

EVENT: POLARIS MINERALS CORPORATION
Q3 EARNINGS ANNOUNCEMENT
TIME: 11H00 E.T.
REFERENCE: CNW GROUP
LENGTH: APPROXIMATELY 64 MINUTES
DATE: NOVEMBER 12, 2008

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OPERATOR: Good morning ladies and gentlemen. Thank you for standing by. Welcome to the Polaris Minerals Corporation Third Quarter Results conference call. During today's presentation, all parties will be in a listen only mode. Following the presentation, the conference will be open for questions. If you have a question, please press the star, followed by the one on your touch tone phone. If you would like to withdraw your question, please press the star, followed by the two. If you are using speaker equipment, please lift the handset before making your selection. As a reminder, this conference is being recorded today, Wednesday, November 12, 2008.

I would now like to turn the conference over to Mr. Herb Wilson, Chief Operating Officer. Please go ahead, sir.

HERBERT WILSON (Director, Senior Vice President & Chief Operating Officer): Fine, thank you Operator. Well, good morning everyone. We're pleased to welcome you to this call to discuss the third quarter 2008 results for Polaris Minerals Corporation. My name is Herb Wilson, the Chief Operating Officer and my colleague, David Singleton, is also on the call at the moment.

Before beginning with the details, we must advise you that during the 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 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 U.S. dollars unless otherwise stated.

I would like to start with the highlights of the third quarter, which was our busiest yet with several notable achievements and then conclude my remarks with our thoughts on next year and our corporate priorities.

In the third quarter, we sold 694,000 tonnes from Orca Sand and Gravel; the highest quarterly sales since we commenced trading 18 months ago and in increase of 39 percent over the second quarter of this year. Revenue was \$9 million; up 37 percent from the second quarter. I'm particularly pleased to report that we generated a positive cash contribution of \$635,000 from operations in the quarter, and had a cash balance on hand of \$9.4 million at the quarter's end. Value prices remained firm; however, our margin was significantly impacted by the high cost of fuel for shipping, which reflected record high world crude oil prices set in June and July. Compared to the second quarter of the year, fuel charges increased by a further \$0.54 per tonne on all our California shipments. In accordance with the sales agreements, these fuel

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surcharges will be recovered in 2009. It is now clear that the third quarter represented the current peak of bunker fuel costs, which like the published world, oil prices by up to three months; this is due to the large inventories held in the system. Fuel prices are now gradually falling during the fourth quarter and we anticipate this continuing for some time to the benefit of margins going forwards. In addition to the fuel cost impact, we had an increase in the cost of goods sold due to a flow through of higher quarry production costs in the second quarter when we undertook some maintenance at the quarry. This will be reversed in the fourth quarter, reflecting the efficiency of production in this third quarter. We closed the purchase of Long Beach Pier B lands in conjunction with Cemex and financed our share of the purchase with a Canadian \$20 million bridge loan, which has a term of one year, expiring August the 17, 2009.

The Orca Quarry performed well in the quarter with 706,000 tonnes produced. In fact, for the month of September, the quarry functioned at an annualized rate in excess of 4 million tonnes; a clear indication of future potential. Throughput at the Richmond terminal increased by 19 percent over the second quarter and I would like to remind everyone that 2008 is the first year of carrying the full costs of this vital part of our operation and

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the impact on our margin will gradually reduce as volume throughput is increased.

Let me turn now to the fourth quarter. Shipments to California are continuing at a good pace, helped by warm, dry weather which is benefiting the construction season. We continue to ship to the Vancouver and Hawaii markets in line with the long term supply contracts. We expect margins to improve in the fourth quarter, benefiting from reduced fuel costs and firm product prices and we continue to maintain our guidance for the out turn for 2008.

Turning now to next year, 2009; in the face of the continuing credit shortages and generally difficult economic conditions in North America, we are expecting to maintain our current level of sales, but not at this time, anticipating any significant increase in market demand. The industry as a whole is finding it difficult to forecast next year, as several factors will play a part and the timing and quantum is simply not known. We have to believe that there will be a functioning credit market in 2009 and we continue to watch with interest, the political momentum in the United States for an economic stimulus package in the form of increased infrastructure spending which traditionally generates the highest economic benefits in terms of aggregate demand per dollar of investment. This is

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particularly the case in California where the Governor continues to release voter approved infrastructure bond awards which were part of the \$42 billion package agreed in 2006. The quality of Orca Aggregates and the nature of the markets into which we deliver means that infrastructure works are the most beneficial for us and significantly offsets the decline in private house building for the aggregate industry as a whole. The current credit squeeze is impacting private commercial investment and a return to the previous levels of activity in this sector will be largely dependent on recent actions taken at the Federal level to regenerate the banking industry.

In summary, for next year, we anticipate sales volumes being the same or slightly higher than in 2008 against this headwind of a very difficult market. These projected sales reflect our existing major customers requiring supplies of their lowest contracted level. However, we do continue to pursue other new customers and new markets to generate some upside. Agreement has been reached with our California customers for the pass through of the shipping fuel charges incurred during 2008. Aggregate prices are expected to remain firm while marine fuel costs are expected to continue to decline until stabilizing at a much lower level than experienced this year. These prime factors will result in an improvement in gross margin in 2009.

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The Company's (unintelligible) tug will be operating for the year and inroads will gradually be made into the excess port costs previously recorded as the number of shipments increases. The decision to build this tug was made some 18 months ago and the rationale for doing so is still equally valid today because the majority of our tug costs relate to travel time, which as a locally based tug unit will significantly reduce.

Let me now turn to the Corporate situation and comment on the priorities your Management has for the remainder of this year and 2009. First and foremost is the need to refinance the Canadian \$20 million bridge loan before its expiry in August, 2009. We believe that an acceptable solution can be achieved and are actively working on certain possibilities, although it is too early to say more than the fact that this is priority number one. The tug joint venture will seek a marine mortgage on the tug which will allow Polaris to reclaim approximately \$3 million Canadian in construction financing that we have advanced to the partnership. In addition, we are seeking to dispose of our interest in this joint venture. We expect that the market will open up during the first half of 2009 for the asset backed commercial paper, or rather the successor notes, and we will seek the opportunity to maximize the recovery of the \$5.9 million Canadian initially invested, recognizing that it has been written down to 65 percent of

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its face value in our balance sheet. We will shortly conclude the updated technical reports on Orca Sand & Gravel as required by National Instrument 43-101. This report will assist in the understanding of the future potential for Orca sand and gravel sales and cash generation as we now see it. During 2008, the resource evaluation study was completed on potential deposits in the Orca Quarry area over which we hold certain rights. Results will be made known as they become available; this work having been undertaken to support the full evaluation of Orca's development potential. We intend to complete the Eagle Rock Quarry feasibility study which is well advanced.

Capital expenditure next year will be at minimum practical levels and we will reduce operating expenditures wherever possible. We presently expect to generate positive cash flow from operations in 2009. It is important to note that we have no commitment for further capital expenditure on the Pier B site at this time and anticipate that it will take at least two years before permits are in hand and a construction decision could be made. We believe that during this permitting period, we will experience a significant change in market requirements as California enters the next positive cycle.

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In conclusion, we see an uncertain year ahead, but one in which we will continue to make as much progress as the global circumstances permit. Corporate development will be focussed on refinancing the bridging loan, pursuing the necessary permits for the Pier B site in Long Beach and taking the first steps to secure additional terminal capacity in other identified port areas such as San Diego without the immediate need to expend capital. When the markets do recover from this down cycle, we must have port opportunities capable of being developed in support of our growth plans. We remain firmly convinced that the economy in general will weather this storm and expect that the construction industry will be the leading sector in stimulating the economy out of recession as it has been so many times in the past. We are focussed on operating Polaris in a sustainable way in the short term, while positioning the Company for the best possible medium and long term growth.

I am now pleased to open the meeting up for your questions and would ask the operator, Ray, to take charge of that part of the proceedings.

OPERATOR: Thank you, sir. Ladies and gentlemen, we'll now begin the question and answer session. As a reminder, if you have a question, please press the star, followed by the one on your touch tone phone. If you would like to withdraw your question, please press the star

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followed by the two. If you are using speaker equipment, you will need to lift the handset before making your selection.

Our first question comes from the line of David Charles with GMP Securities. Please go ahead.

DAVID CHARLES: Yes, good morning Herb. You, in the call just a little bit earlier, you mentioned that you've maintained your guidance obviously between 2.1 and 2.5 million tonnes for this year. You said that Q4 shipments are going at a good pace. I know this is a difficult question to answer, but I mean, do you think you'll be closer to the bottom end of that, or to the upper end of that? And I suppose that obviously leads into the sort of, the initial guidance you've given for 2009 when you say you'll be the same or you're talking again, you know, the 2.1 million tonne level or the 2.5 million tonne level?

HERBERT WILSON: Yes, well, good morning David and thank you for the question. It's a very good one, as always. We don't like the term providence because of causes we've identified before with this business. You know, we get one shipment cancelled or delayed in December because of weather factors and there's an 80 plus thousand tonnes moved from one year to the next. I think it's fair to say that we are comfortably over the minimum level of that guidance, and at the moment, I would think

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heading into the upper quarter (inaudible), but it's difficult to be more precise than that because of the possibility of last minute delays and that. It's actually running very well at this point in time.

DAVID CHARLES: And, sort of, just, maybe just to try to put a little bit of clarity on 2009, I mean, would you be comfortable at this point given that it's not so much just a shipment issue on a quarter-to-quarter basis, but sort of on a little bit longer time period. I do agree it's a, not an enormously longer period, but I mean do you think 2.5 million tonnes is a good number for next year, or do you think that's low or high, or where would you put your number there?

HERBERT WILSON: I would say, I think you're certainly in absolutely the right ballpark, David. It's this whole area of visibility, you know. We do have now initial budgets from our customers and we believe we are looking at a small increase. But everybody's just, and you can appreciate the reasons why, because it's the whole financial restructuring of the U.S. economy we're talking about, not simply, you know, a small move in the industry one way or the other. But, I think you're seeing it absolutely the right way.

DAVID CHARLES: And maybe, just one final question then. You talk about being able to recover the fuel surcharge; I'm just wondering from

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a modelling perspective, how we should sort of look at that. I mean, will you actually get paid higher revenues for the tonnes, or, you know, should we, will it be more on the cost side?

HERBERT WILSON: No, thank you again. That's exactly the most important issue and let me explain how it works. First of all, there are two aspects to our pricing; one is the underlying aggregate price and overlaid on top of that is the fuel surcharge situation, which has become a little bit of a nightmare for everybody to track and understand. The aggregate prices have held firm and David Singleton has concluded negotiations for next year and the prices have held firm; there's been no push back on our pricing. On top of that, we add the pass through of the oil prices, so it will appear like a real increase in revenues to the business. It's a higher selling price for the aggregates and it is fully recovering those excess charges that we've paid this year. We do have some discussions ongoing with the contracted customers to look at changing this annual adjustment to a shorter period, perhaps quarterly. There've been no decisions made yet, except I think there's a recognition and a willingness on both sides to try and do something that's a little smoother. These choppy, big changes coming at the end of a year don't actually help either party and their

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planning. But, you know, it will appear next year in terms of increased selling prices per tonne.

DAVID CHARLES: And maybe just a final little question on that; will it be spread out over the whole year, or you know, will it be a windfall in the first quarter and then back to normal in the second?

HERBERT WILSON: I wish it were a windfall, but no, you're absolutely right, it is spread out on a per tonne basis through the year.

DAVID CHARLES: Excellent, thank you very much as always.

HERBERT WILSON: Thank you, David.

OPERATOR: Thank you, sir. Our next question comes from the line of Catherine Gignac with Wellington West Capital Markets. Please go ahead.

CATHERINE GIGNAC: Hi everyone. Thank you for the overview, Herb. A couple of things in terms of your expenditures and your budgeting and planning that you're working through for 2009. In terms of securing more terminal space, can you talk about what outlay you have, would be required initially and how you would stagger that sort of thing?

HERBERT WILSON: Yes, thank you Catherine. Good morning. Let me talk specifically to San Diego because, you know, we've indicated for a long time we've been actively engaged in trying to develop a site in this

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port. San Diego is a very different situation to Long Beach in that we're dealing with port owned lands down there, so what we are seeking to achieve is a right to develop an aggregates terminal. We don't have to lay out any capital to buy a site. The port is, at the moment, going through a, what I describe as a beauty contest, evaluating three proposals that have come in for development of the terminal and we like to believe that ours is a very, very good proposal and will hopefully be acceptable to them. From being told that you were the successor in that process and would be granted the rights to develop the terminal, you then have to go into the permitting and environmental review process, the traffic studies, et cetera. So, there would be no requirement for capital there, for similar to Long Beach, at least two years because it's a long process to get these permits in these sensitive situations. There are one or two other opportunities; one of which our partner Cemex is leading on. It's a site that they currently own themselves, so we can't be too specific on that at the moment. But we really, with Long Beach and San Diego, we really have probably all we need to bring Orca up to its absolute full potential and also to allow for the introduction of Eagle Rock at an appropriate time.

CATHERINE GIGNAC: Okay, thank you for that. And then following on your comments about the technical reports of 43-101 updates which will

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certainly be very helpful; will you use Amec (phon) or is Amec being retained to update those for Orca and Eagle Rock?

HERBERT WILSON: Yes, you're absolutely right. Amec have completed, have just about completed the 43-101 on Orca and are carrying out the feasibility study for Eagle Rock. We have a high degree of confidence in their expertise and they have done all the previous studies, so they've had the ability to track everything that we've done from the very inception and that's a very positive thing in terms of comfort.

CATHERINE GIGNAC: Okay, so it'll be consistent in terms of how it was laid out before.

HERBERT WILSON: Yes.

CATHERINE GIGNAC: Do you have a sense of timing? You say the Orca one is nearly done; would that be in and around year end?

HERBERT WILSON: It will be well before that. It will be before the end of November that we get that filed.

CATHERINE GIGNAC: Okay, and since obviously infrastructure spend, construction is so important to your story. Now, we've had the Chinese government, if you will, come out and give estimates in terms of what they could spend for transportation, say for the next two years. Have you had guidance along those lines, or do you anticipate anything along

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those lines from the state of California, or is this just being rolled into, you know, trying to pick out comments that are being made from say a macro or top down point of view. Are you getting any specifics for the infrastructure and transportation sector?

HERBERT WILSON: Thank you. I'm actually going to ask David to speak to that because he and our General Manager in California, Bill Terry (phon) have been doing their very best to read the signals coming out of the California government. David would you like to expand?

DAVID SINGLETON: Yes, sure. Good morning everybody. Catherine, yes, we are getting a good indication, not just of where California wishes to go in the decade, but also seeing tangible evidence of Governor Schwarzenegger's previously raised monies being now put into the California economy. In fact, on August the 29th, there was another 300 million infrastructure bonds award and it was accompanied by the Governor saying that, and I quote him, "These bond awards are exactly the news our economy needs right now because they're pumping money into our economy and creating jobs while rebuilding our state's crumbling infrastructure." There's no doubt that Schwarzenegger is very, very keen and firm to do this. He's travelling the country talking at various locations about the need to do this and we are getting some pretty high powered

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support for the notion, at least at the Federal level. The President Elect said in quite a recent speech, "We'll create 2 million jobs rebuilding crumbling roads, schools and bridges" and that was on October the 13th. Speaker of the house, Nancy Pelosi, is pushing for a new stimulus package; she's talking about 150 billion. But, coming back to California, and I have to say the industry is looking at all of this very, very carefully because according to the Vulcan research, which Don James (phon) made public just a little while ago, one dollar spent on infrastructure is equivalent to \$7.00 spent on new house building, so it's very, very important that all this happens. But to go back to California, the California strategic growth plan, which has been published for quite a while, of which these recent announcements are only part, calls for 222 billion in infrastructure improvements during the next decade. So, of all those sound bytes, I suppose the question is will they be able to afford it? And Governor Schwarzenegger says they can not afford to do it because that's the way in which the economy is going to be boosted up and California will get back into a growth mode. Hopefully, that helps a little.

CATHERINE GIGNAC: That is helpful, thank you.

OPERATOR: Thank you ma'am. Our next question comes from the line of Gary Lampard with Canaccord Adams. Please go ahead.

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GARY LAMPARD: Hi, good morning Herb. As you said, the fuel surcharges make it very difficult to understand the underlying economics of the quarry. It looks like your cash margin for the quarter was U.S. \$1.49 a tonne. Trying to think about this as a normalized margin, can you tell us what the per tonne bunker fuel surcharge was for the quarter; whether or not your picking up recovery from last year's surcharges and the two issues you've identified being the increased cost of tugs and the maintenance, the cost of goods and maintenance issue from Q2 carrying over into Q3; what impact in cash margin for dollars per tonne, those two issues caused?

HERBERT WILSON: Well, thank you Gary. Good morning, and very good questions as always, you've gone to the heart of it. Let me try and answer the fuel situation in one number, which I hope will help people focus on this clearly. In this third quarter, we have an unrecovered excess fuel charge of \$1.45 U.S. per tonne on all the shipments to California and in round figures, given that not all our shipments have gone to California, it's about \$875,000. Which, if we had been charging our customers on a ship by ship basis, that would have flowed straight through to the bottom line and been in our margin. The recovered costs from last year are in the selling price of the aggregates and I would like to stress yet again, you

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know, the aggregate prices have not gone down. These, none of them have. None of them have retrenched at all. These charges are layered over and above that, and I do appreciate how difficult it makes it for people to track this easily quarter by quarter. I commented a little earlier that we hope to change this system to adjusting the price on a quarterly basis, and I think I should talk about that going forwards, what it would mean because it would then have the opposite effect. And in note you very kindly sent last night, Gary, you raised a question of whether we could have such a thing as negative fuel surcharge adjustments. Well, yes we can. It works both ways; if the price of the fuel goes down, then we have to give that back. But, of course, at the time the surcharge went down, then, of course our cost goes down accordingly because we're not paying that level of surcharges. So, it has been a very confusing thing, but I would say for clarity, the numbers to focus on in Quarter 3 is that additional, approximate, the very close \$875,000 that should have been in our gross margin.

GARY LAMPARD: So the \$875,000, that's the surcharge from Q3. What was the amount recovered from surcharges from Q3 '07, or is that a net number?

HERBERT WILSON: It's a net number, yes.

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GARY LAMPARD: Okay.

HERBERT WILSON: The two other influences you touched upon and I mentioned in the report, again, it's one of those things that, you know, it's not huge but when you're looking at these margins very carefully it is certainly an impact, was the cost of goods sold carrying through from the quarry. It's a rather unique situation for David Singleton and I, this quarry, because although it holds huge inventories, about a half a million tonnes when they're full, we actually sell the complete inventory every quarter. So, there's no smoothing effect to, normally inventory movements change only at a very, very slow rate indeed, but in our case, we clear the inventory out every quarter and replace it with new. And we made a decision in June because we have plenty of inventory, to do a maintenance period. Maintenance is always most effectively done during the good weather and the long summer days, and that is much more efficient. And so, in that quarter, at the end of June, we produced a higher cost inventory because we had lower tonnes. Well, that all flowed through to Quarter 3. Having done the work, which is normal quarry operating procedure, in Quarter 3, we've had a very efficient production, a very high level of production as we show in our MD&A, 706,000 tonnes, which flow through to a much lower cost of inventory and that will cost of goods sold

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in Quarter 4. And I have to say, I sympathize with people trying to track us; that it's a very difficult one to know that. Being aware of it now, we're going to look very carefully at how we can smooth out these production influences next year so that we get a controlled, even flow through of these cost of goods sold. Just one of those influences.

GARY LAMPARD: Okay. So, it's probably going to be difficult to give an exact number, but if we were to combine that impact and the fact that you're still a little bit inefficient, or less efficient than you want to be using tugs, is an additional \$0.50 a tonne cash cost more or less a rough impact for those issues during the quarter just gone?

HERBERT WILSON: It's a little bit higher.

GARY LAMPARD: Okay.

HERBERT WILSON: I think it's not as high as a dollar, but it is a little bit north of 50.

GARY LAMPARD: Okay, terrific. And final question, and you might have answered this in the past, I'm not sure. But, have you disclosed at what fuel price the surcharges disappear?

HERBERT WILSON: I don't believe we have, and you know, that is difficult for us because of the confidentiality agreement under that contract. Say, we're looking at our budget thinking for next year. We're expecting

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the oil price is probably going to even out in the 70 to \$80.00 per tonne range on the world market for next year now. You know, the range of estimates is all over the maps, so our number is probably as good as anybody's. And if we can move to the quarterly adjustment basis, this issue is going to be put behind us. It's no longer going to be a very significant influence. 2008 has just been an exceptional year. You know, we went from a world oil price of below \$60.00 to 147 in a matter of just a few weeks.

GARY LAMPARD: Yes.

HERBERT WILSON: We certainly don't see that happening again.

GARY LAMPARD: Okay. Thanks for those answers; they're very helpful.

HERBERT WILSON: Thank you, Gary.

OPERATOR: Thank you. Our next question comes from the line of Mansoor Khan (phon) with Dundee Securities (phon). Please go ahead.

MANSOOR KHAN: Good morning. Just going back to pricing again, I know some of the other aggregate producers disclosed the price per tonne excluding shipping that they get. And I know that you mentioned you're prices have remained firm, but, I just wondering if you could provide

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any colour as to what type of prices you're seeing or perhaps the range and how they compare to the average prices of aggregate?

HERBERT WILSON: Thanks, Mansoor. Good morning to you. Very, very difficult question for us to answer for a couple of reasons, and let me try and go through them all. First of all, we're in a fiercely competitive industry. Perhaps logged onto this call, we've got representatives of other majors in the industry; they're very welcome. But, everybody would dearly love to know exactly what those selling prices are, and for that reason, the customers who have entered into long term contracts with us have confidentiality clauses in those agreements that we can't reveal them. And for very good reason, as I say, because of its competitive nature. We also have a blend of prices because we now sell to the Hawaiian contracts and to Vancouver here, on an ex-quarry basis. Those customers now provide their own transport, their barges and they have their own shipping contracts. Though the quantum of prices for those customers is, you know, 50 percent of the value that we would deliver it to somebody in California under our own shipping contracts. Therefore, we've always got what the industry calls a product mix effect; you know, exactly how much went to (inaudible) sales versus delivered sales in any one period. So, you can get wild swings in numbers that don't actually

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mean anything has changed, just the ratio which is a very long way around of saying it's really impossible for us to give those details. We are stating very, very clearly because it's the number one question we've had in the last few months, that our aggregate prices have held firm for 2009. We have not had to go backwards or offer any concessions on it, even in the face of all these shipping costs.

MANSOOR KHAN: Okay, thank you.

OPERATOR: Thank you, sir. Our next question comes from the line of John Beampi (phon) with Maxim (phon). Please go ahead. Mr. Beampi, your line is now open for questions. You are using a mute button; make sure it is not pressed. And it seems that Mr. Beampi has dropped off.

Our next question comes from the line of Guy Viber (phon) with National Bank Financial.

GUY VIBER: Yes, good morning guys. My questions are a little bit more basic than what were asked of you earlier. Number one question is that you've elected to report in U.S. dollars and we've seen a significant decline in the Canadian dollar; do you use a hedging program because you do produce in Canada and sell in U.S. dollars?

HERBERT WILSON: Good morning, Guy, and thank you; that's a very good question. We actually have a natural hedging. We do report in

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U.S. dollars. We made the decision some time ago that that would probably be most helpful for people looking at comparisons because the bulk of our revenues are in U.S. dollars and also the bulk of our costs; all the shipping is denominated in U.S. dollars, the cost of our terminal, likewise. What we have as an actual cash cost in Canada are the cash costs up at the Orca Quarry, which is mostly the labour force, the utilities – hydro, electric power, and some spares and repairs, although an awful lot of the equipment comes out of the U.S. and the spares are denominated in U.S. The natural hedge we have are sales made into the Vancouver market where we sell and are paid in Canadian dollars. Though the actual impact on us of these exchange rates is really not extreme; I'm an Engineer, not an accountant, so I'm constantly bamboozled by the accountant's need to mark everything to market and produce these paper only exchange rate losses or gains. They're not actually real, but that's where the exchange rate has an impact on us on the balance sheet number, marking, to market these various financial debts. We don't attempt to do any hedging. We've looked at it on a currency basis. We've also looked at fuel hedging extensively and I have to say, we really don't see any benefit for us. We're too small, the possibilities of winning or

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losing seem to be fully balanced for us and we have this natural hedge on currency.

GUY VIBER: Okay. I think I understand that answer. I guess it just seems to me that if you are, I'm sure you're shipping the bulk of the aggregates to the States and therefore the bulk of your aggregates are produced in Canadian dollars. It would just seem that, you know, the Canadian dollar dropping 20 percent like it has, would be more beneficial to your company than the opposite of that. But, okay, I'll digest that. Just another very simple question from me; given that your share price is down 90 percent from its high, and you're virtually getting no credit for all the infrastructure that you guys have built, the market appears to be focussing in on this expansion area process that you guys have undertaken in Long Beach, which I think we all respect for the long term, bringing your costs down longer term. But, the market may be grappling a little bit with the fact that you guys may be contemplating any dilution at these levels and given your stock was almost 15 bucks in the last year or so, and the stock is now \$1.70 and you've made it clear earlier in the call that you have to prioritize refinancing the Long Beach area, are you contemplating diluting at these levels?

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HERBERT WILSON: Well, Guy, I mean, again, you've hit on what is the corporate picture; the most important decision that we'll make in the next six months and I know you'll respect the fact that I can't possibly say at this moment in time exactly what or how we will do it. I think the one thing I will say, is that there are, you know, a number of parties out there who truly do realize the point you've made of the value that we've created. That our share price doesn't even reflect the value of iron work that we've put in the ground, and we have demonstrated over the last 18 months that we've taken all the risk out of developing this company, that it works. The customers like it enough, growing in confidence and all those good things. The percentage by which we're down, you know, the \$15.00, yes that's a point in time, but it really was only just a very transitory thing. But, we are down from what we might of seen as a more stable, high level by a considerable percentage; something around 80 percent. But so are some of our best Canadian corporations, you know, Tech Corporation (phon) just around the corner from me here are down by the same percentage over the last three and a half weeks. So, we're in the middle of exceptional times, and I just cannot guess how we'll finally answer this question. But we are encouraged by the number of people who really do seem to understand the long term and scarcity nature of this business.

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GUY VIBER: Well, and this is my final question, exceptional times means exceptional Management need to take exceptional steps and therefore, my final question is because of the dramatic drop in the share price and the fact that you are not getting credit for your existing assets, does it not make some sense to buy some of your stock back here?

HERBERT WILSON: It's again, one of those things that, you know, I can't answer at this point in time. We've got a very strong finance committee of our Board with a lot of experience on it who look at all these things constantly. All I can say, Guy, is that I record the comments and it will certainly go on the table with those other things we'll be looking at.

GUY VIBER: Okay, and well there are studies out there, Herb, independent studies that impact or display the impact of buying your stock back at what we call exceptional distress levels. And you may find that statistically, the numbers work at very favourable for companies such as yours that take the extraordinary step and cancel some shares out in particular when the market is not recognizing what you guys have done.

HERBERT WILSON: Yes, (inaudible) we have to relate all that back to our cash position and use of cash. And as I say, I thank you for the comments; I know you've passed them before to Mike Grestelin (phon) on

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our team and I can tell you he has passed them back to Management and they're all noted for consideration.

GUY VIBER: Okay, thank you.

HERBERT WILSON: Thank you, Guy.

OPERATOR: Thank you, sir. Our next question comes from the line of Pierre Vaillancourt with Macquarie Capital. Please go ahead.

PIERRE VAILLANCOURT: Hi Herb. I'm wondering if you could just elaborate on what your CAPEX could be next year. I mean, obviously you want to keep it to a minimum, but what would that minimum be?

HERBERT WILSON: Yes, thank you, Pierre. That's a very good question. You know, ahead of us, we have one thing we would like to do which is to install an additional conveyor down in Richmond to handle some of the sales growth down there and I think we're talking for the whole Company, of less than \$750,000 to pick a number, certainly not as high as a million. We have no requirements up at Orca, at the quarry, to put any further capital into that for a significant period of time, and then it would only be the addition of a further mining scraper as the volumes increase. So, it is an extremely low level; we're putting a cap on everything. It's actually a natural cap; we're not having to turn our back on things we think we should do and we're not doing it because of extreme circumstances.

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We had reached a point in our development where the facilities we have were just pretty much developed out and we don't have any drive, in fact, it wouldn't be possible to spend capital on the Pier B side because we're a couple of years short of permits.

PIERRE VALLANCOURT: What is the spending on Pier B in the interim?

HERBERT WILSON: In the interim, it's just a minor maintenance cost. I mean, you know, literally a peanuts cost. The cost of the obtaining of the permits together with our partners, we jointly put the cash into an account for (inaudible) Long Beach to meet those costs. So, we have nothing on Pier B in 2009.

PIERRE VALLANCOURT: Okay, and so when you speak about Richmond, where are you at with respect to capacity there? Just how far along are you in terms of reaching your objective there?

HERBERT WILSON: Well, objective versus capacity; two different numbers. This is, you know, we're nine months into actually operating the terminal there and it has certainly ramped up quite significantly as you'd expect in the second and third quarters. We're probably, at the moment, about a third of what we believe our base load is for that terminal, but our permissive (phon) capacity is somewhat higher; there's plenty of room for

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expansion over the future. What we need, and it's an interesting point about the development of this business, all our challenges become easier as the volumes increase. The facilities that we have, whether it's the tugs for handling the ships up at Orca or our ability to recharge the Richmond terminal, everything becomes easier as we increase the volumes and we just need to get through this desperate period in the market and get back to some semblance of growth because none of the fundamentals have changed in our industry; it's only the timing that's delayed.

PIERRE VALLANCOURT: So, when you talk about a third of the base load, what is that? Can you put a number on it?

HERBERT WILSON: I would think for this year, and David, correct me if I'm wrong, we're probably going to move a third of a million tonnes through Richmond terminal; that sort of level.

DAVID SINGLETON: Yes, and perhaps to help a little bit, I think as everybody's aware the, all the tonnes that we sell are contracted tonnes to either our partners with Shamrock (phon) or our Cemex partners. And just to give you a guide to answer the question, in our expectations, say out to 2012 where we think we'll build up to the sort of production through Richmond that seems reasonable, we would be talking about a throughput at that point of about 900,000 tonnes. So, the figure that Herb's given is

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just about spot on. Now, this downturn in the industry which everybody is well aware is unprecedented, could well delay the achievement of that by a year or 18 months. We'll just have to wait to see how quickly it does pick up. But, the nature of Richmond, in terms of its capacity is above those minimum figures that we had negotiated and in capacity terms we would probably think about putting 1.2 million tonnes through the terminal as a permissive and a sensible level of business and that's some little way out at this moment in time.

PIERRE VALLANCOURT: Okay. Now, I also just wanted to get a clarification, you were mentioning how your cost of goods sold for Q4 are going to be improved considerably. Can you also try to quantify that, just where that might come in? Is that a level we can expect going forward?

HERBERT WILSON: Yes, that's a very good question, Pierre. What we have to ensure we do now is, you know, run this operation to provide smoothing between the quarters. One of those things you're simply not aware of until it actually happens, is influence of how quickly we turn over the totality of our inventories. I can't think of any other situation in this business I've ever been involved in where that happened. You know, normally, you were talking about a very different situation. Gary Lampard asked the question, you know, would this have been \$0.50 in the Quarter

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3, and I said a little bit north of that and that's where we are for Quarter 4; the benefit in additional margin because we know what our costs have been in Q3 and production that will flow through will flow through to the benefit of Q4. Next year we will seek a business plan that keeps this smoothed out to the greatest extent possible.

PIERRE VALLANCOURT: Okay, so basically you're talking about \$0.50 a tonne improvement?

HERBERT WILSON: Yes.

PIERRE VALLANCOURT: Okay, now one thing I would just finally, you know with respect to David's discussions on infrastructure spending in California; where is your aggregate going, I mean, do you have tangible evidence that that's where it's being used or --?

HERBERT WILSON: Yes, let me comment first and I'll let David fill in some of the gaps. I think one thing that's very important to appreciate is that California isn't one market. At the moment, we supply only into the San Francisco Bay area and those customers themselves use the aggregate, let's say within 25 miles of the water's edge and no further. There are parts of California, Sacramento would be a good example, which is a construction wasteland at the moment because it was fuelled by a colossal private housing boom and that has simply died away. The San

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Francisco Bay area is actually heavily industrialized and that's where our sales are made. So, you know, it is a very localized situation. We've given a number of examples up on our website as some very prominent public infrastructure contracts that our materials are being used in. Our customers are very good at telling us how they see the market moving, but we are one step back from the true end market. You know, we sell to people who make the concrete and those guys sell that concrete to a whole variety of contract. I think we have a good sense of it, but David I'd like to ask you if you can add anything to that for Pierre.

DAVID SINGLETON: Well, we do already, yes, sell a significant amount of our materials for the purpose of meeting infrastructure requirements principally through Caltrans, the California Transport Department. They are very keen on the high quality of the Orca aggregate; it gives strength and durability. And we're very pleased about that. We've supplied materials for example to the biggest contract in the Bay which is the Bay bridge reconstruction and extension. And so, we would feel pretty strongly that at these infrastructure releases of cash come about in the areas where we are involved, then we would stand a very good chance of picking them up. It's interesting that, to me at least, that the Governor's strategic growth plan is SGP, spells out where the

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State intends to spend the money and it includes 5,500 new (inaudible) miles, 750 new highway lane miles, 9,000 lane miles rehabilitated, 600 miles of new computer lines, 8,500 miles of separate path and pedestrian paths. These are just, these are just fodder to us because this is exactly where the aggregate is required and with such a broad spread of State expectations, we'll find that our customers are supplying a lot of the material that is going to be required in the future, assuming that these expenditures do indeed go ahead over the next 10 years.

PIERRE VALLANCOURT: Okay, and last thing. I just wanted to know if you could elaborate a little bit on options for repaying the bridge loan facilities?

HERBERT WILSON: I'm sorry, Pierre. I would love to be able to answer that one simply, but I think we've said all we can at this time. It's early days. We knew that it wouldn't be possible to pull something together before the November 17th date; the end of our first three month period on that loan. But, we are very keen to try and put something in place before the 180 day period which is February the 16th of next year. And I really do have to leave it there; we'll be glad to talk about it as soon as we can.

PIERRE VALLANCOURT: Okay, thanks.

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HERBERT WILSON: Thanks, Pierre.

OPERATOR: Thank you. Our next question comes from the line of Jason Granger with BMO Capital Markets. Please go ahead.

JASON GRANGER: Thanks very much. Good morning, Herb. Good morning, David.

HERBERT WILSON: Good morning, Jason.

JASON GRANGER: Just one question in here, turning over to your primary shipping contract and the volume commitments that you have in place on that contract; the debt freight charge of, I believe it's 75 percent of the freight rate of unshipped tonnes with the option to carry forward. Your notes make reference to 25 percent of the yearly contracted tonnage. So, as we go into 2009 here, expecting at this point, recognizing visibility is limited, but similar volumes to 2008; how should we be looking at the risk of you having to incur some of these debt freight charges if you fall below volume thresholds?

HERBERT WILSON: That's a very good question. Thank you, Jason. First of all the shipping contract year is not a calendar year, so it runs from July 18th of one year to July 17th of the next. Therefore, we have plenty of time with the 10 percent chart, the charter's option as it's known, is for us to change that contract up or down by 10 percent at any time, no

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penalty. The rollover, the 25 percent to move forwards, we have to advise CSL nine months before the, sorry, before the end of the ninth month of any one contract year. We're really not worried about it at the moment. The, you know, we're certainly going to be fine for our next contract year's measurement, and I have to say, and all the team here would echo this, we have found CSL just a first class supplier of services contracted to work with. They have been truly very, very supportive of our business. Well, it's recognizing they're a common carrier and they work with anybody who wants to move aggregate. You know, they just been great and we really don't have any worries about that at the moment. We're not looking at a disastrous scenario where 2010 is worse than 2009. We think our contracts are good, you know, our customers are all feeling that, in actual fact, perhaps the very worst of this is behind us in the sense that we've all felt within the industry, this recession's been here for about 18 months already in California. It's only the Federal government that failed to recognize it until just a few weeks ago. So, we are feeling that we're plateauing out at the bottom and that in 2010, the volumes will provide us all we need to meet that contract commitment. We haven't incurred a penny of debt freight this year and we won't do so. Every ship has sailed absolutely full and I don't see that changing in the short term.

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JASON GRANGER: Okay, great. That's helpful; that's it for me, thanks guys.

HERBERT WILSON: Thank you, Jason.

OPERATOR: Thank you, sir. Our next question comes from the line of Sophie Chong (phon) with Destard & Securities (phon). Please go ahead.

SOPHIE CHONG: Hi everybody. My question is can you provide a little colour on the mine supply site? I know that the consensus idea is that the old mines are being depleted and they're exiting, but that new mines are, well there's a lack of them coming through. And I'm just wondering if you can quantify at all how much production reductions you're expecting to see; is that all because of the old mines going out and if you're seeing the effects of this (inaudible) as you continue to try and find more sales contracts?

HERBERT WILSON: Yes, thank you, Sophie. Good morning. I'm sorry, I managed to respond your call to my office earlier. I was rather embroiled in matters. Let me try and add a bit of colour to that. I think the overall situation in California hasn't changed at all and that the mines with very short lives are still finding it impossible to develop local replacements. Naturally, the decline in demand by 30, 35 percent may allow one or two of

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them to carry on a year or so longer than they previously planned. But, this is a situation that once it starts, it actually accelerates quite rapidly. When a quarry goes out of the market, the market doesn't (inaudible) for aggregates, it tends to suck in remaining resources and thereby reduce their life a little bit. I can't say there's any specific changes; we've just updated as part of the Orca report our independent market studies in California. We have some very, very experienced and confident industry analysts who've worked on that for us since the very beginning, since 2001, who don't see any change in the position whatsoever, other than a small amount on timing. San Francisco Bay area, which at the moment is the heart of our operations has seen four sand and gravel closures in the last five years and there are a couple more imminent; when I say imminent, perhaps in the two to five year period. But it hasn't changed our game plan at all. The customers we have are there for the simple reason that they don't have better alternatives and they've made long term, 20 year, commitments. So, it's a complex picture; there's lots of bits of details specific to each area, but nothing's changed. The fundamental business plan we started with hasn't changed at all.

SOPHIE CHONG: Okay, thank you.

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OPERATOR: Thank you. And Mr. Wilson, at this time there are no further questions. Please continue with any closing remarks.

HERBERT WILSON: Thank you, Ray, and I'd just like to thank everybody for listening and the time, and the very good questions. I would just close in saying that David and I between us have been in this aggregates industry for at least a total of 80 years and neither of us has ever seen economic uncertainties in the market like those we've been through in the last few months and are perhaps facing for next year. It's quite unique, but we're committed to getting through it and doing so successfully. So, thank you again and I look forward to talking to you next quarter. Good bye.

OPERATOR: Thank you, Sir. Ladies and gentlemen, this concludes the Polaris Minerals Corporation Third Quarter Results Conference Call. If you'd like to listen to a replay of today's conference, please dial 416-640-1917 or 877-289-8525 and enter passcode 21289192. Once again, if you'd like to listen to a replay of today's call, please dial 416-640-1917 or 877-289-8525 and enter passcode 21289192. Thank you for your participation. You may now disconnect. Have a pleasant day.

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