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QUARTER RESULTS CONFERENCE CALL

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OPERATOR: Good morning ladies and gentlemen, thank you for standing by. Welcome to the Polaris Minerals Corporation First Quarter Results 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 difficulty hearing the conference, please press star followed by zero for operator assistance at any time. I would like remind everyone that this conference call is being recorded on Friday May 16, 2008, at 11:00 a.m Eastern Time.

I will now turn the conference over to Mr. Marco Romero, President and CEO. Please go ahead.

MARCO ROMERO (President And Chief Executive Officer): Good morning. My name is Marco Romero, I am President and Chief Executive Officer Polaris Minerals Corporation, joined by my colleague is David Singleton, Herb Wilson and Lisa Dea. We are pleased to welcome you to our 2008 first quarter results conference call.

Today, we will use a different format for the presentation I will deliver comments on behalf of our management team before opening up the call for your questions. We are starting I am required to advice you that during course of the conference call, there may be forward-looking statements

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

I want to begin with some comments on the strong operational performance **we had** during the first quarter then move on to discuss the current market conditions in California and our customers in general. I will also talk about new terminal initiatives as well as provide more information on the operations the Orca Quarry the Richmond. As always we appreciate your interest and hope you will find the call useful.

We are encouraged by our first quarter performance which we believe clearly demonstrates the underlying strength of our business model, quality of our assets and our ability to deliver strong operating results. We continue to make excellent progress towards becoming a major and highly competitive aggregate supplier on the west coast of North America.

We are achieving growth despite the unprecedented decline in demand that California is currently experiencing as a consequence of the prevailing recessionary economic environment.

Polaris generated of an EBITDA of \$0.51 million from revenues of \$6.5 million during the first quarter of 2008. By adjusted EBITDA we mean

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EBITDA less stock-based compensation and for previous periods the change in fair value of long-term debt.

Loss from operations in the quarter net of stock-based compensation was \$1.43 million compared with the loss of \$1.13 million ended March 30, 2007. The overall loss reported was \$0.46 million or \$0.07 per share compared with a loss of \$4.3 million \$0.14 per share for the quarter ended March 31, 2007.

We generated positive gross margin from operations of \$0.42 per tonne during the first quarter, most significant adverse impact to our gross margin in the quarter are the costs related to the beginning of commercial operations at Richmond terminal and a continuing increases of prices.

It's said all along that our margin will increase as our tonnage increases Polaris has clearly demonstrated the Richmond Terminal where we had a throughput of about 50,000 tonnes during the quarter and had inventory of 19,000 tonnes at quarter end resulting a lower gross margin in the first quarter. The important point to remember regarding the terminal is that the cost will be highest during the early stages the volume ramp up much like what happened at the Orca Quarry.

The relentless rise in fuel prices has once again continued to negatively impact our margins. As discussed in previous calls, fuel part price variations flow through to our customers albeit with a lag of up to one

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year. Fuel price for our customer contracts where as we've said at the beginning of this year and has risen 11% since which equates to \$0.16 per tonne of course if the price of fuel comes down we will receive a corresponding short-term benefit.

The impact of higher diesel cost is also forcing up the delivered price of all land based construction aggregate, for Polaris the transportation of aggregate in 80,000 tonne Panamax vessels remains the most cost efficient way to transport aggregates, we'll gradually increase our competitive strength overtime.

As said at our 2007 yearend conference call that we expect margin improvements as the pilotage costs at Orca fall as a result of the ongoing relaxation in berthing requirements and bringing more cost-effective tug operations on stream. While this expectation remains intact in order to be conservative we've continued accrue the port costs based on historical information until the benefit of these initiatives are realized that also has an impact on it.

The cash operating costs at the Orca Quarry are currently lower than predicted in our feasibility study in IPO when adjusted for currency fluctuations and we will elaborate on this in a moment.

We ended the quarter with cash and cash equivalents of \$10.1 million and with the exception of capital leases on mobile plan we have no

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debt. Working capital at the quarter end stood at \$15.8 million compared to \$17.1 million end of the year. Largest cash outlays in the period were the last substantial payment for construction of the Richmond terminal of \$1.3 million, the \$1 million deposit for the Long Beach Terminal acquisition and \$0.4 million for construction of the berthing tug.

I like to spend a few minutes discussing the current state of the construction industry in California and our expectations for the remainder of 2008. Constructions pending and related demand for California – aggregates has continued to contract. Although the rate of contraction is lower as we appear to be getting closer to the bottom of current demand cycle, we estimate that aggregate demand is down around 25% to 30% across the state largely influenced by the collapse in new house construction.

As stated in our last call, we have concerns at the momentum carried forward by the commercial building sector which has in part offset the private housing collapse will begin to run down in the second half of this year as the effect of the credit squeeze delays in new projects. This should however be a temporary problem particularly in the San Francisco area where recent commercial building activity has remained relatively strong and there appears to be a backlog of projects.

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What is more difficult to predict at this time is when the much anticipated infrastructure spending program will begin to gain traction and offset public housing and commercial building declines. If no indication at this stage that the public sector infrastructure improvement initiatives in California funded through the 2007 bond issues will be derailed. We see this as primarily a timing risk, nevertheless we remain cautiously optimistic as we have pointed out before you can stop building houses a lot faster and you can start building bridges, hospital and highways.

In fact the State Governors including California's are pressuring the Federal Government to accelerate the Fed's to plan release of funds for infrastructure projects which would positively influence the economy and stimulate construction activity and related aggregate demand short and medium.

We continue believe that the present reduced demand conditions will persist into 2009 and there is little clarity to guide thinking in respect of the commencement of the next recovery phase in the construction spending cycle. In light of this uncertainty relating to the strength of the construction market for the second half of 2008, our customers in California have recently reduced the ready mix concrete sales outlook for 2008. As a consequence and in the interest of caution, we have chosen to revise our own anticipated sales volumes guidance between 2.1 and 2.5

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million tones of sales for 2008. Notwithstanding this we will conserve our strong balance sheet by taking appropriate action to manage our variable costs. Although this change in outlook is a reduction from our previous expectations, I must stress that we will enjoy significant growth over 2007 and a good chance to meet our original IPO and feasibility study projections.

The new sales target range represents 83 to 118 increase over the 1.15 million tonnes we sold in 2007 that is growth. As a consequence of the significant downturn in demand despite increased road delivery costs prices of aggregates and ready mix concretes in California are under pressure mostly work under long-term supply agreements with our customers which enabled inflationary cost increases pass through. However, the ability to realize real price increases has to reflect market conditions and we can expect to stands still until such time as the economy enters a growth phase and local aggregate shortages force higher priced alternatives.

In summary, therefore; combination of high product quality, excellent customer relations, long term sales agreement, low operating costs should enable us to remain very competitive in California. Sales of Orca Sand & Gravel into Vancouver market by barge continue to increase and we have been very encouraged by the close relationship which has been

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established with BURNCO Rock Products. We are benefiting from continuing private commercial and public constructions spending in the region.

We also expect to increase shipments to Hawaii to serve our market which is showing resilience to factors effecting mainland USA. Despite the uncertainties in the market we expect to enjoy a solid year of growth both in volume, gross margin terms over 2007.

We are pleased to have sold 521,000 tonnes to our customers, in California, Hawaii, and Vancouver in the first quarter of 2008. Just historically those lowest construction quarter of the year due to weather related factors. And this level of sales represents a 33% increase over fourth quarter sales. Operational efficiency at Orca have continued to increase during the ramp up base which has clearly demonstrated on April 27, 2008 when we achieved the production of first million tonnes this year, a major milestone.

During the first quarter quarry production increased to approximately 800,000 tonnes double that of the fourth quarter of 2007. The significant increase in production was achieved through the delivery of a third scraper unit, commencement of double shift operations. During the last quarter of 2007, that completed a third borehole and pipeline to increase the delivery rate of processed water to the plant.

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The issue had been noted as a restricting factor during our conference calls last year and completion of the pipeline has enabled quarry to consistently achieve higher levels of productivity. Quarry production costs remained below planned levels and we continue our strategy to gradually reduce the cost of tugs and pilots needed to berth large vessels at the quarry which will increasingly reduce overall operating costs some of which will kick in 2008.

The Richmond terminal operations continued to improve efficiencies throughout the quarter as we gain familiarity with the sophisticated storage distribution facility where load-out rates in excess of 2200 tonnes per day have been achieved on a single shift. Terminal cost will continue to reduce sales increase well according to plan.

Importing marine aggregates into the massive Southern California market remains one of our highest priorities. If extended the due diligence period for the possible purchase of the Pier B land in the Port of Long Beach until June 9, 2008. We are also working with our strategic alliance partner CEMEX on plans to develop new aggregate terminals in San Diego as well as in Washington, Oregon State. We have high expectations of achieving positive outcomes over the commencement upward cycle.

In a recent speech by Californian Governor Schwarzenegger he emphasized the need to upgrade and improve the infrastructure in

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California and recently approved infrastructure improvement bonds are only a down payment on where the state will need to invest in the future. Governor Schwarzenegger's vision becomes a reality there will be an increasing need for high quality construction aggregates build bridges, highways, hospitals, schools, and commercial buildings for which sand and gravel from the Orca quarry will play an important role.

Eagle Rock Quarry feasibility study continues to progress and we are targeting completion by the end of third quarter of 2008 and I have more to tell you for long.

Despite the recent unprecedented decline in demand for construction aggregates in California we will continue to grow the Company in 2008 and believe that we are well-positioned to weather the current storm and emerge in a strong position fulfill our long-term objectives. The fundamentals of our business supply-demand balancing California remain unchanged. Our products will be needed and our products are being consumed today, we are growing our business even when market is declining. We appreciate your continued support. Thank you very much. And I would like to turn the call over to the Operator so that we can answer your questions.

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OPERATOR: Thank you. Ladies and gentlemen, we will now conduct the question and answer session. If you have a question please press star followed by the one on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift your handset if you are using a speakerphone before pressing any key. One moment please for your first question.

Your first question comes from David Charles from GMP Securities. Please go ahead.

DAVID CHARLES: Yes, good morning Marco. Just a quick question, given that you have extended the due diligence period on Pier B and given that your cash levels are now down to about \$10 million, could you may be give us an idea how you will move forward with the acquisition of Pier B, you know, I do understand the cost is 23.5 would you may split that with your partner, I am just wondering and may be as on the side from sort of a in a similar vein what would be your CapEx for the remainder of the year if you were to remove let's say, you know, not including Pier B?

MARCO ROMERO: For Pier B we have been working with our partner CEMEX, finalize the due diligence on the site and have yet to make decision either us or CEMEX as to whether we want.

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DAVID CHARLES: Right.

MARCO ROMERO: In parallel with all this, during the last several months we did a considerable amount of work to arrange financing for the project, debt finance that is, and we are happy that if we chose to proceed with this project we can do what we need to do without affecting our balance sheet directly. We need to complete our work on this due diligence and when we are closer to the date we'll be able to elaborate on this, the answer is that. As for capital requirements we are essentially – believe built up there are no significant capital outlays required anywhere in our operations in fact pretty much all we have in front of us is our variable costs to grow our business. We will continue to work with our own in-house team and working closely with our partners to identify secure additional terminal opportunities not all of which will require a significant capital outlays. That's it.

DAVID CHARLES: Yeah. That's great. Thank you very much. That's if from me.

MARCO ROMERO: Thank you.

OPERATOR: Your next question comes from Terance Ortslan from Tso & Associates. Please go ahead.

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TERANCE ORTSLAN: Thanks. How are you Marco?

MARCO ROMERO: Good.

TERANCE ORTSLAN: At the beginning of presentation you made a reference to one use of lag in the energy costs or the costs and I didn't understand maybe you want to explain a little bit more and then – yeah.

MARCO ROMERO: Yeah, we in – the way our contract is setup we adjust prices annually and take in to consideration historical oil price for the previous year. And these prices are reset towards the end of the year. There is a lag in us passing through this fuel price to our customers. And in a rising fuel price environment we get hit in the short term, but that is recovered later, up to a year later depending on the rise occurs.

TERANCE ORTSLAN: So it is great, that's why I didn't understand what's that and is moving average gain of, you know, front end loaded numbers. So where do you stand on the costs capture all the call up cost lag right now?

MARCO ROMERO: Well, essentially we are now working on 2007 figures, but we are being impacted by the 2008 increases. And if fuel price continue to increase in the year we will be impacted by those, but then again the prices reset later for 2009 with 2008 prices.

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TERANCE ORTSLAN: If we take a simple calculation of a delta then if you take if you catch up with this thing what's the delta that you catch up or the market really fix up?

MARCO ROMERO: If the market picks up, right? In the aggregate market you mean?

TERANCE ORTSLAN: Right.

MARCO ROMERO: It's applied to all the tonnes that we sell.

TERANCE ORTSLAN: Right but what is the delta, what is the dollars that you are lagging that you are going to be able to capture based on – I mean the way the market is moving as the market may recover at some time in the second half of 2008, you may be able to capture also the cost increases that you are going to be – your front end loading about right now?

MARCO ROMERO: We won't recover the 2008 increases in 2008.

TERANCE ORTSLAN: No but being because this happened in the fourth quarter and first quarter, will there be increase of the costs that happened in the – with energy costs and all in the second half of 2007 pretty well, right?

MARCO ROMERO: Well, we've had we – like we said - like as I said earlier we hit about \$0.16 already in this first quarter, it's been even

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more since then. So that's the kind of lag we have and you apply that overall to tonnes, it adds up to quite a bit of money for us.

TERANCE ORTSLAN: Okay. When the markets tough some times as they are now may be this is the time to buy assets. First question is that market down 20% to 25% in California, is it across the board for all the suppliers or some people gain market share, number one. Number two, is this the time to buy some assets instead of, you know, when the times are good you want to sell stock and when the times are bad you want to buy assets, so where do you stand?

MARCO ROMERO: Well, in our case we are totally focused on our existing quarrying operations, we have a second quarry sitting in guidelines which represents a major opportunity for us to grow this company additively. No plans to go out and acquire anything other than curing terminal sites because those are how we will build our business, how we will grow the scale of our business.

TERANCE ORTSLAN: Okay, and I am sorry, we are in the month of May now, April-May how the second quarter shaping out in terms of compared to the first quarter with respect to the year-over-year demand decrease in California?

MARCO ROMERO: You will have to wait, sorry, you are talking about demand or our performance?

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TERRY ORSTLAN: Demand.

MARCO ROMERO: It's soft and it has softened actually.

TERANCE ORTSLAN: Softened more than the first quarter?

MARCO ROMERO: It is softer than in the first quarter no doubt although now we are starting to get a catch up which is a seasonal effect, you know, you have a build up of activity, but you know, things have gone perhaps more according to long-term trends, you would have had a bigger pick-up in the second quarter and so forth. But there is a lot of factors impacting that market and we are seeing pockets in the market where activity has dropped dramatically. Others where there is still a backlog activity, there is projects, there are infrastructure projects starting to emerge although, you know, entire industry is awaiting to see a lot of the larger projects emerge and you know, these may come soon we just or not, we don't know, it's difficult to call right now, a lack of visibility is one of the issues we've decided to take this cautious approach.

TERANCE ORTSLAN: Okay. Okay. So that's going to be visible to the second half, but year-over-year the way the first quarter shaped out to be for the market overall 20% - 25% decline, what's the second quarter best guess for you in California market year-over-year?

MARCO ROMERO: We don't have those numbers, Terry, they lag, you know, the numbers come to us with some lag, but we are seeing some

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softness in the market, no doubt. It's an ongoing softness but I am – and what we have said already too is that the rate of decline appears to be slowing. The big decline happened I would say in the last few months. We against that have been growing our market share. We expect still this year to virtually double the production that we – last year.

DAVID SINGLETON: Marco, it's David here, I think, Terry, also asked a good question on market share and I think it's worth talking about this is a little low, first of all of course the great strength that we managed to put in place was the contractual relationships with our two major customers in California and as a consequence we endeavors (phon) and Marco as just said are growing a market share in that markets through the increasing use of the product and those customers' ready mix concrete plans. But it's interesting – it's an interesting question because I have been very intent on trying to establish through our two customers that their market share is in fact to the best of their ability matching the overall downturn in the market, in other words they are not losing market share when you are a ready mix concrete producer as Herb and I were years and years ago the one way you can easily find that out is just to count chip mix and movements from competitors and then carrying out that work, I think we can be pretty sure that although the markets down this huge amount, I

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don't think that our customers – our two customers are losing their market share in the meanwhile we gain as moved forward this year.

TERANCE ORTSLAN: Thanks, David. Good to hear from you.

DAVID SINGLETON: Good, yes good morning every one.

TERANCE ORTSLAN: Thanks, Marco, I am done.

MARCO ROMERO: Thanks, Terry.

OPERATOR: Your next question comes from Jason Granger from BMO Capital Markets. Please go ahead.

JASON GRANGER: Thanks very much. Good morning guys.

MARCO ROMERO: Good morning.

DAVID SINGLETON: Good morning.

LISA DEA: Good morning.

JASON GRANGER: Just a couple of questions here, starting off, if we look at the California market sand and gravel versus crushed rock, I wonder if you could just speak to what you have been seeing in terms of how those two different product categories have been trending over the past several months and then related to that if you could also speak to how would you characterize the outlook going forward the next couple of years sand and gravel versus crushed rock?

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MARCO ROMERO: David, you want to grab this one?

DAVID SINGLETON: Yeah. Again it's interest to us because sand and gravel primarily is going into the ready mix concrete sector and that has had the big hit of the private housing decline. Crushed rock is very much more directed to road construction to public sector expenditure and although I can't quote you actual figures, I would be willing to guess that the crushed rock decline as such has isn't down as much as the sand and gravel and as the public sector increases hopefully particularly in California then I think we will find that crushed rock will outperform sand and gravel. As far as Eagle Rock Quarry is concerned I have to say there are significant interests being expressed in the availability ultimately of this product in Northern and Southern California actually also in Washington State and Hawaii and one of the reasons of course is that good quality crushed rock in these market places is running out as rapidly if not more rapidly than the sand and gravel. So the picture I think for crush rock is pretty good, the only thing I would say is that generally speaking into any particular asphalt plant which is going to use crushed rock the level of demand is much more up and down reflecting the availability of local contracts than it is with sand and gravel. So you get a asphalt plant working flat out for a year and then it may have six months or eight months or whatever after that at a slightly lesser rate of production, it's just

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reflecting the locality of public sector spending. But overall we have some good expectation for crushed rock demand and then it will form an important part of the feasibility study that Marco referred to.

JASON GRANGER: Okay. Thank you that's helpful. I appreciate that. Just turning it over to the shift berthing operations and incremental costs about the contracted rate that's you incurred in Q1 now last year on your Q4 conference call there you guys had indicated I think it was a little lower 500,000 that you incurred in those ship berthing operations above the contracted rate, can you give us a sense of how – what sort of numbers you incurred above the rate there for Q1?

MARCO ROMERO: Lisa you want to get this.

LISA DEA: We accrue the billing for port costs lag significantly, I guess that ship providers also have to wait for all their costs to come in for in order to for them to bill us. So we are currently incurring at the same rate as we were in 2007 until we see a revised bill and at which time we will adjust our accruals.

MARCO ROMERO: And further more Jason, we – what we have happening as well as there is a number of initiatives that we have taken, one, to negotiate if you want to with the pilots to relax certain restrictions that we've had imposed on us over the last year, like for example day time only berthing at the site. That's now been removed, we also had a

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restriction on the current at the face the tidal current which has been now relaxed materially, that now gives us more flexibility and minimizes the risk of some of the demurrage cost that we have been incurring over the last year while everybody gained comfort and familiarity with this specific terminal. So over time we expect to see that get better and we are continuously working on initiatives to do even more, there is other things that are underway right now which made their fruit and bring down those costs materially. The other one of course which we have already disclosed earlier was the decision to participate as a 30% partner in the construction of a brand new tug boat, that tug boat is now very advanced it should be going into the water this summer go through its sea trials and then it will relocate to the vicinity of the quarry and that will take away the need for us to bring in tugs from Vancouver which, you know, force us to pay very very high ferrying charges. So we expect the overall berthing, shipping, logistics cost to come down gradually as I have said in my conference speech during the course of this year.

JASON GRANGER: Okay. Okay, good and last question here on the port footprints, Long Beach, I guess we'll be hearing about shortly other – any other updates or color you can give us on other port expansion plans or opportunities San Diego and any other ports out there?

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MARCO ROMERO: We are working very closely and very well I should say with our partner CEMEX and like I said we are optimistic that we will be ready with more shipping capacity, excuse me, berthing and port capacity in the period that hopefully will precede the recovery of the market, you know, working aggressively. All of us understand the importance of these terminals, they remain a very high priority.

JASON GRANGER: Okay, excellent. That's it from me. Thanks very much again.

OPERATOR: Your next question comes from Cliff Hale-Sanders from CIBC World Markets. Please go ahead.

CLIFF HALE-SANDERS: Hi, good morning everyone. Couple of quick questions if I may, just kind of on the California market, conceptually speaking obviously with the weakening demand outside of your two core customers that you have down as you have alluded to, you've often mentioned that they are many other, you know, people in the line, just wondering given the, you know, the more readily available domestic product and obviously the lower pricing that you have seen, have you seen a moment away at this point any of those customers looking at your product and then secondly conceptually speaking obviously the downturn

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in demand is in effect extending the operating license in some of these quarries by six months may be a year what have you, that we had expected to be depleted, you know, do you feel again without locking you in any statements that conceptually speaking that you can effectively see a delay in this, you know, really ramping up your core into the next level and the Eagle Rock facility related to perhaps market expectations in the past or do you think that's overly harsh?

MARCO ROMERO: Double one there, I will try to hit you in the first one. There is no doubt that the current slowdown is depleting the remaining reserves and especially in some of these end of their life quarries, but the depletion continues and the reserves are not being replaced, the ones that are being consumed, California when – is still a very large market. We are talking about a base year that started at nearly a quarter billion tonnes per annum. And demand maybe down by 25% but they are not permitting a quarter billion tonnes of aggregates per annum so to say; not necessarily all in the right place too because the location of these quarries is very important. We are serving urban areas right on the coast where no quarries are being permitted and there may be quarries that are being pushed to be permitted a 100 miles out of town, some of the recent ones that you may have heard of. We still see the overall fundamentals intact, our business plans intact. No doubt the delay – the

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current slowdown delays things a bit, but if it is just short term pain for us, they are still fully resolved and confident of our ability being what we have said we were going to.

DAVID SINGLETON: Marco, David, the question also referred to new customers, in California the marketing of the product is the responsibility of our strategic alliance partner CEMEX, but we are of course marketing to potential new customers. There are two that we know of now are about to start to take our materials. It is widely known that the quality of the material is excellent and there are significant savings offered by its use. The slowdown hasn't really changed that particularly, it's just a matter of working hard with potential new customers which CEMEX have been doing. They have to go through their own testing, redesign, their mixed designs but it is happening and there are some more out there, we as Eagle Rock aggregates would love to have coming to us which eventually I think will be successful in achieving. So some new customers and just to add one point to Marco's comments, as a consequence of us moving through this unexpected declining situation we did ask our independent expert who carried out the original supply and demand survey for us way back and updated it in 2005 before the idea we've asked them update it again, and in 2008 update, I mean it's being very interesting in Northern California and San Diego nothing really has happened to change

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the results of the original survey which predicted and indeed was correct in doing so the need for imported materials whether they are by – be by marine or by long haul road or rail. In southern California there has been a slight relaxation in the anticipated imbalance between demand and supply, but in fact there is still big deficit out there to be filled and we as ERA trying to get into that market, we will fulfill only a small part of it. So we have gone through this survey to really answer the questions that you have just raised. This is slightly delaying slightly without questions, but there is no change in the ultimate requirement for this material.

CLIFF HALE-SANDERS: Okay, just as a follow up to that, obviously I agree and concurrently the long term value proposition that is offered to forward the Polaris story and the ramp up supply with clearly the market being depressed at this point in time there will be opportunistic for other players to step in here perhaps what sort of defenses do you have in place or alternative actions could we expect if we saw shows an opportunistic players step in here?

MARCO ROMERO: That's a tough question.

Cliff Hale-Sanders: Clearly that's, you know, a bigger player that now would be the time to do it, I know you are depressed a lots of opportunity on the upside kind of inventory your resources for the future

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and get them for cheap. So clearly we have got to look at, you know, what alternative you would have in that scenario.

MARCO ROMERO: Obviously, the first thing we need to do is make sure our shareholders understand how well we are performing, what competitive advantages we have and how solid these fundamentals that we talk about are really are, that's one. Two, we will have to be able to offer a better opportunity to grow this company and to create shareholder value and I believe we have all the ingredients in-house, the unique team package of assets, and with shareholder support I believe we can continue building it to its full potential I can offer you.

CLIFF HALE-SANDERS: Okay, I just wanted to slip that in I think, you know, the reactions, we know California is in trouble but the longer term proposition is active.

MARCO ROMERO: Has not changed at all.

CLIFF HALE-SANDERS: Okay, great. Thanks.

OPERATOR: Your next question comes from Pierre Vaillancourt from Macquarie Capital Markets. Please go ahead.

PIERRE VAILLANCOURT: Hi, Marco. I just wanted to understand – you know you are forging ahead with the feasibility study for Eagle Rock,

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but is it reasonable to assume that, you know, there is a chance that the development plan could get pushback?

MARCO ROMERO: Yeah, it's very hard to say. There are so many factors that they can affect a decision like that and we will be doing a lot of work internally to react prudently, cautiously to, you know, the changing conditions out there. You know, we are hopeful that we now – we are seeing the bottom of what's happening here and that, you know, may be able to continue forging ahead with these plans, but obviously if we need to do something to cut our variable costs and to not commit money that we, you know, don't have then, you know, we will – we will live within our means as long as we have the ability to work and advance on these things. We will– all I can say.

PIERRE VAILLANCOURT: Yeah, but so again, it just seemed said for Pier Bt then, in terms of committing to that.

MARCO ROMERO: We have options, we work hard to make sure we had options and...

PIERRE VAILLANCOURT: Okay, what does that mean?

MARCO ROMERO: We believe we can find it if need to act.

PIERRE VAILLANCOURT: How would you prioritize the Long Beach opportunity versus Eagle Rock?

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MARCO ROMERO: Well, certainly we believe Long Beach has the ability to allow us to grow our business and provide very immediate returns with relatively, you know, smaller CapEx, no doubt, so it's relatively smaller size bite on one end, but there are other initiatives as well that I want to point it to. We are working on initiatives in San Diego and in other parts of the coast that can also provide short-term growth in our volume in all the ensuing benefits and there are number of priorities that we will need to juggle. Eagle Rock remains as great opportunity for us and we will consider all our options to make sure that we deliver the full benefits or the greatest possible benefits to our shareholders. You just have to wait.

PIERRE VAILLANCOURT: No, I am just wondering in light of David's comments regarding the demand for crushed rock as apposed to the aggregate like it did, you know, going forward it will be little bit healthier for crushed one.

MARCO ROMERO: In the short term, in the short-term, there has been unprecedented decline. I believe nobody has seen anything like this in California for decades. There is a significant reduction in ready mix concrete volumes and you know, related sand and gravel demand.

PIERRE VAILLANCOURT: Yeah.

MARCO ROMERO: So it will come back, California will continue growing and today there is still housing challenges, there is all kinds of

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infrastructure challenges that they need to just deal with their existing population.

PIERRE VAILLANCOURT: Okay, This seems like the amount you are cutting back by is greater than and what you have alluded to.

MARCO ROMERO: Pardon me.

PIERRE VAILLANCOURT: While you are cutting back in your shipments by almost a million tonnes and you know, you are alluding to 25% drop and so it looks like you have been disproportionately parted.

MARCO ROMERO: We are leaving ourselves room to – yeah, we said there is little visibility towards the end of the year and we prefer – there out of caution.

PIERRE VAILLANCOURT: Right. Okay, great. Thanks a lot.

MARCO ROMERO: Thank you.

OPERATOR: Your next question comes from Catherine Gignac of Wellington West Capital markets. Please go ahead.

CATHERINE GIGNAC: Hi, thank you very much. Marco, I appreciate your frankness and yeah there is – it is a difficult situation right now, but you do have a lot of options ahead of you. You've talked a lot about forecasts and given this teaser on Eagle Rock, but can you talk a bit

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about and may be this – may be more for David as well, Hawaii and Vancouver in terms of markets and strategic alliances and securing customers and longer term contracts and your options there?

MARCO ROMERO: I will let David answer that.

DAVID SINGLETON: Well there was a lot wrapped up in that question. Let's just talk about the customers outside of our California customers and they are very important to us. The Vancouver market hasn't seen effected in the same way as California, there has been a small amount of pressure in there and but it's a buoyant – relatively buoyant market we've got an excellent relationship with our customer. We are seeing volumes increase but just put it in perspective; it's a very healthy amount of material, but it pales into some insignificance when we look at the prospects for demand in California, but it's an excellent relationship it's made better by the fact that the customer provides the barges which hold the materials of Vancouver. So we have no such concerns about fuel for those barges, it's an ex-Orca quarry sale. As in deed all sales to Hawaii and we are looking to increase the Hawaiian sales through this year very significantly. Again, overall a relatively to California small amount, but both of those together represent huge business for Orca and I am very pleased that they are going well. The – so that's one part of the question answered. Just repeat the other part for me.

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CATHERINE GIGNAC: Well, just what you can tell us in terms of securing contracts so that we can make projections and models and that sort of thing.

David Singleton: Okay. Now in terms of the relationship with CEMEX, the strategic alliance; they are responsible for the marketing of all the products that we would – that we will send into California and we of course through the Strategic Alliance Committee which I chair are looking at future contracts and in terms particularly of granite we are talking to customers in Northern and Southern California who are expressing interest in that and we will be seeking to have long term supply agreements through CEMEX with those customers. In terms of sand and gravel as I said previously, the emphasis is to maximize the sales to our own customers' ready mix concrete plants and then to open up the product to new customers and we are beginning to make a start on that. There is as I said previously timing issue was as customers go through the testing and specification phase. So that's all happening and I believe the build up of Orca sales will be a direct function of us securing new terminals and that's been the focus of our strategy right from the start. And so it is important that we continue to direct maximum attention to Southern California for terminals and as you know, as we have already mentioned our Long Beach and San Diego represent two prime targets. If we can open up a

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terminal in Long Beach whether it be Pier B or elsewhere there would be an immediate demand, a significant demand for Orca materials to put into the CEMEX plants an economic delivery distance off the ports of Los Angeles, that's been enhanced more recently by some action that has been taken by CEMEX in respect of a quarry that they have had going for many many years called Soledad Canyon, now CEMEX have been fighting and their predecessors fighting for the last 15 years or so to get an extension in permitting at Soledad Canyon against huge opposition so much so that CEMEX have now made a decision to back away from it, they are not prepared to fight anymore to pay any more money on it and so Soledad Canyon will cease to operate. And that's just one example of the pressures that are in this market place against the expansion of quarries. The only expansion that's taken place more recently in that area is the deepening of the existing quarries and that of course is a definitive situation they will be running out soon. It isn't new customer so much in southern California it's to get material to serve our existing customers and it will be huge in its impact.

CATHERINE GIGNAC: Okay.

MARCO ROMERO: The same could be said about San Diego.

David Singleton: Yes.

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MARCO ROMERO: Remarkable market.

Catherine Gignac: The Long Beach and San Diego being the key markets.

MARCO ROMERO: Absolutely and there is other opportunities on the coast, but those are clearly our priority.

CATHERINE GIGNAC: Okay. Thank you very much.

MARCO ROMERO: Thank you.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time please press the star followed by the one. As a reminder if you are using a speakerphone please lift the handset before pressing any key. There are no further questions at this time, please continue.

MARCO ROMERO (President And Chief Executive Officer): Well, I want to close by saying thank you to all of you who have listened to the call and I appreciate the questions and attention and support very much and look forward to reporting to you on our ongoing progress. Thank you.

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

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