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ASX RELEASE

POLARIS AND WASHINGTON RESOURCES TO SPIN OUT COMBINED URANIUM ASSETS IN NEW IPO

The Directors of Polaris Metals NL (ASX: POL, “**Polaris**”) and Washington Resources Limited (ASX: WRL, “**Washington**”) are pleased to announce their intention to combine their highly prospective uranium assets, forming a new dedicated uranium company to be funded through an initial public offering (“IPO”) and new listing on the ASX.

The new company, **Northern Uranium Ltd** (“**Northern Uranium**”), will be granted uranium rights by Polaris and Washington in tenements held by them in Western Australia (WA) and the Northern Territory (NT). The priority focus will be on tenements covering more than 8,500km² consolidated by Polaris and Washington along the WA-NT border in the Granites-Tanami area (Gardiner-Tanami Super Project).

Northern Uranium Ltd to raise A\$4 - \$6 million to progress advanced projects

Hartleys Limited, appointed as exclusive broker to the proposed Northern Uranium IPO, has been engaged on a best endeavours basis to raise between \$4 million and \$6 million to fund exploration on Northern Uranium’s highly prospective uranium package. Subject to regulatory approval, it is the intention that shareholders of Polaris and Washington will receive a priority entitlement to participate in the uranium IPO.

Commenting on the proposal, Polaris’ Managing Director Mr Kevin Schultz said, “Northern Uranium will hold a number of very exciting uranium projects. In particular, the 8,500km² Gardiner-Tanami Super Project which attracted interest from a number of majors in the 1980s. Drilling at that time on prospects in the Gardiner Range area confirmed that primary uranium mineralisation is present in the system.

“The geology at Gardiner-Tanami area shows similarities to that of the Athabasca Basin in Canada, which hosts the world’s highest grade uranium deposits, including Cameco’s 160,000 tonnes uranium McArthur River deposit grading 25% U₃O₈.

“Capital raised from the proposed listing will fund new exploration employing modern methods on Gardiner-Tanami and Northern Uranium’s other uranium assets.

“The listing of Northern Uranium will enable Polaris and Washington to more rapidly advance their uranium projects within a dedicated and focused company, and will provide investors an opportunity to gain direct exposure to one of the few accessible regions worldwide with similar geology to the Athabasca Basin,” Mr Schultz added.

Uranium Projects

On 17 November 2005, Polaris and Washington jointly announced their intention to pool their interests in the Gardiner-Tanami Super Project. The parties have subsequently announced the execution of Heads of Agreement for the joint venture and the agreement in principle to expand this relationship and inject rights to a broad range of prospective uranium projects into Northern Uranium.

Northern Uranium will be granted rights to explore for uranium on the following projects:

Gardiner-Tanami Super Project

- Substantial land package totalling some 8,500km² consolidated along the WA-NT border;
- Geological setting similar to the Athabasca Basin, Canada, host to world's highest grade unconformity-type uranium deposits;
- Previous drill hole assays up to 4.65% uranium (in 0.44m averaging 1.73%) at "Don's Find" on a WA tenement in close proximity, confirming primary mineralisation present in the system;
- Westward extension of the fault zone hosting "Don's Find", and the extensive "Diva Prospect", also in WA, offer potential for immediate drilling;
- "Area 20 Prospect" (in Gardiner-Tanami NT tenements) noted for secondary uranium minerals and rock chip samples from costeans assaying up to 1.5% uranium.

Denison Range Project, WA

- Situated 10km west of the Gardiner-Tanami Super Project, and conceptually targeting Olympic Dam-style copper-gold-uranium mineralisation.

Kurundi Project, NT

- 1950s uranium prospect ("Munadgee") on the western boundary of the project area with a cross-cut off one of the shafts assaying 0.82% U₃O₈ over 1.2m;
- Conceivably an unconformity-style uranium target area with some similarities to Kintyre in the Rudall River area, W.A.

Wallal Project WA

- Large Canning Basin sandstone uranium ("roll-front") target area.

Lake Barlee Project WA

- New exploration licence over Yeelirrie-style calcrete uranium target, 200km north of Southern Cross (exploration for Lake Maitland and Yeelirrie-style uranium deposits).

Exploration Plans

The advanced status of the 1980s exploration on targets such as Diva and Area 20 Prospect, and current work by the Polaris-Washington joint venture on granted tenements at Denison Range and Kurundi, will allow Northern Uranium to focus on the definition of drilling targets immediately on listing. Drilling is expected to be possible within the first six months, and to be carried out concurrently with systematic programs using geophysics to locate likely sites of buried high-grade uranium deposits.

Timetable of the Issue

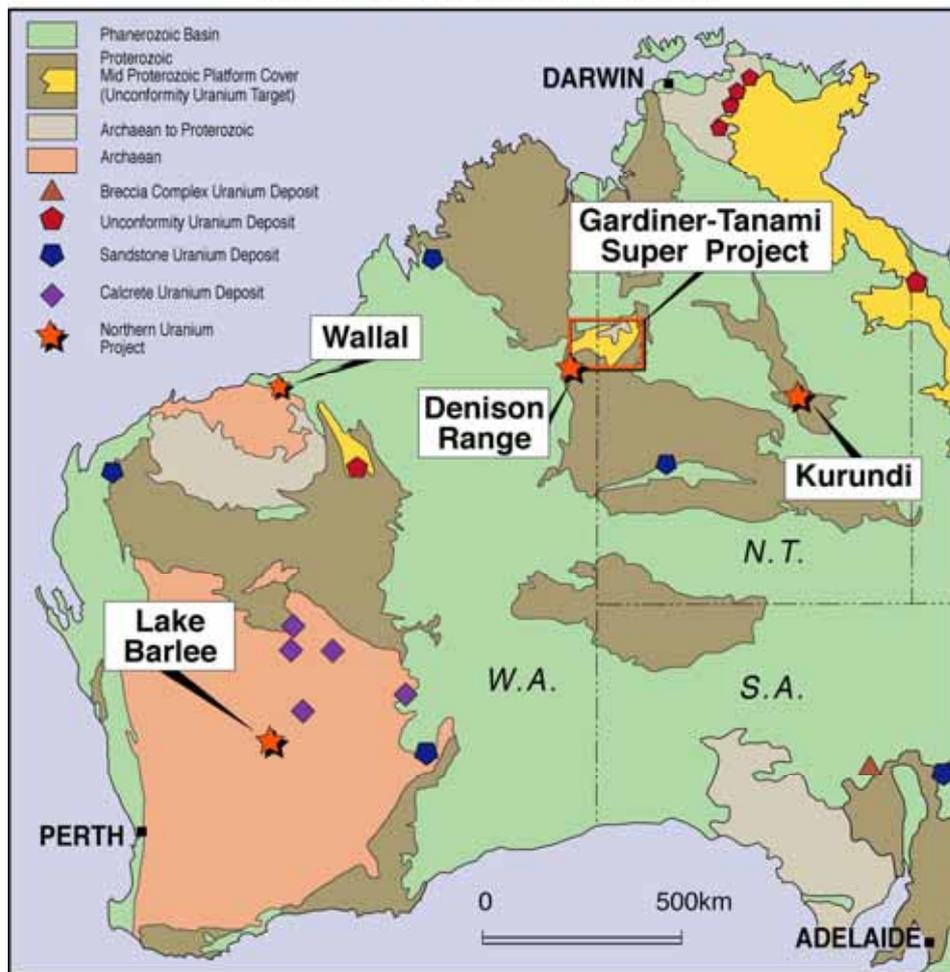
Further details on the structure and timetable of the issue, the priority arrangements for Polaris and Washington shareholders to subscribe for shares in Northern Uranium and the composition of the Board will be announced when finalised.

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Figure 1
NORTHERN URANIUM PROJECTS



Unique Uranium Investment Opportunity

- The geological setting the Gardiner-Tanami region of northeast Western Australia and northwest Northern Territory is similar to unconformity-uranium environments in the Alligator Rivers area of the Northern Territory, and the Athabasca Basin of Saskatchewan, which hosts large and very high grade uranium deposits.
- This comparison is very significant when it is recognised that the total value of Athabasca's uranium deposits is in the order of US\$30 billion putting the region on par with the world's major mining districts such as Nevada's Carlin trend and Ontario's Timmins gold camp. The value per tonne of some individual deposits within the Athabasca Basin is extremely high, ranging up to more than \$US6,000 per tonne. The giant, high grade McArthur River deposit, discovered in 1988 by Cameco, is estimated to contain more than 436 million pounds of U_3O_8 (160,000 t U) with an average grade of 25% U_3O_8 .
- There are a limited number of other similarly prospective areas in the world and some of these are closed to exploration for environmental or political reasons, or are exclusively in the hands of state surveys and government enterprises. The northern Western Australia and Northern Territory areas, which Northern Uranium plans to explore for uranium, are immediately accessible, with six of the exploration licences already granted.

- The likelihood of unconformity uranium deposits in the area is indicated by the favourable geology and structures, uranium mineral occurrences, radiometric and uranium geochemical anomalies, visible alteration in potential host rocks and intersections of uranium mineralisation in drill holes in some neighbouring tenements.
- Numerous fault zones cross the Gardiner-Tanami Super Project tenements, some of which have been interpreted as steep reverse faults. Unconformity uranium deposits in the Alligator Rivers and Athabasca areas are often associated with reverse faulting.
- A recent collaborative research project of Geoscience Australia, GSWA and the NT Geological Survey (The North Australia Project) has improved the understanding of the crustal architecture and mineral systems of the region in three dimensions – a significant aid to targeting sub-surface uranium deposits.
- The total area available in the Gardiner-Tanami Super Project Area for uranium exploration exceeds 8,500km² and there are approximately 180 strike kilometres of favourable, fault-related potential uranium targets at the outcropping Mid-Proterozoic Gardiner Sandstone unconformity, as well as sub-surface targets which may be detected using geophysics.

Prospect Details

Gardiner-Tanami Super Project

The project comprises 8,500km² of contiguous mining tenements crossing the Northern Territory border 150km southeast of Halls Creek, Western Australia (Figure 2). From the 1970s to the early 1990s exploration companies such as BHP Minerals, Energy Reserves Canada (ERC) and PNC of Japan defined several uranium prospects. ERC compared the region with the Athabasca Basin in Saskatchewan, Canada, which hosts large and very high grade uranium deposits (Figure 3).

On a prospect named Don's Find located 2km east of the boundary of the Gardiner-Tanami Project in Western Australia (Figures 2 and 5) assays of up to 4.65% uranium, reported from early 1980s drilling, confirm the presence of high-grade primary mineralisation in the Gardiner-Tanami area. Significantly, it is interpreted that the fault zone hosting the Don's Find mineralisation continues westward into the Gardiner-Tanami Project area and is an immediate target for further investigation.

In addition to targets associated with the Don's Find discovery, prospects such as Diva (in Western Australia) and Area 20 (in the Northern Territory) (Figure 2) will merit ground surveys and drilling once underlying tenements are granted. At Diva, uranium biogeochemical anomalies were outlined by BHP and only partially tested by shallow percussion drilling. The prospect lies adjacent to the Buffalo Creek Fault, a major regional structure extending over more than 40km into the Northern Territory.

At the Area 20 prospect, secondary uranium mineral occurrences were noted by former tenement holder PNC, and rock chip samples from costeans over radiometric anomalies returned assays of up to 1.5% uranium. Two diamond drill holes were completed, with one abandoned and the other intersecting graphitic shale; however, a proposal for further drilling was not implemented due to budgetary constraints. The uranium mineral occurrences, together with the proximity to the interpreted unconformity and the existence of graphitic/carbonaceous shales make this area a very attractive target.

Uranium explorers in the 1970s-1990s primarily focused on surface geochemical, radiometric and shallow EM anomalies. However, the next generation of exploration will target concealed uranium deposits, using a variety of modern techniques to detect structures, zones of alteration and to map out the position of the sandstone-covered unconformity. The

objective is to find very high grade uranium deposits such as McArthur River and Cigar Lake in the Athabasca Basin.

Denison Range Project

Denison Range project is situated 10km west of the Gardiner Range project (Figure 1), and conceptually targets Olympic Dam-style copper-gold-uranium mineralisation. Many of the elements that occur in the regional geological setting of Olympic Dam are also present in the Denison Range area.

Polaris commenced exploring the project in 2004, in joint venture with Independence Group NL (“IGO”). Polaris and IGO will each retain 20% interest in the project while Northern Uranium earns 60%.

Kurundi Project

The Kurundi Project (Figure 6) comprises one granted exploration licence covering 1,590km², and one contiguous exploration licence application, situated about 100km southeast of Tennant Creek in the Northern Territory. The area is easily accessible 40km east of the Stuart Highway, along a good gravel road.

Prospecting for uranium in the region in 1955 led to the discovery of the Munadgee prospect, on the western boundary of the project area. Sampling in a cross-cut at the base of one of the shafts returned assays of 0.82% U₃O₈ over 1.2m. The prospect is near the unconformity at the base of the overlying sediments of the Hatches Creek Group making it, conceivably, an unconformity-style uranium target area with some similarities to Kintyre in the Rudall River area of Western Australia.

Wallal Project

Wallal project comprises five exploration licence applications in the Pilbara Mineral Field of Western Australia. The area lies approximately 150km east of Port Hedland, and covers approximately 1,100km² of ground that is prospective for sandstone uranium deposits, also referred to as “roll-front” deposits (Figure 7). Sandstone uranium deposits form in specific circumstances within sedimentary basins that contain inter-bedded permeable rocks (e.g. sandstones) and semi-permeable rocks (e.g. siltstones and claystones) derived from a basement of silicic crystalline uranium source rocks (e.g. granite).

Publicly available regional airborne radiometric data show well defined uranium channel anomalies coinciding with Mesozoic sandstone outcrops (Callawa Formation) in the Wallal Project tenements (Figure 8). Government mapping, stratigraphic drilling and hydrogeological water boring across the Lambert Shelf and adjacent Wallal Platform, indicate that conditions for the formation of roll-front uranium deposits are likely to have been present in the area of the radiometric anomalies.

Lake Barlee Project

During the March 2006 quarter a uranium target was identified at Lake Barlee, 200km north of Southern Cross (Figure 1), and an exploration licence has subsequently been applied for in the name of Polaris’ wholly owned subsidiary, Eclipse Minerals Pty Ltd.

The area has geological and geomorphological features that are favourable for the formation of calcrete-hosted carnotite-bearing uranium deposits, as indicated by strong, discrete airborne radiometric uranium channel anomalies. It is therefore considered highly prospective for Lake Maitland and Yeelirrie type uranium deposits.

Figure 9 illustrates the model for the formation for these styles of uranium deposits and Figure 10 shows the geology and radiometrically anomalous areas at Lake Barlee. Uranium and vanadium are potentially sourced from the Archaean granites and greenstones during weathering and transported in solution in ground waters draining towards Lake Barlee. The uranium and vanadium may be concentrated as carnotite in calcrete by the ponding and evaporation of the ground waters around the margins of the playa lake system.

No previous uranium exploration has been recorded in this area; and when the tenement is granted, on-ground investigations will evaluate the radiometric anomalies and related drainage channels.

For and on behalf of
POLARIS METALS NL



Kevin Schultz
Managing Director

11 May 2006

Competent Person Declaration

The information on mineralisation, potential mineral resources and targets 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 K Schultz, an employee of the Company who is a Fellow of The Australasian Institute of Mining and Metallurgy with the requisite experience in the field of activity in which he is reporting

From 1975-1976 Mr Schultz was Director, Operations for the Australian Atomic Energy Commission's Uranium Branch Exploration Division; and as Exploration Manager for Nord Resources Corporation from 1977-1982 he was engaged in uranium exploration in northern and western Australia.

Figure 2
GARDINER-TANAMI SUPER PROJECT
GEOLOGY AND TENEMENT HOLDINGS

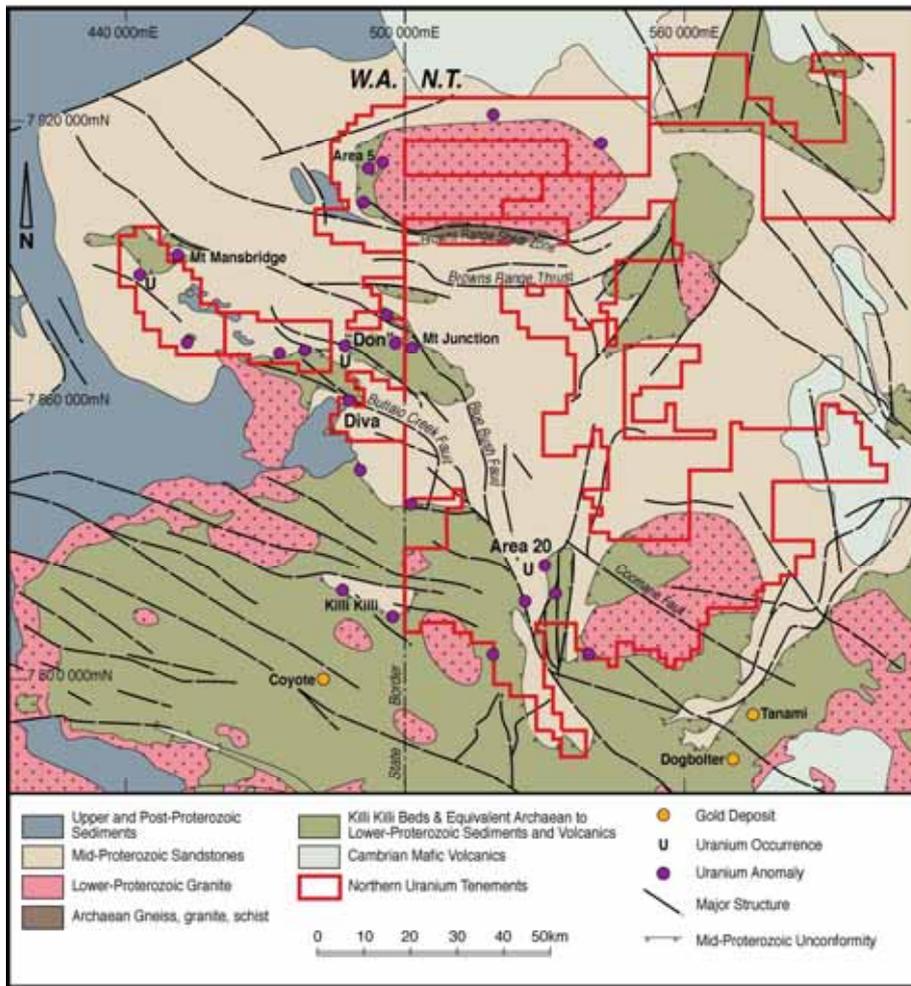


Figure 3
GEOLOGY OF THE ATHABASCA BASIN, SASKATCHEWAN, CANADA

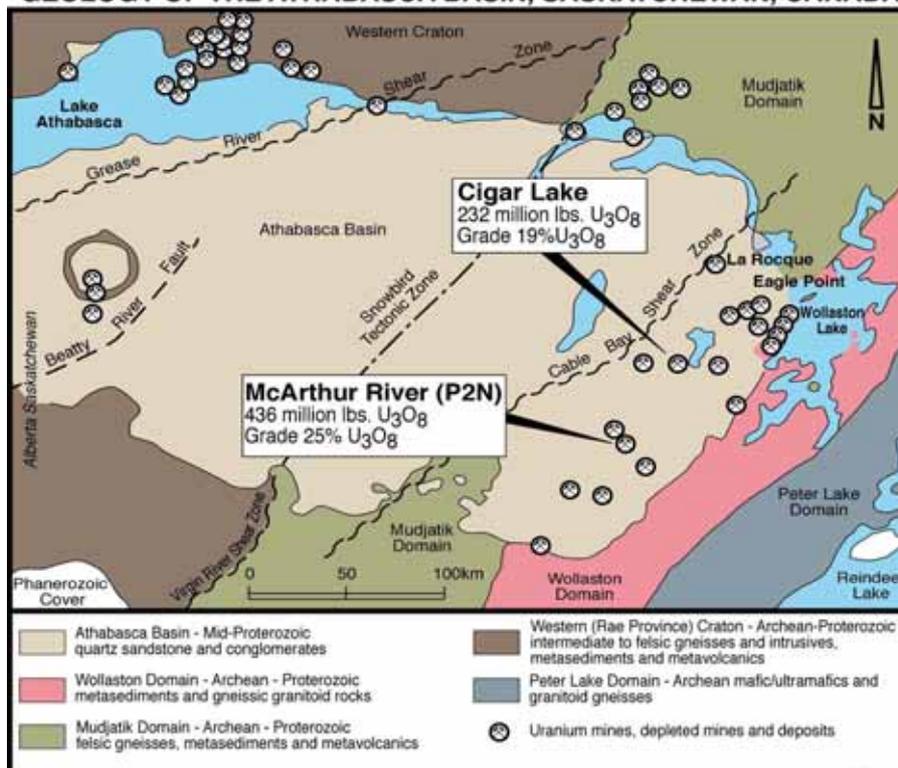


Figure 4

**GARDINER-TANAMI SUPER PROJECT
UNCONFORMITY-STYLE URANIUM DEPOSIT FORMATION**

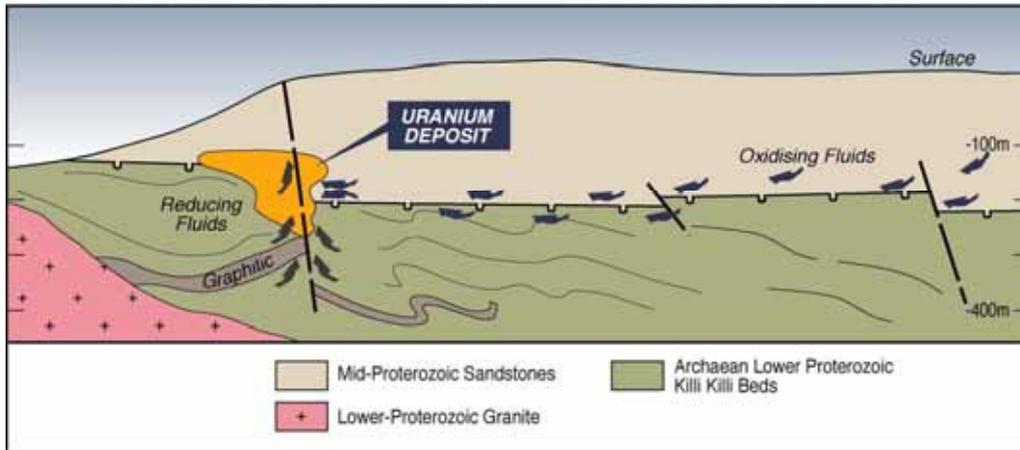


Figure 5

**'THE DON' PROSPECT
DISCOVERY HOLE CROSS SECTION GEOLOGY**

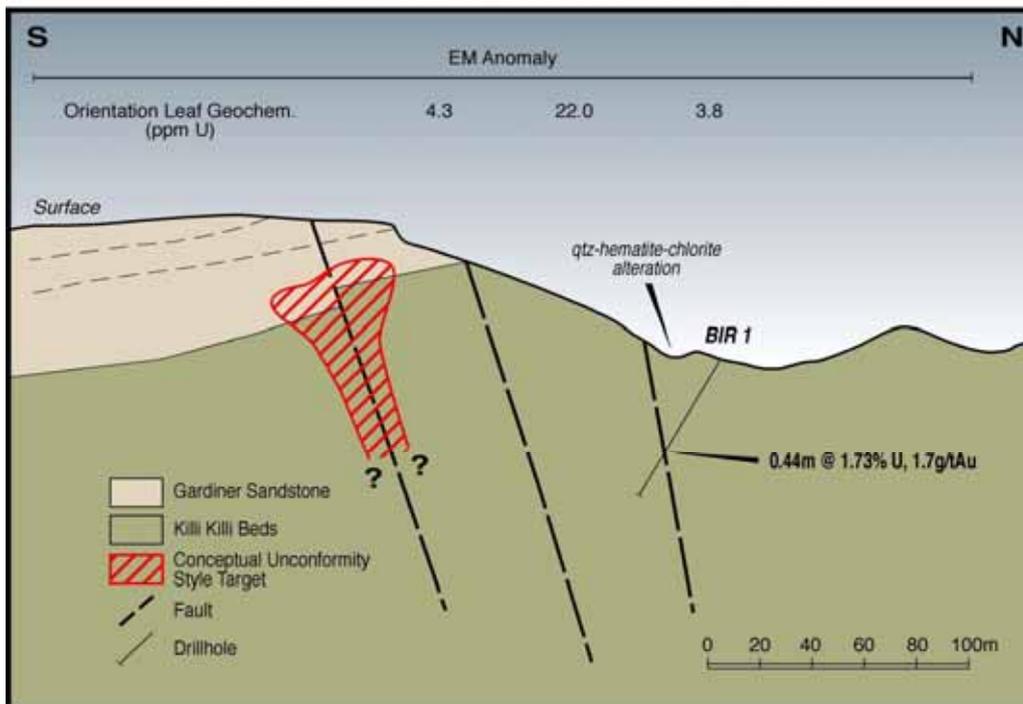


Figure 6
Kurundi Project
 Geology and Tenement Holding

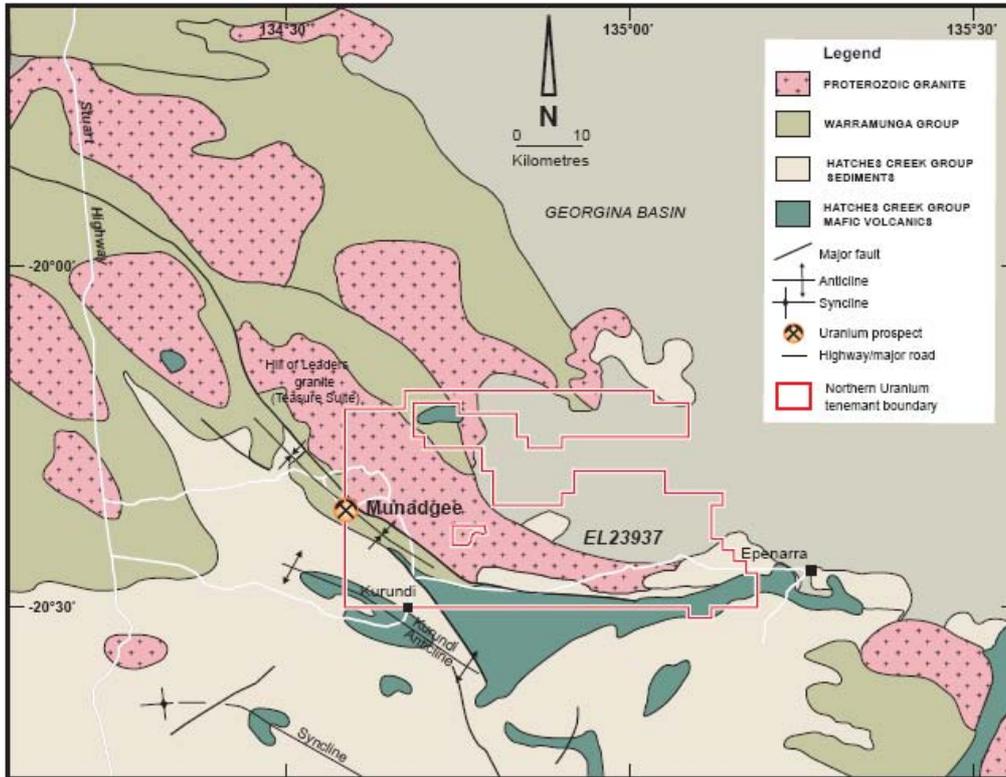


Figure 7
WALLAL PROJECT - EXPLORATION MODEL
SANDSTONE-HOSTED ROLL-FRONT URANIUM DEPOSIT

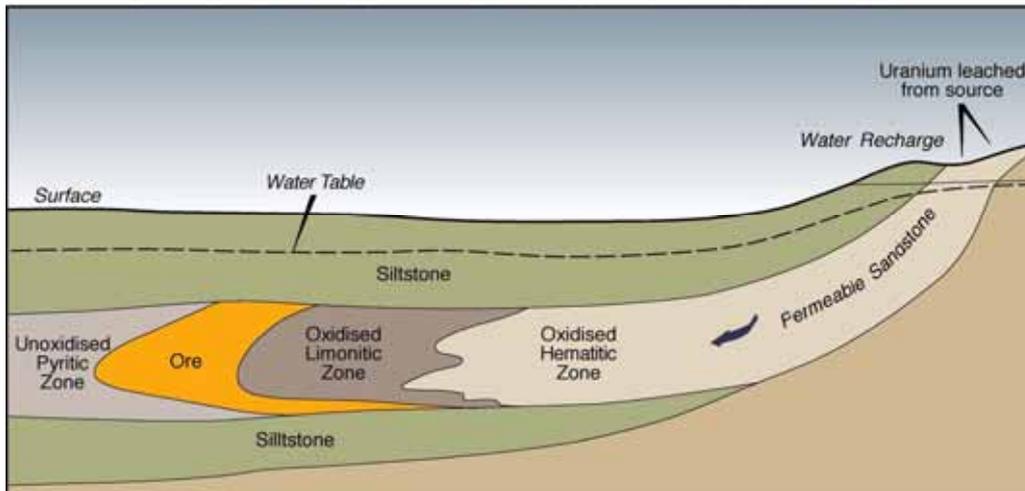
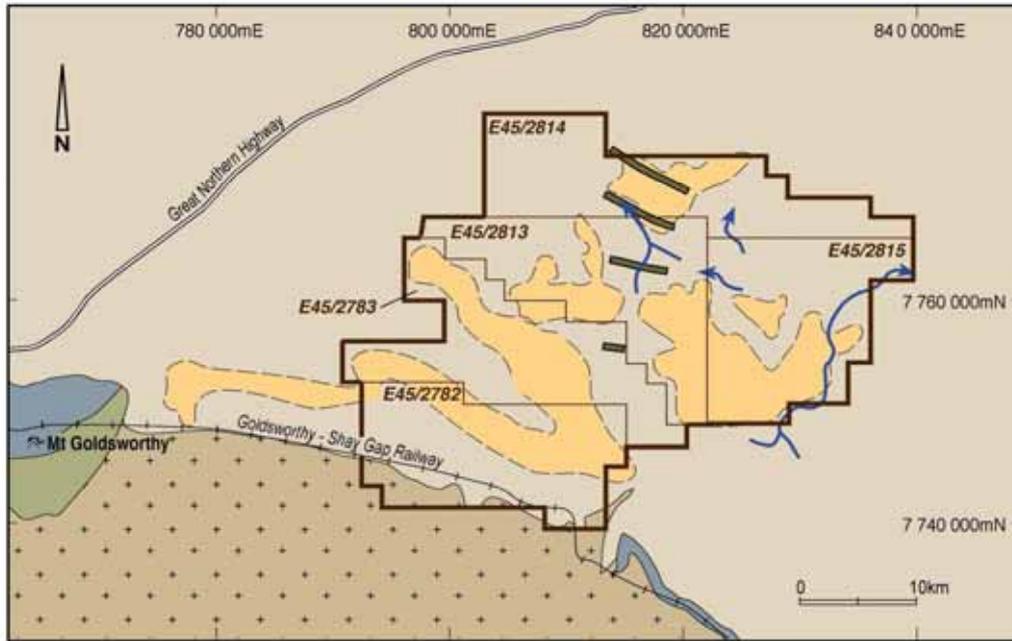


Figure 8

WALLAL URANIUM PROJECT GEOLOGY AND TARGETS



- | | |
|--------------------------------|---|
| Mesozoic Sandstones/Claystones | Tenement Boundary |
| Precambrian Granite | Scattered Callawa Formation outcrops (sandstone uranium target) |
| Precambrian Sediments | Dolerite Dyke |
| Precambrian Mafics | Drainage Channels |

AIRBORNE RADIOMETRICS IMAGE - URANIUM

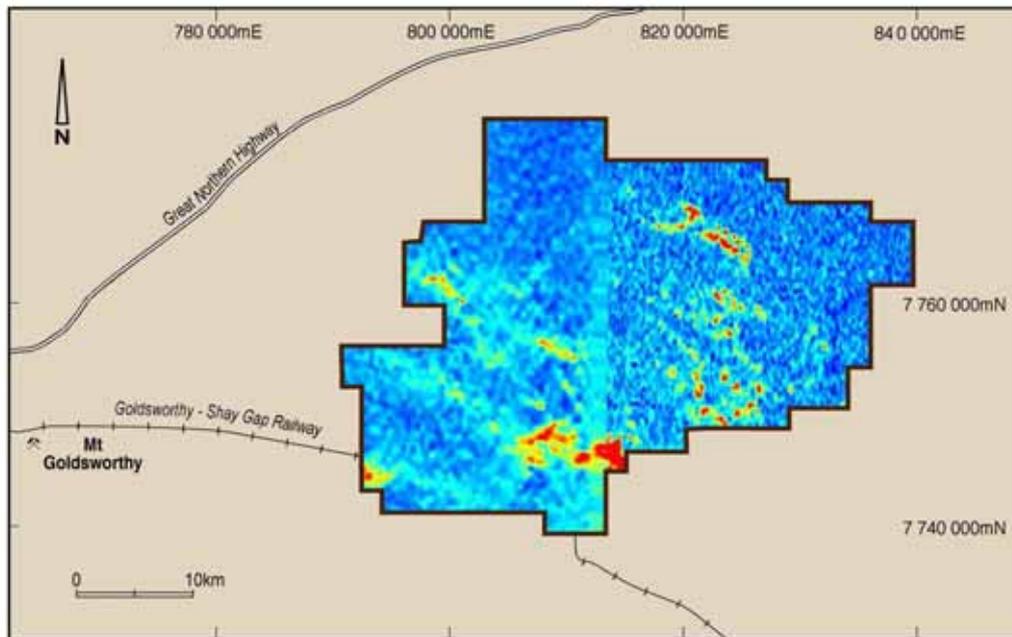


Figure 9

MODEL FOR THE FORMATION OF CALCRETE STYLE URANIUM DEPOSITS

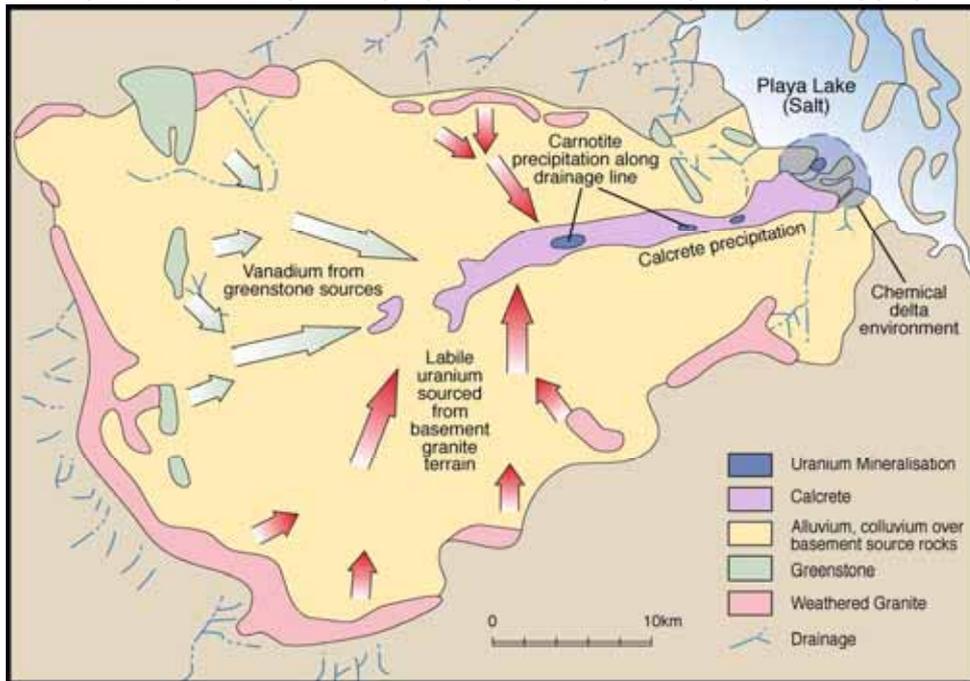


Figure 10

LAKE BARLEE PROJECT
GEOLOGY AND TENEMENT HOLDING

