

31 October 2011

QUARTERLY STATEMENT OF EXPLORATION AND DEVELOPMENT SEPTEMBER 2011

Carina Iron Ore Project

At the time of lodging this Statement, the automated train load-out system was being commissioned in conjunction with loading the first iron ore train from Mineral Resources' Carina mine for dispatch to Fremantle. The train, consisting of 93 wagons carrying approximately 65 tonnes of Carina iron ore per wagon, provides an opportunity to commission each aspect of the site facilities and, along with the production trains to follow, will provide material to test and commission unloading facilities and the refurbished ship loading equipment at the port when the first vessel is alongside Kwinana Berth 2 from 15 November 2011.

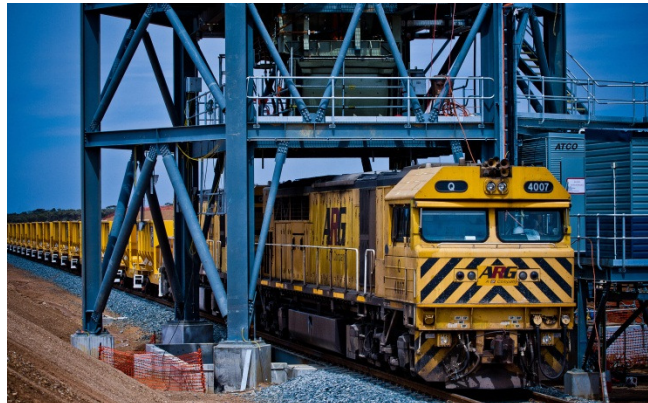


Figure 1 Carina train loading facility.

Construction Update

The Carina mine development remains on track with key construction activities completed and ready for operation as material becomes available. Key construction milestones achieved throughout the quarter include:

- Mine infrastructure is substantially complete;
- CSI's temporary crushing plant was commissioned and fully operational at end of August;
- The rail loop at site was completed and licensed to receive trains;
- The train load out structure was completed and the system commissioned in the second week of October;
- The haul road is able to carry ore road trains;
- Kwinana Bulk Terminal Berth 2 is operational and able to receive ore in accordance with the first train schedule. Ship load-out facility is ready for commissioning;
- Site civil works are progressing on the permanent crushing structure;
- Airstrip construction is in progress and due for completion in December 2011;

Operations Readiness

Mining and processing operations commenced during the quarter to provide material for infrastructure development and also the first saleable product.

Key operational milestones:

- The full Polaris Management team on-site by mid-September 2011;
- Mining activities commenced in July and full fleet capacity was implemented in September on a single shift basis;
- Crushing commenced in August on a single shift basis and upgraded to double shift in mid-September;
- First road trains were mobilised to site in September and progressively commissioned to a full complement by the end of October;
- Rail service providers are ramping-up to full capacity in accordance with the pre-determined timetable;
- The first shipment of product is scheduled for mid-November.



Figure 2 Carina mining operations



Figure 3 Carina haulage operations.

Resource development and exploration activities

Resource Development

Drilling activities were focused around the Carina Deposit during the quarter with an additional 23 RC holes drilled for 4622m and 6 Diamond holes for 1601.5m (includes four diamond tails). These holes were aimed at proving the revised geological model and testing for mineralisation extensions at depth. The diamond drilling has also been used to augment the existing geotechnical wall design and waste rock characterisation database. Whilst the drilling identified additional ore tonnes their inclusion in the reserves depends on the results of the re-modelling and pit optimisation.

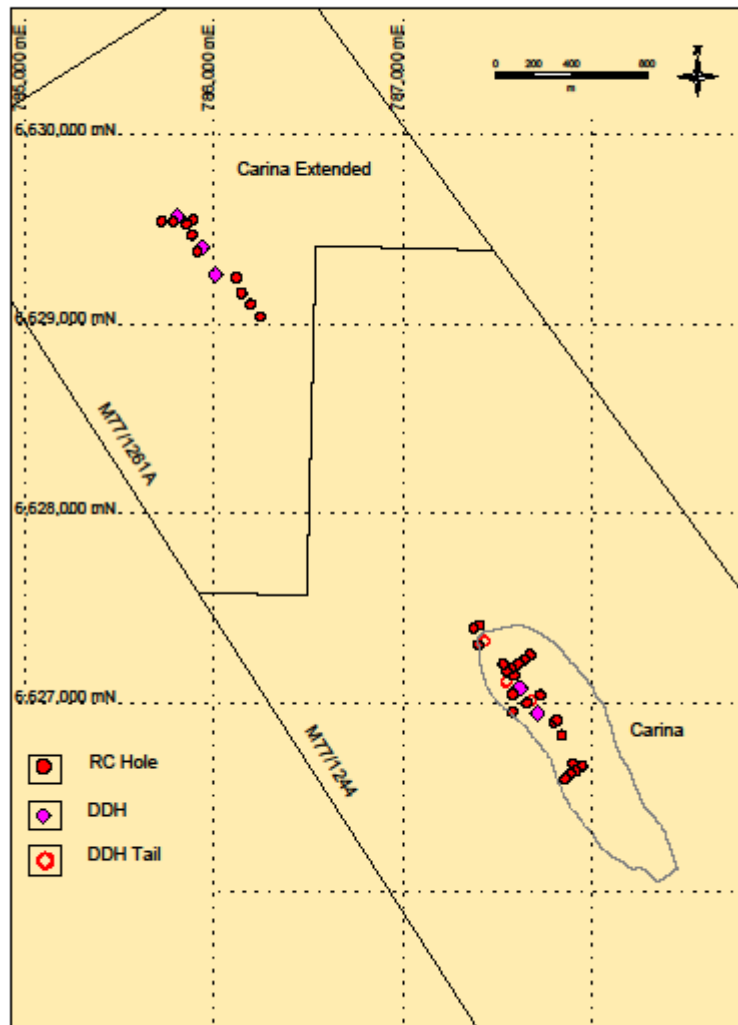


Figure 4 Carina Pit and Hole Plan (holes completed during quarter).

Carina Extended

A total of 9 RC holes for 798m and 3 HQ Diamond holes for 445m were drilled during the quarter bringing the total to 82 holes for 8312m within the deposit. Results to date indicate that Carina Extended is in the same geological horizon as Carina which means the previously though barren zone between the two deposits will now be drill tested to test for further mineralisation. Government approvals are in place for this program which will be completed as part of the broader Corridor drill program. Final resource drilling is currently underway with resource estimation and pit design work occurring concurrently.

In addition to the resource drilling mining lease application was submitted on the 26th July and is currently on track for granting in Q1 2012.

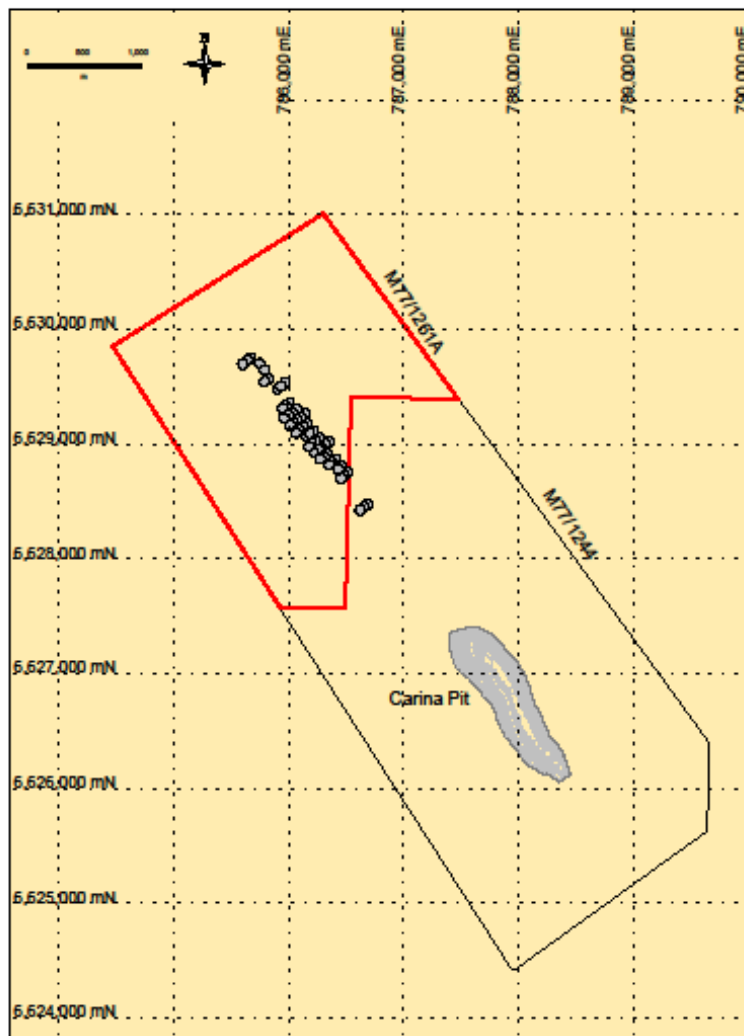


Figure 5 Carina Extended Mining Lease Application

Regional Exploration

During the quarter an XTEM helicopter electromagnetic survey was completed over the Carina Deposit and surrounding area. The depth slices produced from the survey have been assessed as a means to assess the depth of weathering in the country rock with the aim of generating exploration targets.

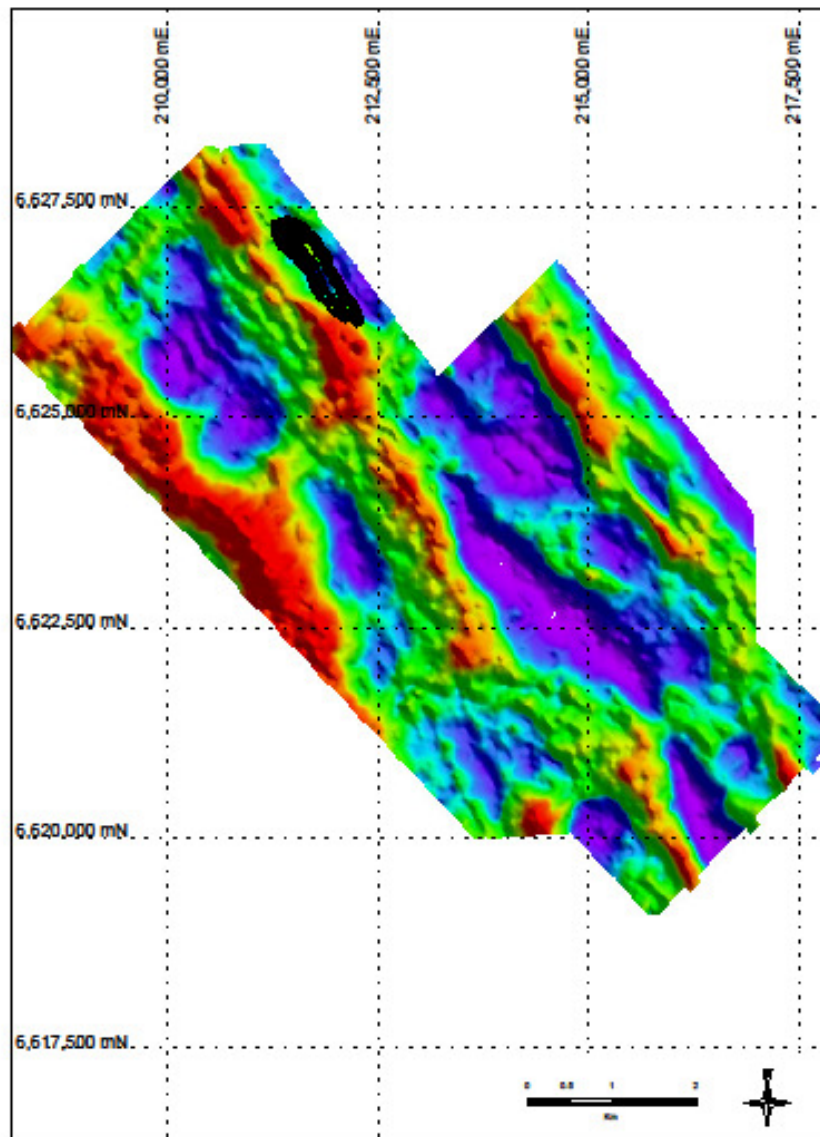


Figure 6 XTEM Survey 40m Depth Slice

Exploration Activities for the Upcoming Quarter

Yilgarn

Resource drilling programs are planned for the Chameleon and J4 deposits during the next quarter along with regional target generation activities within the Carina area.

Mayfield (Central Yilgarn)

A Program of Work has been submitted for a 55 hole RC program designed to test approximately 3km of strike length along the main Mayfield trend. The aim of this drilling is to establish a JORC compliant resource for development options analysis.

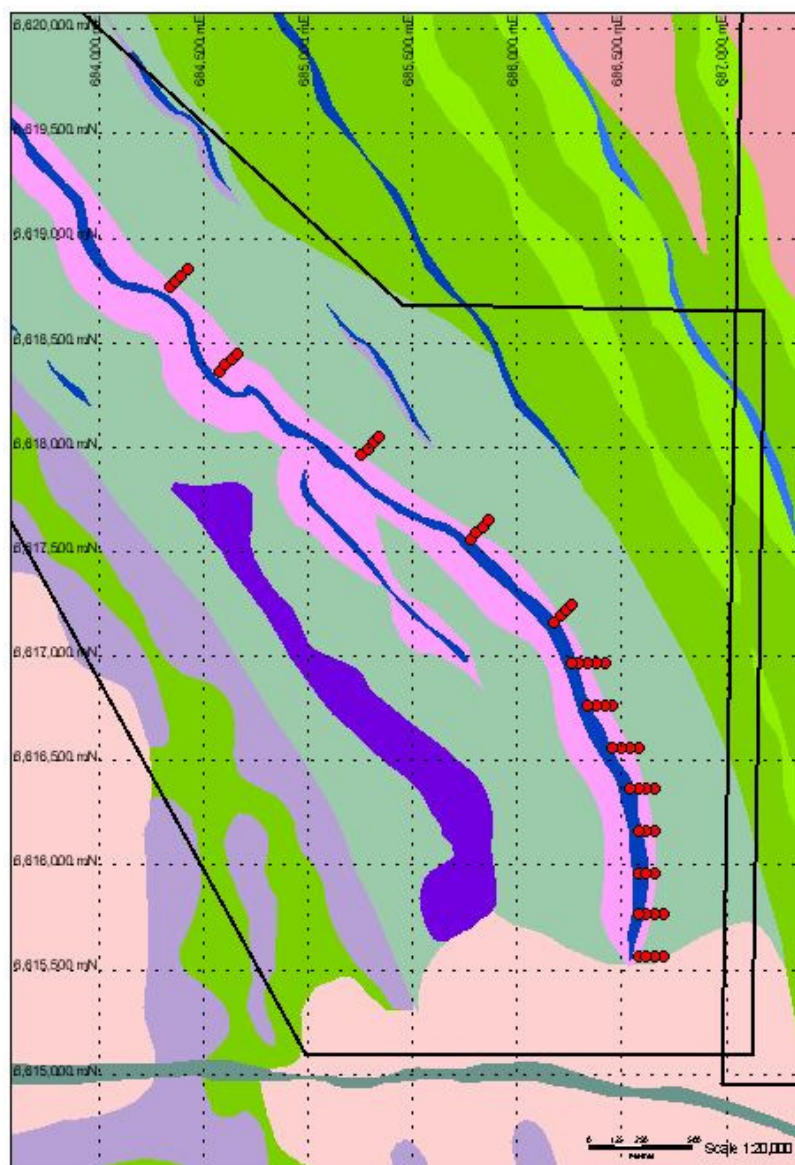


Figure 7 Mayfield RC Drilling Program.

Paulsen's East

The Paulsen's East deposit (M47/1347) is located approximately 140 kilometres west of Tom Price in the northwest of Western Australia. The deposit is a conglomerate consisting of hematite pebbles in a hematite rich cement which forms a narrow prominent ridge up to 60m high and approximately 3000m long. The conglomerate is part of the middle Proterozoic Mt McGrath Formation which is the upper Formation of the Wyloo Group.

Planning is underway to develop a program of work submission for a small RC drill program aimed to test the results of earlier work and validate the assumptions used in the preliminary open pit design.



Figure 8 Paulsen's East Outcrop

COMPETENT PERSONS AND JORC COMPLIANCE STATEMENT

Exploration Results

The information in this report that relates to exploration results is based on information compiled by Mr Brett Morey who is a member of the Australian Institute of Mining and Metallurgy and an employee of Polaris Metals Pty Ltd. Brett Morey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results'. Brett Morey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation

The information in this report that relates to mineral resource results is based on information compiled by Mr Brett Morey who is a member of the Australasian Institute of Mining and Metallurgy and a full time employee of Polaris Metals Pty Ltd. Brett Morey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken 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'. Brett Morey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.