EVENT:	POLARIS MINERALS CORPORATION – YEAR END RESULTS CONFERENCE CALL
TIME:	11H00 E.T.
REFERENCE:	CNW GROUP
LENGTH:	APPROXIMATELY 36 MINUTES
DATE:	MARCH 31, 2009

OPERATOR: Good morning ladies and gentlemen. Thank you for standing by. Welcome to the Polaris Minerals Corporation year-end 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 today, Tuesday, March 31, 2009 at 8:00 a.m. Pacific Time.

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

HERBERT G.A. WILSON (President and Chief Executive Officer of Polaris Minerals Corporation): Good morning everybody. I'm Herb Wilson the 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 U.S. subsidiary. Thank you for joining us to discuss the 2008 financial results and our outlook for 2009. We hope that you find our 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 the 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 stated are in United States Dollars, unless otherwise stated. So let me start with a review of 2008 and the company's results. This was our first full year of production and it proved to be a year of contrasts. Sales of 2.32 million tonnes of sand and gravel from the Orca Quarry were double the 1.15 million tonnes sold in 2007. This increase was achieved against the background of a substantial reduction in demand in the company's principal market, California.

U.S. government statistics show that the demand for sand and gravel fell a further 21.6 percent in California from 2007 as the market continued its severe decline since the peak in 2006. Our sales were very much in line with the projections made when we launched the company in 2005 and placed the Orca Quarry in the top 10 percent of quarries in North America by size. A remarkable achievement in so short a time.

Despite the enormous pressure created by the market conditions, Polaris enjoyed stable aggregate prices during 2008, net of any shipping fuel surcharge effects and this stability is continuing into 2009. This is perhaps the most critically important and positive aspect for our business.

Sales revenue for the year was $29.6 million with a net loss of $9.8 million, or $0.26 per share, half the loss incurred in the prior year. Adjusted EBITDA for the year was a positive $982,000, or $0.03 per share, which represented a substantial improvement over the adjusted EBITDA loss of $1 million, or $0.03 per share loss, in 2007. An equally important trend is the company's use of cash in operations. This was $881,000 in 2008, virtually unchanged from the $884,000 in the previous year.

The full year gross margin was impacted in 2008 by three principal items: the high price of shipping fuel, the operating costs of the new Richmond Terminal, which had been under construction during 2007, and the one-off inventory write-down at the quarry. There's a time lag between world oil prices and shipping fuel prices. The fuel prices for us peaked in September and only reduced in mid-November. In accordance with the two 20-year California supply agreements, the 2008 shipping fuel surcharges were absorbed by the company and will now be passed on as a selling price adjustment on 2009 sales volumes, amounting to approximately $1.19 million.

We have now agreed with our customers that the fuel surcharges will be adjusted on a quarterly basis beginning the first quarter of 2009. This change will not impact the recovery of surcharges paid by us in 2008, but will serve to smooth out the impact of fuel price fluctuations for us and our customers.

It is important to ensure that our customers remain competitive with road (phon) trucking costs, which we set on a daily basis every time a truck refuels. We anticipate that the combination of lower current shipping fuel costs as well as the recovery of the 2008 fuel surcharges will benefit the gross margin in 2009.

We've begun commercial operations of our Richmond Terminal in San Francisco Bay at the beginning of 2008 and had sales of 320,000 tonnes during the year. Our gross margin, when compared with the previous year, was impacted by the inclusion of the Terminal's operating costs, which will be minimized on a per-tonne basis as the Terminal throughput gradually increases in the coming years.

The final significant item impacting our gross margin in 2008 was the write-down of the quarry inventory. Stock reconciliation always presents some challenges for quarries, given the nature of the production process and the storage and distribution of products. There were two factors affecting our estimates in 2008. The quantity of water draining from our products as they stand on huge inventory piles prior to shipping and manufacturers' calibration errors in the electronic conveyor belt scales which provide the only measurement on a daily basis. We have taken appropriate action and implemented an inventory monitoring protocol which includes bi-annual independent surveys to ensure that inventory restatements of this magnitude will not happen again.

While I am disappointed that this issue arose, we have a workable solution in place and do not expect production costs to be affected going forwards.

Towards the end of 2008 concerns were being raised that the company might not be able to refinance its bridge loan, given the poor state of the credit markets. We are now in a very positive position entering 2009, effectively debt free, thanks to the successful bought (phon) deal financing that closed on January the 8th, the net proceeds of which were used to fully repay the $20 million Canadian bridge loan used to purchase the Pier B site in the Port of Long Beach, California. With approximately $10 million in treasury and a strong balance sheet, we believe that Polaris Minerals is well-placed to meet the short-term economic challenges and ready to benefit from the anticipated construction-lead economic recovery.

We have minimal capital expenditure requirements until market conditions dictate that the development of the next major port terminal is warranted. We are endeavouring to keep variable costs under control and reduce the operating hours at the Orca Quarry in March as a response to revised customer expectations received only mid-way through the first quarter. We have, however, maintained the flexibility to quickly ramp-up production as circumstances dictate and these can change very quickly.

2009 has begun slowly for our industry, which is not surprising when you consider the combination of wet weather in California and the Pacific Northwest. The paralyzing effect on the California economy of (phon) the 100-day budget impasse and the ongoing credit crisis described as the worst since the Great Depression, shipments leaving the quarry in this first quarter are 50 percent lower than the first quarter of last year. However, work that is deferred due to weather conditions is not lost, it is simply delayed until conditions change. This is the seasonality effect of the construction business that we have referred to many times.

Let me now turn to our view of the market going forward. Where although visibility for 2009 remains opaque, we are taking heart from several factors. Firstly, the substantial efforts being made by the U.S. Government to jump-start their economy, particularly the $787 billion economic stimulus package recently brought in by President Obama. California is the largest recipient for funding under this initiative, receiving up to $85 billion in stimulus money over the next two years. Already, according to the Government's website, $625 million of American Recovery and Reinvestment Act funding has been directed to 57 transportation infrastructure projects, expected to create over 11,000 jobs in California.

In addition, the stimulus measures contained in the California State budget are also expected to boost the construction industry. This budget also included positive steps aimed at avoiding infrastructure construction projects being unreasonably delayed. We are starting to hear from our customers that big projects are now entering the bidding process and many jobs that were put on hold a year ago are now being re-bid. Examples of this work are an extension to the Bath (phon) line in the east of San Francisco Bay, a long list of highway upgrades, government buildings and port development projects. The California Department of Transportation (Caltrans) has posted details of funded projects on their excellent website. There is a section entitled "The Caltrans Economic Recovery Website" which I would encourage people to visit.

There has also been several economic initiatives directed specifically at boosting the private housing market and we welcome these as part of restoring an overall healthy economy. However, Polaris and its customers stand to gain most from infrastructure spending, which according to one major U.S. aggregate producer creates seven times the demand for aggregates than housing for each dollar spent.

While we are dealing with the short-term challenges in the construction industry, we are not losing sight of the long-term nature of our business plan and the need to keep momentum going. We were pleased to be able to announce last Friday that we have agreed to mutually beneficial changes in our two shipping contracts with CSL International. We recognize that concern had been expressed over a potential negative impact of the second shipping contract, which had been secured at the time when the world shipping market and economic outlook were both considerably different from today. We have extended the first shipping contract by five years, to now end in 2022 and delayed the start of the second agreement until 2014.

This restructuring of the shipping contracts demonstrates the strength of the relationship with CSL and how we are working together to overcome unforeseen events. We retain the flexibility to utilize contracted shipping capacity under the first agreement as efficiently as possible and we can, if demand warrants, elect to bring the second contract forward.

I think a comment about SAMEX is warranted as we continue to read a flurry of analysis and headlines about this company and its debt position. We have a strategic alliance agreement and a 20-year aggregate supply agreement with SAMEX, but we are no more privy to details of their internal issues than anyone else. However, we can say that to date SAMEX have continued to trade to the agreed terms of the contract. Further, we have great respect for their regional management with whom we interact on a daily basis and who remain committed to the strategic alliance and to moving forward with our joint objectives.

This is not the time to lose sight of where we're going and we continue to take the steps necessary to prepare for growth once the economy rebounds. We are moving forward in the permitting process for the Pier B site in Long Beach and expect shortly to take a significant step forwards with our San Diego Terminal initiative, thus setting the stage for the development of two major receiving terminals in southern California.

We expect that our Hawaii and Vancouver customers will continue to take Orca products in line with contractual agreements and we will seek additional sales opportunities whenever and wherever possible.

In summary, we were pleased with the performance in 2008, given the market we faced, and we continue to work hard with our customers and partners to steer our business through these challenging economic times. We are confident of the positive effects that the stimulus package from the federal government and the State of California will eventually have on the demand for our products. We look forward to ratcheting up volumes as the weather improves, and moving forward with lower shipping fuel prices to the benefit of margins.

We do have to remain cautious of the near-term, after the slow start to the year, but I believe that we are up to the challenge and I look forward to reporting to you again as our year progresses. Thank you for listening. We will all 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 start, 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 life the handset if you're using a speakerphone before pressing any keys. Your first question comes from David Charles with GMP Securities. Please go ahead.

DAVID CHARLES: Yes, good morning everyone. Maybe a couple of questions. First of all, on the CSL changes to the contract, I'm just wondering were there any costs associated with that, that would be triggered in 2008? You did mention on your very excellent update, Herb, that you were expecting a step forward on the San Diego Terminal. I'm just wondering what exactly should we expect there. And I suppose, finally, given that you sort of hinted that guidance for the first quarter by saying that shipments were down 50 percent, I'm wondering exactly how we should look at that in terms of the whole year picture and whether you might be going to change your guidance for the whole year or not.

HERBERT G.A. WILSON: Well, thank you David and good morning. Thanks for the questions. Let me deal with them in sequence. CSL, there was absolutely no cost impact whatsoever in 2009 and 2010 from these changes. Moving forwards then, from 2011 onwards, it depends on the extent to which volume has recovered, but let me say the worst case scenario where the market remained particularly soft, the impact on us is not material at all, it's a matter of dimes only, not dollars. I can't credit CSL enough with a very objective view of our business and their belief that this is a very long-term future involvement for them on the west coast and it's something that they want to lock-up and be a part of.

So, no impact for two years at all and thereafter the potential is only very small. Moving to San Diego, we have been advised that the Port Commissioners have approved entering into an exclusive negotiating right with a company that we will call Samira (phon) San Diego LLC because it's jointly ourselves and SAMEX who will be looking at this development. SAMEX bring a lot to the table in San Diego where they have an existing cement terminal with berthing rights for the ships and that's a very important feature in the port. We're feeling very good about it. It's been a long process getting the port through to this stage of the discussions. They've had a number of submissions and I'm pleased to say we appear to have come out top of the pack.

In terms of timing, I suspect we'll see this develop over the next six months, in terms of moving from an understanding to negotiate, to terms that we might be prepared to move forwards on. But we'll keep everyone posted on that. Shipments in Q1, well, when we looked at our projections for the tonnes that had left the Quarry, and of course we now do know that number because we're at the end of the quarter. It is exactly to the decimal, 50 percent of last year. It's really not reflective of where the year might go as David might comment upon it a few minutes looking at some construction indices for just how bad this quarter has been. Things can change very rapidly. We had a meeting with our major customers and CSL in San Francisco mid-December when we set the budget for the year, and everybody was very confident on one number that made us feel pretty good. And that changed in the middle of February when people were adjusting to a whole series of circumstances. I have to say at the moment, one of the better signs is that we're detecting optimism in the voices of those partners to which we speak regularly. So, shipments of 50 percent. I should just ask David if he would comment on that point about the seasonality and those indices numbers, David.

DAVID F. SINGLETON (President of Eagle Rock Aggregates Inc. and a Director of Polaris Minerals Corporation): Yes I can. Good morning, everybody. It's David Singleton here. We, Herb and I that is, have been in this industry as I think you all know, now for far too many years and we have come across weather conditions and seasonality almost in every year. The latest figures out really demonstrate this because you're probably aware that if you look at the construction contract values that have been given out on a monthly, quarterly, and annual basis, they're all seasonally adjusted and they're seasonally adjusted to try to overcome exactly what Herb's just been talking about.

If you take the first quarter in isolation it's cut your throat (phon) time. But just to give you these figures, the seasonally adjusted rate in January is -3 percent on construction contract values. If you just did a straightforward comparison, without any seasonality adjustment, you can come up with figures that are over 40 percent down. So it's very, very important to understand that seasonality is a key issue and the government and the industry uses seasonally adjusted figures accordingly. As Herb said, what's even more important is we haven't lost tonnage because of bad weather; it's been delayed. And we expect that we will see the pick-up of that lost tonnage as we move forward into the second spring quarter. I hope that helped.

DAVID CHARLES: So then, Herb, is it safe to say that you're not changing your guidance going forward and you expect that a bit of a rebound later on in the year will allow things to sort of average out.

HERBERT G.A. WILSON: We certainly are expecting a rebound, David. The quantum of it we're just going to have to judge as it arises and (inaudible) each quarter. But yes, it's too early in the year to be depressed.

DAVID CHARLES: Thank you very much.

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

GARY HAHN: Good morning, gentlemen. Hi. It's my understanding that you will pass on the fuel surcharge to your customers. But didn't you recover excessive surcharge of like 590,000 in 2008 and expects to recover 1.2 million in 2009. Does is mean that the net impact to your earnings were somewhere around 600,000 in 2008? Like, it's my understanding that you will eventually recover that but I just wanted to see what the net impact to your earnings was for '08.

LISA DEA (Chief Financial Officer of Polaris Minerals Corporation): Well, I think Gary that – this is Lisa Dea here. As we said in the MD&A, we recovered in 2008 the 600,000, the $598,000. So that would have been included in our earnings in 2008.

GARY HAHN: Right. So you recovered that amount but you paid somewhere around 1.2 million in '08, right?

LISA DEA: Correct. Yes, yes.

GARY HAHN: So the net impact is somewhere around like 589,000 for your earnings (phon)?

LISA DEA: It's whatever the difference is. Yes.

GARY HAHN: Okay. And that 1.2 million for 2009, does it depend on any future fuel prices?

HERBERT G.A. WILSON: No it doesn't. It's a hard pass through (phon) per the contracts based on the dollars we actually laid out in 2008, effectively on behalf of our customers.

GARY HAHN: Okay. Is there like a trigger price that you can share with us?

HERBERT G.A. WILSON: It's very hard to talk about a trigger price because our shipping contract began in 2005 when we secured the capacity with CSL and the level for triggering fuel surcharges was based on the shipping fuel prices at that time. But then we secured these 20-year supply agreements with the two big California customers, but at different times, and that's the basis for each contract on fuel prices at the time they were negotiated, which I believe were at the end of 2006 and in the third quarter of 2007.

So, we've got a range of different triggers and I think what we've tried to do in the MD&A this year, is to be as transparent as we possibly can and state the dollar values for the years and what would happen going forward 12 months. But I really don't want to get into individual fuel trigger prices. It's confidential within those contracts. We're trying to avoid confusion, not add to it, Gary.

GARY HAHN: Okay. No, that's fair enough. Now, you also mentioned that you expect minimal CAPEX requirement until the market recovers. Would you mind to give us some guidance for 2009?

HERBERT G.A. WILSON: I don't mind commenting on that at all. At the moment our plan is to be certainly well below $1 million. When I was able to be out talking to people in the market in January, I commented as a significant item, and it's still not a big one, is that $600,000 that we were planning to spend on an additional loading out system at our terminal in Richmond to increase the capacity, the industry's working pretty short hours at the moment because of all the pressures and controlling costs, and we were wanting to increase our hourly load out to capacity. We put that on hold during this quarter.

There's no point in rushing headlong into it but we're now looking at one or two contractors, one particularly for a large volume of material on the San Pablo dam, all of which is going to come out of the Richmond Terminal and we may decide now that it's appropriate to put that conveyor in. In which case, for this year, our CAPEX would be about $1 million; it would be less in 2010. We have no sustaining CAPEX at any of our operations. And of course one other interesting point, when you look at the average production for quarries in North American, the U.S. government statistics, the average quarry output is just under 300,000 tonnes a year. So that Richmond Terminal, already with sales of 320,000 represents one complete new quarry being developed on the edge of the bay. It's a very substantial operation. I hope those numbers are helpful.

GARY HAHN: No, no, that's very helpful. And then one last question, if I may. You do expect customers to stay (phon) with contractual agreements honestly. But so far, have there been any renegotiation going on, or?.

HERBERT G.A. WILSON Well, that's a very fair question in these difficult times and rather in the way CSL has come to the table and recognized the changes with us in a very positive way. We are also talking to our customers. SEMAX well exceeded their contract minimums in 2008. We're taking the view that we all just have to get through 2009 in the best possible shape we can, because there's no doubt the recovery is coming. There is no doubt the money is being spent on infrastructure and construction projects. So we've taken a pragmatic approach, but we're taking it, with our customers, quarter by quarter. So things are tight at the moment, but everybody's beginning to feel a little more optimistic now.

GARY HAHN: Okay, thank you.

OPERATOR: Your next question comes from John Hughes with Desjardins Securities. Please go ahead.

JOHN HUGHES: Thank you, operator. Just a couple of quick ones. On the second contract that was delayed to 2014, what was the original date, was that-

HERBERT G.A. WILSON: It was the third quarter of 2010, John. And good morning to you.

JOHN HUGHES: And you as well. And on the, again the quarter, last quarter I think your shipment level was 521,000 tonnes, is that the number you're referencing the 50 percent for Q1 of '09?

HERBERT G.A. WILSON: I'm flipping rapidly to the quarter sector analysis in our MD&A and the tonnes, yes, were 521,000 and that's the number we're referencing the 50 percent from.

JOHN HUGHES: Okay. And what about on the production versus the shipment side? What number, where for example last year you did 700 – I think almost 800,000 tonnes in the quarter. What should we be using on the production side for our modelling?

HERBERT G.A. WILSON: Well, I'm really not sure what that number is at the moment. What we are trying to do now is to run the

Quarry in fairly even quarters. You may recall back in the third quarter last year we had a slight quirk in our numbers, because we took a shutdown in the summer to allow Metso (phon) to carry out the warranty work from building the new plant, and had a short production quarter. And that flowed through as higher cost of goods sold in the third quarter, because this volume of ours is so great in a normal quarter that we sell our inventory, we turn it over in less than 12 weeks, in less that a quarter.

So unless we keep the quarterly production relatively consistent rate if at all possible, we get swings in cost of goods sold, which we really don't wish to do. So, all I can say without giving a specific number, which I don't have to (phon) hand at the moment, is that we are looking at a, planning around similar performance as last year and just trying to do it over four even quarters. And I really will have to let you average that out yourself.

JOHN HUGHES: No, that's fine. I was just wondering, have you given or could you reiterate if you have your 2009 shipment (phon) expectation?

HERBERT G.A. WILSON: We haven't issued guidance for volumes in 2009, John. It is so very difficult. David was just referring to the seasonality by the Dodge (phon) index numbers, which is the classic measure in the U.S. where the actual January-on-January was down 46 percent in construction output, but seasonally adjusted it was only down 3 percent. And then we're talking as we do an almost daily basis with SAMEX about some of the large contracts that they're bidding on.

We ourselves are bidding on aggregate to go into the development of a port terminal in Los Angeles, which we may or may not secure. It's just impossibly difficult at the moment. SAMEX, themselves, of course, only a few days ago, I wouldn't say withdrew, but announced that they were suspending giving guidance for this first quarter and going forward. We are all in this juggling situation of trying to read the numbers.

JOHN HUGHES: Okay. Great, thank you. The last sort of question that I've been asked, certainly as announced I think in November last year, you did change your board. Colin Benner joined and Colin's been in the news of late, certainly with regards to HudBay and he's whether (phon) starting at Breakwater (phon) to EuroZinc to Lundin to Skye to HudBay. And now with Polaris. Is there any change in corporate strategy in any way, shape, or form that we should read into Colin ending up on the board?

HERBERT G.A. WILSON: No. There really isn't. I think it was a case of, as you know Mr. Robert Edsel left the board and we wanted to replace him with somebody with appropriate skill sets. Colin Benner has been actually a founder and shareholder of the company from its inception and followed the story. He's locally based here in Vancouver, which is a big asset. He's readily available to us. And he just has a broad, broad range of appropriate skills. What I particularly like and I'm being very personal here, is that he doesn't come from a geological background, he comes from an operating background; very well versed in the sorts of logistical and transport issues that we face through his involvement in the coal industry. I have to say I just find him a terrifically helpful and knowledgeable director. But no, don't read anything conspiratorial into that.

JOHN HUGHES: Oh no, I mean everyone that I've talked to have a very positive view. I just wanted to throw that out given the fact he's been on the front of the ROB so many times of late.

HERBERT G.A. WILSON: Yes. I'm sure he wishes he wasn't at the moment. But there you go, that's life.

JOHN HUGHES: Like everyone, there's good days, bad day type of thing. I appreciate the overview on the quarter. Thank you very much.

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 your handset before pressing any keys. Mr. Wilson, there are no further questions at this time. Please continue.

HERBERT G.A. WILSON: Thank you Theadora (phon). Well, I'd just like to thank everybody for their time and attention and for the interest shown in those questions. We've come through a very difficult period. I think we're now facing, we believe we're facing the start of the upswing. It will be measured. It will take a little time. But the evidence and the feeling in the industry is now that we are starting that turnaround. So, we look forward to talking to you in the future quarters and thank you again.

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

*****