

1 July 2009

ASX RELEASE

Sale of Northam Tenements

- **Tenements in the Northam Area, WA, sold to Giralia Resources NL for cash and potential further payments based on resource inventory.**

Polaris Metals N.L is pleased to announce that as part of a divestment programme of non key tenements, three exploration licenses in the Northam area (100km east of Perth) have been sold to Giralia Resources NL (Giralia). The tenure has potential for economic deposits of magnetite iron ore.

The tenements (E70/2782-84) were sold for a total price of \$285,000.

An initial agreement was completed in May 2009 in which Giralia acquired an option over one tenement (E70/2784) by the payment of \$50,000 with the requirement for a payment within 6 months of \$200,000 to exercise the option.

An auxiliary agreement has now been completed whereby Giralia has exercised the option immediately and Polaris has included two other recently granted tenements (E70/2782-83) in the package for a total further payment of \$235,000. Additional payments, capped at \$750,000, are contemplated based on milestones relating to the definition of JORC compliant iron ore Mineral Resources.

Polaris remains focused on evaluating and developing iron ore resources on its 5,000 km² of tenements held in the Yilgarn and Pilbara regions of WA.

POLARIS METALS NL



Ken Hellsten
Managing Director

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

The potential quantity and grade of iron deposits reported as exploration potential is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.