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CONFERENCE CALL
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OPERATOR: Good morning, ladies and gentlemen, and thank you for standing by. Welcome to the Polaris Minerals Corporation second quarter result conference call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question and answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties during the conference, please press the '*' followed by '0' for operator assistance at any time. I would like to remind everyone that this conference call is being recorded, today, Friday, August 17th, 2007, at 11:00 a.m. eastern time for replay purposes. I will now turn the conference over to Mr. Marco Romero, President and Chief Executive Officer. Mr. Romero, please go ahead.

MARCO ROMERO (President and Chief Executive Officer, Polaris Minerals Corporation): Thank you. Good morning. My name is Marco Romero, and I'm the President and CEO of Polaris Minerals Corporation. I'm pleased to welcome you to our 2007 second quarter results conference call, during which my colleagues Herb Wilson, David Singleton, Lisa Dea and I will update you on the progress being made by Polaris at the Orca Quarry on Vancouver Island, at the Richmond Terminal in California, and in our target markets.

Before starting, I'm required to advise you that during the course of

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the conference call, there may be forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance, or achievements of the company or industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Here we go. There's been some major turbulence in the debt and equity market since we last spoke, and I want to spend a minute to highlight Polaris' excellent financial position before we move on. The company is virtually debt-free and well capitalized. We do not require any additional debt or equity financing to achieve positive cash flow, something we expect to be able to report in the very near term. We are experiencing healthy demand for our high-quality sand and gravel in all our target markets, and we anticipate this will strengthen in the short and medium term.

Notwithstanding the effects of the slowdown in housing construction, the supply-demand imbalance we have been anticipating in the California market and elsewhere is worsening, leaving us in an excellent position to significantly grow our sales in the coming months and years. Lisa Day, our CFO, will elaborate on our financial position in a moment.

The Orca Quarry continues to perform extremely well, and

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productivity is improving progressively, all according to plan. Product quality has been excellent, and we are gradually building a reputation for this in the marketplace as customers become familiar with the unique performance characteristics of the Orca Quarry products. If you visit our website, you will find photographs of several high-end construction projects in California and British Columbia that use our Orca sand and gravel. One of them is really worth highlighting.

Polaris is now a supplier to the new Oakland-San Francisco Bay Bridge. This extraordinarily sophisticated structure is by any measure a world-class product, where our excellent product quality is being showcased. We anticipate a great deal more infrastructure-related demand in the coming years. Back on Vancouver Island, we have recently resumed work on the feasibility study for our proposed Eagle Rock Quarry, with the objective of planning its anticipated development. We remain confident that Eagle Rock will also one day become a major supplier of high quality aggregates, focusing predominantly on the road construction business. We hope to have more to report to you on this in the coming months as well.

On the exploration front, we've been conducting studies on a number of targets surrounding the Orca Quarry with the objective of increasing our resources and growing our reserve base, something that

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would be a prerequisite to considering any potential production expansion. Work is ongoing, and we'll report results once the studies are more advanced.

I am also pleased to report that discussions with new customers as well as with port terminal owners and operators are proceeding well. As a result, we are optimistic that we will have made considerable progress on this front by the time we host our next conference call. Securing port terminal capacity remains our greatest challenge and our number one priority.

In closing, I would like to remind you on the uniquely competitive position we enjoy. We are a very low-cost producer of high quality sand and gravel. We have very long-term reserves. We are competitively selling into markets that are increasingly supply deficient and where demand is expected to grow in the short and long-term. Finally, we have a very capable and committed team that is performing extremely well. Our business plan is unfolding as well as can be expected. Thank you. Lisa Dea, Polaris' CFO, will take it from here.

LISA DAY (Chief Financial Officer, Polaris Minerals Corporation):
Good morning. Last quarter, we changed our reporting currency from Canadian dollars to U.S. dollars to better reflect our business activities and

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to improve comparability of our financial results with other companies in our industry. This quarter was our first full operating period since our start up operations last quarter, and we are pleased to report sales of \$4.5 million U.S. for the sixth-month period representing approximately 270,000 short tonnes shipped. The achievement of a 23 percent growth margin from our own sales in this early stage of our ramp-up is encouraging, and should continue to improve as we achieve higher levels of sales and amortize our fixed costs over a greater tonnage.

This period, at the request of our customer, we also delivered a load of Wadasil (ph) worth \$675,000 in conjunction with our sand and gravel which resulted in a pass-through on our income statement and reduced growth margin to the report of 19 percent. We maintained our guidance that we will meet or exceed our sales target of \$1.54 million short-term for the first 12 months of operations, recognizing that we made our first sales at the end of the first quarter.

The foreign exchange loss in the period of \$1.2 million U.S. was as a result of the strengthening of the Canadian dollar on U.S. dollar denominated cash balances, which are being used to fund construction on the Richmond Terminal. The cash balance at June 30th was \$29.8 million U.S. consisting of cash on-hand and investments in R1 commercial paper

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in accordance with our overall investment policy.

Our conservative investment strategy has been three-fold. Firstly, to preserve capital by investing in diversified, highly rated instruments. Secondly, to ensure liquidity, and lastly, to ensure adequate return.

Although we have been disciplined in our investment strategy, at this time, we hold commercial paper totalling approximately \$14.7 million U.S., of which \$9.2 million U.S. is held in R1 asset-back commercial paper with Volkswagen credit and Telus. The remaining \$5.5 million U.S. are held in R1 high a note with Rocket Trust, a conduit of Coventree Inc., which is currently experiencing financial liquidity issues. The Rocket Trust matured today, and at this point, has not been paid. It's important to note that the a-notes are supported by liquidity facilities that are intended to protect investors from a market disruption. Excluding Rocket Trust, our total cash and cash equivalence to date are approximately \$18.3 million US, which is sufficient to see us through a positive cash flow to operations. Thank you, and I'll pass you on to Herb Wilson.

HERB WILSON (Chief Operating Officer, Polaris Minerals Corporation): Good morning, everybody. I'm Herb Wilson, the Chief Operating Officer of the company. It's my pleasure to add a few comments about the operating side. We have now processed more than 700,000

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tonnes of aggregate since commissioning the Orca Quarry in February of this year. The operation is performing as anticipated, with certain notable successes, one of the most critical of which is the performance of our ship loading. In July, we loaded a 479,000 tonne—that's US short tons—Panamax vessel in only 16 hours, thus establishing that the single largest piece of our investment would not only meet but exceed its design capacity.

The flexibility of this unit also allows us to load small, 4000-tonne barges with equal efficiency. In the MD&A, which accompanies the second quarter statements, reference is made to the cost of pilots and tugs being somewhat higher than originally estimated. This is due to three factors. Firstly, the world's shipping market has changed dramatically since our project was developed, thanks to the growth of the Chinese and Indian market, and tugs are no longer so readily available.

Secondly, tug fuel costs have increased substantially. Lastly, the provision of pilots, which is compulsory in British Columbia, is affected by timing windows imposed by the federal responsible agency. We have plans in hand to address these issues through the provision of a locally based berthing tug, which will significantly reduce hours traveled, and fuel consumed, and we anticipate some eventual relaxation of the pilotage

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restriction. An increase in the number of vessels loaded as sales (inaudible) will also have a positive benefit.

As Marco commented, our products are of a high quality, and we continue to fine-tune the processing plant. Last quarter, I made reference to the need for additional process water storage, and I'm pleased to report that a cost-effective plan was implemented in July, which more than doubled the storage capacity on site from approximately 55,000 gallons to 125,000 gallons. In addition, a third borehole has just been drilled, which has proved to be very productive. But, for now, we're simply holding it in reserve.

Our workforce are enthusiastic and capable and rapidly gaining the necessary operating experience of the plant. A recent training review by the Provincial Ministry of Energy and Mines confirmed that we have completed more than 6,000 hours of employee training in heavy equipment operation, safety, mine rescue, and first aid, and I believe we are well placed to meet the anticipated future demand. Turning to the Richmond, California Terminal construction site, the large storage building is essentially complete. An installation of the material handling components is advancing rapidly. Our website has some excellent photographs displaying all of this.

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The construction will be substantially complete at the end of the third quarter, and we will be able to receive our first shipment of aggregates at that time. The receipt of steel work from the fabricator in China continues to be the critical path item, but we anticipate that the facility will be fully operational in all respects at the end of the fourth quarter. The very positive aspect of the Chinese supply, indeed, is the whole facility, the quality of the steel work components, and the whole construction is excellent.

We have incurred a small increase in capital costs. It's less than \$1 million, but we do anticipate that the overall terminal development will remain within our original cash plan as we anticipate an upsetting reduction in California sales and use taxes resulting from the careful structuring of the principal construction contract. We are very proud of the standards evident at this site, and it is pleasing to note that we have now worked more than 90,000 man hours with no lost-time accidents, and in fact, no incidents of any description. I thank you, and I'll pass you over to my colleague, David Singleton.

DAVID SINGLETON (Director, Polaris Minerals Corporation): Good morning, everybody. I'm David Singleton. I'm pleased to talk about the marketing side of the company. First, let me just talk a little bit about the

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macro marketing. The consumption of total aggregates in the U.S. fell in 2006 on 2005 by about 9.1 percent down to 2.97 billion tonnes. Still a huge market. This fall reflected a decline in private housing and was progressive during the year with the fourth quarter down approximately 12.5 percent. In the January to April 2007 period nationwide, housing stocks were down by 26.2 percent with the trend in permit applications off by a similar 26 percent.

Offsetting the private housing decline, the rate of decline in other private and public construction activity eased somewhat. This leads the industry generally to view that the first quarter of 2007 will probably be seen as the lowest point in the current cycle. Underpinning this more optimistic scenario is the view that consumer demand for housing is about to outpace the supply side for the first time in the past year or so. This is evidenced by the inventory of new homes for sale, which in April 2007 was 5.8 months' supply, which was high by recent standards, was nevertheless down substantially from the 7.6 monthly average of the first quarter of 2007.

Although the West Coast has seen high declines of approximately 25 percent in new housing stocks in the first four months of 2007, public sector expenditure is beginning to reflect increasing activity as the

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infrastructure construction programs begin to stimulate construction aggregate demand. This has been particularly the case for Shamrock Materials, our North Bay ready-mix concrete customer, who is heavily involved in a number of Caltrans contracts and what has most recently been a private housing dominated market. When both sectors come together, as we expect will gradually happen during 2008, the demand for construction aggregates should be beginning to recover to levels experienced in previous years.

The construction aggregate's industry continues to pass on significant cost increases incurred in transportation and production, largely influenced by higher oil prices. Additionally, the rapidly increasing cost of replacement aggregate brought about by increasing land values and permitting expenses is influencing the overall cost of maintaining adequate supplies of this essential building material. As the cost of construction materials increases at a greater rate than the availability of public and private investment capacity, however, I have to say the ability to fund new contracts reduces proportionately.

Overall, however, we have the expectation of increasing aggregate prices in real terms, as evidenced by Vulcan Materials second quarter statement, wherein Chairman and CEO Mr. Don James stated that

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aggregate margins in Vulcan have grown, even though volumes declined by 10 percent. This margin improvement was achieved on the back of prices, which increased by 14.6 percent compared with the prior year's second quarter. Mr. James went on to state that he expected a similar trend for the rest of the year, with aggregate prices expected to increase by between 12 and 13 percent, year on year. Similar views have also been expressed by Martin Marietta in their recent quarterly report.

Despite the current pressures on the construction aggregates industry, the major companies continued to project optimistic scenarios, believing that the slowdown in current shipments will be relatively short-lived due to the broad and diverse end use of the product. As Marco stated earlier, we of course also have the benefit of replacing the rapidly diminishing indigenous resources, which considerably strengthens our medium and long-term marketing opportunity. In this connection, we continue to identify and evaluate new terminal opportunities, particularly in Southern California, where San Diego and Los Angeles remain our priority ports of entry. I hope to be able to announce progress in due course.

In the meantime, our ability to barge Orca products within the San Francisco Bay will soon be enhanced. In September 2007, we'll bring online a new dedicated barge to commence regular supplies of material to

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a ready-mix concrete plant operated by a customer located in the bay. We expect that the level of supply to this single plant will increase gradually over the next two to three years to around 400,000 tonnes per annum, and we're seeking a long-term supply agreement for this business. This additional barge tonnage together with the commencement of the Richmond Terminal, as Herb said, expected at the early part of the fourth quarter of 2007 will considerably reduce the logistical challenges we've had to overcome through the start-up period.

Finally, I'm pleased to report that the barging of Orca sand and gravel to BURNCO Rock Products located in the lower mainland area of Vancouver has been very successful, and I anticipate that the annual rate of deliveries will increase steadily over the next two to three years. During the quarter, we also shipped our first cargo to Hawaii, which we hope represents the commencement of regular shipments to this location also. This being the case, the combination of non-California sales will far exceed earlier projections. Thank you, and I'll now hand you back to Marco.

MARCO ROMERO: Thank you very much, David. As you can all see, for a company that's been operating a quarry here for about five months, we have made excellent progress. We are very, very much operating within our plan, and we have a number of initiatives that over the

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coming months should help you, our investors and our shareholders, appreciate our performance. We look forward to reporting to you as we make this progress, and thank you very much for all your support. At this point, I'd like to open the line for questions.

OPERATOR: Ladies and gentlemen, we will now conduct a question and answer session. If you have a question, please press the '*' followed by the '1' on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be pulled in the order they are received. Please ensure you lift the handset, if you are using a speakerphone, before pressing any keys. One moment, please, for your first question. Your first question comes from David Charles of GMP Securities. Please go ahead.

DAVID CHARLES: Yes, good morning everybody. Maybe just to get the hard question out of the way first. Obviously, Marco, you're aware of the recent equity and debt market volatility, and the fact that its raised fears that there might be a recession in the U.S. In that worst-case scenario, what do you think will be the impact on Polaris and your plans to grow your business in the West Coast?

MARCO ROMERO: David, that's obviously a hard question to answer, because we don't have crystal ball. To tell you one thing, the

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driver for demand that we anticipate seeing, particularly in California, revolves around infrastructure construction, and a great deal of that construction has been essentially funded, and will be unfolding, we expect, as planned.

I doubt very much the government would want to back away from those commitments, especially after they've appropriated the monies, federal, state-wise, etc. We see infrastructure being important to us, and to specific demand for our products. It's so difficult for us to tell what the rest will do, and we will be watching with interest, and we will react accordingly. Bear in mind that one of the pressures that our company does not have is the pressure of debt. There is the ability for us to tighten our belt, no doubt, going forward.

DAVID CHARLES: That's a great answer. I'm just wondering, as well—I mean, you're obviously in Vancouver, and you're looking at Hawaii. The Vancouver market is probably very specific, probably related to the Olympics. What about Hawaii? Is there anyway that Hawaii would be different than mainland U.S. in terms of worrying about a slowdown?

MARCO ROMERO: We believe that whatever happens, in good times and bad times, there is a background aggregate demand that is always there. Cities need to be renewed, maintained, and there will always

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be a certain base load of demand. In a place like Hawaii, for example, and bear in mind that there's no long-term commitment there yet. We are hopeful that that will happen. The options in terms of securing local supply are so few—in fact, they're virtually non-existent—that imports have to happen, in order to just keep the cities ticking, ticking away.

So we anticipate that there will be ongoing demand even if there were to be a major slowdown in the economy. Obviously, it's such a hard answer to give you, because we just don't know what's coming down the pipe. We are well positioned to withstand quite a bit. We are, as well, bear in mind, a low-cost producer, a very low-cost producer, so again, potential alternatives here, we can withstand quite a bit. Obviously, we don't want to. We want to have a nice margin.

DAVID CHARLES: No, I think you're doing a good job answering the question. Maybe just one final question. Obviously, you're in negotiation. You mentioned that in your MD&A yesterday with numerous potential customers. I'm just wondering in any of those customers, or if you've had any talks with those customers since you've seen the financial market volatility. That would indicate that they're less interested or there's any indication that people are less interested going forward.

MARCOS ROMERO: Interestingly enough, it's just the opposite,

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actually. I think people are thinking long-term, here, and the long-term picture is bleak in terms of supply of these materials in many of these markets. A lot of the thinking is rather strategic in terms of securing long-term reliable high quality supplies of aggregate. We believe that we have the ability to do just that.

DAVID CHARLES: Excellent. Thank you very much.

OPERATOR: Your next question come from Gary Hahn (ph) of Canaccord Adams. Please go ahead.

GARY HAHN: Thank you. Good morning. I've got two questions. Your startup margin is 23 percent, which seems to be a bit on the low side. You have attributed that to a high start up cost startup at the port. What are the startup costs at the quarry like? Your prospectus actually suggest \$4.09 U.S. per tonne in 2007, and \$3.22 per tonne in 2008, including mining, processing, site admin, royalty, and quarry management. Is this still a reasonable expectation?

HERB WILSON: Well, Herb Wilson here. We see nothing yet in the early stages of operating this quarry to make us believe that the projections which AMEC (ph) put forward in the feasibility study aren't going to pan out. It's always a little difficult in just the first two or three months because it costs, you know, you've got this tremendously steep

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learning curve. We've got an operation here which is completely new in a part of the world where there's no history of such operations, so, you know, it's a green crew that we have, but I haven't seen anything at the moment to suggest that it won't pan out. Certain things have changed; the cost of fuel for the mobile equipment is higher than it was at the time of the feasibility study, but that's a very small marginal impact.

GARY HAHN: So I guess we should probably expect, I don't know, 10, 15 percent higher in general?

MARCO ROMERO: Gary, this is Marco Romero here. One thing that I just want to clarify. You suggested that our higher cost, as you were saying, to do with, or our lower margins in this quarter have to do with higher port costs. In fact, our higher margins in this initial operating quarter have much more to do with the lower, the low tonnage and the amortization of our fixed costs over a lower number of tonnes. The marginal increase as we expand production is going to be quite significant, as you can see if you refer to the, if you go back to the feasibility study model and projections that were in our initial prospectus, so yes, there have been some increasing costs, but, you know, there have also been some so much stronger prices, so one thing offsets the other.

GARY HAHN: I see, so for on average, that \$4.09 and \$3.22 should

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still be a good guidance, right?

MARCO ROMERO: We have not given any different guidance. At this stage, as Herb said, you know, it's a good indication of where we are. As we move forward, I think we'll be able to shed more clarity on that.

GARY HAHN: That's great. That's great. I've got a second question if you don't mind. What is the \$1.4 million G&A consist of? Is that just head office cost, and are quarry and port costs included in the cost, and if so, should we expect this number to continue at this level?

LISA DEA: Yes. Port costs are included in the costs of this, as well as quarry costs. Included in G&A, you know, your typical G&A is head office costs. There's consultants, office costs, those types of general G&A costs that you would typically see. We have some legal—slightly higher than normal legal costs due to negotiations that we were in currently, and other than that, we would anticipate it come down a little bit, perhaps, but generally stay at this level.

GARY HAHN: Okay, that's great. Thank you.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press that '*' key followed by the '1' on your touchtone phone. As a reminder, if you are using a speakerphone, please lift the handset before pressing any keys. Your next question comes from

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David Poge (ph) of iConsult Services Incorporated (ph). Please go ahead.

DAVID POGE: Yes, I have a couple questions. I'm interested in the Eagle Rock project, and I'd like to understand a little bit more about the development of that, and also, my second question is related to the large cash position that the company has, and I just wondered if the two of them are linked together and especially, again, when the Eagle Rock is anticipated on moving forward. Thank you.

MARCO ROMERO: Hi, this is Marco Romero here. I'll quickly address this one for you. We are currently evaluating our development options and essentially working on feasibility studies for the Eagle Rock project. We have no guidance to give in terms of timing or economics, and we cannot do so until we have a much better grasp of what our options are, but I should tell you that whatever happens at Eagle Rock is going to be closely tied to us securing additional port capacity and, by default, customers, as well, so that's the best I can give you on Eagle Rock, but it is a priority project for us. It represents ability for us to materially grow our company.

But again, you know, with those subjects, and, of course, very importantly, the financing subject as well. The project needs to be financed. As for our cash position, it is right now what you might call

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unallocated working capital, but bear in mind that we have plans as well for port development, including, in particular, the Redwood City Terminal, which we are advancing on permitting right now.

DAVID POGGE: Okay, again, just on the Eagle Rock, I'm trying to get some idea of a timeframe. Again, are you talking about a mid-term, like five years, or is that going to be 10 years? Is there—there is no way to know right now.

MACRO ROMERO: We can't say it. We are not prepared to speak about that because of those subjects that I told you about, but we can tell you that we are determined to do it ASAP. The project is fully permitted. We are determined to bring it on stream as soon as it is prudent and practical.

DAVID POGGE: That's fine.

MARCO ROMERO: Thank you.

OPERATOR: Your next question comes from Tom Rossman (ph), a private investor. Please go ahead.

TOM ROSSMAN: Hi, guys. Hi, Marco. Job well done. Just wanted to ask you regarding your cash position. What's your cash burn right now, and when do you expect to be cash flow positive?

MARCO ROMERO: Lisa will answer this here.

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LISA DEA: As our prospectus shows, we'll be cashable positive at the end of 12 months. Cash burn is about—about \$1 million a month.

TOM ROSSMAN: When you say 12 months, is that the end—so 12 months from the commencement of operations?

LISA DEA: Sorry. Not \$1 million a month. Sorry, \$500,000 a month.

TOM ROSSMAN: Okay.

LISA DEA: What was your question?

TOM ROSSMAN: When you say cashable positive, is that at the end of the 12-month period after the commencement of operation?

LISA DEA: Yes.

MARCO ROMERO: Yes.

TOM ROSSMAN: As regarding fuel cost, you said some of the things have changed, and obviously it's gone up, but there was another comment that—I can't remember who made it, but is the availability of ships become an issue at all?

MARCO ROMERO: No, not now. Obviously, in the longer term, supply of ships is tight, but we are in very close working contact with CSL, and we've received assurances on their part that when we are ready to make commitment, they will reciprocate by delivering capacity.

TOM ROSSMAN: Thanks very much.

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MARCO ROMERO: Thank you, Tom.

OPERATOR: Again, ladies and gentlemen, if there are any additional questions at this time, please press the '*' key followed by the '1'. As a reminder, if you are using a speakerphone, please lift the handset before pressing any keys. Mr. Romero, there are no further questions at this time. Please continue.

MARCO ROMERO: Well, thank you very much for attending this call. We will go back to work. There is a lot to be done in the coming months, and I really look forward to welcoming you again on the next quarterly call and hope to have a lot of progress to report by then. Thank you very much.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. You may now disconnect your line.

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