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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 difficulties hearing the conference, please press star, followed by zero for Operator assistance at any time. I would like to remind everyone that this conference call is being recorded on Friday, May 8th, 2009 at 8:00 a.m. Pacific Time.

I will now turn the conference over to Herb Wilson, President and CEO. Please go ahead, sir.

HERBERT WILSON (President and Chief Executive Officer, Polaris Minerals Corporation): Thank you. Good morning. I'm Herb Wilson, President and CEO, and I'm joined this morning by my colleagues Lisa Dea, our Chief Financial Officer, and David Singleton, the President of Eagle Rock Aggregates, our US subsidiary. Thank you for joining us to discuss the first quarter financial results and our outlook for 2009. We hope that you find these comments 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 known and unknown risks, uncertainties, and 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.

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

Failed (inaudible) are a reflection of the continuing depressed economic conditions in North America, and the particularly poor winds and weather experienced this year. Shipments in sand and gravel dispatched from the Orca Quarry were 45 percent below last year's levels at 286,000 tons, while the sales recorded of 206,000 tons were 60 percent below last year; the difference between these numbers being the unexpectedly delayed arrival of the last ship loaded as the winter storms took a final swipe at our business.

Revenue decreased by 55 percent to $2.93 million from $6.55 million in the first quarter of 2008. This decline, upsetting the very positive underlying trends of stable prices, the recovery of last year's shipping fuel surcharges, lower current shipping fuel costs, and positive operating cost control; this control being exemplified by the reduction in operating hours announced on March the 2nd at the Orca Quarry once product inventories were at a satisfactory level to ensure that any unforeseen changes could be made. Together, these positive factors manifested in a loss from operations, net of stock-based compensation, that increased only 24 percent to $1.78 million compared with $1.43 million in the first quarter last year.

The net loss for the quarter improved to $1.4 million or $0.03 per share compared with a net loss of $2.46 million or $0.07 per share in the comparable period.

The company's cash position remains satisfactory. We are debt free and at the quarter's end had working capital of $11.8 million, of which $6.36 million was cash or cash equivalents, and this number does not include the company's investment in asset-backed commercial paper.

We had a net cash injection of $2.57 million from the bought deal financing completed in January after repayment of the debt, and net cash used in the period was $676,000. The cash used included $1.8 million that was invested in increasing quarry product inventory, and $1.2 million used in completing 2008 capital projects. These included the installation of the second crusher at the Orca Quarry, which is proving very effective in maximizing sand production to meet customer preferences, completion of the mineral exploration program around the quarry, and permitting at the

Richmond Terminal in preparation for the installation of the second truck load-out system, which more than doubled the hourly capacity for truck loading, a factor our customers value highly.

At our last conference call, I commented that this additional load-out conveyor was on hold. However, subsequent to that call, we have reinstated plans to complete the installation later this year, in consideration of new opportunities to increase sales from Richmond and the lead-time to complete such work.

We are engaged in discussions with potential lenders to secure a marine mortgage on the new berthing tug built to improve efficiency at the Orca Quarry, which, if concluded, will realize approximately $2.4 million of cash for the company. Unfortunately, in today's credit markets, this is a relatively slow process.

During the quarter, two significant changes to contractual arrangements were put in place. Firstly, the company and CSL International agreed to a mutually beneficial restructuring of the company's two long-term shipping contracts. These changes do not impact our costs in 2009, and now provide sufficient time for the demand for our products to accelerate in line with an anticipated market recovery, such that the second contract's commencement date, now deferred to January 2014, is an asset not a burden. We continue to enjoy a most positive relationship with CSL.

Secondly, the shipping fuel pricing arrangement contained in our California supply agreements was changed by mutual agreement with our two long-term customers, though the fuel price variances will now be adjusted on a quarterly basis. This will serve to smooth out the impact of fuel price fluctuations in the future, as changes incurred in this first quarter of 2009 will be passed on as a selling price adjustments in the following second quarter rather than waiting the full year until 2010. This change does not affect the recovery of surcharges paid by us in 2008, and it is important because it ensures that our customers remain competitive and in step with local road trucking costs, which are reset on a daily basis every time a truck refuels.

Let me now turn to our view at the market going forwards. Now although visibility for 2009 still remains opaque, we are seeing what was recently referred to as the first green shoots of a recovery. The US economic stimulus plans contain many measures that are clearly aimed at jump-starting economic recovery through investment in public infrastructure projects. There are also significant incentives for home buyers, such as an $8,000 tax credit for new home buyers, aimed at turning around the private housing sector, which has quite simply been battered for the last three years.

We welcome all these initiatives, but particularly the infrastructure spending, since this sector has the greatest effect on aggregate demand per dollar of expenditure, and because the high quality of the Orca products is significant in these works where engineering performance criteria are much more important than they are to the housing sector.

In California, there are several substantial infrastructure projects that have come out or are coming out for bid in the market areas serviced by our customers. However, even projects claimed to be shovel-ready take time to mobilize, and the timing of the beneficial impact is most likely to start to be felt in the second half of this year and accelerate in 2010. California is the largest recipient for funding under this stimulus initiative, and this week announced that it is the first state to have obligated over $1 billion of Recovery Act funding to nearly 80 projects statewide.

As we watch the current financial reporting of the major public companies in our market, the trends described are common to our own experience: unusually poor winter weather, a significant further decline in demand from the recession rate (phon) economic—the economy, but hope for the future.

To David Singleton and I, who have spent our working lives in this industry, these last two years has simply seen an unprecedented drop in aggregate consumption, particularly in our major focused market of California where internal state financial constraints added to the problems. However, we are very encouraged by the actions now taken, and are also pleased to see market sentiment improving with regards to our strategic partner, Cemex. Our strategy remains intact, albeit with some slow down in timing, and we continue to take the steps necessary to prepare for growth once the economy revamps.

The permitting of the Pier B site in Long Beach is progressing, and I would remind listeners that for such a large development in this major transportation hub, the permitting process is long and involved, but is proceeding satisfactorily as we continue to enjoy the support of the port authorities. We also appear to be making very satisfactory progress in our ambitions for a San Diego Terminal opportunity in Southern California, and continue to seek additional sales opportunities to be service from existing terminals.

Eagle Rock Quarry has not being forgotten. The feasibility study is progressing slowly, and there are some encouraging signs emerging, however, it is too soon to comment further.

In summary, it was frustrating that the first quarter market and weather conditions depressed volumes such that the positive trends in margin were overwhelmed. The second quarter is improving, and sales in the month of April alone have matched those for the whole of the first quarter, and have prompted a return to normal operating hours of the Orca Quarry for mid May.

We are confident of the positive effects that the stimulus packages will eventually have, but remain cautious of the near-term after the slow start this year. Increased demand for our products is really the most important factor, as the basic building blocks of this business are sound.

I would like to close with a comment on our recent announcement that at its upcoming annual general meeting, the company proposes to reduce the size of the Board of Directors from nine to six. This is the outcome of an internal review, and the proposed change reflects the company's early stage of development and operational efficiency. Although David Singleton chose not to stand for re-election, I can tell you that he is as engaged as ever in our day to day activities, and keeps his finger on the pulse of demand, prices, and new terminal developments as President of Eagle Rock Aggregates.

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: Thank you. Ladies and gentlemen, we will now conduct the question and answer session. If you have a question, please press the 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 the handset if you're using a speakerphone before pressing any keys. One moment please for your first question.

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

DAVID CHARLES: Yes, good morning everyone. I just have a very quick question, and I think it's—anyway it may be one that you're not really willing to answer at this point, but I'm going to have a crack at it anyway, and that is are you going to change your, or introduce or change shipment forecasts for 2009? Obviously the first quarter had its difficulties, but your most recent comments, Herb, suggest that you're bouncing back nicely, but I'm just wondering, you know, as an analyst, what I should be just putting into my model to have an idea what the revenue stream is going to look like this year.

HERBERT WILSON: Well good morning, David. I appreciate the question as always, and you usually do hold our feet to the fire. No, I'm sorry; we're not in the business of forecasting for this year. When I refer to our (inaudible) it's true. I don't think we've seen a period where the signals change so frequently from huge optimism one minute to cautious depression the next, and back again, and it's been very difficult to read. I think the only thing we do feel happy in saying is that the second quarter is now markedly (phon) better that the first, and in line with all the majors (phon) in the industry, we're believing that the first real moves from this infrastructure spending will be seen in the third, and probably the fourth quarter. So it really is awfully difficult, and I think anything we say now has such a mark, you know, a margin of error probably 35 percent, therefore it's better not said. So my apologies for that.

DAVID CHARLES: And — that's fine. I'm just looking, you know, you did comment in your press release that pricing was stable. I mean that's still the case. The pricing in the end markets are still pretty stable compared to where it, maybe where it was, or are you starting to see now that there is a little bit of more of a, maybe, springtime in some of the markets, that you're getting some better short-term or spot pricing for some products?

HERBERT WILSON: If you don't mind, I'll ask my bushy-tailed marketing guru to answer that one, David?

DAVID SINGLETON (President, Eagle Rock Aggregates): Yes, well that's a description, isn't it? Morning everybody, and particularly to David. Nice to hear your voice again, David.

Pricing is really to be answered by looking at various parts of the region of California. In some parts, in Southern California particularly, prices have come under significant pressure over the last few months, and I think if you'd listen to Tom James giving the Vulcan commentary just a few days ago, he too made the point that, whereas in the country overall, they were feeling pretty good about prices. Southern California was showing reduced prices.

However, I have to say that around the Bay, around the San Francisco Bay, those changes downward movements in prices haven't been experienced. There is pressure, of course, whenever you get a reduction in demand as we've had over the last couple of years, and California as a whole, I know we're down to the 29 percent compared to 2006. This is a huge reduction. So there are pricing pressures. In Northern California, they tend to be in the Sacramento, Stockton area where there are plenty of local resources, but around the Bay where those resources are much more expensive because of the delivery costs, we are not experiencing anything like the sharp declines that there have been in Southern California.

And, in fact, as far as Polaris is concerned, as you're well aware our business is conducted through two (phon) customers. Our long-term contracts have clauses that determine selling prices, and as Herb said, we have the fortunate position of our prices as we move through 2009 being stable. So it's very increased. Wherever you go you'll hear some people complaining bitterly about prices coming down. We are in a strong position, and we expect that to remain so for the rest of the year.

DAVID CHARLES: So if I understand what you're saying, you're highlighting again that it's essentially a local market phenomena that's driven by supply and demand? One of the things you've told me previously, David, is that as an industry, the industry really can't step back, you know, from both price and volume. Is that still the case in general for the industry?

HERBERT WILSON: When there are declines of this size, and where there are lots of material on the ground, some companies didn't take action on production reduction soon enough, then you get pressure on pricing.

DAVID SINGLETON: But, you know, the strategy for Polaris, which we outlined right from the start, is that the quarries close in to these coastal markets are seeing their resources running down rapidly, are more prudent in the way (inaudible) they're pricing them, and, of course, although the market's down, they're still seeing the end of those quarries in sights (phon). So it's a change, and we're in a strong position as we continue to explore our coastal supply strategy. I believe that the pricing moving forward will be as we suggested it would be three or five years ago; that is relatively strong and capable of supporting this imported material.

DAVID CHARLES: And either Herb or David, just one final question then. Would it be going too far to suggest that the conditions that you experienced in the first quarter of 2009 represent the bottom of the current cycle, or would that be a little bit too aggressive? I'm just wondering if you could give us a feel of what you think, you know, where we are maybe in the, given the fact that, as you guys, I think, clearly indicated, you know, the problems in the construction industry started way back in late 2007, and you know, we've been a long way through when you're looking for a better outlook in 2010. I'm just wondering if we've finally hit the bottom and we can sort of look to a little bit better situation going forward?

HERBERT WILSON: Well I'll have the first crack at that, David, and I think, and I'm referring to a recent note that's come around in preparation for the meeting with our partners in California next week, that yes, everybody is seeing May of this year, 2009, as the bottom of the cycle. And, in fact, I'd have to correct you on a year. The construction activity in California has being in recession and on the downslide since the late part of 2006, not 2007.

So, you know, we've led into three years of recession, and as we've seen in so many cycles in the past, construction and housing is always the first to go down in a recession, and it's always the first to come back up. So, you know, we're feeling very much that we are now at the bottom of the cycle. There's just not a lot of confidence left after the, you know, everything's that happened in the financial markets; that the credit squeeze that really only broke in September of last year. It's only been with us seven months. So we're there, David. I'm sure we are.

DAVID CHARLES: That's great. Thank you very much.

HERBERT WILSON: Thank you.

OPERATOR: Your next question comes from Gary Lampard with Canaccord Adams. Please go ahead.

GARY LAMPARD: Yes, good morning everyone. I'm hoping you can give us a little more detail on the fuel surcharge adjustment. Would you be able to tell us what the net benefit was during the quarter just gone, and what you expect the net benefit to be during the rest of the year from the clawback of 2008?

HERBERT WILSON: Well good morning, Gary, and thank you for the question. I'll start off with that one. I think the important thing to note about the fuel surcharge adjustments that we now have in place in the quarterly basis, is that it keeps our margin constant, because as we—and let's talk about a reduction in fuel prices, which we're, where we are now, as we pass that reduction in fuel prices to our customers in a reduced selling price, our costs go down accordingly to the same extent because we're now not playing that amount of money to see a sale (phon) for the shipping. So we get a fluctuation in selling prices, but we get a constant margin.

With regards to full dollar impact, I'm just going to look across the table at Lisa to see if you want to expand a little bit on what's included in the first quarter.

LISA DEA (Vice President of Finance and Chief Financial Officer, Polaris Minerals Corporation): From the recovery?

HERBERT WILSON: Yes.

LISA DEA: We recovered about a 100,000, a little over 100,000 over in the first quarter from 2008, and going forward it's purely dependent on volume on a per ton basis.

GARY LAMPARD: Can you give us some round numbers around that? For instance, based on current fuel prices and selling all that you think you'll be producing at your current operating rate; will it be 1 million, $2 million?

LISA DEA: Well in our 2008 MD&A, we expect from the fuel surcharges that we paid in 2008 we will recover approximately 1.2 million in 2009, maybe pushing a little bit into 2010, because of its base (phon) on volume. Going forward, it's hard to predict, because, I mean it's, you know it's dependent on what fuel prices do. But, really, it shouldn't affect us that much because, as Herb said, when the cost goes down—our costs go down, or when price goes down our costs go down, and obviously the cost passed on to the customer goes down.

HERBERT WILSON: That cost passed on to the customer is actually very important in this market that, you know, we could've stuck with our original contract and held on to a higher price this year and passed it all back in 2010, and run the risk that our customers would have lost ground in the market. This is, quite frankly, the basis we should (inaudible) started with. It wasn't until; it was only when we got this extreme fuel price movement last year that it triggered in all our minds that it wasn't the best arrangement. This is now a very practical arrangement going forward, Gary.

GARY LAMPARD: Yes, sure. What I'm really focused on here is I'm expecting that you'll report recently good cash margins for the rest of the year based upon having these higher fuel prices rebated to you this year, and it sounds like you're guiding me towards still looking at that $1.2 million as being the right number for 2009.

HERBERT WILSON: At this stage of the year, yes, it's a reasonable number. As Lisa said, it is volume related, so it depends on how volumes track through the year. But certainly we've got a, you know, reasonable margin; that's a very good number to hang on. And your basic premise in that statement is absolutely right, our cash margins should look a lot better this year, because even we're, you know, in a horror (phon) scenario, fuel prices to spike upwards again, we wouldn't be stuck holding that baby (phon) for 12 months as we were last year.

GARY LAMPARD: Right, right. One of the other things that you said was impacting your margins during the last few courses were higher than contracted berthing charges at the Orca Quarry. Has that issue been resolved?

HERBERT WILSON: No, it's not entirely resolved. We've got the new tug operating now. You know, in our business, and every company you will ever speak to in the aggregates' business will tell you the same thing; volume cures just about every ailment that you've got. We're just at a level of shipments at the moment where we're not maximizing the efficiency of everything. It's not changing. It's a difference between what our ambitions were in 2004 when we first scoped out this project, and where we are now that we can make inroads in reducing these costs. But compared to last year, they haven't changed. Once the volume starts to significantly move up again, then we start to get those benefits.

GARY LAMPARD: Okay, great. Thanks for that. And two more very quick ones. Once you have restored the operating hours in mid-May, is about that 200,000 tons a month the right production level?

HERBERT WILSON: That's a very, very good target. That's exactly what I'm talking to my team about. Yes.

GARY LAMPARD: Okay perfect. And the last one, can you give us an estimate of CAPEX requirements for the rest of the year?

HERBERT WILSON: Something at the order of 1.5 million.

GARY LAMPARD: Okay, perfect. Thanks very much.

HERBERT WILSON: Thank you, Gary.

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're using a speakerphone, please lift the handset before pressing the keys.

Mr. Wilson, there are no further questions at this time. Please continue.

HERBERT WILSON: Thank you, Jocelyn. Well I'd like just like to end by thanking everybody for their attention. You know, the first quarter was quite a challenge. We were actually gratified that our results didn't reflect the full drop in the volume. It did match these underlying positives. Thank you for listening, and we look forward to talking to you again in another three months.

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

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