EVENT:	POLARIS MINERALS CORPORATION Q1 RESULTS CONFERENCE CALL
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OPERATOR: Good morning. My name is Sarah and I will be your conference operator today. At this time, I'd like to welcome everyone to the Polaris Minerals Corporation first quarter financial results conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a question-and-answer session.

If you would like to ask a question during this time, simply press * then the number 1 on your telephone keypad. If you'd like to withdraw your question, please press the # key. Thank you.

Mr. Herb Wilson, you may begin your conference.

HERB WILSON (President and Chief Executive Officer, Polaris Minerals Corporation): Yes, thank you, Sarah. Good morning and welcome to the Polaris Minerals conference call to discuss the results for the first quarter of 2010.

I'm Herb Wilson, President and CEO, and I'm joined this morning as always by my colleagues, Lisa Dea, Chief Financial Officer, and David Singleton, the President of Eagle Rock Aggregates, our U.S. subsidiary. We hope you will find our comments interesting and helpful.

Before beginning with the details, we must advise you that during the course of the conference call, there may be forward-looking statements which involve risks and uncertainties that may cause actual results or performance of the company or the industry to be materially different from those expressed or implied by such forward-looking statements.

We also encourage you to review the company's annual and quarterly public filings on SEDAR. These are also available on the company's website.

As a reminder, all currencies are in United States dollars, unless otherwise stated.

Sales volumes in the first quarter increased by 82 per cent over the first quarter of last year, and it was gratifying to see this uplift, the first for a long time. However, it is only prudent to recall that the winter weather last year was particularly severe. Revenue increased by 67 per cent over the comparative quarter. But the revenue per tonne was impacted by a significant one-off product mix effect. We had an abnormally large percentage of volumes supplied in the quarter to the California terminal with the lowest delivered cost, as this unit restocked inventories depleted by an unexpected surge in trade at the end of 2009.

The prices for our products have continued to hold stable, although the much stronger Canadian dollar impacted ex-quarry prices for a proportion of sales. And these factors are normal variables within the business.

The net loss of $6.5 million in the first quarter was principally the result of a one-off $6 million charge that resulted from the restructuring of the company's two long-term shipping contracts. This charge represented a most satisfactory conclusion to a situation that had overhung the company for some time. During 2009, it had become clear that the severely depressed market conditions made it impossible for us to meet the committed tonnages in the contract that we had entered into in good faith in 2005 and 2007 when at that time the issue was the need to secure sufficient shipping capacity. We now go forward with a single amended contract in which the commercial terms for shipping our products are unchanged and the new minimum tonnages are aligned with the company's revised business plan.

Completion of the restructuring allowed the $1.8 million provision made last year to be reversed, which contributed to a gross profit per tonne of $1.30 in the quarter compared with a negative margin of $1.96 per tonne in 2009.

Adjusted EBITDA for the quarter was a negative $878,000, or a loss of $0.02 per share compared with a negative $195,000, or a loss of $0.00 per share in the prior year.

Another consequence of resolving the shipping contract issue was that we could finally close the planned refinancing of the bridge loan used to build the Numas Warrior berthing tug, and this provided a cash benefit of $1 million in this first quarter, with an additional 1 million being received in the second quarter.

The sale of the freehold land at Pier B in the Port of Long Beach is now proceeding well, with an encouraging level of interest shown by potential purchasers. The impairment charge taken last year against this sale appears adequate, perhaps even conservative, and we will move ahead as quickly as prudent, although finalizing this sale may well take until the end of this year and even slightly beyond.

Due diligence investigations on the alternative leasehold site of Berth D44 in the Port have been extremely positive, and we are negotiating the lease with the owner. This site offers an enhanced opportunity to enter this important Southern California market with much lower capital and operating costs. However, we must anticipate taking a further 12 months to complete the permitting changes required before construction can be considered.

In San Diego we continue with discussions with the Port Authorities for the option to lease an aggregate terminal site under the provisions of an understanding regarding exclusivity. Progress on this site is complicated by the Port's need to address demolition work prior to any possible development. But we are satisfied with the progress to date.

We continue to manage our cash position carefully without losing sight of our corporate development objective. Cash on hand has increased by approximately $1 million since the quarter's end, and the sale of the Pier B land will eventually benefit treasury by approximately $12 million to $15 million, more than sufficient for our anticipated commitments in Long Beach.

During the first quarter approximately $1 million of cash was used to build product inventories and finance increased sales so that we are now well placed to meet any increase in demand as it occurs.

Capital expenditure requirements of the operations are at a minimum, and we will continue to keep our spending as tightly controlled as possible without prejudicing our ability to complete the essential terminal expansion.

The major public companies in this industry have recently released their own first quarter results, and a common theme in the commentaries was that the much wanted stimulus spending programs in North America had failed to materialize. However, there was a consensus view that levels of contract bidding had now significantly increased and should support a gradual increase in activity for the second half of the year, followed by a much stronger performance in 2011.

There are also some welcomed early signs of a modest increase in commercial building activity, which is an important component of our own markets, and also an increase in private housing, although this latter sector has only a minor impact.

When one considers the enormous expenditures supposedly allocated to economic recovery through infrastructure investment, including the American Recovery and Reinvestment Act, and the Hire Act or the Jobs Bill, as it's more commonly known, it is inconceivable that there won't be a significant effect on demand.

California's budget woes appear to have been pushed into the background, and the state continues on with the Governor saying in a recent speech that they have three priorities: jobs, jobs and jobs. The construction industry can provide more of those than any other.

We are taking advantage of the considerable industry presence of Eugene Martineau who joined the Polaris board in March in order to round out our development plans for the West Coast. And I believe it is fair to say that a feeling of cautious optimism for the future is finally affecting us. We very much appreciate your interest in Polaris and thank you for listening.

David, Lisa and I will now be pleased to answer your questions.

OPERATOR: At this time I would like to remind everyone in order to ask a question, please press * then the number 1 on your telephone keypad. Again, if you would like to ask a question, please press * then the number 1 on your telephone keypad.

Your first question comes from the line of Joseph Gallucci from GMP Securities. Your line is open.

JOSEPH GALLUCCI: Good morning, guys. Just a quick question. In terms of guidance for the year and shipments, is there any colour you can give on that?

HERB WILSON: Thank you, Joe. Good morning. A little bit difficult. Of course we wanted to stress the point that 82 per cent up is a terrific number, but it’s compared with a very low base of last year. We are certainly believing that the year will be an advance over last year. It won’t be 82 per cent. Perhaps a range at the moment is simply around 10 to 15 per cent. But don't forget our customers book their orders on a 90-day schedule, so we only know what their thinking is at the moment up to the end of June. And it resets quarter by quarter, so as this market unfolds we may see a very different picture. But I have to say it's a nice feeling at long last that we're seeing some numbers that are showing an increase, no longer a decrease. But I'm sorry I can't be more specific than that.

JOSEPH GALLUCCI: Just one more question then. What would be sort of the breakeven tonne number on a cash basis to generate sort of neutral cash flow?

HERB WILSON: We've been reworking those numbers, and about 2 million tonnes is a very good number. And of course, with a fixed cost business like this, once you cross that point then your margin grows considerably on a per-tonne basis. And I've been saying to those shareholders I've met recently how frustrating it is to be bouncing along just below that true breakeven line. But we'll very shortly cross that.

JOSEPH GALLUCCI: Excellent. Thank you very much.

HERB WILSON: Thanks, Joe.

OPERATOR: Your next question comes from the line of Gary Lampard from Canaccord Genuity. Your line is open.

GARY LAMPARD: Good morning. I've got a couple of questions. Is your current production rate about 500,000 third quarter so that you're currently running at two shifts?

HERB WILSON: Yes, good morning, Gary. That's exactly where we were in the first quarter. And we have a very slim second shift running at the moment, which we anticipate keeping. One of the slight wrinkles of this business is that it's not only the gross tonnes we have to consider, but it's how closely spaced the ships are and making sure we can recover the inventory in between. But I'd like to believe we can stay at that 500,000 tonne level, yes.

GARY LAMPARD: Okay. And your sales obviously were a fair bit lower than production for the quarter just gone. Is that a timing of ships issue? I mean, is about 500,000 tonnes of inventory where you want to be?

HERB WILSON: It's exactly where we want to be, and a very good example of that is next week, when we've got two ships loading back to back, we've got an 80,000-tonne cargo for California, I believe it's on the Tuesday, followed by a 40,000-tonne cargo for Hawaii on the Wednesday. And that pulls your inventory down very, very quickly because we try to keep the high inventories so that the loading can take place with as little handling as possible.

One of the features of both materials is that only something like a maximum of 30 per cent of your inventory in a big pile is free flowing under gravity. The rest is dead material that has to be handled then with an excavator or a dozer. So we try to keep these high inventories so that we can load with the minimum of crew and effort up at the quarry.

GARY LAMPARD: That sounds okay. It sounds then that the Q2 sales are going to be higher than Q1 sales, and I know that you can't forecast beyond really Q2. But that seems like a reasonable assumption at the moment.

HERB WILSON: Yes, at the moment. We're feeling that the industry as a whole is just turning the corner, and it's all now about the rate at which we see things improving. As everybody keeps stressing, and we're not alone in this, the second half of the year should show a modest growth, but it's certainly setting itself up for a very good turnaround in 2011.

GARY LAMPARD: Okay. And my last question, which is the shipping contract committed volumes, so it's 1.5 million tonnes this year. If we assume just a linear ramp up over the next seven years, that would imply about 2.1 million tonnes for next year. Is that a reasonable assumption for next year's contracted volumes?

HERB WILSON: You raise an interesting point. The reason we didn't spell out year by year what is in that contract is having made the comment that it aligns with our business plans, we would be effectively giving guidance, which is a very difficult thing to do on such a long-term basis. The only wrinkle in your argument is that somewhere in that seven-year period is when we see the Long Beach terminal kicking in. But a linear progression's a good place to start.

GARY LAMPARD: Okay. Thanks very much for that.

HERB WILSON: Okay. Cheers, Gary.

OPERATOR: Again, if you would like to ask a question, please press * then the number 1 on your telephone keypad.

There are no further questions at this time.

HERB WILSON: Okay. Well, if I could just conclude the call then, Operator, I'd just like to thank those people who are listening to us for their time and their attention. It is very nice to be sitting here feeling that there is finally a little bit of optimism in our industry. It's been a long time coming.

So we look forward to talking to you in successive quarters. Thank you.

OPERATOR: This concludes today's conference call. You may now disconnect.

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