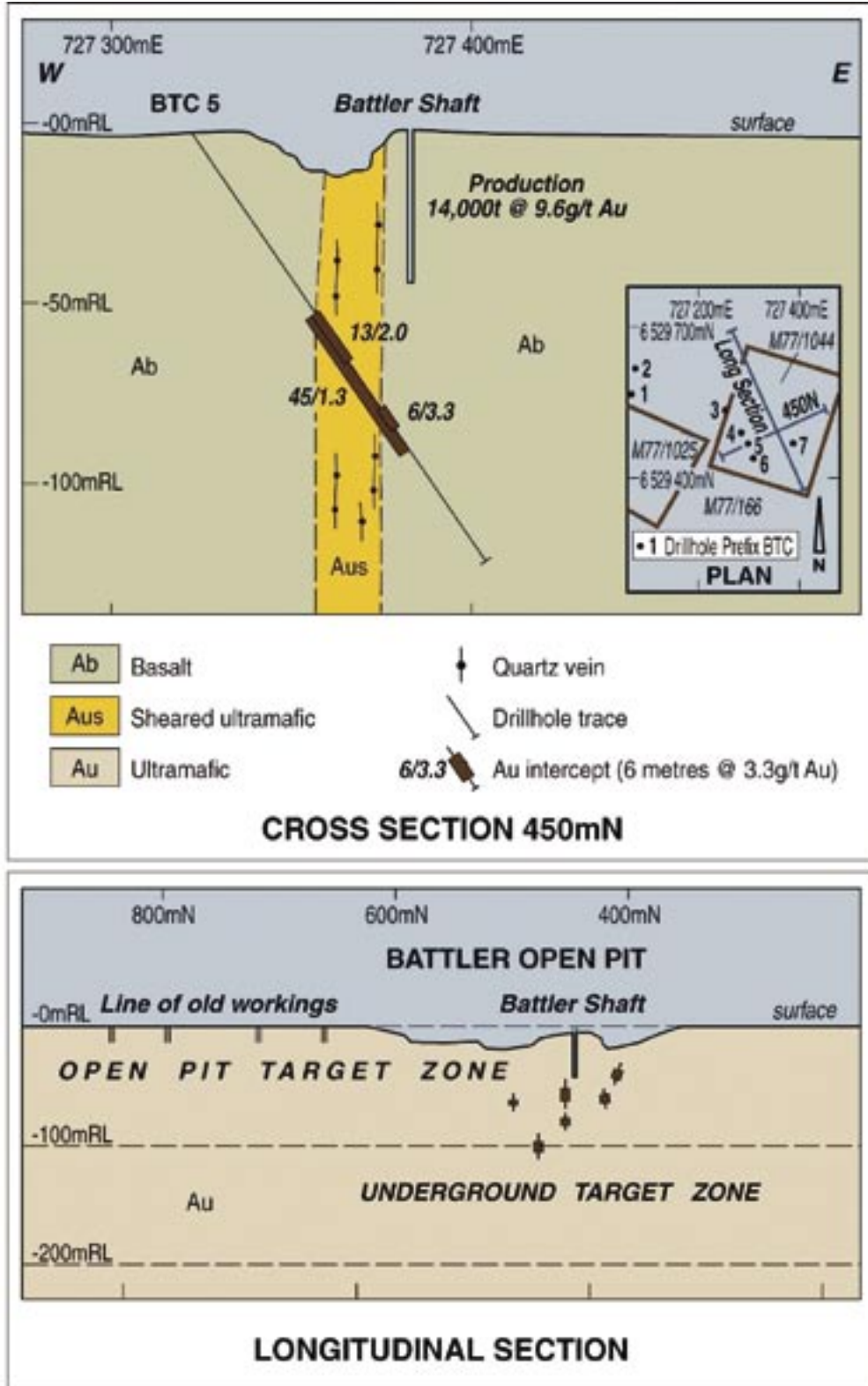
* Drilled on a parallel structure 200m west of Battler open pit

Exploration Potential

The drilling confirmed the continuity of mineralisation at depth from the historical workings. Holes BTC003-BTC007 demonstrate that the main line of mineralisation has good continuity and persistence in depth, and highlights the southern part of the Battler open pit as an immediate target for additional open pit resources and higher grade underground ore shoots. The mineralisation in the northern part of the open pit, and in a line of shafts extending for a further 200m north of the pit, is inadequately tested, with only one RC hole (BTC003). The result in hole BTC001 suggests parallel mineralised zones also warrant additional drilling.

Proposed Exploration and Budget

A program of carefully targeted RC drilling is proposed to test the known mineralisation in order to delineate potentially mineable resources. A budget of \$100,000 and \$160,000 is recommended for years 1 and 2 respectively.



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Figure 7

BATTLER PROSPECT

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

BULLFINCH NORTH PROJECT

Bullfinch North Project comprises a contiguous block of tenements (16 exploration licences, two mining leases and 17 prospecting licences covering an aggregate area of 443km²) situated north of the Bullfinch mining centre, 35km north of Southern Cross. The tenements are in three groupings (referred to as Bullfinch North Joint Venture, Newfield Option and Ennuin Option) and cover 60km strike length of highly prospective greenstones. As an indication of the potential of the greenstone belt, the Copperhead gold deposit at Bullfinch and numerous smaller deposits, such as Radio, Redwing, Ennuin and Carterton (Figure 8), have collectively produced in excess of 1Moz of gold.

Tenements and Agreements

Polaris currently holds a 30% interest in the Bullfinch North Joint Venture with Western Areas NL holding 70%. The main focus of the joint venture has so far been nickel exploration, with a small sulphide nickel deposit known to be present at Trough Well. However, results of the limited gold exploration to date have been encouraging with RAB and RC drilling giving results ranging from 0.38g/t Au over 28m to 19g/t Au over 4m.

In addition to participation in the Bullfinch North Joint Venture, Polaris secured options to acquire 100% interest in two blocks of prospecting licences that have been applied for by or on behalf of Vernon Strange. The blocks are contiguous with the Western Areas joint venture ground, but are excluded from the joint venture. The Prospecting licences cover old gold workings at Newfield and Ennuin.

Table 9 Bullfinch North Project - Tenement Summary

Tenement	Date granted	Area (blks\ha)	Rental (\$)	Commitment (\$)
Bullfinch North Joint Venture				
E77/474	18-7-92	1blk	96.14	10,000
E77/485	22-12-92	25blks	2,403.50	22,500
E77/733	7-6-96	1blk	96.14	62,500
E77/879	Pending	6blks	-	-
E77/907	6-11-00	5blks	480.70	20,000
E77/920	Pending	4blks	-	-
E77/922-I	22-5-00	22blks	2,115.08	20,000
E77/924-I	11-1-02	18blks	1,730.52	20,000
E77/932	22-5-00	18blks	1,730.52	20,000
E77/933	22-5-00	2blks	192.28	15,000
E77/944	22-5-00	1blk	96.14	10,000
E77/1010	30-1-02	22blks	2,115.08	20,000
E77/1012	14-8-01	1blk	220.00	10,000
E77/1022	23-10-02	5blks	480.70	20,000
E77/1048	24-4-01	4blks	384.56	20,000
E77/1058	13-12-01	27blks	2,595.78	24,300
P77/3292	16-11-00	16.7ha	30.94	2,000
P77/3295	9-10-00	197ha	358.54	7,880
P77/3301	23-2-01	192ha	349.44	7,680
P77/3302	9-8-00	190ha	345.80	7,600
P77/3303	9-8-00	39ha	70.98	2,000
P77/3304	Pending	190ha	-	-
P77/3307	8-2-01	120ha	218.40	4,800
P77/3313	15-2-00	9.7ha	18.20	2,000
P77/3335	Pending	200ha	-	-
P77/3336	Pending	195ha	-	-
M77/123	9-12-86	150ha	1,926.76	15,100
M77/228	6-4-88	137ha	1,760.88	13,800

Tenement	Date granted	Area (blks\ha)	Rental (\$)	Commitment (\$)
Bullfinch North (Newfield Option)				
P77/3328	Pending	200ha	-	-
P77/3329	Pending	200ha	-	-
P77/3330	Pending	80ha	-	-
Bullfinch North (Ennuin Option)				
P77/3324	31/10/03	178ha	323.96	7,120
P77/3325	Pending	187ha	-	-
P77/3326	31/10/03	176ha	320.32	7,040
P77/3327	31/10/03	117ha	212.94	4,680

Geological Setting

The Archaean greenstones within the Bullfinch North Prospect include ultramafics, mafic volcanics, gabbro and dolerite intrusives and epiclastic and chemical sediments. The stratigraphy has been isoclinally folded into a series of shallow, variably plunging, elongate domes and basins, affected by shearing in major zones of deformation sub-parallel to the regional fabric. A series of ovoid syntectonic granitoids have intruded the stratigraphy, both within and marginal to the greenstone belt.



SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

Previous Exploration

In addition to the numerous known gold occurrences and historical mines in the area, the deformation zones and in particular “pressure shadows”, or areas of low mean stress, adjacent to the internal granitoids provide a wide range of attractive conceptual gold exploration targets. Though limited, and subordinate to the nickel exploration program to this point in time, gold exploration conducted by Western Areas NL on behalf of the Polaris – Western Areas joint venture has produced some promising drill intersections such as:

Table 10 Bullfinch North - Best RC Drill Intersections (>4gram.metres)

Hole		From (m)	To (m)	Interval (m)	Gold (g/t)	Grams x metres
MCRC001	Scorpio	12	28	16	0.6	9.6
		108	109	1	30.3	30.3
MCRC03	Scorpio	104	108	4	1.8	7.2
MCRC05	Scorpio	17	20	3	1.5	4.5
MCRC06	Scorpio	32	36	4	2.4	9.6
		42	46	4	1.5	6.0
		76	78	2	27.8	55.6
SR1 6	Scorpio	62	64*	2	2.3	4.6
BNHCO02	Hughes Hill	20	48	28	0.4	11.2
		48	51*	3	3.2	9.6

* Bottom of hole

The Scorpio prospect was discovered by drilling coincident EM and IP anomalies. Gold mineralisation is associated with a wide zone of alteration and shearing in a sequence of mafics, ultramafics and sediments with surface expression as a 400m long gold-in-soil anomaly. The northerly trend of the anomaly is towards an interpreted dilation structure. The Hughes Hill mineralisation is associated with amphibolite, basalt and BIF.

Other gold prospects that warrant further investigation by the joint venture include Mt Correll, Sirius, Valley of Giants, S Bend, Trident and Bullfinch. Rock chip samples of a quartz diorite porphyry at Sirius prospect assayed 6.2g/t Au, 4.1 g/t Au and 3.4g/t Au. Previous RAB drilling in the vicinity of Sirius by Burmine, a Gwalia subsidiary company, hit 12m at 1.07g/t Au and narrower intersections up to 1.79g/t Au. Burmine also defined a 1,400m long by up to 120m wide soil in gold anomaly (>30ppb) at S Bend prospect (referred to by Burmine as “Fault Flexure”) along a sediment ultramafic contact.

The Newfield option covers a block of three prospecting licence applications contiguous with the northern boundary of the Bullfinch North joint venture area, where gold and copper mineralisation has been prospected with small shafts and shallow excavations along the eastern granite-greenstone contact. Calc-silicate alteration of the host amphibolites, and intrusive porphyry dykes, accompany the mineralisation which extends over about four kilometres.

The Ennuin option provides a similar opportunity, for a two years period, for the Company to acquire Vernon Strange's four prospecting licences covering the historical Ennuin field, site of the first discovery of gold in the eastern goldfields of Western Australia. Literally hundreds of small mines have exploited narrow, lenticular quartz reefs often associated with folds in jasperoidal BIFs within mafic lavas and schists over a strike length of four kilometres.

Exploration Potential

Previous exploration within the project area has historically been over small and isolated tenements.

Amalgamation of such a large block of tenements allows the opportunity for the area to be explored for the first time in an integrated manner using modern exploration methods

The Newfield and Ennuin options allow the Company to include these additional areas of gold mineralisation in a thorough prospectivity analysis of the Bullfinch North greenstone belt. Techniques such as stress mapping and shape analysis can be applied to focus attention on target areas with the best potential for discovery of a major gold deposit.

Exploration Programme and Budget

Expenditure on the Bullfinch North Project will include Polaris' contribution to joint venture expenditure as well as meeting the cost of exploration programs that are appropriate for the Newfield and Ennuin Options. The budget for the latter will be determined as and when the tenements are granted and the budget for the Bullfinch North Joint venture will be dependent on the recommendations of the joint venture Manager. The recommended allocation of expenditure for years 1 and 2 budgets is \$100,000 and \$150,000 but this will depend on results reported by the Manager.

CENTRAL YILGARN PROJECT

The central Yilgarn Project includes the Jackson, Yarbu, Clampton and Copper Bore Prospects.

Jackson Prospect

Jackson Prospect is situated in the southern part of the Central Yilgarn Target Area (Figure 2) about 135km north of Southern Cross.

Tenements and Agreements

The prospect comprises three exploration licence applications and seven prospecting licence applications. Polaris holds a 100% interest in E77/1202, P77/3337 and P77/3338 and a 75% participating interest in a joint venture with Evanston Resources Limited (25%) in respect of the others. The tenements are contiguous and cover an area of approximately 60km².

Table 11 Jackson Prospect - Tenement Summary

Tenement	Status	Area (blks/ha)
E77/1125	Pending	12blks
E77/1145	Pending	1blk
E77/1202	Pending	5blks
P77/3337	Pending	120ha
P77/3338	Pending	120ha
P77/3401	Pending	196ha
P77/3402	Pending	198ha
P77/3403	Pending	200ha
P77/3424	Pending	130ha
P77/3426	Pending	130ha

Geological Setting

The Jackson Prospect area covers rocks of the lower succession of the Marda-Diemals greenstone belt which includes a lithostratigraphic associations of mafic volcanics, ultramafics, felsic volcanics and metasediments including banded iron formations (BIF) and cherts.

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

Along the western edge of the greenstones the Koolyanobbing Shear Zone is present as a wide zone of foliated to gneissic granitoid. This is a late-stage, regionally extensive structure with synkinematic granitoids age-dated in places as post-2700Ma to pre-2636Ma, the geological age range typical of significant gold deposition in the Archaean Yilgarn Block. The structure juxtaposes granitoid rocks and greenstones over a strike length of 15km within the bounds of Jackson Prospect. The significance of the structure, from the viewpoint of prospectivity, is borne out by the concentration of old gold mines in the area, most notably the Mount Jackson Group of mines whose production history dates back to 1894 and peaked around the turn of the 20th Century.



Previous Exploration

Records of gold production are incomplete, though the high grade of the area is evident from the recorded yield of the largest individual producer, the "Hazel Merle lease (approx. 20,000oz Au recovered from 30,000t indicating grade was +20g/t Au). Other mines north of Hazel Merle, such as the "North Yilgarn" and Victoria Reef" would appear to have yielded similarly and production from the Mt Jackson group of mines probably exceeded 30,000oz or one tonne of gold.

In 1955 the WA Mines Department drilled five diamond drill holes to test the depth extension of the Hazel Merle reefs. Three holes intersected gold mineralisation with the best intersection 48.5g/t Au over 0.23m in a 3m wide shear zone, and two others encountered anomalous concentrations of gold up to 1.2g/t over 4.5m in similar shear zones.

On appearances, and based on production records, several of the other mines in the Mt Jackson Group also warrant further investigation. The “Golden Lady Hay” situated about 1km south of the Hazel Merle, regarded at the turn of the 20th Century as low grade, produced a few hundred tonnes at 6g/t Au from an extensive quartz lode system. The ore mined in the “North Yilgarn” is stratiform, cherty BIF similar to the lodes that produced more than one million ounces of gold at Lancefield near Laverton in the Eastern Goldfields.

A reasonable amount of exploration was carried out in the region during the 1980s and 1990s principally by Balmoral Resources NL, Cyprus Gold Australia, Perilya Mines NL and Gondwana Resources NL.

Between 1985-1991 a joint venture involving Balmoral, Monarch Petroleum NL and Great Victoria Gold Limited conducted mapping, geochemical soil sampling, RAB and RC drilling in and around the Mount Jackson Group with encouraging but inconclusive results. The geochemical survey defined a north-trending gold anomaly 3,000m long and 800m wide above a 10ppb threshold. Within this anomaly the 20ppb gold contour defined a series of linear en echelon north trending anomalies, some of which coincided with the old mines. The RC drilling produced results such as 6m at 1.8g/t Au from the North Yilgarn, 22m at 1.0g/t Au from the Hazel Merle and 10m at 2.0g/t Au from the Glen Esk (near Golden Lady Hay). There was limited follow up by Balmoral but not the persistence required to rule out an economic deposit.

In 1994 Cyprus drilled additional broadly spaced 40m deep RAB holes in the northern part of the geochemical anomaly and hit mineralisation that also warrants follow up (4m at 1.4g/t Au at the bottom of a hole). Gondwana obtained similar results on an adjacent line in 1996; but this also has never been followed up.

Outside the Mount Jackson Group of gold mines there are numerous other targets that have received only desultory attention in recent times. The “Jackson Wonder, situated about 4km south of the Mt Jackson Group, was worked at the turn of the 20th Century and is described as “a formation 30 feet (9m) wide containing small veins of quartz”. The quartz leaders in a number of pits are reported to have been rich in gold, but irregular, and the “formation” (strongly foliated felsic rock) is said to have yielded “appreciable quantities” of gold when assayed. Perilya Mines NL drilled a number of shallow RAB holes into the area of workings in 1987 with generally poor results; but an investigation of Perilya’s work and re-sampling of one of their holes by Nexus Minerals NL in 1994 cast doubt on the results of the drilling. Perilya reported 12m at 0.24g/t Au based on 2m composites, whereas a series of 1m check samples by Nexus gave 6m at 1.27g/t and 3m at 2.15g/t.

Perilya’s 1987 exploration program also included several lines of shallow (12m) RAB holes between the Golden Lady Hay lease and the Jackson Wonder. Being shallow, and within the upper weathered profile where gold is likely to have been leached, the RAB data are a misleading record of exploration potential. This is borne out by the discovery of rich patches of gold nuggets by Vernon Strange, and persistent anomalous gold (up to 3.5g/t Au) in his samples from parallel lines of old diggings on narrow reefs in a zone extending over 500m.

Proposed Exploration Programme and Budget

Work proposed will include detailed mapping of old workings and compilation of data from previous exploration, deeper RAB drilling of priority target areas, and a systematic RC drilling follow up of the encouraging results that have been obtained to date at the Hazel Merle, Glen Esk, North Yilgarn and Jackson Wonder workings, and in RAB holes in the northern part of the Balmoral geochemical anomaly. When the tenements are granted the cost is expected to be in the order of \$100,000. Assuming success a further \$150,000 - \$300,000 will be required for resource definition using RC and diamond drilling.

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

Yarbu Prospect

Tenements and Agreements

Yarbu Prospect encompasses a block of granted mining tenements in which Polaris holds 100% beneficial interest, acquired from Bell Bay Investments Pty Ltd (E77/1102 and P77/3373-3380), and two prospecting licences held by Vernon Strange (P77/3272 and P77/3273) in which Polaris may acquire 95% interest. The Prospect, covering a total area of 23km², is located in the Marda-Diemals Greenstone Belt, about 150km north of Southern Cross. Maintained gravel roads linking Southern Cross, Bullfinch gold mine, Evanston gold mine and Diemals pastoral station homestead provide access to the old Yarbu gold mine which is within prospecting licences P77/3272 & 3273.

Table 12 Yarbu Prospect - Tenement Summary

Tenement	Date granted	Area	Rental (\$)	Commitment (\$)
E77/1102	Pending	4blks	-	-
P77/3272	13-11-2003	150ha	273.00	6,000
P77/3273	13-11-2003	150ha	273.00	6,000
P77/3373	10-10-2003	196ha	356.72	7,840
P77/3374	10-10-2003	199ha	362.18	7,960
P77/3375	10-10-2003	174ha	316.68	6,960
P77/3376	10-10-2003	191ha	347.62	7,640
P77/3377	10-10-2003	178ha	323.96	7,120
P77/3378	10-10-2003	186ha	338.52	7,440
P77/3379	10-10-2003	173ha	314.86	6,920
P77/3380	Pending	123ha	-	-
			\$2,906.54	\$63,880



Geo Street Database v11 10/01/09 Figure 10
YARBU & CLAMPTON NORTH PROSPECTS

Geological Setting

The geology of the Yarbu Prospect area is divided into two Archaean lithotypes, granitoid and sediments, separated by the northerly trending regional fault, here referred to as the Clampton Fault (Figure 10). The sediments, which at the Yarbu mine are sheared and invaded by stockworks of auriferous quartz, are part of the uppermost unit in the Marda-Diemals greenstone belt, the Diemals Formation. Yarbu mine is in an area where the Archaean sediments and some of the quartz stockwork mineralisation crop out; but to the north of the mine the underlying Archaean geology is blanketed by Tertiary laterite deposits and Recent lateritic soils and wind-blown sand. A NNW linear trend evident from the regional magnetics coincides with the NNW trend of the mineralised shear zones in the Yarbu mine, and is interpreted as a major fault.

An unusual feature of the geology of the area is the presence of andalusite and other aluminosilicate minerals in outcrops of metasediments. As in the Canadian Val d'Or-Malartic gold camp (several 1+ million ounce deposits) and in association with a number of the more important deposits in the Southern Cross Goldfield (e.g. Corinthia, Frasers, Transvaal, Marvel Loch and Great Victoria) such minerals can be diagnostic of gold-deposit-forming hydrothermal processes.

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

Previous Exploration

In the 1980s the CSIRO sampled lateritic regolith as part of a reconnaissance scale survey of a large area of the western Yilgarn Craton under a joint CSIRO/AMIRA project. Results, which were kept confidential until 1998 show that Yarbu stands out as an area of anomalous concentrations of metals including gold, copper, antimony, lead, zinc and nickel; and other pathfinder elements, such as arsenic, tungsten and tin. Mining company BHM explored the area in 1990-1992 and also found the wind-blown sand and lateritic soils to be anomalous in gold. The company drilled around the Yarbu mine, as discussed below, and although their results demonstrate that the NNW-trending fault zone hosts significant gold mineralisation, the CSIRO data suggest an area further to the north may have greater potential.

The exploration of the Yarbu mine area by BHM commenced with shallow (1m) RAB drilling (63 holes) on lines 200m apart across the area now held under P77/3272 and 3273, and gold anomalies were followed up with a series of deeper angled RAB holes. The following intersections were reported:

Table 13 Yarbu Prospect - Best RAB Drilling Results (>1gram.metres)

Hole	Traverse	From (m)	To (m)	Interval (m)	Gold (g/t)	Grams x metres
YB-6	10,800N	36	38	2	0.9	1.8
YB-14	11,000N	10	14	4	0.6	2.4
YB-14	11,000N	19	20	1	2.4	2.4
YB-22	11,000N	39	40*	1	2.1	2.1
YB-23	11,000N	27	32	5	0.7	3.5
YB-28	11,200N	14	19	5	1.4	7.0
YB-36	11,400N	5	8	3	1.0	3.0
YB-52	10,600N	34	38	4	1.0	4.0
YB-53	10,600N	50	62	12	0.7	8.4
YB-68	11,000N	63	84	21	0.5	10.5

* Bottom of hole

Exploration Potential

Records of production from the area, dating back to 1912, indicate that the grade of small parcels of ore was high (40-50g/t Au). Narrow quartz reefs in stockwork systems were selectively mined. The results of BHM's drilling indicate that the stockworks, which have surface expression in the old workings, are long (more than 1km) and wide (10-20m). The strongest zones trend north-northwesterly towards the sand- and laterite-covered area which the CSIRO data suggest may be a target area for concealed major gold deposits.

Proposed Exploration and Budget

Current exploration by Polaris is at an early stage and is aimed at having a better understanding of the regolith, surface geology, mineralisation and alteration in the area. This will aid the interpretation of surface geochemical data and improve the definition of targets for gold deposits. The current plan is to use aerial photographs together with Landsat TM and ASTER satellite data to interpret the surface geology of the area and then to undertake field checking of this interpretation. Through a combination of check sampling and additional geochemical surveys as appropriate, together with interpretation of the available information on geology and structures, priority targets for RAB drilling will be identified. The foregoing work, plus a 10,000m RAB drilling program, may be expected to cost in the order of \$100,000 in Year 1. The promising RAB results of BHM within P77/3272 and 3273, and targets defined by the RAB drilling of the sand- and laterite-covered areas, will then be followed up with RC and diamond drilling in Year 2 at an estimated cost of \$150,000.

Clampton North Prospect

Tenements and Agreements

Clampton North Prospect is comprised of two exploration licence applications and two prospecting licence applications. The tenements extend northwards from the Clampton gold mine, covering a total area of about 110km². The northernmost licence, E77/864, partly encloses the Yarbu Prospect forming a contiguous package. E77/862 and 864 are beneficially owned by IGL and farm-in and joint venture terms have been agreed giving Polaris the right to earn an 80% interest in each tenement by the expenditure of \$500,000 in up to three years.

Table 14 Clampton North Prospect - Tenement Summary

Tenement	Grant date	Area	Rental (\$)	Commitment (\$)
E77/862	17-12-03	8blk	769.12	20,000
E77/864	17-12-03	49blk	4,807.00	44,100
P77/3468	Pending	144ha	-	-
P77/3469	Pending	117ha	-	-
Totals			\$5,576.12	\$64,100

Geological Setting

The Clampton North Prospect covers 35km strike length of the Clampton Fault and adjacent greenstone belt. The Clampton Fault juxtaposes granitoid rocks in the west and units of the Marda-Diemals Greenstone Belt in the east; and is regionally extensive, forming part of the Youanmi Shear Zone.

The extensive area shares with the Yarbu Prospect favourable regional settings for Archaean gold deposits, including northeast and northwest-trending faults and fractures that displace granite-greenstone and greenstone-sediments contacts. As at Yarbu, some outcrops in the Clampton Prospect area feature the presence of andalusite and other aluminosilicate minerals, which can be diagnostic of gold-deposit-forming hydrothermal processes.

The volcanic unit in the southern exploration licence comprises dominantly mafic and ultramafic lavas; but also includes shaley metasedimentary rocks interbedded with felsic volcanics. The recently released Geological Survey of Western Australia (GSWA) 1:100,000 map sheet covering the area shows gossanous units extending over 7km in association with the metasediments and volcanics. A record of previous exploration for volcanogenic massive sulphides (VMS), which, as at Golden Grove and Teutonic Bore, can host Zn-Cu-Au-Ag mineralisation, refers to the presence of disseminated to massive zoned pyrrhotite, pyrite and magnetite lenses with traces of chalcopyrite, native silver and gold. As well as having potential for VMS Zn-Cu-Ag deposits, the gossanous units are targets for supergene gold deposits produced during weathering of the massive sulphides as exemplified by the Hercules deposit discovered in 2001 by Gwalia near Marvel Loch containing an inferred mineral resource of 2.6Mt at 2.4g/t Au.

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

Previous Exploration

The CSIRO lateritic regolith sampling and the geochemical soil sampling by BHM referred to in the description of Yarbu Prospect extended to the north, west and south of Yarbu and the results are of interest, with numerous geochemical anomalies to be followed up.

Proposed Exploration and Budget

Proposed exploration will initially comprise reconnaissance mapping, gossan sampling and soil geochemical surveys, followed by RAB drilling in areas of interest at a cost of \$75,000 in Year 1. There are indications of supergene gold enrichment beneath gossan associated with shaley metasediments in the vicinity of the Clampton North tenements (eg Copper Bore) supporting the view that drilling wherever there are gossans showing anomalous gold will have a high probability of success. Once areas of potential resources have been defined by RAB drilling they will be followed up with RC and diamond drilling at a cost of \$100,000 in Year 2.

Copper Bore Prospect

Tenements and Agreements

Copper Bore Prospect includes a prospecting licence (P77/3134) and two granted exploration licences (E77/1104 and E77/1126) in which a 95% interest is held by Polaris under the terms of an option agreement entered into with Vernon Strange (VWS Option). The tenements extend northwards from the northern boundary of the Clampton Prospect, covering a total area of about 25km². Polaris and Vernon Strange have entered into a farm out and joint venture agreement with Liberty Gold NL granting Liberty the right to earn a 57% interest by the expenditure of \$300,000 in a two year period and, if warranted on results, being responsible for the full cost of exercising the VWS Option. Thereafter certain elections are available to Polaris, ranging from contributing to hold a 38% participating interest to electing to take 10% carried to a decision to mine. If the option is exercised Vernon Strange will hold 5% carried to completion of a bankable feasibility study.

Table 15 Copper Bore Prospect - Tenement Summary

Tenement	Grant date	Area	Rental (\$)	Commitment (\$)
P77/3134 ¹	15-09-1995	6ha	18.20	2,000
E77/1104	18-11-2003	6blks	576.84	20,000
E77/1126	17-10-2003	7blks	672.98	20,000
Totals			\$1,268.02	\$42,000

¹ Pending M77/973

Geological Setting

The Copper Bore Prospect covers a belt of shaley metasediments interbedded with mafic volcanics and intrusives. Gossans associated with the metasediments are in places anomalous in copper, gold, silver, lead and zinc. The gossanous units are targets for supergene gold deposits produced during weathering as well as having potential for VMS Zn-Cu-Ag deposits.

Previous Exploration

The gossans associated with the metasediments have been explored in the past for VMS Zn-Cu-Ag deposits. Diamond drilling by WMC in the 1970s is reported to have intersected up to 4.5m assaying 4.2% Cu and 1.3% Zn. In 1998 Vernon Strange drilled RAB holes across a gossan in the Copper Bore tenement to test for supergene gold as well as copper, and obtained the following results:

Table 16 Copper Bore RAB Drilling Results

Hole	From (m)	To (m)	Intercept (m)	Au (g/t)	Cu (%)
SGR1	11	16	5	2.8	6.5
SGR2	26	30	4	2.2	5.8
SGR6	2	19	17	2.5	4.8

Holes SGR1 and SGR2 were drilled on the same line at an angle of -60° to the west, normal to the strike of the gossan, which is steeply dipping. SGR2 was positioned 10m east of SGR1 and true thickness of the intersections is about three metres. Hole SGR6 was drilled almost vertically into the gossan about 10m north of the SGR1 & SGR2 drill line. The intersection exaggerates the thickness but provides a continuous sample of the shallow supergene zone.

Proposed Exploration and Budget

Under the terms of the farm out agreement Liberty Gold NL will be responsible for exploration of the tenements at its sole cost until expenditure reaches \$300,000.

LAKE JEFFRIES PROJECT

Introduction

The Lake Jeffries Project comprises applications by Polaris subsidiary Eclipse Minerals Limited for an EL (E38/1487) and two prospecting licences (P38/3102 and P38/3103) near the northeastern margin of the Archaean Yilgarn Craton, 220km north of Laverton and 180km east of Wiluna, Western Australia. The recent release of information by the GSWA on the combined use of regolith geochemistry and gravity on the Kingston 1:250,000 sheet prompted Eclipse's interest in the area.

Table 17 Lake Jeffries Project - Tenement Summary

Tenement	Status	Area
E38/1487	Pending	60blks
P38/3102	Pending	198.9ha
P38/3103	Pending	104.4ha

Regional Setting

The project lies within the Proterozoic Eoraheedy Basin near its southern margin. Regional gravity clearly shows the presence of Archaean greenstones, beneath the Eoraheedy sediments (Figure 11). The clarity of an aeromagnetic image of the area and the presence of a coincident gravity high suggest that the depth to the Archaean basement is not great; although holes drilled by a previous explorer just to the east suggest a depth of at least 100m. A structural interpretation of the Northeastern Goldfields by Geoscience Australia in 2000 indicates the presence of major north trending faults extending from south of Laverton to the project area.

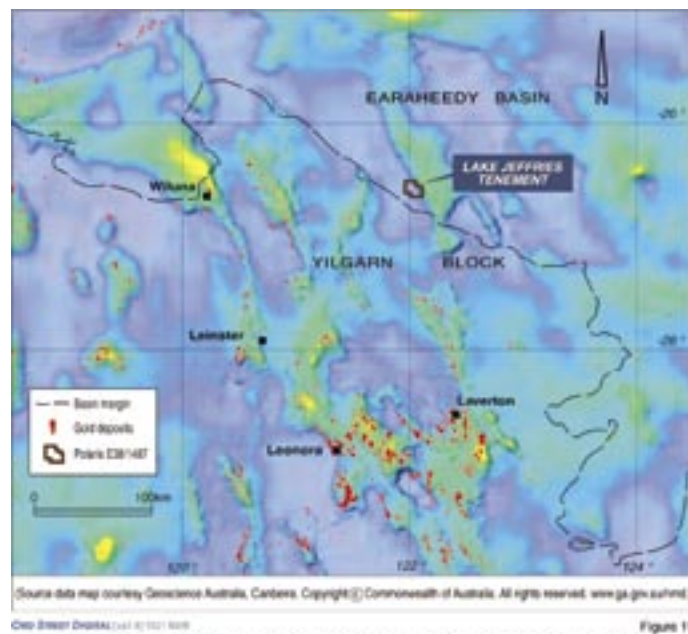
SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

Previous Exploration

RGC Exploration Pty Ltd explored the tenements as part of a larger area between 1994 and 1996. They sought stratiform base metal mineralisation within the Lower Proterozoic Earraheedy Group. Their exploration was comprised of geological mapping, rock chip, soil, and stream sediment sampling, and reverse circulation drilling to depths of up to 120m. They obtained no significant indications of mineralisation in the Lower Proterozoic sediments. The only other modern exploration has been for diamonds.

Exploration Potential

The tenements are interpreted to cover an area of Archaean greenstones that appear to have undergone considerable structural dislocation. These rocks have never been explored. To the south, the Laverton area, also near the eastern margin of the Yilgarn Craton, contains the significant Lancefield, Granny Smith, Sunrise, Cleo, and Wallaby gold deposits and also the Windarra nickel deposits. The greenstones could well host gold and nickel mineralisation. The challenge is to discover it beneath the overlying sediments.



**LAKE JEFFRIES PROJECT LOCATION
SUPERIMPOSED ON
REGIONAL GRAVITY IMAGE**

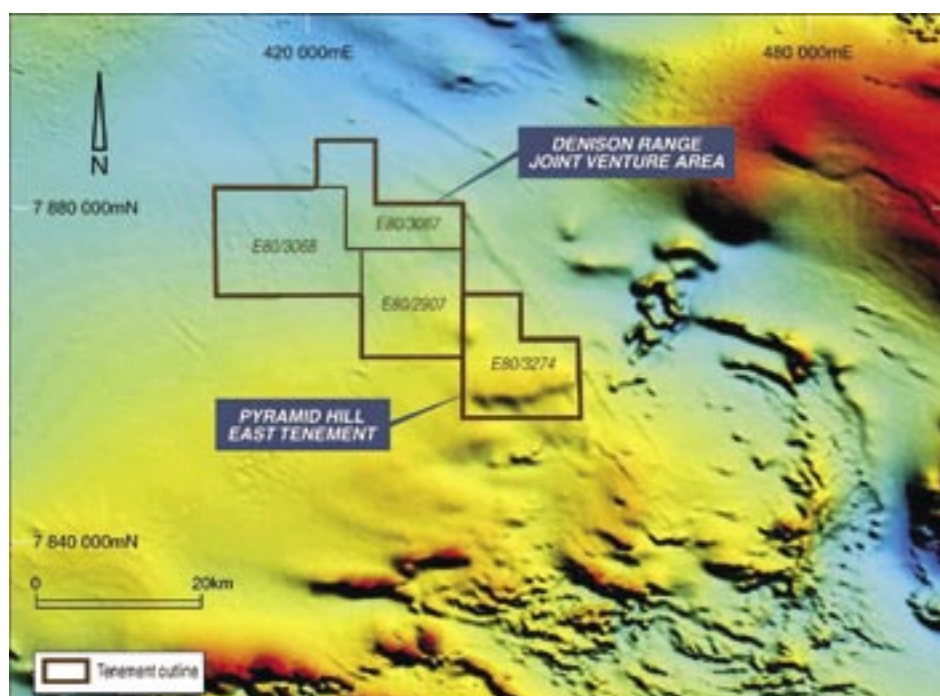
Proposed Exploration and Budget

When the tenements are granted Polaris intends to initially carry out the compilation of available geochemical data in GIS format and to apply digital elevation modelling and new-generation remote sensing techniques including 3-D analysis of gravity and magnetic data using computer-based tools. Polaris selected the project area on the basis of the interpreted presence of deep seated crustal structures. It expects to be able to effectively map the sub-surface geology and determine the location of these structures. The 3-D interpretations and GIS-assembled data can then be used for prospectivity analysis, involving dilation/stress maps and shape analysis, leading to the identification of drilling targets. Once the tenements are granted a program of remote sensing, as described above, may be expected to cost in the order of \$100,000 plus the cost of airborne surveys if needed.

DENISON RANGE PROJECT

Introduction

The Denison Range Project comprises the Denison Range Joint Venture area (E80/2907, E80/3067 and E80/3068) and the Pyramid Hill East tenement (E80/3274). The Joint Venture area comprises three granted exploration licences covering approximately 490km² situated near the northwestern margin of the Granite-Tanami Craton 140km southeast of Halls Creek in Western Australia (Figure 12). The licences covers antiform and domal structures, and rift-style faults, affecting Adelaidean and Carpentarian-age arenaceous sediments. The Pyramid Hill East tenement, covering about 165km², abuts the Joint Venture area in the southeast.



Geo STREET DIGITAL (+61 8) 9321 8008

Figure 12

DENISON RANGE LOCATION AND AEROMAGNETIC IMAGE

Tenements and Agreements

Parties to the Denison Range Joint Venture are Polaris, through Eclipse Minerals Limited (75% interest), Independence Group NL (IGO) and Southstar Diamonds Ltd (Southstar). Polaris must sole fund exploration until completion of a pre-feasibility study. Eclipse holds E80/2907 and IGO and Southstar hold exploration licences E80/3067 and E80/3068, with the parties holding their respective tenements in trust for the joint venture. Reference is made below to a WMC Resources geochemical database and, in the event of successful exploration and mine production by the joint venture, WMC will be entitled to a royalty of 1.5%. The Pyramid Hill East tenement was only recently applied for and is held 100% by Polaris.

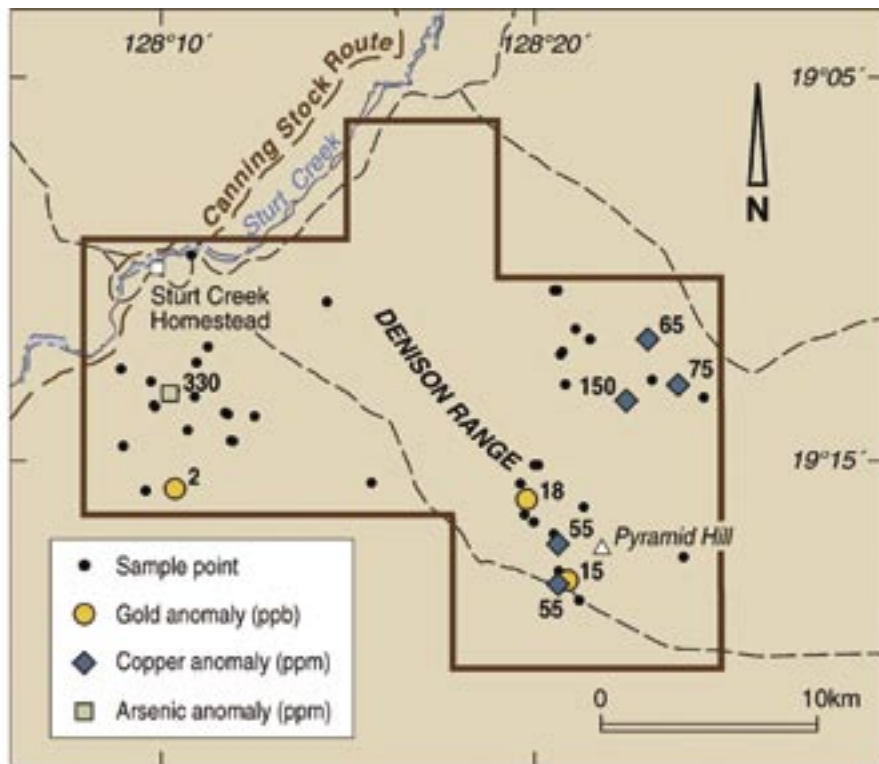
SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

Table 18 Denison Range Project - Tenement Summary

Tenement	Date granted	Area	Rental (\$)	Commitment (\$)
E80/2907	11-07-2003	49blks	4,710.86	44,100
E80/3067	18-09-2003	38blks	3,653.30	34,200
E80/3068	18-09-2003	66blks	6,345.24	59,400
E80/3274	Pending	52blks	-	-
			\$14,709.40	\$137,700

Geological Setting

The exploration licences were applied for to follow up a concept of an exploration target based on an expectation that a period of major tectonic activity of late Adelaidean or Cambrian age caused hydrothermal fluids to migrate from the basement and form ore deposits in suitable structural traps. Antiform and domal structures in the Denison Range, and the juxtaposition of Adelaidean and Carpentarian sediments along a regional fault west of the ranges, are manifestations of the late stage tectonic activity in the region. The domal architecture invokes a Telfer-style exploration model. However, if the tectonism affected the basement, mobilising granitoids and hydrothermal fluids, an Olympic Dam exploration model would not be ruled out. Gold, copper and uranium are known to be present elsewhere in the Granites-Tanami basement.



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Figure 13

DENISON RANGE JOINT VENTURE AREA SHOWING SAMPLE SITES

Exploration Potential

IGO and Southstar have been able to provide geochemical information in respect of the Denison Range Joint Venture area from a database of samples collected by WMC Resources during many years of diamond exploration in WA and the NT (IGO Prospectus, 2001). The database provides evidence of significant metal anomalies in the joint venture area. As depicted in Figure 13, strong coincident copper and gold anomalies are present in the Denison Ranges. High arsenic and a weak gold anomaly are also present in parallel structures to the west.

The Pyramid Hill East tenement covers key structural trends that are evident in aeromagnetic images, and a prominent magnetic anomaly with characteristics similar to the geophysical signature of some iron-oxide copper-gold deposits.

Proposed Exploration and Budget

As for the Lake Jeffries Project, the latest remote sensing exploration techniques are appropriate at Denison Range to generate drilling targets. A program involving digital elevation modelling, GIS compilation, 3-D analysis of gravity and magnetics data and prospectivity analysis will be appropriate. In the order of \$150,000 will be required for this first stage exploration during Year 1, and follow up ground geophysical surveys and drilling may be expected to cost a further \$140,000 during Year 2.

DECLARATIONS

This report has been prepared by Dr John. M. Chisholm, a director of Continental Resource Management Pty Ltd who has 25 years experience in the mineral industry as a geologist, consultant and valuer and has carried out numerous resource calculations and valuations of exploration properties.

No member or employee of CRM is, or is intended to be a Director, officer or other direct employee of Polaris. No member or employee of CRM has, or has had, any share holding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in Polaris. CRM has not previously provided geological services to Polaris and there is no agreement or understanding between CRM and Polaris as to CRM performing further work for Polaris. Fees are being charged at a commercial rate for the preparation of this report, the payment of which are not contingent upon the conclusions of the report.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 10 January 2004 and could alter over time depending on exploration results, metal prices and other relevant market factors that affect the sale of mineral properties.

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

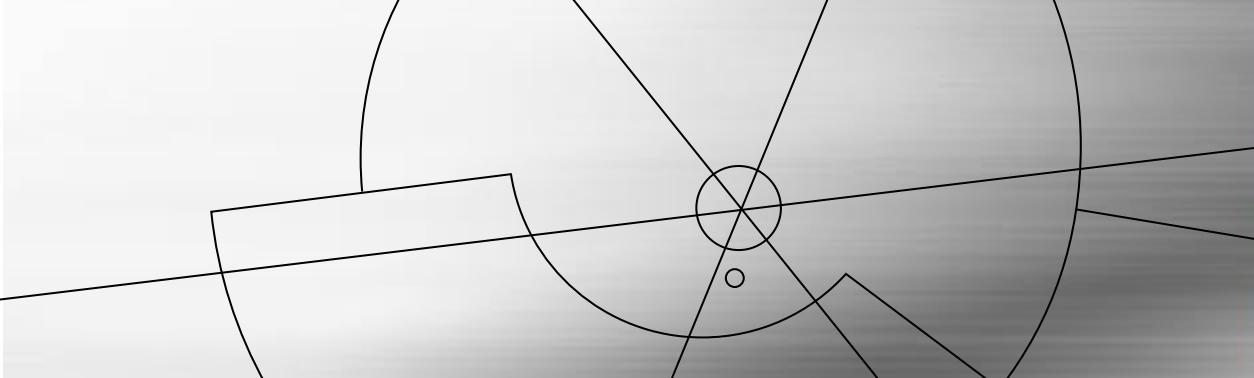
GLOSSARY OF GEOLOGICAL AND TECHNICAL TERMS

Aeromagnetics	Measurement of the earth's magnetic field from a surveying aircraft, or the purpose of recording the magnetic characteristics of rocks.
Aircore (AC)	A core drilling technique in which the cuttings are recovered through an open faced bit and returned to the surface by compressed air.
Alteration or weathering	Change in mineralogical composition of a rock commonly brought around by reactions with hydrothermal solutions.
Amphibolite	A metamorphic rock composed mainly of amphibole.
Archean	The oldest rocks of the Pre Cambrian Era, older than about 2500 million years.
Arsenic	A mineral, the native element, occurring in grey masses.
Auger drilling	A shallow drilling technique which uses auger drilling rods.
Au	Chemical symbol for gold
Banded Iron Formation or BIF	Chemical sedimentary rock composed mainly of finely alternating layers of silica and iron oxide.
Basalt	Dark coloured fine-grained rock composed mainly of feldspar and pyroxene.
Base metals	The more common and chemically active metals, e.g. lead, copper, zinc, nickel.
Bedrock	Solid rock underlying surficial deposits.
Blocks (blks)	Graticular area bounded by 1 minute of latitude and 1 minute of longitude. Equal to approximately 2.8km ² in WA.
Breccia	Rock fragmented into angular components.
Carbonate	A salt or ester of carbonic acid; a compound containing the radical CO ₃ .
Chert	Very fine-grained rock composed of silica.
Chlorite	A platy hydrous silicate related to mica.
Clastic	Rocks composed of fragmental material derived from pre-existing rocks.
Dacitic	Pertaining to a fine-grained extrusive rock having the same general composition as andesite but having less calcic plagioclase.

Diamond drilling	Method of obtaining cylindrical core of rock by drilling with a diamond-set or diamond-impregnated bit.
Dolerite	A medium grained mafic intrusive rock composed mainly of pyroxene and plagioclase.
Dyke	A tabular body of igneous rock, crosscutting the host strata at a high angle.
Epiclastic	A sedimentary rock composed of fragments of pre-existing rocks.
Fault	A fracture in rock along which there has been relative displacement of the two sides either vertically or horizontally.
Felsic	Descriptive of light coloured rock containing an abundance of feldspar (generally potassium rich) and quartz.
Fold	A bend in strata or any planar structure.
g/t	Grams per tonne.
Geochemistry	The study of the abundance of elements in rocks by chemical methods.
Gneiss	A coarse grained rock in which bands rich in granular minerals alternate with bands in which schistose minerals predominate.
Granitoid	A field term for a coarse grained felsic rock resembling granite.
Grass roots	Initial stages of a mineral exploration program involving a preliminary assessment of potential.
Greenstone	A field term for metamorphosed mafic and ultramafic igneous rocks.
Igneous	Formed by solidification of hot mobile material termed magma.
Intermediate rock	An igneous rock containing between 52 and 66% SiO ₂ .
Intrusion	A body of igneous rock that invades older rocks.
Isoclinal	Pertaining to a fold that is so compressed that both limbs have the same dip.
Laterite	A strongly leached iron and aluminium rich rock, formed at the surface by weathering in tropical conditions.
Lineament	A linear geological feature.
Lithology	Composition and texture of rock.
Lode	A tabular or vein like deposit of valuable mineral between well defined walls.

SECTION 6: INDEPENDENT GEOLOGIST'S REPORT

Ma	Million years.
Mafic	Descriptive of rocks composed dominantly of magnesium and iron forming silicates.
Metamorphosed	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids. (Note: All the Archaean rocks described in the report have been metamorphosed to varying degrees. For simplicity the prefix meta- has not always been used).
Mineralisation	The concentration of metals and their chemical compounds within a body of rock.
Mylonite	A fine-grained, laminated rock formed by microbrecciation during movement on fault surfaces.
Outcrop	An exposure of bedrock at the surface.
Oxidation	Near surface decomposition by exposure to the atmosphere and ground water.
ppb or ppm	Parts per billion (1,000 million) or parts per million.
Pelite	A very fine-grained sedimentary rock composed of clay or finer material.
Pisolithic	Consisting of rounded grains the size of peas.
Plunge	Inclination of a fold axis or other structure.
Plutonic	Rocks formed at depth and high pressures.
Polyphase	Multiple episodes.
Porphyry	A rock with conspicuous crystals in a fine-grained ground mass.
Pyroclastic	Detrital volcanic material that have been explosively ejected from a volcanic vent.
Quartz	A mineral composed of silicon dioxide.
Resource	In-situ mineral occurrence from which valuable or useful minerals may be recovered.
Reverse circulation (RC)	A percussion drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
Rhyolitic	Pertaining to a group of extrusive igneous rocks, generally porphyritic with phenocrysts of quartz and alkali feldspar.
Rotary air blast drilling or RAB	Rotary drilling technique in which sample is returned to surface outside the rod string by compressed air.
Schist	A metamorphic rock with a platy or foliated texture.



Sediment	Rocks formed by the deposition of solids from water.
Shale	A fine-grained, clay rich sedimentary rock with a well developed bedding plane fissility.
Shear	A fracture in rock similar to a fault.
Silicified	Pertaining to the introduction of or replacement by silica.
Sill	A tabular intrusion of igneous rock that is concordant with the structure of the enclosing rocks.
Siltstone	A very fine-grained consolidated clastic rock composed predominantly of silt grade.
Sericite	A white fine grained potassium mica occurring as an alteration product.
Soil sampling	Systematic collection of soil samples at a series of different locations in order to study the distribution of soil geochemical values.
Splay fault	A secondary shear or fault divergent from the principal structure.
Stockwork	A network of, usually quartz veinlets diffused in the original rock.
Stratigraphy	Composition, sequence and correlation of stratified rock in the earth's crust.
Structural	Pertaining to geological structure.
Strike	The course or bearing of a bed or layer of rock.
Sulphide	A mineral compound characterised by the linkage of sulphur and metal.
Supergene	Mineral deposit or enrichment formed by descending solutions.
Tuff	A rock formed of compacted volcanic fragments, generally less than 4mm in diameter.
Ultramafic	Descriptive of igneous rock containing virtually no quartz or feldspar and composed essentially of ferromagnesium silicates, mainly olivine and pyroxene.
Vein	A thin sheet-like intrusion into a fissure or crack, commonly bearing quartz.
Volcanic	Descriptive of rocks originating from volcanic activity.
Volcanoclastic	Pertaining to a clastic rock containing volcanic material without regard to its origin or environment.
Volcanogenic	Formed by processes directly connected with volcanism.

SECTION 7: SOLICITOR'S REPORT ON THE TENEMENTS

Your Ref:
Our Ref: CL.PMNL/11190
Email: office@blakcrab.com.au
9 February 2004

BLAKISTON & CRABB
SOLICITORS

The Directors
Polaris Metals NL
c/- Cross Corp
Ground Floor
Colord House
33 Colin Street
WEST PERTH WA 6005

Dear Sirs

SOLICITORS' REPORT ON TENEMENTS

This report is prepared for inclusion in a prospectus to be dated on or about 9 February 2004 to be issued by Polaris Metals NL ("**Company**") for the issue of 17,500,000 fully paid ordinary shares in the capital of the Company at an issue price of 20 cents per share, together with one free attaching option for every two shares applied for, to raise \$3,500,000.

The report relates to the Western Australian mining tenements listed in the Schedule of Mining Tenements in which the Company holds an interest ("**Mining Tenements**"), which together with the Notes and Footnotes to the Schedule of Mining Tenements form part of this report.

1. Searches

We have conducted the following searches:

- (a) searches of the Western Australian Mining Tenements in the Register maintained by the Department of Industry and Resources ("**WA Department**") pursuant to the *Mining Act, 1978* of Western Australia ("**WA Mining Act**") on 14 November 2003; and
- (b) quick appraisal searches of the Mining Tenements obtained on-line from the WA Department dated 14 November 2003 and searches of the summaries of native title claims maintained by the National Native Title Tribunal ("**NNTT**") on 18 November 2003.

We have perused the material contracts which relate to the Mining Tenements and which are summarised in Section 10.5 of the Prospectus ("**Material Contracts**"). We confirm that those summaries are true and correct summaries of the Material Contracts. Those of the Material Contracts which are not yet stamped have been lodged for assessment of stamp duty with the Office of State Revenue.

On the basis of the searches and our perusal of the Material Contracts, subject to the enforceability of such Material Contracts, and subject to the paragraphs below, we consider that this report provides an accurate statement as to the status of the Mining Tenements as at 14 November 2003 and of the Company's interests therein.

In respect of two only of the Mining Tenements, being exploration licences 77/862 and 77/864, we conducted on-line mineral title searches of the tenement database maintained by the Department on 21 January 2004 in order to verify that those two exploration licences had been granted on 17 December 2003.

Subsequent to the date of the searches carried out by us we were advised by the Company that it had made application for two additional tenements, being prospecting licences 77/3468 and 77/3469. We have verified this information by conducting on-line mineral title searches on 29 January 2004 and these tenement applications are included in the Schedule to this Report.

2. Mining Tenements Generally

The report relates to the various Western Australian mining tenements listed in the Schedule of Mining Tenements in which the Company holds an interest, which together with the Notes to the Schedule of Mining Tenements form part of this report. The Schedule also notes the existence of a tenement application which is in Queensland but we have not been instructed to undertake the necessary searches to report on that application. The term “Mining Tenements” where it appears in this Report does not include the Queensland application.

The Mining Tenements comprise prospecting licences, exploration licences and mining leases granted or applied for under the WA Mining Act.

A prospecting licence remains in force for a period of 4 years and then expires. The WA Mining Act confers on the holder of a prospecting licence which is in force, the right to apply for and, subject to the WA Mining Act, have granted one or more mining leases over any part of the land the subject of that licence.

An exploration licence remains in force for a period of 5 years and may, in certain circumstances, be extended by a further period or periods of one or two years on application. At the end of the third and fourth years of the term of an exploration licence the holder must relinquish not less than half of the area of the licence. No legal or equitable interest in or affecting an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. The area comprising one graticular block will range from approximately 2.8 km² to 3.3 km² depending on where it is located in the State.

The WA Mining Act confers on the holder of an exploration licence which is in force, the right to apply for and, subject to the WA Mining Act, have granted one or more mining leases over any part of the land the subject of that licence.

A mining lease remains in force for a period of 21 years and may be renewed for successive periods of 21 years. In the case of mining leases the period of 21 years commences from the date of notification by the Minister. No legal or equitable interest in or affecting a mining lease can be transferred or otherwise dealt with, or sub-lease entered, without the prior written consent of the Minister.

Mining tenements in Western Australia are granted subject to various conditions prescribed by the WA Mining Act including payment of rent, expenditure and reporting requirements and standard environmental conditions.

Mining tenements in Western Australia are also subject to statutory requirements of certain other Acts including the *Aboriginal Heritage Act 1972*, *Environmental Protection Act 1971*, *Rights in Water and Irrigation Act 1914* and *Conservation and Land Management Act 1984*.

3. Aboriginal Heritage

There may be sites of Aboriginal heritage or significance located on the land on which the Mining Tenements are situated. *The Aboriginal Heritage Act 1972 Western Australia* (“**WA Heritage Act**”) applies to the Mining Tenements and makes it an offence to, among other things, alter or damage an Aboriginal site or object on or under an Aboriginal site. A site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent. There is no requirement or need for a site to be registered in any public manner or, indeed, be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the WA Heritage Act.

SECTION 7: SOLICITOR'S REPORT ON THE TENEMENTS

The *Aboriginal and Torres Strait Islanders Heritage Act (1984)* (“**Commonwealth Heritage Act**”) also applies to all of the Mining Tenements and is aimed at the preservation and protection from desecration of significant Aboriginal areas and significant Aboriginal objects. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with Aboriginal tradition.

We have not undertaken searches to ascertain if any Aboriginal sites have been registered in the vicinity of the Mining Tenements under any of these Acts as there is no obligation to register sites and in any event the exact location of the sites is not ascertainable from such searches. Further, these enquiries are generally done by the mining company after the mining tenure applied for is granted and once a particular work programme has been determined.

To ensure that that it does not contravene any of these Acts while carrying out operations on the Mining Tenements, the Company would need to conduct heritage surveys to determine if any Aboriginal sites exist within the area of the Mining Tenements and, if so, would need to ensure that any interference with such Aboriginal sites is in strict conformity with the provisions of the WA Heritage Act and the Commonwealth Heritage Act.

4. Private Land and Access

Approximately 25% of the Mining Tenements encroach, to varying degrees, upon land that is either freehold land or certain leasehold land both of which are “private land” for the purposes of the WA Mining Act. Any native title which may have existed over the freehold land will have been extinguished by the granting of freehold interests. A more detailed explanation of the effect of Native Title on mining tenements is contained in paragraph 5 of this Report.

Under the WA Mining Act, a granted tenement will not give access to the area of that tenement that is 30 metres from the natural surface of private land without the consent of the private land owner and occupier. Without consent of the private land owner and occupier a tenement application can still be granted, but access will be limited to the area that is below a depth of 30 metres from the natural surface of the land. The consent is commonly given under the terms of an access agreement whereby the tenement holder also agrees to pay compensation of the owner and occupier for any damage or disturbance caused to the surface of the land.

Only a small number of the Mining Tenements exclude from the grant of those Mining Tenements the area that is less than 30 metres from the natural surface of the land to the extent those Mining Tenements are over private land. Access agreements will need to be entered into with those private land owners and lodged with the WA Department if access to the surface of the land is required.

Where there is private land affecting a Mining Tenement, the extent of the area of private land is set out in the Notes.

5. Native Title - Generally

On 3 June 1992 the High Court of Australia held in *Mabo -v- Queensland* that the common law of Australia recognises a form of native title. In order to maintain a native title claim the persons making such claim must show that they enjoyed certain customary rights and privileges in respect of a particular area of land and that they have maintained their traditional connection with that land. Such a claim will not be recognised if the native title has been extinguished, either by voluntary surrender to the Crown, death of the last survivor of a community entitled to native title, abandonment of the land in question by that community or the granting of an “inconsistent interest” in the land by the Crown. An example of inconsistent interest would be the granting of a freehold or some types of leasehold interest in the land. The granting of a lesser form of interest will not extinguish native title unless it is wholly inconsistent with native title.

The Commonwealth Parliament responded to the Mabo decision by passing the *Native Title Act 1993* (“**Commonwealth Act**”). Among other things, the Commonwealth Act:

- (a) regulates the recognition and protection of native title;
- (b) confirms the validity of titles granted by the Federal Government prior to the commencement of that Act on 1 January 1994;
- (c) specifies the procedures to be complied with for certain future acts which affect native title; and
- (d) specifies the procedures by which Aboriginal peoples can claim native title and by which people determined to hold native title holders can claim compensation.

The Commonwealth Act was extensively amended in 1998 by the *Native Title Amendment Act 1998*. These amendments include the validation of any titles that may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. Other significant amendments include a revised threshold test for the acceptance of native title claims, confirmation of extinguishment of native title by the grant of “exclusive possession” pastoral leases and certain other leasehold interests and provisions intended to deal with overlapping claims.

The Western Australian Government has implemented the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* which adopts the Commonwealth Act in Western Australia.

The majority of the High Court concluded in the recent *Ward* decision (8 August 2002) that, among other things:

- native title has been wholly extinguished in respect of land the subject of freehold, public works or other previous “exclusive possession” acts, and in respect of minerals and petroleum which are vested in the Crown, as well as various other grants and vestings; and
- native title has been partially extinguished as a result of the grant of “non-exclusive possession” pastoral leases and mining leases, and also as a result of the creation of certain reserves.

We have not researched the underlying land tenure in respect of the Mining Tenements in order to determine the extent of extinguishment for the purposes of this report.

6. Native Title – Native Title Claims

Persons claiming to hold native title may lodge an application for determination of native title (being a native title claim) with the Federal Court. Applications which are lodged with the Federal Court will be referred to the NNTT for the purposes of registration of the claim.

If the Native Title Registrar is satisfied that a claim meets the registration requirements set out in the Commonwealth Act (the “**Registration Test**”) it will be entered on the Register of Native Title Claims maintained by the NNTT (“**Register**”). Claimants of registered claims are afforded certain procedural rights under the Commonwealth Act including the “right to negotiate” discussed further below.

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received maintained by the NNTT. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. Claims which are deregistered will lose the right to negotiate from the date of deregistration but will still remain on foot in the Federal Court until such time as they are determined by the Court.

The majority of the Mining Tenements relate to land which is currently the subject of a registered native title claim. These claims are identified in the Notes to the Schedule of Mining Tenements attached to this report. The fact that a claim has been lodged does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area. The existence of native title will be established in due course as the claims are determined by the Federal Court. We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the possibility of any further claims in respect of the area of the

SECTION 7: SOLICITOR'S REPORT ON THE TENEMENTS

Mining Tenements being made in the future.

Two of the Mining Tenements, exploration licences 80/3067 and 80/3274, are over land which is the subject of the Tjurabalan 2 Claim. The Tjurabalan 2 Claim is the subject of a consent determination made by the Federal Court which determination states that the claimants are the holders of native title rights over most of the land covered by the claim and have the right to control access to and activities conducted by others on that area.

7. Native Title – Validity of Titles

(a) Granted Tenements

(i) Tenements granted prior to 1 January 1994

Under the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* the grant of mining tenements granted in Western Australia prior to 1 January 1994 has been validated to the extent that the grant may have been invalid as a result of the existence of native title. Mining leases 77/166, 77/123, 77/228, prospecting licences 77/2917, 77/2918, 77/2919, 77/3048 and exploration licences 77/474 and 77/485 were granted prior to 1 January 1994 and accordingly have been validated pursuant to this Act.

(ii) Tenements granted after 1 January 1994

The grant of a mining tenement is an act that is capable of affecting, and which may affect, native title. The future act processes of the Commonwealth Act provide a mechanism for achieving the valid grant of a mining tenement in terms of native title.

The Western Australian Parliament passed the *Titles Validation Amendment Act 1999* which confirmed the validity of certain acts made by the State of Western Australia between 1 January 1994 and 23 December 1996, provided such acts had met various conditions set out in the Commonwealth Act. Prospecting licences 77/3114 and 77/3115 and exploration licence 77/733 were granted during that period. We have not undertaken the necessary inquiries to establish whether the conditions referred to above were satisfied but the grant of these tenements is valid until proven otherwise.

Mining Tenements granted since 23 December 1996 which are affected by native title rights and interests will be valid provided the applicable processes prescribed by the Commonwealth Act were complied with. We understand that it has been the practice of the Western Australian Government to comply with these processes but we have not undertaken any independent enquiries to confirm that this is the case. All of the remaining Mining Tenements, save for those which are not yet granted, were granted after 23 December 1996.

(b) Future Tenement Grant

As stated above, the valid grant of any of the Mining Tenements which may affect native title requires full compliance with the provisions of the Commonwealth Act in addition to compliance with the usual procedures under the relevant State's mining legislation. The primary procedure prescribed under the Commonwealth Act is the "right to negotiate" process. Other procedures may apply to low-impact or infrastructure mining titles in some instances.

The right to negotiate process involves the publishing of a notice of the proposed grant of a tenement followed by a minimum 6 month period of negotiation between the relevant State Government, the tenement applicant and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the NNTT, which has a further 6 months to reach a decision. The

decision of the NNTT may be reviewed by the relevant Federal Minister.

The Commonwealth Act provides that, in relation to the grant of mining tenements in certain areas, a State law can operate in lieu of the right to negotiate process of the Commonwealth Act. These areas are principally areas covered by pastoral leases. The Western Australian State Government has not yet introduced such alternative procedures.

The right to negotiate process does not have to be pursued in cases where an indigenous land use agreement (“ILUA”) is negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures will vary depending on the terms of the relevant ILUA.

(c) Renewals

As with the grant of mining tenements, renewals of mining tenements granted prior to 1 January 1994, to the extent the renewals were invalid due to native title, have been validated by legislation. Renewals granted between 1 January 1994 and 23 December 1996 have been similarly validated provided certain statutory criteria have been met.

Renewals made after 23 December 1996 of tenements validly granted before that date will not be subject to the right to negotiate process provided:

- (i) the area to which the earlier right is made is not extended;
- (ii) the term of the new right is not longer than the term of the earlier right; and
- (iii) the rights to be created are not greater than the rights conferred by the earlier grant.

There is doubt as to whether the right to negotiate process applies to second and subsequent renewals but this matter is yet to be determined by the courts. Other than as stated above, renewals of mining tenements are subject to the same right to negotiate (or alternate State) process as is described in 7(b) above.

8. Risk Factors

The existence of native title and/or native title claims in relation to the land the subject of the Mining Tenements may have an adverse impact on the Company’s activities and its ability to fund those activities. It is impossible at this stage to quantify the impact that these matters may have on the Company’s operations but the main risks include:

- (a) Delays in obtaining the grant of renewals or conversions of the Mining Tenements, or further applications, as a result of the right to negotiate (or alternative State) process as this process can take as long as 2 years. Further, if the parties to the right to negotiate process can not reach agreement the matter may be referred to the NNTT for arbitration. The NNTT may determine that the application cannot be granted or only granted on conditions unacceptable to the Company.
- (b) Compensation may be payable by the Company as a result of agreements made pursuant to the right to negotiate or alternative process or as a result of a compensation order made by the Federal Court in the event native title has been determined to exist. The amount of such compensation is not quantifiable at this stage.
- (c) If native title is found to exist the nature of the native title may be such that consent to mining is required from the native title holders but is withheld or only granted on conditions unacceptable to the Company.
- (e) The risk that Aboriginal sites exist on the land the subject of the Mining Tenements, the existence of which sites may preclude or limit mining activities in certain areas of the Mining Tenements. Further, the disturbance of such sites may be an offence under the applicable legislation, exposing the Company to fines and other penalties.

SECTION 7: SOLICITOR'S REPORT ON THE TENEMENTS

9. Qualifications

While the status of the Mining Tenements is dealt with in detail in the Schedule, the Notes and the Footnotes we point out by way of summary, that:

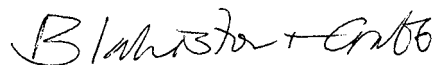
- (a) we have assumed the results of the searches which we have made or caused to be made of the Register established and maintained pursuant to the WA Mining Act and our enquiries are accurate;
- (b) we have relied on the accuracy of the Registers maintained by the WA Department and the NNTT; and
- (c) the holding of the Mining Tenements is subject to compliance with their terms and conditions and the provisions of the WA Mining Act.

10. Consent

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Blakiston & Crabb have consented to the inclusion of this report in the Prospectus in the form and context in which it is included and have not withdrawn that consent before the lodgement of the Prospectus with ASIC.

Yours faithfully



Blakiston & Crabb

SCHEDULE

Tenement No and Type	Holder/Applicant	Shares Held	Status	Grant Date	Expiry Date	Registered Encumbrances	Notes
Battler Project							
M77/166	Strange	96/96	Live	27/10/87	26/10/08	Nil	1, 2, 3, 4, 5, 52, 53, 58
M77/1025	Strange	96/96	Live	18/10/02	17/10/23	Nil	3, 4, 5, 6, 52, 53, 58
M77/1044	Strange	100/100	Live	24/9/03	23/9/24	Nil	4, 5, 52, 53
P77/2917	ORL	100/100	Live	1/10/92	30/9/96	Nil	7, 8, 52, 53, 61
P77/2918	ORL	100/100	Live	1/10/92	30/9/96	Nil	7, 8, 52, 53, 61
P77/2919	ORL	100/100	Live	1/10/92	30/9/96	Nil	7, 8, 52, 53, 61
P77/3048	ORL	100/100	Live	11/11/93	10/11/95	Nil	10, 11, 52, 53, 57
M77/797	ORL	100/100	Pending	(Applied for 25/9/96)		Nil	12, 52, 53, 61
M77/868	ORL	100/100	Pending	(Applied for 3/10/97)		Nil	13, 52, 53, 60
British Hill Project							
E77/1063	IGL	100/100	Pending	(Applied for 5/1/01)		Nil	52, 53
P77/3308	Strange Treacy	50/100 50/100	Live	31/10/00	30/10/04	Cvt 872H/001	52, 53
P77/3309	Strange Treacy	50/100 50/100	Live	31/10/00	30/10/04	Cvt 873H/001	52, 53
P77/3310	Strange Treacy	50/100 50/100	Live	31/10/00	30/10/04	Cvt 874H/001	52, 53
P77/3311	Strange Treacy	50/100 50/100	Live	31/10/00	30/10/04	Cvt 875H/001	52, 53
P77/3312	Strange Treacy	50/100 50/100	Live	31/10/00	30/10/04	Cvt 876H/001	52, 53
P77/3341	IGL	100/100	Live	10/10/03	9/10/07	Nil	52, 53
P77/3342	IGL	100/100	Live	10/10/03	9/10/07	Nil	52, 53
P77/3343	IGL	100/100	Live	6/6/02	5/6/06	Nil	52, 53
P77/3344	IGL	100/100	Live	6/6/02	5/6/06	Nil	52, 53
P77/3345	IGL	100/100	Live	6/6/02	5/6/06	Nil	52, 53
P77/3346	IGL	100/100	Live	6/6/02	5/6/06	Nil	52, 53
British Hill East Project							
E77/1171	PMNL	100/100	Pending	(Applied for 16/4/03)		Nil	52, 53
P77/3429	PMNL	100/100	Pending	(Applied for 24/4/03)		Nil	52, 53
P77/3430	PMNL	100/100	Pending	(Applied for 24/4/03)		Nil	52, 53
Centipede Project							
P77/3340	Millward	100/100	Live	9/2/01	8/2/05	Nil	52, 53
P77/3353	Strange	100/100	Live	31/10/03	30/10/07	Nil	52, 53
Spring Hill West							
P77/3427	PMNL	100/100	Pending	(Applied for 24/4/03)		Nil	52, 53
P77/3428	PMNL	100/100	Pending	(Applied for 24/4/03)		Nil	52, 53

SECTION 7: SOLICITOR'S REPORT ON THE TENEMENTS

Tenement No and Type	Holder/Applicant	Shares Held	Status	Grant Date	Expiry Date	Registered Encumbrances	Notes
Spring Hill West (Garibaldi Option)							
M77/918	Treacy	100/100	Pending	(Applied for 15/7/98)		Nil	52, 53
Olga Rocks							
P77/3114	GGM ORNL Strange	45/100 45/100 10/100	Live	12/10/94	11/10/98	Nil	14, 52, 53, 65
P77/3115	GGM ORNL Strange	45/100 45/100 10/100	Live	12/10/94	11/10/98	Nil	14, 15, 16, 52, 53, 65
P77/3422	Taylor	100/100	Pending	(Applied for 11/3/03)		Nil	52, 53
M77/916	GGM ORNL Strange	45/100 45/100 10/100	Pending	(Applied for 15/7/98)		Nil	17, 52, 53, 65
Jackson							
E77/1125	Strange	100/100	Pending	(Applied for 2/8/02)		Nil	52, 53
E77/1145	Strange	100/100	Pending	(Applied for 8/11/02)		Nil	52, 53
E77/1202	PMNL	100/100	Pending	(Applied for 11/11/03)		Nil	52, 53
P77/3337	Ferris	100/100	Pending	(Applied for 4/10/00)		Nil	52, 53, 66
P77/3338	Ferris	100/100	Pending	(Applied for 4/10/00)		Nil	52, 53, 66
P77/3401	Strange	100/100	Pending	(Applied for 12/11/02)		Nil	52, 53
P77/3402	Strange	100/100	Pending	(Applied for 12/11/02)		Nil	52, 53
P77/3403	Strange	100/100	Pending	(Applied for 12/11/02)		Nil	52, 53
P77/3424	Strange	100/100	Pending	(Applied for 7/4/03)		Nil	52, 53
P77/3426	Strange	100/100	Pending	(Applied for 9/4/03)		Nil	52, 53
Bullfinch North							
E77/474	PMNL WANL	30/100 70/100	Live	18/7/92	17/7/03	Nil	18, 52, 53
E77/485	PMNL WANL	30/100 70/100	Live	22/12/92	21/12/02	Cvt 845H/023	10, 19, 20, 21, 52, 53, 58
E77/733	PMNL WANL	PMNL WANL	Live	7/6/96	6/6/04	Cvt 844H/023	22, 52, 53, 56
E77/879	Strange Teune	50/100 50/100	Pending	(Applied for 16/2/98)		Nil	52, 53, 59
E77/907	Strange	100/100	Live	6/11/00	5/11/05	Nil	6, 23, 52, 53
E77/920	Strange	100/100	Pending	(Applied for 5/11/98)		Nil	52, 53, 57
E77/922-I	PMNL WANL	30/100 70/100	Live	22/5/00	21/5/05	Agt 89H/012 Cvt 1330H/012 Bond PE7898 for \$8,000	6, 24, 25, 26, 27, 28, 29, 30, 31, 52, 53
E77/924-I	PMNL WANL	30/100 70/100	Live	11/1/02	10/1/07	Agt 105H/012 Cvt 1423H/012	6, 24, 32, 52, 53
E77/932	PMNL WANL	30/100 70/100	Live	22/5/00	21/5/05	Nil	6, 33, 34, 52, 53, 56

Tenement No and Type	Holder/Applicant	Shares Held	Status	Grant Date	Expiry Date	Registered Encumbrances	Notes
E77/933	PMNL WANL	30/100 70/100	Live	22/5/00	21/5/05	Nil	6, 52, 53
E77/944	PMNL WANL	30/100 70/100	Live	22/5/00	21/5/05	Nil	6, 35, 36, 52, 53, 61
E77/1010	PMNL WANL	30/100 70/100	Live	30/1/02	29/1/07	Nil	6, 37, 52, 53, 56
E77/1012	PMNL WANL	30/100 70/100	Live	14/8/01	13/8/06	Nil	6, 52, 53, 57
E77/1022	PMNL	100/100	Live	23/10/02	22/10/07	Nil	6, 38, 40, 52, 53, 61
E77/1048	PMNL WANL	49/100 51/100	Live	24/4/01	23/4/06	Nil	6, 41, 42, 43, 52, 53, 60
E77/1058	PMNL WANL	49/100 51/100	Live	13/12/01	12/12/06	Nil	6, 52, 53, 56
P77/3292	PMNL WANL	30/100 70/100	Live	16/11/00	15/11/04	Nil	6, 52, 53
P77/3295	PMNL WANL	30/100 70/100	Live	9/10/00	8/10/04	Nil	6, 44, 52, 53, 57, 62
P77/3301	PMNL WANL	30/100 70/100	Live	23/2/01	22/2/05	Nil	52, 53
P77/3302	PMNL WANL	30/100 70/100	Live	9/8/00	8/8/04	Nil	6, 45, 52, 53, 56
P77/3303	PMNL WANL	30/100 70/100	Live	9/8/00	8/8/04	Nil	6, 52, 53, 56
P77/3304	PMNL	100/100	Pending	(Applied for 21/10/99)		Nil	52, 53
P77/3307	PMNL WANL	30/100 70/100	Live	8/2/01	7/2/05	Nil	6, 46, 52, 53
P77/3313	PMNL WANL	30/100 70/100	Live	15/2/00	14/2/04	Nil	47, 52, 53, 61
P77/3335	PMNL WANL	49/100 51/100	Pending	(Applied for 3/10/00)		Nil	52, 53, 60
P77/3336	PMNL WANL	49/100 51/100	Pending	(Applied for 3/10/00)		Nil	52, 53, 61
M77/123	PMNL WANL	30/100 70/100	Live	9/12/86	8/12/07	Nil	3, 52, 53, 56
M77/228	PMNL WANL	30/100 70/100	Live	6/4/88	5/4/09	Nil	3, 48, 52, 53
Bullfinch North (Newfield Option)							
P77/3328	Della Bosca	100/100	Pending	(Applied for 22/3/00)		Nil	52, 53, 67
P77/3329	Della Bosca	100/100	Pending	(Applied for 22/3/00)		Nil	52, 53, 67
P77/3330	Della Bosca	100/100	Pending	(Applied for 22/3/00)		Nil	52, 53, 67
Bullfinch North (Ennuin Option)							
P77/3324	Strange	100/100	Live	31/10/03	30/10/07	Nil	6, 52, 53, 59
P77/3325	Strange	100/100	Pending	(Applied for 15/3/00)		Nil	52, 53, 59
P77/3326	Strange	100/100	Live	31/10/03	30/10/07	Nil	6, 52, 53, 58

SECTION 7: SOLICITOR'S REPORT ON THE TENEMENTS

Tenement No and Type	Holder/Applicant	Shares Held	Status	Grant Date	Expiry Date	Registered Encumbrances	Notes
P77/3327	Strange	100/100	Live	31/10/03	30/10/07	Nil	6, 52, 53, 59
Yarbu							
E77/1102	BBI	100/100	Pending	(Applied for 25/1/02)		Nil	53
P77/3373	BBI	100/100	Live	10/10/03	9/10/07	Nil	6, 53
P77/3374	BBI	100/100	Live	10/10/03	9/10/07	Nil	6, 53
P77/3375	BBI	100/100	Live	10/10/03	9/10/07	Nil	6, 53
P77/3376	BBI	100/100	Live	10/10/03	9/10/07	Nil	6, 53
P77/3377	BBI	100/100	Live	10/10/03	9/10/07	Nil	6, 53
P77/3378	BBI	100/100	Live	10/10/03	9/10/07	Nil	6
P77/3379	BBI	100/100	Live	10/10/03	9/10/07	Nil	6
P77/3380	BBI	100/100	Pending	(Applied for 11/2/02)		Nil	Nil
P77/3272	Strange	100/100	Live	13/11/03	12/11/07	Nil	53
P77/3273	Strange	100/100	Live	13/11/03	12/11/07	Nil	53
Clampton North							
P77/3468	PMNL	100/100	Pending	(Applied for 28/1/04)		Nil	53
P77/3469	PMNL	100/100	Pending	(Applied for 28/1/04)		Nil	53
E77/862	DCL	100/100	Live	17/12/03	16/12/08	Nil	53
E77/864	DCL	100/100	Live	17/12/03	16/12/08	Nil	53
Copper Bore							
E77/1104	Strange	100/100	Live	18/11/03	17/11/08	Nil	6
E77/1126	Strange	100/100	Live	17/10/03	16/10/08	Nil	6
M77/973	Strange	100/100	Pending	(Applied for 23/8/99)		Nil	63
P77/3134	Strange	100/100	Live	15/9/95	14/9/99	Nil	49
Lake Jeffries							
E38/1487	EML	100/100	Pending	(Applied for 5/3/02)		Nil	54
P38/3102	EML	100/100	Pending	(Applied for 16/7/02)		Nil	54
P38/3103	EML	100/100	Pending	(Applied for 16/7/02)		Nil	54
Denison Range							
E80/2907	EML	100/100	Live	11/7/03	10/7/08	Nil	6
E80/3067	IGNL SDL	75/100 25/100	Live	18/9/03	17/9/08	Nil	6, 50, 51, 55
E80/3068	IGNL SDL	75/100 25/100	Live	18/9/03	17/9/08	Nil	6, 33, 51
E80/3274	PMNL	100/100	Pending	(Applied for 16/10/03)		Nil	39, 55
Kaampa Prospect - Queensland							
EPM 13824	EML	100%	Pending	(Applied for July 2002)		Nil	64

KEY

E	=	Exploration Licence
EPM	=	Exploration Permit for Minerals
M	=	Mining Lease
P	=	Prospecting Licence

Parties

BBI	=	Bell Bay Investments Pty Ltd
DCL	=	Destra Corporation Ltd
Della Bosca	=	Paul David Della Bosca
EML	=	Eclipse Minerals Ltd
Ferris	=	David John Ferris
GGM	=	Gasgoyne Gold Mines NL
IGNL	=	Independence Gold NL (now known as Independence Group NL)
IGL	=	International Goldfields Ltd
Millward	=	John Stephen Bladon Millward
ORL	=	Oriole Resources Ltd
ORNL	=	Orion Resources NL
PMNL	=	Polaris Metals NL
SDL	=	Southstar Diamonds Ltd
Strange	=	Vernon Wesley Strange
Taylor	=	Graeme Francis Taylor
Teune	=	Robert Teune
Treacy	=	Joseph Allen Treacy
WANL	=	Western Areas NL

Encumbrances

Agt 89H/012	Agreement 89H/012 (Farmin) between Portman Iron Ore Ltd, Polaris Metals NL and Western Areas NL registered 5 March 2002.
Agt 105H/012	Agreement 105H/012 (Farmin and Option) between Portman Iron Ore Ltd, Polaris Metals NL and Western Areas NL registered 7 May 2002.
Cvt 872H/001	Caveat lodged by Hamill Resources Pty Ltd recorded 25 January 2001.
Cvt 873H/001	Caveat lodged by Hamill Resources Pty Ltd recorded 25 January 2001.
Cvt 874H/001	Caveat lodged by Hamill Resources Pty Ltd recorded 25 January 2001.
Cvt 875H/001	Caveat lodged by Hamill Resources Pty Ltd recorded 25 January 2001.
Cvt 876H/001	Caveat lodged by Hamill Resources Pty Ltd recorded 25 January 2001.
Cvt 1330H/012	Caveat lodged by Portman Iron Ore Ltd recorded 5 March 2002.
Cvt 1423H/012	Caveat lodged by Portman Iron Ore Ltd recorded 7 May 2002.
Cvt 844H/023	Caveat lodged by Burmine Operations Pty Ltd in respect to 30/100ths shares in the name of Polaris Metals NL recorded 11 June 2003.
Cvt 845H/023	Caveat lodged by Burmine Operations Pty Ltd in respect to 30/100ths shares in the name of Polaris Metals NL recorded 11 June 2003.

SECTION 7: SOLICITOR'S REPORT ON THE TENEMENTS

NOTES

1. The rights of ingress to and egress from the tailings the subject of Licence to Treat Tailings No's 77/376 and 77/375 being at all times preserved to the licensee.
2. The complete excision of Gold Mining Lease No's 77/4989 and 77/5175 with rights of ingress to and egress from the ground comprised therein being at all times preserved to the holders thereof.
3. Mining on any road or road reserve being confined to below a depth of 15 metres from the natural surface.
4. Mining on a strip of land 20 metres wide with any water main as the centreline being confined to below a depth of 31 metres from the natural surface and no mining material being deposited upon such strip.
5. Rights of ingress to and egress from any water main being at all times preserved to employees of the Water Authority.
6. The lessee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne, geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs; water carting equipment or other mechanised equipment.
7. The land the subject of this licence does not include any private land except that below 30 metres from the natural surface of the land.
8. This tenement remains in force beyond its expiry date by virtue of Application for Mining Lease 77/797.
9. (Number not used)
10. Mining on a strip of land 20 metres wide with any pipeline as the centreline being confined to below a depth of 31 metres from the natural surface and no mining materials being deposited upon such strip and the rights of ingress to and egress from the facility being at all times preserved to the owners thereof.
11. This tenement remains in force beyond its expiry date by virtue of Application for Mining Lease 77/868
12. Tenement is a conversion of Prospecting Licences 77/2917 to 77/2919.
13. Tenement is a conversion of Prospecting Licence 77/3048.
14. This tenement remains in force beyond its expiry date by virtue of Application for Mining Lease 77/916.
15. The grant of this licence does not include land the subject of Prospecting Licence 77/2910 and Gold Mining Lease 77/5395.
16. The right of ingress to and egress from Miscellaneous Licence 77/33 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licensee.
17. Tenement is a conversion of Prospecting Licences 77/3114 and 77/3115.
18. This tenement remains in force beyond its expiry date by virtue of Application for Mining Lease 77/1050.
19. No mining on Water Reserves 13310, 13311, 13312 and 16343 without the prior written consent of the Minister for Mines.
20. No interference with Geodetic Survey Station HK48 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
21. This tenement remains in force beyond its expiry date by virtue of applications for Mining Leases 77/1058, 77/1059, 77/1060 and 77/1062.
22. No interference with Geodetic Survey Station Trig X and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
23. The prior written consent of the Minister for Mines being obtained before commencing mining on Water Reserve 13311.

24. The licensee pursuant to the approval of the Minister for State Development under Section 111 of the Mining Act 1978 is authorised to explore for iron.
25. The prior written consent of the Minister for Mines being obtained before commencing mining on Vermin Proof Fence Reserve 28257.
26. The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the document titled:
 “Ground Disturbance Approval Application” dated 23 October 2001 and signed by Peter Collins, General Manager Iron Ore Development, Portman Iron Ore Ltd and “Portman Limited Exploration Environmental Management Commitments” and retained on Department of Mineral and Petroleum Resources File No. 10272/98.
27. The Licensee arranging lodgement of a Bond in favour of the Minister for State Development for due compliance with the environmental conditions of the lease in the sum of \$8,000.
28. The lessee submitting to the State Mining Engineers, a brief annual report outlining the project operations, minesite environmental management and rehabilitation work undertaken in the previous 12 months. This report to be submitted each year in February.
29. A plan is to submitted to the Regional Environmental Officer at the completion of the exploration programme outlining measures to rehabilitate the project area to the satisfaction of the Regional Environmental Officer.
30. Drill pads and tracks are to be rehabilitated at the completion of the exploration programme, and the measures taken to prevent erosion.
31. Measures are to be taken to restrict the use of tracks of exploration. Designated access tracks are to be used to ensure minimal disturbance.
32. The prior written consent of the Minister for State Development being obtained before commencing mining on Water Reserves 13311 and 13312.
33. No interference with the use of the Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.
34. The prior written consent of the Minister for Mines being obtained before commencing mining on Yilgarn Vermin Proof Fence Reserve 28257.
35. The rights of ingress to and egress from Miscellaneous Licences 77/154 and 77/159 being at all times preserved to the licensee and no interference with the purpose or installations connection to the licence.
36. The prior written notice of the Minister for Mines being obtained before commencing mining on Water and Stopping Place Reserve 1320.
37. The prior written consent of the Minister for State Development being obtained before commencing mining on Historical Monument Reserve 32449, Water Reserves 4233, 3670, Water and Stopping Place Reserve 1320 and the Colreavy Townsite.
38. The prior written consent of the Minister for State Development being obtained before commencing the mining on Water and Stopping Place Reserve 1320.
39. 86.1% of this tenement is affected by a proposed nature reserve. If granted, it will attract special conditions to protect the reserve.
40. No interference with Geodetic Survey Station SSM-HK7 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
41. The rights of ingress to and egress from Miscellaneous Licences 77/147 and 77/53 being at all times preserved to the licensee and no interference with the purpose or installations connection to the licence.
42. No interference with the Geodetic Survey Stations SSM-G77-24 and SSM-Jackson 23 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.

SECTION 7: SOLICITOR'S REPORT ON THE TENEMENTS

43. The prior written consent of the Minister for Mines being obtained before commencing mining on Bullfinch Townsite, Timber Reserve 14908 and Aerial Landing Ground Reserve 26249.
44. The prior written consent of the Minister for Mines being obtained before commencing mining on Water and Stopping Place Reserve 1320 and the Colreavy Townsite.
45. No interference with Geodetic Survey Station "East Base A" and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
46. No interference with Geodetic Survey Station SSM-HK7 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
47. The grant of this licence does not include any portion of Yilgarn Location 604 which is referred to in Section 29(2) of the Mining Act 1978 except that below 30 metres from the natural surface of the land.
48. No interference with the facilities held under Miscellaneous Licence 77/34.
49. This tenement remains in force beyond its expiry date by virtue of Application for Mining Lease 77/973
50. In respect to the area of land designated PNR219 (Proposed Nature Reserve) in TENGRAPH, hereinafter referred to as the designated area, the following additional conditions shall apply:

Prior to accessing the licence area, the licensee shall consult with the Regional Environmental Officer, Department of Industry and Resources (DoIR), and ensure that where required all vehicles and equipment entering the designated area are washed down to remove soil and plant propagates and adhering to such conditions specified for the prevention of the spread of soil- borne diseases.

Prior to any activity involving disturbance to vegetation and soils including:

- exploration access; and/or
- exploration sampling;

The licensee preparing a detailed program for each phase of proposed exploration for written approval of the State Mining Engineer. The State Mining Engineer to consult with the Regional/District Manager, Department of Conservation and Land Management or the Department of Environmental Protection or other government agency (as relevant) prior to approval.

- maps and/or aerial photographs showing the proposed locations of all ground activities and disturbances.
- the purpose, specifications and extent of each activity and disturbance.
- descriptions of all vegetation types (in general terms), land forms, and unusual features likely to be disturbed by such proposed disturbances.
- details on proposals that may disturb sensitive terrestrial habitats including any declared rare flora and fauna if applicable.
- procedures to protect the integrity of special ecosystems such as wetland systems, mangal communities and rainforest areas (and/or associated rainforest monitoring sites) if applicable.
- techniques, prescriptions, and timetable for rehabilitation of all proposed disturbances.
- undertaking for corrective measures for failed rehabilitation.
- details of water requirements from within the designated area.
- details of refuse disposal.
- proposals for instruction and supervision of personnel and contractors in respect to environmental conditions.

Access to and from the movement of vehicles within the licence area being restricted to ground or seasonal conditions and routes approved under the program or otherwise agreed by the Regional Environmental Officer, DoIR.

At agreed intervals, not greater than 12 monthly, the licensee providing a brief report to the State Mining Engineer outlining the progress of the operation and rehabilitation program and the proposed operations and rehabilitation programs for the next 12 months.

Prior to the cessation of the exploration/prospecting activity in the designated area, the licensee notifying the Regional Environmental Officer, DoIR and arranging an inspection as required.

51. Consent to mine on Canning Stock Route Reserve granted subject to no mining operations being carried out on Canning Stock Route Reserve which restrict the use of the reserve.
52. This tenement is affected by the Central West Goldfields People registered native title claim (WC99/29)
53. This tenement is affected by the Ballardong Peoples registered native title claim (WC97/56).
54. This tenement is affected by the Wiluna registered native title claim (WC99/24).
55. This tenement is affected by the Tjurabalan 2 native title claim (WC95/74) which has been fully determined.
56. This tenement encroaches upon private land (as that term is defined in the Mining Act). The private land comprises less than 10% of the total tenement area.
57. This tenement encroaches upon private land (as that term is defined in the Mining Act). The private land comprises between 10% and 25% of the total tenement area.
58. This tenement encroaches upon private land (as that term is defined in the Mining Act). The private land comprises between 25% and 50% of the total tenement area.
59. This tenement encroaches upon private land (as that term is defined in the Mining Act). The private land comprises between 50% and 75% of the total tenement area.
60. This tenement encroaches upon private land (as that term is defined in the Mining Act). The private land comprises between 75% and 90% of the total tenement area.
61. This tenement encroaches upon private land (as that term is defined in the Mining Act). The private land comprises more than 90% of the total tenement area.
62. The grant of this licence does not include any private land referred to in section 29(2) of the Mining Act 1978 except that below 30 metres from the natural surface of the land.
63. This tenement is a conversion of Prospecting Licence 77/3134.
64. Search not undertaken.
65. Transfers from each of GGM and ORNL to Strange have been executed in respect of the 45/100ths shares held by each of GGM and ORNL.
66. A transfer of a 100% interest in this tenement from Ferris to Strange has been executed.
67. A transfer of a 100% interest in this tenement from Della Bosca to Strange has been executed.

SECTION 8: INVESTIGATING ACCOUNTANT'S REPORT

6 February 2004

The Directors
Polaris Metals NL
33 Colin Street
WEST PERTH
WA 6005



Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Polaris Metals NL ("Polaris Metals" or "the Company / consolidated entity") (ACN 085 223 570) for inclusion in a prospectus to be dated on or around 6 February 2004 ("the Prospectus") relating to the proposed issue by Polaris Metals of 17,500,000 shares to be issued at a price of 20 cents per share, with 8,750,000 attaching options, to raise up to \$3,500,000. The minimum subscription to be raised is \$2,500,000 with no over-subscriptions.

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results and the assets and liabilities of the consolidated entity, comprising Polaris Metals and its wholly owned subsidiary Eclipse Minerals Limited. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Ord Corporate Pty Ltd has not been requested to consider the prospects for Polaris Metals, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Ord Corporate Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report.

3. Background

Polaris Metals was incorporated on 24 November 1998 with the focus of the Company being on assembling projects that will provide exposure to near term nickel and/ or gold mining within the Southern Cross region of Western Australia. The initial issued capital was 2 ordinary shares issued at \$0.20 each.

During 1998, the Company issued a total of 2,400,000 shares at 0.5 cents to a director, Vernon Strange, as consideration for the purchase of mineral properties known as the Bullfinch project and for services provided in identifying potential mineral tenement acquisitions on behalf of Polaris Metals.

A further 500,000 shares were issued a 0.5 cents each to Lewis Cross, a director of the company, during 1998 for accounting and secretarial services provided.

Polaris Metals issued a further 3,600,000 shares to seed capital investors at prices ranging from 0.5 cents to 10 cents raising additional funds of \$251,000 in the period from 1998 to 2002.

On 19 June 2002 the company proposed a buy back to all shareholders at a maximum of 100,000 shares each at a price of 10 cents per share. A total of 1,050,000 shares were bought back, reducing the value of share capital in total by \$105,000. A selective buy back of 1,100,000 shares from Maxwell Resources was also approved on 2 August 2002 at a total cost of \$23,000.

On 28 February 2003 shareholder approval was granted for Polaris Metals to issue 500,000 shares at 0.55 cents each to Lewis Cross for accounting and secretarial services performed for the company.

As at the 30 June 2003 the company had on issue a total of 4,850,002 ordinary fully paid shares providing a contributed equity of \$157,250.

On 5 September 2003 Polaris Metals NL acquired 100% of the outstanding share capital of Eclipse Minerals Limited. The consideration for the acquisition was \$600,000 satisfied by the issue of 6,000,000 ordinary fully paid shares to Eclipse Minerals Limited shareholders at \$0.10 each on a pro-rata basis.

On 15 September 2003, the Company resolved to issue 12,000,002 bonus options, exercisable at \$0.20 each and expiring on 31 December 2008. The options were issued to existing shareholders on the basis of one bonus option for each ordinary share held.

On 31 October 2003 the consolidated entity allotted a total of 1,150,000 shares for the acquisition of exploration and mining tenements, of these 1,000,000 were issued to an entity associated with a director of the Company, Vernon Strange.

On 18 December 2003, shareholder approval was granted for the issue of 2,500,000 director and related party options, exercisable at \$0.25 each, and expiring on 31 December 2008. A further 500,000 options exercisable at \$0.25 each, expiring on 31 December 2008, were issued to the company secretary.

Polaris Metals proposes to complete the acquisition of other strategic mineral tenements situated in the Southern Cross mining area of Western Australia known as the British Hill and Jackson projects. The outstanding consideration in respect of these projects is detailed below.

Further details on the tenement portfolio are referred to elsewhere in the Prospectus. Potential investors should read the Prospectus in full (including the Independent Geologist's Report and the Solicitor's Report on mining tenement interests). We make no comments as to ownership or values of the mineral tenement interests of Polaris Metals.

Pursuant to this prospectus Polaris Metals' Initial Public Offer ("IPO") of up to 17,500,000 Shares at 20 cents each with 8,750,000 Attaching Options will raise up to \$3,500,000. The funds raised will be applied as follows:

Activity	\$
Exploration Expenditure	2,500,000
Cash payments to complete purchase of tenements	115,000
Costs of the issue	410,000
Working capital	475,000
	3,500,000

Greater detail on application of funds is provided elsewhere in the Prospectus.

The consolidated entity is party to various agreements which pertain to the acquisition of additional tenements and interests, requiring payment of cash and/ or shares upon successful admission to the official list of ASX:

Projects	Initial Interest to be acquired	Cash consideration \$	20 cent Ordinary Shares	Total purchase Value \$
British Hill (IGL)	75%	65,000	450,000	155,000
British Hill (V Strange)	75%	10,000	50,000	20,000
British Hill (J Treacy)	75%	10,000	50,000	20,000
Jackson	75%	30,000	-	30,000
Total		115,000	550,000	\$225,000

These agreements are discussed in greater detail in Section 10.5 of this Prospectus.

SECTION 8: INVESTIGATING ACCOUNTANT'S REPORT

4. Scope of Examination

You have requested Ord Corporate Pty Ltd to prepare an Investigating Accountant's Report on:

- (i) The results of Polaris Metals for the period 1 July 2003 to 31 October 2003;
- (ii) Statement of financial position of Polaris Metals as at 31 October 2003;
- (iii) The proforma statement of financial position of Polaris Metals as at 31 October 2003 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3 to this report.

All of the financial information referred to above has not been audited, however it has been subject to audit review.

We have examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

- (i) Discussions with Directors and other key management of Polaris Metals;
- (ii) Review of contractual arrangements;
- (iii) A review of work papers, accounting records and other documents.

5. Opinion

In our opinion, the proforma statement of financial position as set out in Appendix 2 presents fairly, the proforma statement of financial position of Polaris Metals as at 31 October 2003 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3.

No opinion is expressed on the historical results, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the results of the periods identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 October 2003, that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

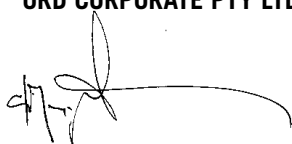
6. Other matters

At the date of this report, Ord Corporate Pty Ltd has no material interest in Polaris Metals either directly or indirectly, nor in the outcome of the offer or the assets of the consolidated entity. Ord Partners, a firm that is related to Ord Corporate Pty Ltd, has been appointed as auditors of Polaris Metals for the year ended 30 June 2004. Ord Corporate Pty Ltd and Ord Partners were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Ord Corporate Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

ORD CORPORATE PTY LTD



Ian Macpherson
Director

APPENDIX 1
SUMMARY UNAUDITED STATEMENTS OF FINANCIAL PERFORMANCE

	Four month period ended 31 October 2003 \$	Year to 30 June 2003 \$
Revenue from ordinary activities	2,913	284,227
Other expenses from ordinary activities	(83,675)	(74,301)
Net (loss)/ profit before income tax	(80,762)	209,926
Income tax expense attributable to net loss	-	(41,377)
Net (loss)/ profit after income tax	(80,762)	168,549

APPENDIX 2
UNAUDITED STATEMENTS OF CONSOLIDATED FINANCIAL POSITION

	Note	Unaudited 31 October 2003 \$	Pro-forma Unaudited 31 October 2003 \$
Current Assets			
Cash	3	287,147	3,424,509
Receivables		19,623	19,623
Total Current Assets		306,770	3,444,132
Non Current Assets			
Fixed assets		431	431
Formation expenses		1,200	1,200
Mineral properties	4	893,005	1,198,005
Total Non Current Assets		894,636	1,199,636
Total Assets		1,211,406	4,643,768
Current Liabilities			
Accounts payable	5	41,125	-
Current Tax Liabilities	6	31,513	-
Total Current Liabilities		72,638	-
Total Liabilities		72,638	-
Net Assets		1,128,768	4,643,768
Equity			
Contributed equity	7	817,250	4,417,250
Reserves	8	(17,500)	-
Accumulated Profits	12	329,018	226,518
Total Equity		1,128,768	4,643,768

To be read in conjunction with Appendix 3

SECTION 8: INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3 NOTES TO THE STATEMENTS OF FINANCIAL PERFORMANCE AND STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) *Basis of Accounting*

The unaudited statements of financial performance and financial position have been prepared in accordance with applicable accounting standards, Corporations Act and mandatory professional reporting requirements and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated.

(b) *Income Tax*

The consolidated entity adopts the liability method of tax effective accounting, whereby the income tax expense in the profit and loss statement is based on the operating profit before tax adjusted for permanent differences. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and that the consolidated entity will comply with the conditions of deductibility imposed by the law.

(c) *Exploration, Evaluation and Development expenditure*

To 31 October 2003, the consolidated entity has capitalised costs incurred on exploration and evaluation of its interest in mining tenements or applications for mining tenements.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(d) *Accounts Payable*

Accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(e) *Recoverable Amount of Non Current Assets*

The carrying amount of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

(f) *Operating Revenue*

Revenue represents interest received and reimbursements of exploration expenditures.

2. **Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Consolidated Statement of Assets and Liabilities**

Actual and proposed transactions adjusting the 31 October 2003 unaudited consolidated statement of financial position in the pro-forma consolidated statement of financial position are as follows:

- a) The issue and allotment of 4,000,000 ordinary fully paid shares at 10 cents each, raising \$400,000;
- b) The issue of 17,500,000 ordinary fully paid shares at 20 cents each pursuant to the Initial Public Offering ("IPO") in the Prospectus to raise \$3,500,000;
- c) The issue of 8,750,000 Attaching Options at nil consideration on a 1:2 basis;
- d) The payment of \$115,000 and issue of 550,000 ordinary fully paid shares at 20 cents each to various parties of the British Hill and Jackson projects pursuant to the relevant purchase and farm in agreements;
- e) The payment of expenses of the public issue comprising sponsoring brokers fees of \$242,500 and costs associated with the issue of \$167,500 totalling an estimated \$410,000 and expensed against equity;
- f) The incurring of further administration costs since 31 October 2003 estimated at \$85,000 and operational expenses of \$80,000.
- g) The payment of accounts payables at 31 October 2003 of \$41,125;
- h) The payment of the tax liability at 31 October 2003 of \$31,513; and
- i) Transfer of the capital redemption reserve of \$17,500 to accumulated funds.

SECTION 8: INVESTIGATING ACCOUNTANT'S REPORT

	Note 2	Unaudited 31 October 2003 \$	Unaudited Pro-forma 31 October 2003 \$
3. Cash at bank			
The movements in cash at bank are as follows:			
Unaudited 31 October 2003		287,147	287,147
Remaining seed capital	(a)	-	400,000
Shares issued pursuant to the IPO	(b)	-	3,500,000
Payments to British Hill & Jackson Vendors	(d)	-	(115,000)
IPO expenses	(e)	-	(410,000)
Other expenses	(f)	-	(165,000)
Payment of accounts payables	(g)	-	(41,125)
Payment of tax liabilities	(h)	-	(31,513)
		<u>287,147</u>	<u>3,424,509</u>
4. Exploration Expenditure			
Exploration expenditure		893,005	893,005
Share and cash payments for projects	(d)	-	225,000
Operational Expenses – Yarbu	(f)	-	80,000
(Refer accounting policy note 1(c))		<u>893,005</u>	<u>1,198,005</u>
5. Accounts payable			
Payables		41,125	41,125
Payment of accounts payable	(g)	-	(41,125)
		<u>41,125</u>	<u>-</u>
6. Current Tax Liabilities			
Income Tax		31,513	31,513
Settlement of income tax liability	(h)	-	(31,513)
		<u>31,513</u>	<u>-</u>

	Note 2	Unaudited 31 October 2003 \$	Unaudited Pro-forma 31 October 2003 \$
7. Contributed Equity			
Ordinary fully paid shares			
12,000,002 shares at 31 October 2003		817,250	817,250
4,000,000 shares pursuant to placement	(a)	-	400,000
17,500,000 IPO shares	(b)	-	3,500,000
550,000 shares at 20 cents for acquisition of mineral properties	(d)	-	110,000
		817,250	4,827,250
Less: share issue costs	(e)	-	(410,000)
Proforma ordinary shares (34,050,002)		817,250	4,417,250

8. Reserves

Capital Redemption			
Reserve at 31 October 2003		(17,500)	(17,500)
Transfer to accumulated funds	(i)	-	17,500
		(17,500)	-

9. Contingent Liabilities

The consolidated entity has disputed an amount of expenditure incurred by the Bullfinch North Joint Venture. The Directors determine that Polaris Metals retains a 30% interest in the Joint Venture with Western Areas NL with a contingent liability of \$65,674 to pay if it wishes to avoid dilution of its interest in the Joint Venture. If terms cannot be agreed between the Joint Venture parties and Polaris Metals decides not to pay all the amounts outstanding with Western Areas NL to date, its Joint Venture interest will be diluted to approximately 25%.

Stamp duties and other taxes may arise on successful acquisition of projects listed in point 3, above.

Other than stated above, and based on discussions with the Directors and legal advisors, to our knowledge, the consolidated entity has no other material contingent liabilities. The Solicitor's Report on the Tenements at Section 7 of the Prospectus details the status of native title claims over project tenements.

10. Exploration and Expenditure commitments

For details on planned exploration commitments on mineral properties, refer to the Independent Geologist's Report under Section 6 of the Prospectus. The Solicitor's Report on the Tenements under Section 7 and the summary of Material Contracts at Section 10.5 of the Prospectus contains details on exploration commitments and the obligations of the consolidated entity under agreements entered into.

SECTION 8: INVESTIGATING ACCOUNTANT'S REPORT

11. Management Contracts

Polaris Metals' managing director, Kevin Schultz, has been retained on a consultancy arrangement with Polaris Metals, through a company associated with him at a rate of \$10,000 per month. Following the completion of the Prospectus, the Company has indicated it will employ Kevin Schultz as a managing director on reasonable commercial terms.

	Note 2	Unaudited 31 October 2003 \$	Unaudited Pro-forma 31 October 2003 \$
12. Accumulated Profits			
Balance at 31 October 2003		329,018	329,018
Further administration costs	(f)	-	(85,000)
Transfer capital reserve to accumulated profits	(i)	-	(17,500)
		<u>329,018</u>	<u>251,518</u>

13. Options

Following the successful completion of the IPO, the option structure of the company will be as follows:

	Number	Exercise Price \$	Expiry Date
Existing Issued / Allotted Bonus Options	12,000,002	0.20	31 December 2008
Attaching Options issued pursuant to Prospectus (note 2c)	8,750,000	0.20	31 December 2008
Director / Employee Options	3,000,000	0.25	31 December 2008
Total Options on Issue	23,750,002		

SECTION 9: RISK FACTORS

9.1 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. Intending subscribers should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which Polaris intends to operate before any decision is made to subscribe for Shares and Attaching Options.

9.2 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.

9.3 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 and Attaching Options offered 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 and Attaching Options 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.

9.4 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 effecting 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;

SECTION 9: RISK FACTORS

- 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.

9.5 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 and Attaching Options offered under this Prospectus.

Therefore, the Shares and Attaching Options 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 and Attaching Options.

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 and Attaching Options.

9.6 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.

9.7 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.

9.8 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.

9.9 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.

9.10 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.

9.11 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.

9.12 Commodity Price Risk

The Company is exploring for metal commodities, predominantly gold. 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.

9.13 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.

SECTION 10: ADDITIONAL INFORMATION

10.1 Incorporation

The Company was incorporated on 24 November 1998.

10.2 Company Tax Status and Financial Year

The Directors expect Polaris will be taxed in Australia as a public company. The financial year of the Company ends on 30 June annually.

10.3 Corporate Governance Matters

The Company's main corporate governance policies and practices are outlined below.

(a) The Board of Directors

The Board is responsible for corporate governance of the Company. The Board will develop strategies for the Company, review strategic objectives, and monitor performance against those objectives. The goals of the corporate governance process are to:

- drive shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities:

- developing initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to the Shareholders;
- identifying business risks and implementing actions to manage those risks; and
- developing and effecting management and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company commits to the following principles:

- the Board is to comprise of Directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- the principal criterion for the appointment of new and maintenance of existing Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisers, has been committed to by the Board.

(c) Independent Professional Advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(d) Remuneration Arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision making process.

The maximum remuneration of non-executive Directors is to be determined by Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. At present the maximum aggregate remuneration of non-executive Directors is \$200,000 per annum. The apportionment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

(e) External Audit

The Company in general meeting is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

The Company has formed an Audit Committee with an established Charter.

The Audit Committee comprises Non-Executive Directors Colin McCavana and Lew Cross.

The Audit Committee meets when necessary but not less than two times per year. The Company's auditors may attend only upon invitation.

The Company has appointed, with their consent, Ord Partners as its auditors.

(f) Committees of the Board

As at the date of this Prospectus, the Company is not of a sufficient size to consider formations of committees (other than an audit committee) to deal with matters which the Board of Directors currently presides over. This issue will be considered by the Board on an ongoing basis following the Company's admission to the Official List.

(g) Identification and Management of Risk

The Board's collective experience should assist in enabling accurate identification of the principal risks which may affect the Company's business. Identifying key operational risks and their management, will be recurring items for deliberation at Board meetings.

(h) Share Trading

A formal policy has been adopted which is to ensure compliance with the "insider trading" provisions of the Corporations Act by executive staff who may be in possession of sensitive information concerning the Company's affairs, prior to release to the market.

SECTION 10: ADDITIONAL INFORMATION

(i) Ethical Standards

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.

10.4 Legal Proceedings

The Directors are not aware of any litigation of a material nature pending or threatened which may significantly affect Polaris.

10.5 Material Contracts

Set out below is a brief summary of certain contracts which have been entered into by the Company and which have been identified as material and relevant to potential investors. To fully understand all rights and obligations of a material contract it would be necessary to review it in full and the following summaries should be read in that light.

Mr Vernon Strange, a party to various material contracts as Vernon Wesley Strange and V. W. Strange, is referred to as "Strange" throughout this section. Similarly Mr Joseph Treacy, a party to various contracts is referred to as "Treacy" throughout this section.

Battler (Strange)

By an Agreement dated 19 September 2003 between the Company and Vernon Wesley Strange ("Strange") Strange agreed to sell and the Company agreed to purchase a 100% interest in Mining Leases 77/166, 77/1025 and 77/1044 ("Battler Tenements"). The consideration for the purchase is the sum of \$25,000 to be satisfied by the issue of 500,000 shares and 500,000 options in the capital of the Company, to be issued no later than 31 December 2003.

Battler (Sons of Gwalia)

By Letter Agreement dated 15 September 2003 and executed on 17 September 2003 between the company and Sons of Gwalia Limited ("Gwalia") it was agreed that Gwalia would cause Oriole Resources Ltd, a subsidiary of Gwalia, to transfer to the Company a 100% interest in Prospecting Licences 77/2917, 77/2918, 77/2919, 77/3048 and Mining Leases 77/797 and 77/868 ("Glendower Tenements"). The consideration for the purchase of the Glendower Tenements is the sum of \$5,000 together with the agreement of the Company to treat any ore from the Glendower Tenements and/or the Battler Tenements at Gwalia's Marvel Loch Processing Facilities on terms and at a time to be agreed. Gwalia also has the right to buy-back either a 51% interest or a 60% interest in all or any of the Glendower Tenements by paying to the company an amount equal to three times the expenditure by the Company to earn a 51% interest and a sum equal to 5 times the Company's expenditure to buy-back a 60% interest. The right to buy-back shall expire upon the date by which the Company has expended the sum of \$500,000 on the Glendower Tenements or 5 years from the date of the Agreement, whichever is the later.

Newfield Option

By an Agreement dated 31 December 2003 between the Company and Strange the Company was granted an option to acquire 100% interest in Prospecting Licences 77/3328 to 77/3330 ("Newfield Tenements"). The option period is for a period of 2 years from the date of grant of the Newfield Tenements and the consideration payable for the grant of the option was \$5,000. In the event that the Company exercises its option a consideration of \$60,000 is payable together with a royalty of \$1 per tonne capped at \$150,000 per annum. The royalty may be converted after 1 year of production to shares in the Company equivalent to the sum of \$200,000.

In the event that the Company assigns or otherwise transfers its interest in the Newfield Tenements after exercising the option the royalty shall be automatically converted to shares in the Company at a ratio of 4 shares per ounce of gold contained within any measured or indicated resources discovered on the Newfield Tenements.

Ennuin Option

By an Agreement dated 31 December 2003 between the Company and Strange the Company was granted an option to acquire a 100% interest in Prospecting Licences 77/3324 to 77/3327 ("Ennuin Tenements").

The option period is for a period of 2 years from the date of grant of the Ennuin Tenements and the consideration payable for the grant of the option was \$5,000. In the event that the Company exercises its option a consideration of \$60,000 is payable together with a royalty of \$1 per tonne capped at \$150,000 per annum. The royalty may be converted after 1 year of production to shares in the Company equivalent to the sum of \$200,000.

In the event that the Company assigns or otherwise transfers its interest in the Ennuin Tenements after exercising the option the royalty shall be automatically converted to shares in the Company at a ratio of 4 shares per ounce of gold contained within any measured or indicated resources discovered on the Ennuin Tenements.

British Hill

By Agreement dated 30 November 2003 between the Company, International Goldfields Ltd (formerly Hamill Resources Ltd) ("IGL"), Treacy and Strange, the Company is entitled to earn a 75% interest in Prospecting Licences 77/3308 to 77/3312, 77/3341 to 77/3346, 77/3340 and 77/3353 and Exploration Licences 77/1063 and 77/1074 ("British Hill Tenements").

In consideration for the grant of this right the Company has paid the sum of \$10,000 cash upon completion of a 3 month due diligence period, and is required to make a further payment of \$65,000 cash upon listing of the Company on the ASX and the issue to IGL of 450,000 fully paid ordinary shares in the Company following its capital raising. In addition, the Company was required to commit to expenditure of \$30,000 on the British Hill Tenements prior to 31 December 2003 which expenditure has been met.

SECTION 10: ADDITIONAL INFORMATION

In the event that the Company is not listed on the ASX by 31 March 2004 it must withdraw from the Agreement retaining no interest in the British Hill Tenements or pay the sum of \$65,000 referred to above plus an additional sum of \$90,000 in lieu of the 450,000 fully paid ordinary shares referred to above. If the Company was unable to provide proof to IGL that it had received a realistic offer prior to 31 December 2003 to facilitate a fundraising on the ASX the Company would have been deemed to have withdrawn from this Agreement unless it made the payments referred to above. The Company has provided the necessary proof to IGL.

To confirm the entitlement of the Company to a 75% interest in the British Hill Tenements the Company must sole fund expenditure to completion of a pre-feasibility study of a potentially viable mine producing at least 25,000 ounces of gold per annum.

Pursuant to an Agreement between IGL, Treacy and Strange dated 25 November 2000 Treacy and Strange were jointly entitled to a 20% free carried interest in the British Hill Tenements. By letter dated 26 November 2003 between the Company and each of Treacy and Strange, Treacy and Strange agreed to a reduction of their 20% interest and are now entitled to a joint 5% free carried interest in the British Hill Tenements to completion of a Bankable Feasibility Study. The consideration for agreeing to this reduction in their entitlement is the sum of \$10,000 payable to each of Treacy and Strange by the Company and the issue of 50,000 shares in the Company to each of them upon listing of the Company on the ASX.

Upon completion of the pre-feasibility study IGL may elect to contribute in accordance with a 20% interest or dilute to a 10% interest which shall be free carried to a bankable feasibility study.

There is an area of influence which is 30 kilometres from the outer boundaries of the British Hill Tenements. Any participant in the joint venture (meaning the Company, IGL, Treacy or Strange) who acquires an interest in a mining tenement within the area of influence is required to offer it to the other participants in proportion to their respective interests under the joint venture.

The Centipede Prospect

By Agreement dated 20 November 2003 between the Company and John Stephen Bladen Millward ("Millward") the Company agreed to purchase a 100% legal and beneficial interest in Prospecting Licence 77/3340 ("Centipede Tenement") from Millward for the consideration of \$5,000 which is to be satisfied by the issue of 50,000 ordinary shares and 50,000 options in the Company no later than 31 December 2003.

The Centipede Tenement falls within the area of influence in the British Hill Agreement and may be included in the British Hill Tenements the subject of the British Hill Agreement referred to in the preceding paragraph.

Jackson Project

- (a) By Agreement dated 30 August 2003 between the Company and Strange the Company purchased from Strange the entitlement of Strange to hold a 75% interest in Exploration Licences 77/1125 and 77/1145 and Prospecting Licences 77/3401 to 77/3403, 77/3424 and 77/3426 ("Jackson JV Tenements") in a joint venture with Evanston Resources NL and the 100% beneficial interest of Strange in Prospecting Licences 77/3337 and 77/3338 ("Other Jackson Tenements").

The consideration payable is the sum of \$55,000 to be satisfied by a cash payment by \$30,000 and the issue of 500,000 ordinary shares in the Company. The 500,000 shares were allotted to Strange on 31 October 2003 leaving the balance of the consideration to be paid not later than 30 days after listing of the Company on the ASX or 5 February 2006, whichever is the earlier.

- (b) By further Agreement dated 30 August 2003 between the Company, Evanston Resources NL (“Evanston”) and Strange the parties formalized the entitlement of the Company to earn a 75% interest in the Jackson JV Tenements. The Company may earn its 75% interest in the Jackson JV Tenements by sole funding the first \$250,000 of exploration expenditure. Strange is a party to the Agreement due only to the fact that some of the applications for the Jackson JV Tenements are in his name and he warrants to keep the applications in good standing but otherwise is not a participant in the joint venture.

Upon the Company earning its 75% joint venture interest Evanston is required to contribute in accordance with its 25% joint venture interest or dilute in accordance with the standard dilution formula. In the event that the company withdraws from the Agreement without having sole funded exploration expenditure of \$250,000 it shall retain no interest in the Jackson JV Tenements. The Company must expend the sum of \$250,000 within 2 years from the date of all of the Jackson JV Tenement applications described in the schedule to the Agreement being granted.

Bullfinch North

By Heads of Agreement dated 12 April 2000 between the Company and Western Areas NL (“Western”) (“Bullfinch North Agreement”) the Company granted to Western the right to earn up to a 70% interest in the tenements described in the first schedule to the Agreement as Prospecting Licences 77/3292, 77/3301 to 77/3304, 77/3295, 77/3307 and 77/3313, Exploration Licences 77/474, 77/485, 77/733, 77/907, 77/922, 77/924, 77/932, 77/933, 77/944, 77/879, 77/920, 77/1022, 77/1010, 77/1012 and Mining Leases 77/123 and 77/228 (“Bullfinch North Tenements”). Western has now earned its 70% joint venture interest in the Bullfinch North Tenements and the Company is required to meet its 30% share of exploration expenditure or dilute in accordance with the standard formula. If the Company’s joint venture interest is diluted below 10% the Company shall be deemed to have withdrawn from the Joint Venture and to have elected to convert its joint venture interest to a 2% net smelter royalty.

The Agreement requires the parties to negotiate a formal joint venture agreement upon Western becoming entitled to a 51% joint venture interest (which occurred on or before 12 April 2001). This is discussed further in the summary of the Golden Valley Agreement below.

Golden Valley

By Letter Agreement dated 4 October 2000 between the Company, Western Areas NL (“Western”) and Oropa Ltd (“Oropa”) (“Golden Valley Agreement”) it was acknowledged that certain of the Bullfinch North Tenements, being exploration licences 77/1010 and 77/1012, prospecting licences 77/3301 to 77/3304, 77/3307, 77/3295, 77/3313 and mining leases 77/123 and 77/228 (“Golden Valley Tenements”) were beneficially owned by the Company as to a 70% interest, and Oropa as to a 30% interest until such time as Western earned its 70%.

Upon Western earning its 70% interest (which it has now done) the interests of the Company and Oropa in the Golden Valley Tenements were 21% and 9% respectively and all parties are required to contribute to joint venture expenditure in accordance with their joint venture interest.

In respect of those of the Golden Valley Tenements which were granted as at 12 April 2000 Oropa had the right to elect, on or before 12 April 2002, to claw back a 6% interest from Polaris but this election was not made.

In respect of those of the Golden Valley Tenements which were granted after 12 April 2000 Oropa also has the right to elect, on or before the third anniversary of any such tenement, to claw back a 6% interest from Polaris by reimbursing Polaris twice its deemed expenditure up to the third anniversary date and by funding future expenditure in accordance with its then 15% interest.

SECTION 10: ADDITIONAL INFORMATION

A formal joint venture agreement is currently being negotiated between the parties which will effectively amalgamate the Bullfinch North Agreement and the Golden Valley Agreement and will regulate the operation of the joint venture, of which Western Areas NL will be the manager. Until such time as this agreement is finalized the Company has suspended its contributions to joint venture expenditure. In the event that the formal agreement is not finalised in the short term this may result in the joint venture interest of the Company being diluted.

Yarbu Prospect

- (a) By Letter Agreement dated 5 November 2003 between the Company and Strange the Company was granted an option to acquire a 95% interest in Prospecting Licences 77/3272 and 77/3273 (“Yarbu Tenements”). The option period is 2 years from the date of the Letter Agreement and consideration for the grant of the option is the sum of \$3,000. There is a right to extend the option period for a further period of 2 years by payment of an additional sum of \$3,000 prior to the expiry of the initial 2 year option period.

In the event that the Company exercises its option the consideration payable by the Company is the sum of \$150,000 which, at the election of the Company, may be paid in cash or by the issue of 750,000 shares in the Company. Upon exercise of the Option the Company and Strange shall associate in an unincorporated joint venture with the Company holding a 95% interest and Strange holding a 5% interest which shall be free carried by the Company until completion of a bankable feasibility study.

In the event of any production from the Yarbu Tenements a royalty of \$1 per tonne of ore is payable to Strange for the first 150,000 tonnes of ore mined in each 12 month period of production. If production continues for more than 12 months Strange shall have a one off election to convert the royalty to shares in the Company having a value of \$200,000.

In the event that the Company assigns or otherwise transfers its interest in any of the Yarbu Tenements after exercising the option, the royalty in respect of that Tenement, or Tenements, shall be automatically converted to shares in the Company at a ratio of 4 shares per ounce of the Company's entitlement to gold contained in any measured or any indicated resources discovered on the Yarbu Tenements.

- (b) By Agreement dated 31 March 2002 between Bell Bay Investments Pty Ltd (“Bell Bay”) and Eclipse Minerals Limited (“Eclipse”), as amended by letter dated 26 November 2003, Eclipse acquired from Bell Bay a 100% interest in Exploration Licence 77/1102 and Prospecting Licences 77/3373 to 77/3380 for a consideration for \$25,000 to be satisfied by the issue of 5,000,000 shares in Eclipse.

Clampton North Prospect – EL 77/862

By Agreement dated 29 April 2002 between International Goldfields Ltd (formerly Hamill Resources Ltd) (“IGL”) and Eclipse Minerals Limited (“Eclipse”) IGL, as beneficial holder of application for Exploration Licence 77/862 (“EL 77/862”) granted to Eclipse the right to earn up to an 80% interest in EL 77/862 by incurring joint venture expenditure of \$500,000 on EL 77/862 during a 3 year earning period.

After expenditure of \$300,000 on EL 77/862 Eclipse shall have earned and be entitled to a beneficial interest of 51%. Upon Eclipse earning an 80% interest IGL shall either contribute in accordance with its 20% interest or dilute to a 10% interest which shall be free carried until completion of a bankable feasibility study.

Clampton North Prospect – EL 77/864

By Agreement dated 29 April 2002 between International Goldfields Ltd (formerly Hamill Resources Ltd) (“IGL”) and Eclipse Minerals Limited (“Eclipse”) IGL, as beneficial holder of application for Exploration Licence 77/864 (“EL 77/864”) granted to Eclipse the right to earn up to an 80% interest in EL 77/864 by incurring joint venture expenditure of \$500,000 on EL 77/864 during a 3 year earning period.

After expenditure of \$300,000 on EL 77/864 Eclipse shall have earned and be entitled to a beneficial interest of 51%. Upon Eclipse earning an 80% interest IGL shall either contribute in accordance with its 20% interest or dilute to a 10% interest which shall be free carried until completion of a bankable feasibility study.

Both EL 77/862 and EL 77/864 were applied for in the name of Destra Corporation Limited. IGL is beneficially entitled to a 100% interest in the applications by virtue of a Sale Agreement dated 18 January 2002 between IGL and Destra Corporation Limited.

Copper Bore Prospect

- (a) By Letter Agreement dated 5 November 2003 as varied by further Letter Agreement dated 2 February 2004 between the Company and Vernon Strange (“Strange”) (“Copper Bore Agreement”) the Company has been granted an option to acquire a 95% interest in Exploration Licences 77/1104 and 77/1126, Prospecting Licence 77/3134 and application for Mining Lease 77/973 (which relates to the same ground as Prospecting Licence 77/3134) (“Copper Bore Tenements”). The consideration for the grant of the option was the sum of \$3,150.60.

The option was exercised by the Company on 2 February 2004 and the sum of \$10,000 paid, being the first instalment of the purchase price. The exercise of the option is conditional upon the consent of the Minister for Mines being obtained to the transfer of the Copper Bore Tenements. The balance of the purchase price, being \$65,000, is payable within 2 years of the date of exercise of the option, but this 2 year period may be extended for a further 2 years by the payment of an additional \$3,150.60. If the balance of the purchase price is not paid by the due date then the Company must re-transfer the 95% interest in the Copper Bore Tenements to Strange. Following the exercising of the option the Company and Strange will associate in an unincorporated joint venture with the Company holding a 95% joint venture interest and Strange holding a 5% joint venture interest which shall be free carried by the Company until completion of a bankable feasibility study.

In the event of production from the Copper Bore Tenements the royalty of \$1 per tonne of ore shall be payable to Strange in respect of the first 150,000 tonnes of ore mined in each 12 month period of production. If mining continues for more than 12 months Strange shall have a one off election at the commencement of the second 12 month period to convert the royalty to shares in the Company having the equivalent value of \$200,000.

In the event that the Company assigns or otherwise transfers any of its interest in the Copper Bore Tenements after exercising the option the royalty in respect of the tenements transferred shall be automatically converted to shares in the Company at a ratio of 4 shares per ounce of the Company’s share of contained gold within measured or indicated resources discovered on the Copper Bore Tenements.

- (b) By agreement dated 18 November 2003 between the Company, Strange and Liberty Gold NL (“Liberty”) as varied by Letter Agreement between the Company and Liberty dated 2 February 2004 (“Copper Bore Joint Venture Agreement”), Liberty is entitled to earn 60% of the Company’s 95% interest in the Copper Bore Tenements (being a 57% interest) under the Copper Bore Agreement by expending \$300,000 on the Copper Bore Tenements prior to 31 December 2005.

SECTION 10: ADDITIONAL INFORMATION

Liberty must expend a minimum of \$42,000 on certain of the Copper Bore Tenements prior to 30 June 2004 before being entitled to withdraw from the Agreement and Liberty will be responsible for payment of the balance of the purchase price owed by the Company to Strange following the exercise of the option as described in paragraph (a) above, unless it withdraws from the Copper Bore Joint Venture Agreement prior to the date upon which such payment falls due, in which case the Company will be responsible for such payment.

Upon Liberty earning its 60 % joint venture interest the Company may elect to either contribute in accordance with its 40% joint venture interest or dilute its interest to a free carried 20% or a free carried 10% interest. In the event that the Company elects to dilute to a 20% free carried interest it shall be liable to repay Liberty's costs of funding the free carried interest, together with interest, which shall be repayable out of the Company's share of operating cash flow following a decision to mine. Liberty is entitled to register a mortgage over the Copper Bore Tenements to secure its loan interest.

In the event that the Company elects to dilute to a 10% free carried interest it shall not be liable to refund any costs to Liberty.

In the event that the Company elects to contribute to joint venture expenditure it may subsequently elect to dilute its interest in accordance with the standard dilution formula. If its interest dilutes below 5% and it does not wish to pay the shortfall in contributions to expenditure necessary to restore its interest to 5% it shall be deemed to have withdrawn from the joint venture and shall be entitled to payment of the royalty described in the following paragraph.

If the Company votes against a decision to mine it may elect to convert its joint venture interest to a royalty of 0.5% of the net smelter return from either gold or concentrate mined from the Copper Bore Tenements.

Following the exercise of the option under the Copper Bore Agreement Strange shall be entitled to a 5% joint venture interest on the same terms as under the Copper Bore Agreement save that the shares to be issued by the Company will be substituted by the same number of shares to be issued by Liberty. In consideration for this substitution the Company must pay to Liberty a sum equivalent to \$200,000 multiplied by the then joint venture interest of the Company.

If Liberty does not list on the ASX by 30 June 2004 the Company may terminate this Agreement at its election unless Liberty has expended the sum of \$300,000 by that date.

Denison Range Prospect

By Agreement dated 4 October 2002 between Eclipse Minerals Ltd ("Eclipse"), Independence Group NL (formerly Independence Gold NL) and Southstar Resources NL (collectively "IGNL-Southstar"), Eclipse and IGNL-Southstar entered into a joint venture in respect of Exploration Licences 80/2907, 80/3067 and 80/3068. Eclipse holds a 75% joint venture interest and IGNL-Southstar has a 25% joint venture interest. Southstar Resources NL retains 100% of the rights to any diamond discoveries on Exploration Licences 80/3067 and 80/3068. Eclipse must confirm its entitlement to a 75% joint venture interest by sole funding exploration on the Denison Tenements to completion of a pre-feasibility study. Upon completion of a pre-feasibility study IGNL-Southstar shall either contribute in accordance with its 25% joint venture interest or dilute to a 10% joint venture interest which shall be free carried to completion of a bankable feasibility study.

WMC Resources Limited is entitled to a royalty of 1.5% of the gross value of any mineral deposits discovered as a result of following up any anomaly identified in the non-diamond component of the analytical database of WMC to which IGNL-Southstar has exclusive access.

Olga Rocks Prospect

By Letter Agreement dated 27 June 2003 and executed 1 August 2003 between the Company, Strange Graeme Francis Taylor (“Taylor”) and Treacy, the Company was granted an option to acquire a 95% interest in Prospecting Licences 77/3114 to 77/3115, 77/3422 and Mining Lease 77/916 (“Olga Rocks Tenements”).

The Option is for a period of 2 years and the consideration for the grant of the option is the sum of \$10,000 payable to Strange.

The option period may be extended for a further period of 2 years by payment of a further \$10,000 to Strange. In the event the option is exercised over all or any of the Olga Rocks Tenements the consideration payable shall be the sum of \$150,000 and the issue of 300,000 shares in the Company to Strange and Taylor or their nominees as directed by Strange.

Upon exercise of the option in respect of all or any of the Olga Rocks Tenements the Company shall enter into a Joint Venture with Strange and Taylor, the Company holding a 95% Joint Venture Interest and Strange and Taylor collectively holding 5% Joint Venture Interest which 5% Joint Venture Interest shall be free carried by the Company until completion of a bankable feasibility study. In the event of any production from the Olga Rocks Tenements the royalty of \$1 per tonne of ore shall be payable to Strange and Taylor collectively in respect of the first 150,000 tonnes mined in each 12 month period of production. If mining continues for more than 12 months Strange and Taylor shall have a once off election at the commencement of the second 12 month period to convert the royalty to shares in the Company having the equivalent value of \$200,000.

In the event that the Company assigns or otherwise transfers its interest in any of the Olga Rocks Tenements after exercising the option, the royalty in respect of any such tenement shall be automatically converted to shares in the Company at a ratio of 4 shares per ounce of the Company's share of gold contained within a measured or indicated resource discovered on the subject tenement or tenements.

Garibaldi Prospect

By an Agreement dated 31 October 2003 between the Company, Strange, Taylor and Treacy, the Company was granted an option to acquire a 95% interest in Mining Lease 77/918 (“Garibaldi Tenement”). The Option is for a period of 2 years and the consideration for the grant of the option was the payment of the sum of \$5,000 to Treacy together with the issue of 100,000 shares in the Company to Treacy upon execution of the Agreement and a further 100,000 shares in the Company to be issued to Treacy within 21 days of the Company being notified that the Garibaldi Tenement has been granted.

The option period may be extended for a further period of 2 years by payment of a further \$5,000 to Treacy. In the event the option is exercised over the Garibaldi Tenement the consideration payable to Treacy shall be the sum of \$50,000.

Upon exercise of the option in respect of the Garibaldi Tenement the Company shall enter into a Joint Venture with Treacy, the Company holding a 95% Joint Venture Interest and Treacy holding 5% Joint Venture Interest which 5% Joint Venture Interest shall be free carried by the Company until completion of a bankable feasibility study. In the event of any production from the Garibaldi Tenement the royalty of \$1 per tonne of ore shall be payable to Treacy in respect of the first 150,000 tonnes mined in each 12 month period of production. If mining continues for more than 12 months Treacy shall have a one off election at the commencement of the second 12 month period to convert the royalty to shares in the Company having the equivalent value of \$200,000.

SECTION 10: ADDITIONAL INFORMATION

In the event that the Company assigns or otherwise transfers its interest in the Garibaldi Tenement after exercising the option, the royalty in respect of any such tenement shall be automatically converted to shares in the Company at a ratio of 4 shares per ounce of the Company's share of gold contained within a measured or indicated resource discovered on the Garibaldi Tenement.

10.6 Share Capital

The pro forma capital structure of the Company is set out below for illustrative purposes to reflect the issued and paid up capital structure of the Company assuming the Offer pursuant to this Prospectus (not including oversubscriptions) is fully subscribed.

CAPITAL STRUCTURE	Number	%
Existing Shareholders	16,000,002	47.0%
Shares Offered for Subscription	17,500,000	51.4%
Shares issued pursuant to tenement acquisition agreements	550,000	1.6%
TOTAL ISSUED CAPITAL	34,050,002	100%

Shares

A total of 17,500,000 Shares will have been issued by the Company at the successful completion of the capital raising assuming full subscription. If only the minimum subscription is reached a total of 12,500,000 shares will be issued. The rights attaching to the Shares are set out in Section 10.7 of this Prospectus.

Options

On completion of this Issue, the Company has on issue the following Options:

Type	Number	Exercise Price	Expiry Date
Existing Options	12,000,002	\$0.20	31 December 2008
Attaching Options (note 1)	8,750,000	\$0.20	31 December 2008
Director/Employee Options	3,000,000	\$0.25	31 December 2008

Note 1: The terms and conditions of the Options are set out in Sections 10.8 of this Prospectus. A total of 8,750,000 Attaching Options will be issued pursuant to this Prospectus assuming full subscription. If only the minimum subscription is reached a total of 6,250,000 Attaching Options will be issued. These Attaching Options will carry the same terms and conditions as Existing Options exercisable at 20 cents each on or before 31 December 2008.

10.7 Rights Attaching to Shares

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:

- set out in the Constitution of the Company; and
- 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 summary of the principal rights of the holders of Shares in the Company.

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.

SECTION 10: ADDITIONAL INFORMATION

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

The Constitution currently provides that if the Company has been admitted to the Official List, and while the Company remains on the Official List, the Company may not amend the Constitution in a manner which is inconsistent with the Listing Rules. The Company must comply with, observe and give effect to the Listing Rules in accordance with the relevant provisions of the Corporations Act. In the event that there is an amendment to the Listing Rules and there is an inconsistency between the Constitution and the Listing Rules, the Company must, subject to the Corporations Act, do all things necessary to amend the Constitution to remove the inconsistency as soon as possible. In any event, this must be done at the first general meeting of the Company held after the date on which the relevant amendment to the Listing Rules comes into operation.

Prior to being admitted to the Official List of the ASX, the Company proposes to amend the Constitution by way of special resolution so that it is consistent with appendix 15A of the Listing Rules. This amendment will provide that, if the Company is admitted to the Official List, 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.

10.8 Options

10.8.1 Directors and Executives Options

The Company has on issue the following Directors and Executives Options which have been issued to Directors and Executives of the Company as approved by Shareholders in general meeting.

Number	Exercise Price	Expiry Date
3,000,000	\$0.25	31 December 2008

The following is a summary of the terms and conditions attaching to the Directors and Executives Options:

- The Directors and Executives Options are exercisable at any time prior to 5.00 pm WST on 31 December 2008 by notice in writing to the Company accompanied by payment of the exercise price.
- The Directors and Executives Options held by each holder can be exercised in whole or in part, and if exercised in part multiples of 5,000 must be exercised on each occasion except where the number of options held is less than 5,000 in which case all such options must be exercised at the same time.
- The exercise price of the Directors and Executives Options is 25 cents each.

- (d) The Directors and Executives Options can not be transferred.
- (e) The optionholder will be permitted to participate in any new pro-rata issue of securities of the Company on prior exercise of the Directors and Executives Options in which case the optionholder will be afforded the period of at least 9 business days prior to and inclusive of the record date to determine entitlements to the issue to exercise the options.
- (f) The Directors and Executives Options do not confer on the holder any right to participate in dividends until shares are allotted pursuant to the exercise of the Directors and Executives Options.
- (g) In the event of a reorganisation of the issued capital of the Company, the Directors and Executives Options will be reorganised in accordance with the Listing Rules (if applicable) and in any case in a manner which will not result in any benefits being conferred on optionholders which are not conferred on Shareholders.
- (h) The number of Shares to be issued pursuant to the exercise of Directors and Executives Options will be adjusted for bonus issues made prior to exercise of the Directors and Executives Options so that, upon exercise of the Directors and Executives Options the number of Shares received by the optionholder will include the number of bonus Shares that would have been issued if the Directors and Executives Options had been exercised prior to the record date for the bonus issues. The exercise price of the Directors and Executives Options shall not change as a result of any such bonus issues.

10.8.2 Existing and Attaching Options

The Company has on issue 12,000,002 Existing Options as at the date of this Prospectus. Attaching Options will be issued pursuant to this Prospectus on the basis of one Attaching Option for every two Shares subscribed. On full subscription a total of 8.75 million Attaching Options will be issued. The Existing Options and the Attaching Options form one class of security and have the same terms and conditions as follows:

- (a) Each Existing and Attaching Option entitles the holder to subscribe for a Share at an issue price of 20 cents.
- (b) The Existing and Attaching Options are exercisable at any time prior to 5.00pm WST 31 December 2008 (“the Expiry Date”) by notice in writing to the Company accompanied by payment of the exercise price.
- (c) Application will be made to ASX for Official Quotation of Existing and Attaching Options following closure of the Offer. Should the Company not reach minimum subscription under this Offer then application will not be made for Official Quotation of Existing Options.
- (d) Shares allotted and issued pursuant to the exercise of an Existing and Attaching Option will be allotted and issued not more than 10 Business Days after receipt of a properly executed notice of exercise of the Existing and Attaching Option and payment of the requisite application moneys.
- (e) Shares issued upon exercise of the Existing and Attaching Options will rank equally in all respects with the Company’s then existing Shares.
- (f) The Existing and Attaching Options may be exercised in whole or in part.
- (g) There are no participating rights or entitlements inherent in the Existing and Attaching Option and holders will not be entitled to participate in new issues of capital offered or made to Shareholders during the currency of the Existing and Attaching Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

SECTION 10: ADDITIONAL INFORMATION

- (h) In the event of any new or bonus issues, there are no rights to a change in exercise price, or a change in the number of underlying securities over which the Existing and Attaching Option can be exercised. In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of a holder of Existing and Attaching Options will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation.
- (i) The Company will, at least 20 Business Days before the expiry date of the Existing and Attaching Options, send notices to the holders stating the name of the holder, the number of Existing and Attaching Options held and the number of securities to be issued on exercise of the Existing and Attaching Options, the exercise price, the due date for payment and the consequences of non-payment.
- (j) The Existing and Attaching Options will not give any right to participate in dividends until after Shares have been allotted pursuant to the exercise of the Existing and Attaching Options.

10.9 Directors' Interests

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had in the two 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 of securities; or
- the offer of the securities.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash or Shares or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her or any company or firm with which the Director is associated in connection with the formation or promotion of the Company or offer of the securities.

Shareholding Qualifications

The Directors are not required to hold any Shares in the Company under the Constitution of the Company.

Remuneration of Directors

The Constitution of the Company provides that the directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting. This has been set at a maximum of \$200,000 per annum.

For the financial year ended 30 June 2003 no non-executive directors fees were paid.

During the year ended 30 June 2003 Mr Lewis Cross received a total of 500,000 fully paid ordinary shares of the Company at a deemed price of \$0.0055 per share in consideration for accounting services provided to the Company.

During the financial year ended 30 June 2003 the Company paid a total of \$60,000 to Overseas Mining Services Pty Ltd, a Company associated with Mr Kevin Schultz for consulting services. Fees were paid on commercial terms.

Following successful admission of the Company to the Official List of ASX, Mr Schultz will be engaged as Managing Director of the Company. No agreement currently exists with Mr Schultz, however the level of remuneration and other associated terms and conditions will be commensurate with current market norms for similar positions.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Directors Holdings

Set out below are details of Directors' relevant interest in the securities of the Company as at the date of this Prospectus:

Director	Shares	Existing Options	Director/ Employee Options
Colin McCavana (1)	2,680,533	2,480,533	500,000
Lewis Cross (2)	1,000,001	1,000,001	500,000
Vernon Strange (3)	3,300,001	3,300,001	500,000
Kevin Schultz (4)	951,207	951,207	1,000,000
	7,931,742	7,731,742	2,500,000

Notes:

1. A total of 200,000 Shares are held by CJ and DD McCavana as trustee for the Colin McCavana Super Fund. The remaining securities are held by Bell Bay Investments Pty Ltd, a company owned 50% by Colin McCavana and 50% by Colin McCavana's spouse.
2. Securities are held by Peterborough Nominees Pty Ltd, a company controlled by Lewis Cross.
3. Securities are held by Goldmark Investments Pty Ltd, a company controlled by Vernon Strange. In addition, Mr Strange may receive additional Shares in circumstances as set out in the material contracts summarised in Section 10.5 of this Prospectus.
4. Shares are held by Kevin Schultz's spouse.

The Directors may subscribe for Shares and Attaching Options under this Prospectus.

10.10 Electronic Prospectus

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with the ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions.

If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at info@polarismetals.com.au and the Company will send to you, free of charge, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with Section 722 of the Corporations Act.

SECTION 10: ADDITIONAL INFORMATION

10.11 Interests of Named Persons

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 two 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 of securities; or
- the offer of the securities.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash or Shares 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 offer of the securities.

Blakiston & Crabb have acted as solicitors to the Offer and in that capacity has prepared the Solicitors Report in respect to the Company's tenements and been involved in undertaking due diligence enquiries in relation to legal matters and providing legal advice to the Company in relation to the Offer. In respect of this work, the Company will pay approximately \$27,000 for these services. Blakiston & Crabb have provided other professional services to the Company during the last two years totalling approximately \$9,911.

Continental Resource Management Pty Ltd has prepared the Independent Consulting Geologist's Report included in this Prospectus. In respect of this work the Company has agreed to pay \$22,500 for these services.

Ord Corporate Pty Ltd has prepared the Investigating Accountant's Report included in this Prospectus. In respect of this work the Company has agreed to pay \$5,000 for these services.

Ord Partners is acting as auditor to the Company. The Company has paid \$6,639 in the last two years to Ord Partners for auditing and related services.

10.12 Consents

Each of the parties referred to in this Section 10.12:

- a) 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
- b) 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.

Continental Resource Management Pty Ltd has given its written consent to the inclusion in this Prospectus of its Independent Geologist's Report and to the inclusion of statements made by them, or statement said in this Prospectus to be based on statements made by them, in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Blakiston and Crabb have given its written consent to the inclusion in this Prospectus of its Solicitors' Report (including the Schedule of Mining Tenements and the summary of material contracts) in the form and context in which it appears and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Ord Corporate Pty Ltd has given their written consent to the inclusion in this Prospectus of its Investigating Accountant's Report in the form and context in which it appears and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

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:

- a) Blakiston & Crabb as solicitors to the Company;
- b) Continental Resource Management Pty Ltd as Independent Geologist;
- c) Ord Corporate Pty Ltd as Investigating Accountants;
- d) Ord Partners as Auditors of the Company;
- e) Tolhurst Noall Limited as Sponsoring Broker to the Issue; and
- f) Security Transfer Registrars Pty Ltd as Share Registrar.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

10.13 Expenses of the Issue

The total estimated costs of the Issue, including legal fees incurred, registration fees, fees for other advisers, prospectus design, printing and advertising expenses and other miscellaneous expenses, will be approximately \$167,500 exclusive of brokerage fees (which may be up to \$242,500).

10.14 Directors Responsibility Statement and Consent

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 that in respect to any other statements made in the 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 have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of Shares and Attaching Options pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated 9 February 2004



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

GLOSSARY

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

“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”	The form so described and attached to this Prospectus.
“ASIC”	The Australian Securities and Investments Commission.
“ASX”	The Australian Stock Exchange Limited ACN 008 624 691.
“Attaching Options”	The options attaching to Shares to be issued pursuant to this Prospectus on the basis of one Attaching Option for every two Shares subscribed.
“Closing Date”	5.00 pm Western Standard Time 19 March, 2004.
“Company” or “Polaris”	Polaris Metals NL ACN 085 223 570.
“Corporations Act”	The Australian Corporations Act, 2001.
“Directors”	The directors of the Company.
“Directors and Executive Options”	The 3,000,000 options on issue exercisable at 25 cents each on or before 31 December 2008.
“Electronic Prospectus”	An electronic version of the Prospectus.
“Existing Options”	The 12,000,002 existing options to acquire Shares in the Company at 20 cents each on or before 31 December 2008.
“Existing Shares”	The 16,000,002 Shares on issue as at the date of this Prospectus.
“Issue”	The issue of Shares pursuant to this Prospectus.
“Listing Rules”	The official listing rules of the ASX.
“Offer”	The invitation to the public made in this Prospectus to subscribe for Shares.
“Official List”	The Official List of ASX.
“Opening Date”	9.00 am Western Standard Time 16 February, 2004.
“Option holder”	A holder of Attaching Options.
“Prospectus”	This Prospectus and includes the Electronic Prospectus.
“Related Body Corporate”	A body corporate which is related to Polaris pursuant to section 50 of the Corporations Act.
“SCH Business Rules”	The same meaning as in the Corporations Act.
“Share(s)”	Fully paid ordinary share(s) in the Company.
“Shareholder”	A holder of Shares in the Company.

GUIDE TO THE POLARIS METALS NL APPLICATION FORM

This Application Form relates to the Offer of 17,500,000 Shares and 8,750,000 Attaching Options in Polaris Metals NL at \$0.20 per Share pursuant to the Prospectus dated 9 February 2004. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares and Attaching Options. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and a Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of \$0.20.
- C** Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the Company will operate an electronic CHES subregister of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to Application in respect of securities allotted.

If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you.

- H** Please complete cheque details as requested:

Make your cheque payable to "Polaris Metals NL – Float Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

- I** Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares and Attaching Options in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares and attaching Options equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Lodgment of Applications

Return your completed Application Form with cheque(s) attached to:

Polaris Metals NL C/- Cross Corp 33 Colin Street WEST PERTH WA 6005	or	Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153 PO Box 535 WA 6953
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Application Forms must be received no later than 5.00 pm WST time on 19 March 2004.

GUIDE TO THE POLARIS METALS NL APPLICATION FORM

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Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of \$0.20.
- C** Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the Company will operate an electronic CHES subregister of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to Application in respect of securities allotted.

If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you.

- H** Please complete cheque details as requested:

Make your cheque payable to "Polaris Metals NL – Float Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

- I** Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares and Attaching Options in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares and attaching Options equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Lodgment of Applications

Return your completed Application Form with cheque(s) attached to:

Polaris Metals NL C/- Cross Corp 33 Colin Street WEST PERTH WA 6005	or	Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153 PO Box 535 WA 6953
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Application Forms must be received no later than 5.00 pm WST time on 19 March 2004.

