



High Quality, Marine-Exported Construction Aggregates



AGM Presentation

JUNE 2017

TSX: PLS | www.polarismaterials.com

Forward Looking Statements



CAUTION REGARDING FORWARD LOOKING STATEMENTS

Safe Harbor Statement: This presentation contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. These statements and information appear in this document and include estimates, forecasts, information and statements as to management's expectations with respect to, among other things, the future financial or operating performance of the Company, including increases in gross margins, increases in sales volumes, shipments and selling prices, costs of production, capital and operating expenditures, requirements for additional capital, government regulation of quarrying operations, environmental risks, reclamation expenses, and title disputes, the Canadian dollar compared to the US dollar, increases in Californian construction activity and US infrastructure funding, statements regarding potential new customers and the development of Black Bear. Often, but not always, forward-looking statements and information can be identified by the use of words such as "may", "will", "should", "plans", "expects", "intends", "anticipates", "believes", "budget", and "scheduled" or the negative thereof or variations thereon or similar terminology. Forward-looking statements and information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are cautioned that any such forward-looking statements and information are not guarantees and there can be no assurance that such statements and information will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's continuous disclosure documents which are filed with Canadian regulators on SEDAR (www.sedar.com), including under the heading "Risks and Uncertainties" in the Company's Annual Report and under the heading "Risk Factors" in the Company's Annual Information Form. Such factors include, amongst others, the effects of general economic conditions, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, industry supply levels, competitive pricing pressures, mineral resource and reserve estimates and the timing and development of the Black Bear project. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information whether as a result of new information, future events or otherwise, except as required by applicable law. All written and oral forward-looking statements and information attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements.

Investment Highlights



LONG-TERM GROWTH – Over time, the depletion of local quarries in our target markets is expected to create an increasing supply deficit which we are uniquely positioned to address

DIFFERENTIATED PRODUCT– The Orca Quarry provides uniquely high quality natural sand and gravel products which can provide measurable value to end users;

UNIQUE, INTEGRATED LOGISTICS SOLUTION – Our unique combination of deep sea access, shipping, lightering and terminals allows us to deliver at the lowest possible cost;

FAVOURABLE MARKET CONDITIONS – Significant infrastructure and commercial construction deficit in the U.S. and in our end markets on the west coast in particular should drive long-term demand

LONG-LIFE PERMITTED RESERVE – 20+ years of production from current reserves, with significant additional nearby resources (including Black Bear) provides us with long-term supply;

SUBSTANTIAL COMPETITIVE BARRIERS – Combination of integrated logistics and long term supply agreements difficult to duplicate; high quality materials unique in our markets

CSL Tacoma being loaded at the Orca Quarry

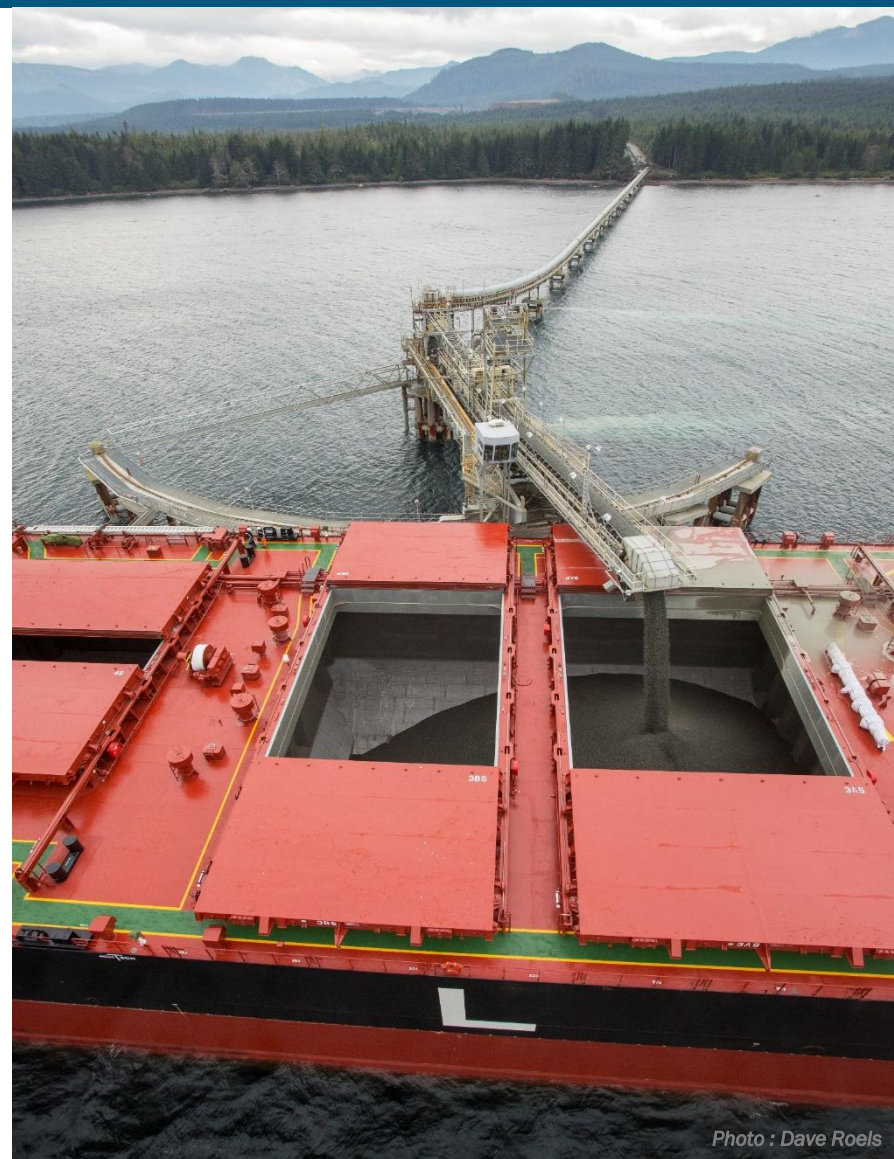


Photo : Dave Roels

Experienced Management and Board



Kenneth M. Palko
President and CEO



Terrence A. Lyons
Chairman and Director



Darren K. McDonald
VP Finance, CFO and Corporate Secretary



Herbert G. A. Wilson
Executive Vice Chairman and Director



Scott W. Dryden
VP Operations



Eugene P. Martineau
Director



Nicholas M. Van Dyk
VP Investor Relations & Corporate Development



Marco A. Romero
Founder, Director



Lenard F. Boggio
Director



- Polaris delivered notice to CEMEX of intent not to renew the Strategic Alliance agreement and related Joint Co-operation and Development agreements
- ASDA providing exclusive marketing and distribution rights in Northern California remains in place through September 2027
- Market changes, development of Long Beach and Fine Sand, and the sale of CEMEX's business in Pacific Northwest all factors in the decision
- Numerous compelling market opportunities on the west coast and Hawaii
- CEMEX continues to be a valued partner to Polaris in Northern California

Market Developments



NATIONAL FRAMEWORK:

- Funds from 2015's US\$305 billion US FAST Act now starting to hit the ground
- 2017 forecast of 3.1% growth in U.S. cement consumption (PCA, Dec 2016) and 5% growth in U.S. construction starts (Dodge, Oct 2016) after a relatively slow 2016; wide regional variation dependent on local economic factors

CALIFORNIA MARKETS:

- Governor, Senate and Assembly leaders approved Road Repair and Accountability Act in April 2017; \$52 billion over 10 years
- Ballot measures in Nov 2016 approved over \$1bn in new annual infrastructure funding
- US FAST Act expected to contribute to 9.6% growth in California's cumulative aggregate demand during its life; state funding plans targeted for completion in Q2 2017
- While San Francisco – San Jose corridor ('Silicon Valley') continues to lead regional construction activity, north and east bay markets showing signs of improvement
- Los Angeles seeing highest construction activity levels since 1920s; an increased pool of potential large and high-specification projects



*President Obama signs FAST Act
Credit: Alex Wong, Getty Images*



Salesforce Tower

Recent Financial Results



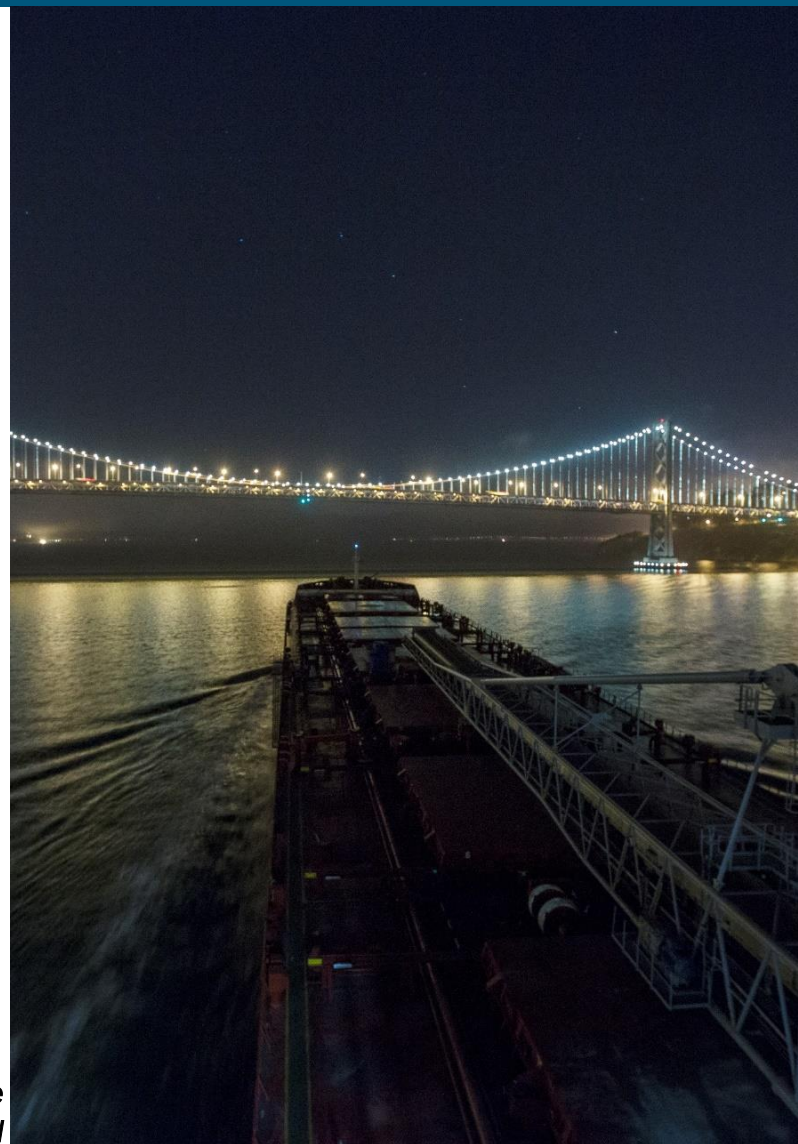
IMPROVEMENT IN Q1 2017 OVER Q1 2016

- **\$1.6 million improvement in Adjusted EBITDA versus Q1 2016** to \$0.3 million
- **LTM Adjusted EBITDA of \$3.9 million**
- **\$1.18/ton gross profit, improved \$1.78/ton versus Q1 2016;** volume, mix and unit cost savings all contributed

FREE CASH FLOW IN 2016

- **\$2.4 million increase in cash and free cash flow of \$2.6 million** versus decrease of cash of \$3.7 million and free cash flow usage of \$2.7 million in 2015
- **2016 revenue increased 5% to \$45.2 million** versus \$43.1 million in 2015, driven by sales mix and start-up of Long Beach
- **Gross profit for 2016 of \$2.9 million**, compared to \$4.9 million in 2015 and gross profit per ton of \$0.96 versus the \$1.65/ton recorded in 2015
- Four consecutive years of **positive adjusted EBITDA; \$2.4 million in 2016** compared with \$5.7 million in 2015; Foreign exchange largest impact
- Net loss of \$4.0 million in 2016, compared to income of \$0.9 million in 2015, driven by the above factors as well as certain one-time costs related to management transition and accruals

*CSL Tacoma passes under the Golden Gate Bridge
with Polaris aggregates aboard*



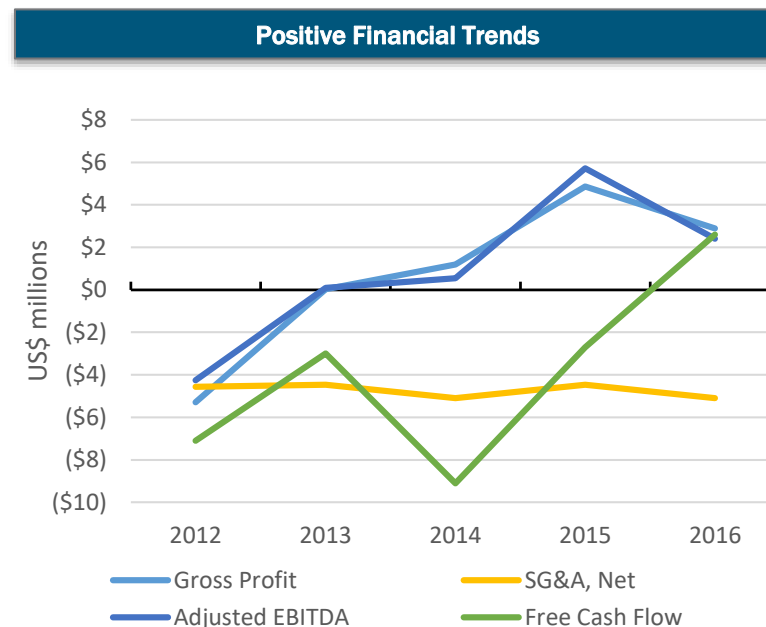
5 Year Financial Snapshot



Highlights

- Sales volumes up 0.8 million over the period
- Gross Margin and EBITDA improvement of \$8.2 million and \$6.6 million, respectively, in the period
- \$13 million increase in revenue as well as stable SG&A
 - Cash SG&A has remained in the range of 10% of revenue
- \$10 million improvement in free cash flow generation

Year:	2012	2013	2014	2015	2016	Change 2012 - 2016
	000s Tons					
Sales Volumes:	2,236	3,364	3,434	2,946	3,023	+787
	\$m					
Revenue	32.2	44.9	45.2	43.1	45.2	+13.0
Gross Profit	(5.3)	0.0	1.2	4.9	2.9	+8.2
SG&A, Net of Stock Based Compensation ¹	(4.6)	(4.5)	(5.1)	(4.5)	(5.1)	-0.5
Adjusted EBITDA ¹	(4.2)	0.1	0.5	5.7	2.4	+6.6
Free Cash Flow	(7.1)	(3.0)	(9.1)	(2.7)	2.6	+9.7



Note 1 – Non-GAAP financial measure, please refer to our financial statements on SEDAR for details

Corporate Governance Improvements



- Community Relations
 - Responding to community requests for more active engagement
 - Recently presented updates to Kwakiutl Band and 'Namgis First Nation about business activities at Orca and the development of Black Bear
 - Exploring new avenues and more frequent updates to community members
- Key improvements to corporate policies, including:
 - Diversity policy
 - Performance based compensation structure for executives and senior managers, including clawback
- Simplifying our corporate structure
 - In process of addressing minority ownership of Eagle Rock subsidiary
 - If project is developed in the future a new structure will be utilized to share benefits with First Nations



▲ Kwakiutl Band members perform traditional song at Kwakiutl Community Meeting

▼ 'Namgis community members at 2017 Business Update meeting



Long Beach Terminal Operational – Technical Marketing Success

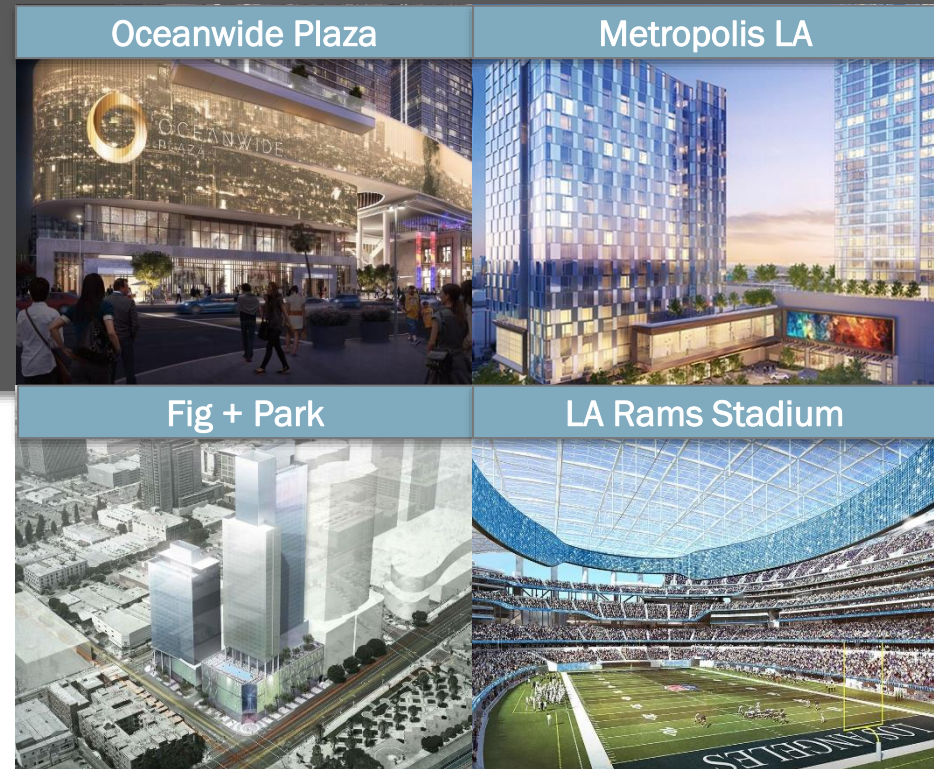


Successful Start-up in 2016



- First year of operations at Long Beach where we met or exceeded customer expectations while building volumes
- Opportunities for operating cost savings as operating practices refined and throughput increases

High Profile Projects in LA



- Polaris' high performance concrete aggregate allows us to create value for our customers and end users through better building designs and greener concrete
- Polaris aggregates can achieve stringent performance standards without use of expensive admixtures

Operating Responsibly



Our Safety Record: Building on our Culture

- 2016 Stewart/O'Brien Safety Award for Zero LTA's for 5th time in company's 10 years of operation
- Orca Mine Rescue Team Acted as First Responders in support of tragic accident in nearby Woss, BC; recently achieved top 5 finish in provincial competition
- Eagle Rock Operations participating in company wide safety culture using Orca standard safety planning and risk assessment steps

2017 Orca Mine Rescue Team



Progressive Reclamation Test Plot



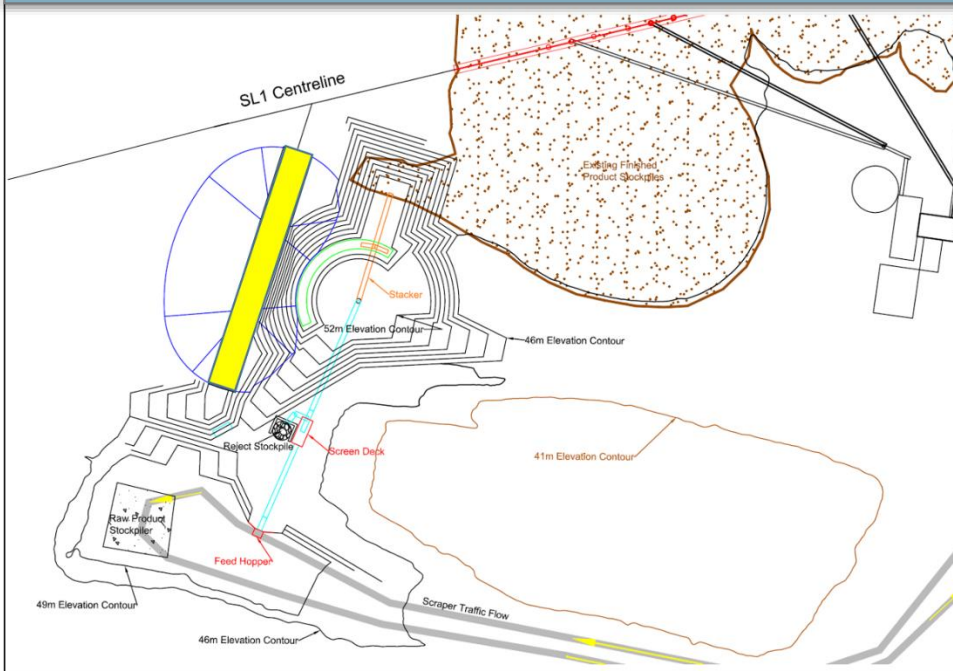
Our Environmental Record: Respect for the Land

- No reportable incidents in 2016
- Progressive rehabilitation program commenced
 - Initial placement of topsoil commenced
 - Test plot for tree species underway
- Significantly improved local water table quality versus pre-operation state

Advancing Key Projects



New Surge Tunnel and Stack System – Plan View



- **Near Term:** Main Pit Feed extension into the Orca Pit to reduce scraper cycle times planned for this year
- **Ongoing:** Progressive Reclamation at Orca commencing with tree planting this year
- **Longer Term:** Planning for the Black Bear Project continues, with plans to advance permitting within 2017 and development in 2018

- **Completed:** Additional Surge Tunnel installed (drawing left), to facilitate long term sales of Fine Sand to Hawaii (below) and potentially for beach restoration



First Shipment of Fine Sand Arriving in Hawaii



Terminal Operations

- Inventory capacity improvements underway in Long Beach
- Large scale “event pours” in Long Beach becoming more predictable for labour, equipment costs
- Richmond Terminal dredging mid 2017

Quarry Operations

- New management in place
- Improvements include:
 - Reduction of contractor rental equipment
 - Process optimizations
 - Improved efficiency: Tons Per Man Hour [42.3] for YTD 2017 vs. 38.6 for 2016 Full Year.
- Targeted cost reductions of \$0.25/t

Supply Chain Management and Logistics



- Addition of Director of Supply Chain in 2017
- Focused analysis of ship offloading on a voyage by voyage basis to maximize cargos and ship movements
- Increased customer communication to align sales with shipping schedule
- Daily review of customer and terminal inventory levels to respond to changes in sales schedule
- Coordination of domestic barge loading with overall marine traffic at Orca
- Associated cost savings in:
 1. Contract barges
 2. Demurrage
 3. Deadfreight
- Combined with terminal cost savings targeted improvement of \$0.25 - \$0.50/ton in 2017 vs 2016



Sheila Ann loading Peter Lind barge in San Francisco Bay

2017 Outlook

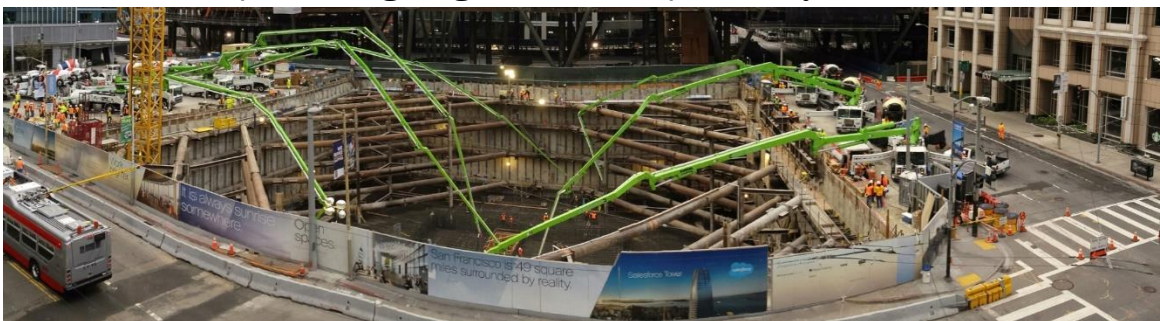


▲ Preliminary drilling at Black Bear – Feb 2016



▲ Customer concrete mixer trucks waiting to deliver material
▶ 7 pumps simultaneously delivering concrete made with Polaris aggregates for the Salesforce Tower

- Revenue expected to grow significantly from 2016 as changes in sales mix and same store pricing improvements drive growth in average selling prices
- Current volume outlook for 2017 is a decline of approximately 5% from 2016 levels, however we have visibility on a number of opportunities that could significantly improve on overall sales expectations
 - Significant growth expected in Long Beach, with current committed orders for 2017 higher than sales in all of 2016, and several additional projects in the pipeline
 - 5-year agreement signed for sales of fine sand, a product uniquely available on the west coast from Orca
- Reduced production and logistics costs, acceleration at Long Beach, expected to drive increased unit margins vs 2016
- Expansion of Orca inventory and shiploading system targeted for completion in mid-2017
- Black Bear permitting targeted for completion by end of 2017

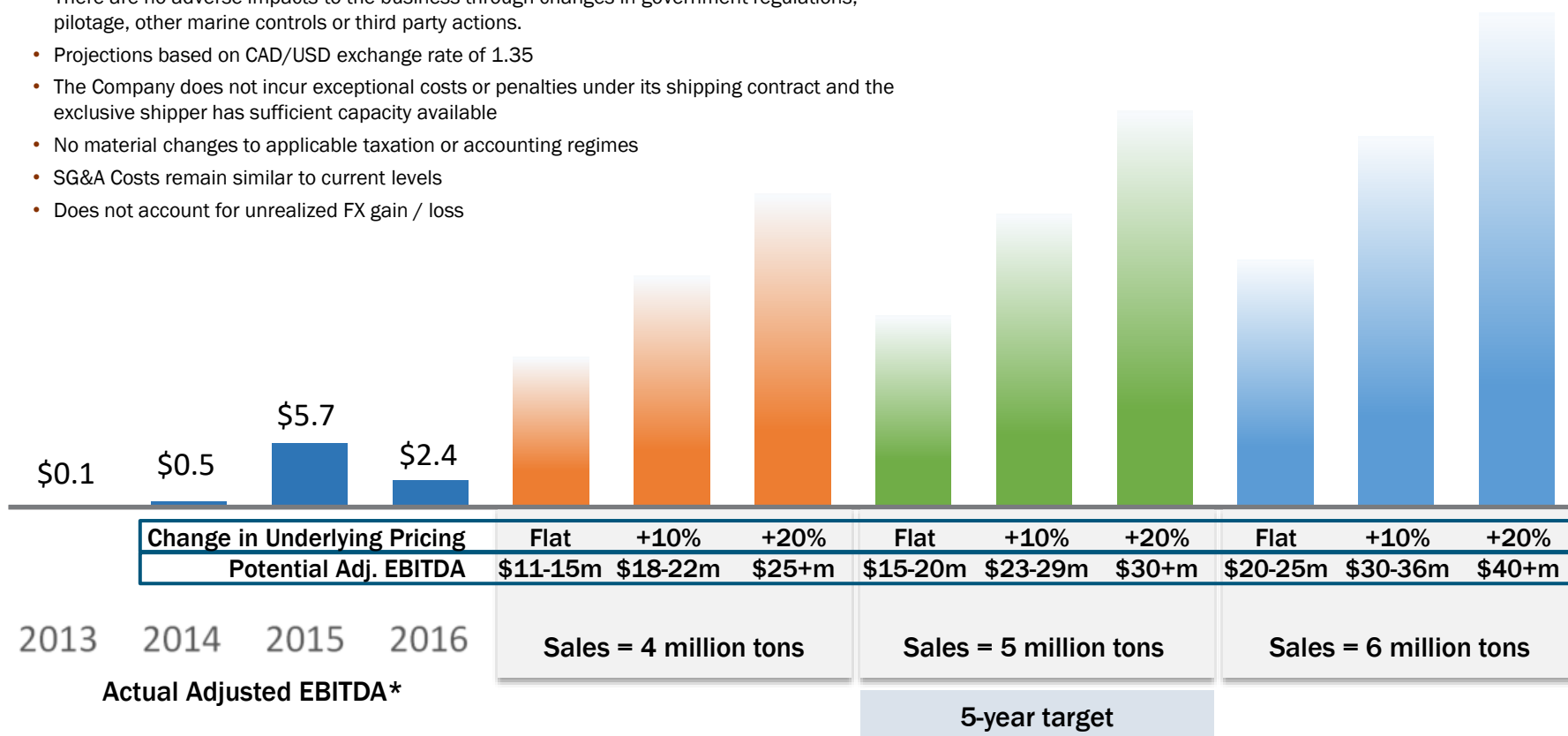


EBITDA Leverage



KEY ASSUMPTIONS:

- Volumes above 4mmtpa result in the addition of a shift to operations at the Orca Quarry (50% increase in fixed quarrying costs)
- Volumes above 5mmtpa result in an increase in variable costs due to increased wear and logistical pressures (10% increase in variable quarrying costs)
- There are no adverse impacts to the business through changes in government regulations, pilotage, other marine controls or third party actions.
- Projections based on CAD/USD exchange rate of 1.35
- The Company does not incur exceptional costs or penalties under its shipping contract and the exclusive shipper has sufficient capacity available
- No material changes to applicable taxation or accounting regimes
- SG&A Costs remain similar to current levels
- Does not account for unrealized FX gain / loss



* Adjusted EBITDA represents net income, excluding interest and income tax expense, depreciation, amortization and accretion, and certain other adjustments. Please see our financial statements on SEDAR for more information.



POLARIS MATERIALS

High Quality, Marine-Exported Construction Aggregates



For further information, please contact:

Polaris Materials Corporation

Suite 2740, 1055 West Georgia Street

P.O. Box 11175

Vancouver, BC V6E 3R5

Tel: 604.915.5000

Fax: 604.915.5001

info@polarismaterials.com