



NOTICE OF

THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

TO BE HELD ON WEDNESDAY, JUNE 6, 2012
at:
HYATT REGENCY VANCOUVER
655 BURRARD STREET, VANCOUVER, BC
AT 10:00 A.M. PDT

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POLARIS MINERALS CORPORATION

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Telephone: (604) 915-5000 Facsimile: (604) 915-5001

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting of the shareholders of Polaris Minerals Corporation (the "Company") will be held at the Hyatt Regency Vancouver, 655 Burrard Street, Vancouver, British Columbia on Wednesday, June 6, 2012 at 10:00 am (the "Meeting") for the following purposes:

1. to receive and consider the report of the Directors;
2. to receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2011, together with the auditor's report thereon;
3. to fix the number of Directors for the ensuing year at five (5);
4. to elect five (5) Directors to hold office until the next annual meeting of shareholders;
5. to appoint an auditor for the Company to hold office until the close of the next annual meeting of shareholders;
6. to reconfirm the Company's Stock Option Plan; and
7. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice of Annual General and Special Meeting are: (1) a Management Information Circular, which provides additional information relating to the matters to be dealt with at the Meeting; (2) a Form of Proxy or Voting Instruction Form ("VIF"); (3) a return envelope for use by the shareholders to send in their Proxy and (4) the Company's Annual Report for the year ended December 31, 2011, including the audited financial statements and Management's Discussion and Analysis.

The Record Date for the determination of the Shareholders entitled to receive this Notice and to vote at the Meeting has been established as April 25, 2012.

Shareholders who cannot attend the Meeting in person may vote by proxy if a registered shareholder or provide voting instructions if a non-registered shareholder. Instructions for voting by registered shareholders or providing voting instructions by non-registered shareholders by mail, by phone and over the internet are included in the Management Information Circular. To be valid proxies must be received by Computershare Investor Services Inc., the Corporation's transfer agent, (Computershare") at 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 by 10:00 a.m., Vancouver time, on June 4, 2012. The Chairman of the Meeting has the discretion to accept late proxies.

If you are a non-registered Shareholder and a non-objecting beneficial owner, and receive a VIF from Computershare, please complete and return the form in accordance with the instructions. If you do not complete and return the form in accordance with such instructions, you may lose your right to vote at the Meeting, either in person or by proxy.



If you are a non-registered Shareholder and an objecting beneficial owner and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. If you do not complete and return the materials in accordance with such instructions, you may lose your right to vote at the Meeting, either in person or by proxy.

Please advise the Company of any change in your address.

DATED at the City of Vancouver, in the Province of British Columbia, as of the 25th day of April, 2012.

BY ORDER OF THE BOARD

(signed) Herbert G.A. Wilson
President and Chief Executive Officer



POLARIS MINERALS CORPORATION

MANAGEMENT INFORMATION CIRCULAR

As at and dated April 25, 2012

FOR

THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON WEDNESDAY, JUNE 6, 2012

SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with the solicitation of proxies being made by the management of Polaris Minerals Corporation (the "Company" or "Polaris") for use at the Annual General and Special Meeting of the Company's shareholders to be held on June 6, 2012 (the "Meeting") at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company.

All costs of this solicitation will be borne by the Company.

PROXY INSTRUCTIONS

Shareholders who cannot attend the meeting in person may vote by proxy, if a registered shareholder, or provide voting instructions as provided herein if a non-registered shareholder, either by mail, by phone or over the internet. Proxies and/or voting instructions must be received by Computershare Investor Services Inc., the Company's transfer agent ("Computershare") no later than 10:00 a.m. PDT on Monday, June 4, 2012 at its Toronto office, 9th Floor, 100 University Avenue, Toronto Ontario M5J 2Y1.

A proxy ("Proxy") returned to Computershare will not be valid unless dated and signed by the shareholder or by the shareholder's attorney duly authorized in writing or, if the shareholder is a company or association, the form of Proxy must be executed by an officer or by an attorney duly authorized in writing. If the form of Proxy is executed by an attorney for an individual shareholder or by an officer or attorney of a shareholder that is a company or association, documentation evidencing the power to execute the Proxy or Voting Instruction Form ("VIF") may be required with signing capacity stated. If not dated, the Proxy will be deemed to have been dated the date that it is mailed to shareholders.

The securities represented by Proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. The form of Proxy confers discretionary authority upon the named proxyholder with respect to matters identified in the accompanying Notice of Meeting if a choice with respect to such matters is not specified. It is intended that the person designated by management in the form of Proxy will vote the securities represented by the Proxy **in favour of** each matter identified in the Proxy and for the nominees of management for directors and auditor.

The Proxy confers discretionary authority upon the named proxyholder with respect to amendments to or variations in matters identified in the accompanying Notice of Meeting and other matters which may properly come before the Meeting. As at the date of this Management Information Circular, management is not aware of



any amendments, variations, or other matters. If such should occur, the persons designated by management will vote thereon in accordance with their best judgment, exercising discretionary authority.

APPOINTMENT OF PROXYHOLDER

A shareholder has the right to designate a person (who need not be a shareholder of the Company), other than HERBERT G. A. WILSON OR TERENCE A. LYONS, both directors and/or officers of the Company and the management designees, to attend and act for the shareholder at the Meeting. If you are returning your Proxy to Computershare, such right may be exercised by inserting in the blank space provided in the enclosed form of Proxy the name of the person to be designated and striking out the names of the management designees or by completing another proper form of Proxy and delivering it to Computershare as provided above, or by phone or over the internet. If you are using the internet, you may designate another proxyholder by following the instructions on the website. It is not possible to appoint an alternative proxyholder by phone. If you appoint a proxyholder, other than the management designees, that proxyholder must attend and vote at the Meeting for your vote to be counted.

REVOCAION OF PROXIES

In addition to revocation in any manner permitted by law, you may revoke your Proxy by an instrument in writing signed by you as registered shareholder or by your attorney duly authorized in writing. If you are a representative of a registered shareholder that is a company or association, the instrument in writing must be executed by an officer or by an attorney duly authorized in writing, and deposited with the Company's registered office, c/o Fasken Martineau DuMoulin LLP, Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3 at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or, as to any matter in respect of which a vote shall not already have been cast pursuant to such Proxy, with the Chairman of the Meeting on the day of the Meeting, or at any adjournment thereof, and upon either of such deposits the Proxy is revoked. In addition, shareholders can also change their vote by phone or via the internet.

Only registered shareholders have the right to revoke a Proxy. Non-registered shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact Computershare or their intermediary to arrange to change their voting instructions.

SPECIAL INSTRUCTIONS FOR VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the meeting. Some shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of the person (the "Non-Registered Shareholder") but which are registered in the name of an intermediary (the "Intermediary") that the Non-Registered Shareholder deals with in respect of the shares. Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or in the name of a clearing agency (such as The Canadian Depository of Securities Limited) of which the intermediary is a participant.

There are two kinds of Non-Registered Shareholders – those who object to their name being made known to the Company (called OBOs for "Objecting Beneficial Owners") and those who do not object to the Company knowing who they are (called NOBOs for "Non-Objecting Beneficial Owners").



The Company takes advantage of certain provisions of National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issue* (“NI 54-101”) which permit the Company to directly deliver proxy-related materials to NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a scannable VIF, together with the meeting materials, from the Company’s transfer agent, Computershare. These VIFs are to be completed and returned to Computershare in accordance with the instructions. Computershare is required to follow the voting instructions properly received from NOBOs. Computershare will tabulate the results of the VIFs received from NOBOs and will provide voting instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

In accordance with the requirements of NI 54-101, the Company has distributed copies of the meeting materials to the intermediaries for onward distribution to OBOs. Intermediaries are required to forward the meeting materials to OBOs unless, in the case of certain proxy-related materials, the OBO has waived the right to receive them. Very often, intermediaries will use service companies to forward the meeting materials to OBOs. With those meeting materials, intermediaries or their service companies should provide OBOs with a “request for voting instruction form” which, when properly completed and signed by such OBO and returned to the intermediary or its service company, will constitute voting instructions which the intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the common shares that they beneficially own.

These proxy related materials are being sent to both registered shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Company has sent these proxy related materials directly to you, your name and address and information about your holdings of common shares have been obtained in accordance with applicable securities requirements from the intermediary on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at the date of this Management information Circular, 53,397,102 common shares without par value were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting. April 25, 2012 has been fixed by the directors of the Company as the record date for the purpose of determining those shareholders entitled to receive notice of and to vote at the Meeting.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company.



BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The financial statements for the fiscal year ended December 31, 2011 are contained in the 2011 Annual Report included with this Management Information Circular. These documents are also available on the Company's website at www.polarmin.com as well as on www.sedar.com.

APPOINTMENT OF AUDITORS

In accordance with the recommendations of the Company's Audit Committee, the board of directors of the Company (the "Board") recommends that shareholders vote for the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the Company's auditors to hold office until the next annual general meeting of Shareholders. PricewaterhouseCoopers LLP was first appointed as the Company's auditor on December 22, 2000.

ELECTION OF DIRECTORS

The number of directors for the Company is set by ordinary resolution of the shareholders of the Company. Management of the Company is seeking shareholder approval of an ordinary resolution determining the number of directors of the Company at five (5) for the ensuing year.

The persons below are management's nominees to the Board. Each director elected will hold office until the next annual general meeting or until his successor is duly elected or appointed, if his office is earlier vacated in accordance with the Articles of the Company or if he becomes disqualified to act as a director.

Nominees for Election as a Director

Terrence A. Lyons

British Columbia, Canada
Independent Director
Age: 62

Principal Occupation:
Corporate Director

Common Shares: 25,000
Stock Options: 297,000

Mr. Lyons' business background includes natural resources, manufacturing, real estate, merchant banking and corporate restructuring activities. Mr. Lyons is a director and officer of several public and private corporations including Lead Director and Chairman of the audit committee of Canaccord Financial Inc. and a director of Aurico Gold Inc., Diamonds North Resources Ltd., Sprott Resources Corp., Reliable Energy Ltd., Eacom Timber Corporation, and TTM Resources Inc. Mr. Lyons was formerly President and Managing Partner of B.C. Pacific Capital Corporation and a Managing Partner of Brookfield Asset Management for 18 years. He is past Chairman of Versatile Pacific Shipyards, Westmin Resources and the Mining Association of British Columbia and past Vice Chairman of Battle Mountain Gold. Mr. Lyons' community activities include serving as a director of the BC Pavilion Corporation and several charitable organizations.

Board and Committees	Date Joined	Attendance at Meetings during 2011
Board of Directors	April 2004	5 of 5
Audit Committee	May 2004	4 of 4
Governance, Compensation and Nominating Committee	December 2008	1 of 1

Eugene P. Martineau

Florida, USA
 Independent Director
 Age: 71

Principal Occupation:
 Principal, Martineau and
 Associates Consulting

Common Shares: Nil
 Stock Options: 100,000 **[NTD:
 insider filings show 50,000 options]**

Mr. Martineau was the founder and first president and CEO of U.S. Concrete Inc., which, under his guidance, became one of the largest concrete producers in the United States. In 2007, he left U.S. Concrete to found Martineau and Associates Consulting. He has served as a director and member of the Executive Committee of the National Ready Mixed Concrete Association (NRMCA) and has been elected as a lifetime honorary director. He served as the National Director of RMC 2000 from 1993 to 1997. RMC 2000 was a grass roots industry movement which facilitated monumental changes in the industry. He has served as a member of the Board of Trustees for the RMC Research & Education Foundation since its creation and served as chairman in 2004. Mr. Martineau was one of the founders, and served as the chairman, of the National Steering Committee for Concrete Industry Management (CIM). The CIM Program is now installed in five universities across the U.S. and is providing the industry with its future leaders. He currently serves as its Executive Director. In 2007, Mr. Martineau was selected by *Concrete Producer* magazine as one of the top influencers in the concrete industry. Mr. Martineau is the 2010 recipient of NRMCA's Lifetime Achievement Award for Promotion which is awarded to a ready-mix concrete industry professional whose career has demonstrated outstanding leadership, dedication and achievement in support of concrete promotion and industry advancement.

Board and Committees	Date Joined	Attendance at Meetings during 2011
Board of Directors	March 2010	5 of 5
Audit Committee	March 2010	3 of 3
Governance, Compensation and Nominating Committee	March 2010	1 of 1

Marco A. Romero

British Columbia, Canada
 Related Director
 Age: 50

Principal Occupation:
 President & CEO of
 Delta Gold Corporation,
 a mineral exploration and
 development company

Common Shares: 79,255
 Stock Options: 350,500

Mr. Romero is an entrepreneur with more than 30 years of diversified international experience in the mining and construction materials industries. He has held senior roles in exploration, environmental permitting, project development and mining operations, as well as mergers, acquisitions and corporate finance. Mr. Romero was co-founder of Polaris Minerals Corporation and served as its President and CEO from 1999 to 2008. He was Senior Vice President, Corporate Development for Ivanhoe Mines Ltd. from 1998 to 2000 and was a co-founder and Executive Director of Eldorado Gold Corporation from 1991 to 1998. He was also the founder and president of a Canadian mineral exploration services firm from 1983 to 1991.

Board and Committees	Date Joined	Attendance at Meetings during 2011
Board of Directors	May 1999	4 of 5

Paul B. Sweeney

British Columbia, Canada
 Independent Director
 Age: 61

Principal Occupation:
 Independent Business Consultant

Common Shares: 11,150
 Stock Options: 297,000

Mr. Sweeney has fulfilled a number of roles as an advisor to companies, primarily those engaged in natural resource development. During 2011 he was consultant to Keegan Resources, a junior gold mining company, and prior to that a commercial advisor for Plutonic Power Corporation, an independent power producer. From January 2007 through December 2010 he was a senior executive for Plutonic before reducing his duties in January 2011. He was an independent business and financial consultant from 2005 to 2007, after having served, among other roles, as Chief Financial Officer for both Canico Resource Corp. (acquired by Vale) and Sutton Resources (acquired by Barrick Gold). Mr. Sweeney has more than 30 years' experience in financial management of mining and renewable energy companies. Mr. Sweeney is also on the Boards of Alterra Power Corp., Tahoe Resources Inc. and Mongolia Growth Group, Inc.

Board and Committees	Date Joined	Attendance at Meetings during 2011
Board of Directors	April 2004	5 of 5
Audit Committee	August 2004	4 of 4
Governance, Compensation and Nominating Committee	December 2008	1 of 1

Herbert G. A. Wilson

British Columbia, Canada
 Related Director
 President & Chief Executive Officer
 Age: 61

Principal Occupation:
 President & Chief Executive Officer
 of the Company

Common Shares: 304,825
 Stock Options: 519,792

Mr. Wilson has over 35 years of experience in the development and operation of construction materials and industrial minerals operations. Mr. Wilson joined Polaris Minerals Corporation in 2001, prior to which he was President of United States Lime & Minerals Inc., a NASDAQ-listed public company producing lime products and construction materials from limestone quarries located in the south-central states. From 1992 to 1998, he was a founding director and Executive Vice-President and Chief Operating Officer of Global Stone Corporation, a Toronto-listed public company producing construction aggregates and lime products.

Board and Committees	Date Joined	Attendance at Meetings during 2011
Board of Directors	July 2008	5 of 5

Corporate Cease Trade Orders and Bankruptcies

Except as set out below, no proposed Director of the Company:

- a) is, as of the date of this Management Information Circular, or has been, within ten years before the date of this Management information Circular, a director, chief executive officer or chief financial officer of a company (including the Company) that
 - i. was subject to an order (a cease trade order, order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation that was in effect for a

- period of more than 30 consecutive days) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- ii. was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - b) is, at the date of this Management Information Circular, or has been within ten years before the date of this Management Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to holds its assets; or
 - c) has, within ten years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Terrence A. Lyons was a director and executive officer of FT Capital Ltd. which was subject to cease trade orders in each of the provinces of British Columbia, Alberta, Manitoba and Ontario due to the failure of FT Capital Ltd. to file financial statements since the financial year ended December 31, 2001. FT Capital Ltd. was liquidated in June 2009 and Mr. Lyons ceased to be a director. Mr. Lyons is also a director of Royal Oak Ventures Inc. ("Royal Oak") which is currently subject to cease trade orders in each of the provinces of British Columbia, Alberta, Ontario and Quebec due to the failure of Royal Oak to file financial statements since the financial year ended December 31, 2003. Royal Oak's financial restructuring is ongoing. Mr. Lyons was a director of International Utility Structure Inc. ("IUSI") which, on October 17, 2003, was granted creditor protection by the Court of Queen's Branch of Alberta under the *Companies' Creditors Agreement Act* (Canada) ("CCAA"). On March 31, 2005, an order was granted approving the final IUSI restructuring plan under the CCAA at which time Mr. Lyons resigned as a director. Mr. Lyons was elected to the board of directors of each of FT Capital Ltd., Royal Oak, and IUSI largely because of his valuable experience and expertise in financial restructurings in the insolvency context.

Penalties and Sanctions

Other than as set out herein, no proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding to vote for a proposed director.

RECONFIRMATION OF EXISTING STOCK OPTION PLAN

The Company's Incentive Stock Option Plan (the "Option Plan"), which is summarized below under the heading "*Statement of Executive Compensation – Incentive Plan Awards*", was last amended and restated as of May 16, 2006 and was reconfirmed by shareholders, in accordance with the policies of the TSX, at the 2009 Annual General Meeting of the Company on June 4, 2009. In accordance with TSX policy, the Option Plan is again being presented for reconfirmation at this year's Meeting. A copy of the Option Plan is attached as *Schedule A* to this Circular.

At the Meeting, shareholders will be asked to pass the resolutions set out below reconfirming the existing Option Plan. Pursuant to the policies of the TSX, all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum number of securities issuable, must be



approved by the listed issuer's securityholders every three years after the institution of the arrangement. The Company's Option Plan was last reconfirmed by shareholders on June 4, 2009. Failure to obtain securityholder approval at this year's Meeting would result in all unallocated options, rights or other entitlements being cancelled and the Company not being permitted to make further grants until securityholder approval is obtained. Outstanding options will remain unaffected, but options that have been cancelled or have expired will not be available for subsequent grants under the Option Plan.

Shareholders will therefore be requested to approve the following resolution:

WHEREAS:

1. the Board of Directors adopted, effective April 23, 2001, and as amended from time to time, an incentive stock option plan (the "Option Plan") which does not have a fixed maximum number of common shares issuable;
2. the shareholders of the Company last approved the Amended and Restated Option Plan, by a majority of votes cast, on May 16, 2006, and reconfirmed the Option Plan on June 4, 2009;
3. the rules of Toronto Stock Exchange provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement which does not have a fixed number of maximum securities issuable be approved by shareholders every three (3) years;

BE IT RESOLVED THAT:

1. all unallocated options, rights or other entitlements under the Option Plan be and are hereby approved and the Option Plan is reconfirmed;
2. the Company have the ability to continue granting options under the Option Plan until June 6, 2015, that is until the date that is three (3) years from the date where shareholder approval is being sought; and
3. any one or more directors or officers of the Company be and is hereby authorized to execute any other documents as such one or more directors or officers deems necessary to give effect to the foregoing resolutions."

At the Meeting, Management of the Company will recommend that shareholders vote **IN FAVOUR** of the foregoing resolutions, and the persons named in the enclosed form of proxy intend to vote for the approval of the foregoing resolutions at the Meeting unless otherwise directed by the shareholders appointing them.

A copy of the Option Plan which is attached as *Schedule A* to this Circular may be obtained by any shareholder by request to the Secretary of the Company at Suite 2740, PO Box 11175, 1055 West Georgia Street, Vancouver, BC, V6E 3R5, telephone number (604) 915-5000.



STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Strategy

The Company's general approach with regard to executive compensation is to recognize the need to retain high caliber executives by providing market competitive salaries; to reward individual and corporate performance via annual bonus awards; and to motivate executives over the long term to remain with the Company and enhance shareholder value through incentive stock options and, in some instances, milestone bonuses.

Polaris engaged the services of an independent compensation consultant, for the purpose of establishing an executive compensation policy, in 2007. Polaris has not since engaged such services and, at this time, the Company has no current dataset of comparable salaries against which to benchmark its compensation structure.

Compensation Committee

The Company has a Governance, Compensation and Nominating Committee (referred to in this section as the "Compensation Committee"), the current members of which are Terrence A. Lyons (Chair), Eugene P. Martineau, and Paul B. Sweeney, all independent directors.

The Compensation Committee is charged with establishing a remuneration and benefits plan for directors, executives and other key employees. To that end, the Compensation Committee is responsible for establishing the Company's general compensation philosophy, overseeing the development and implementation of compensation programs, review and approve corporate goals and objectives relevant to the compensation of the CEO and evaluate the performance of the CEO in light of those goals and objectives, and to recommend stock option grants to the Board for approval. The Compensation Committee bases its executive compensation decisions primarily upon the recommendations of the Company's President and CEO (the "CEO").

Adjustments

There are no formal policies in place regarding the adjustment or recovery of compensation payments or payables if the conditions on which compensation is based are restated or adjusted to reduce the compensation payment or payable. Given that compensation is not determined on the basis of specific or measurable performance goals, there would be no situation in which an adjustment or recovery could be carried out.

Hedging

The Company is silent with regard to Named Executive Officers ("NEOs" as later defined) and director purchases of financial instruments designed to hedge or offset a decrease in the market value of Company equities held by NEOs and directors.

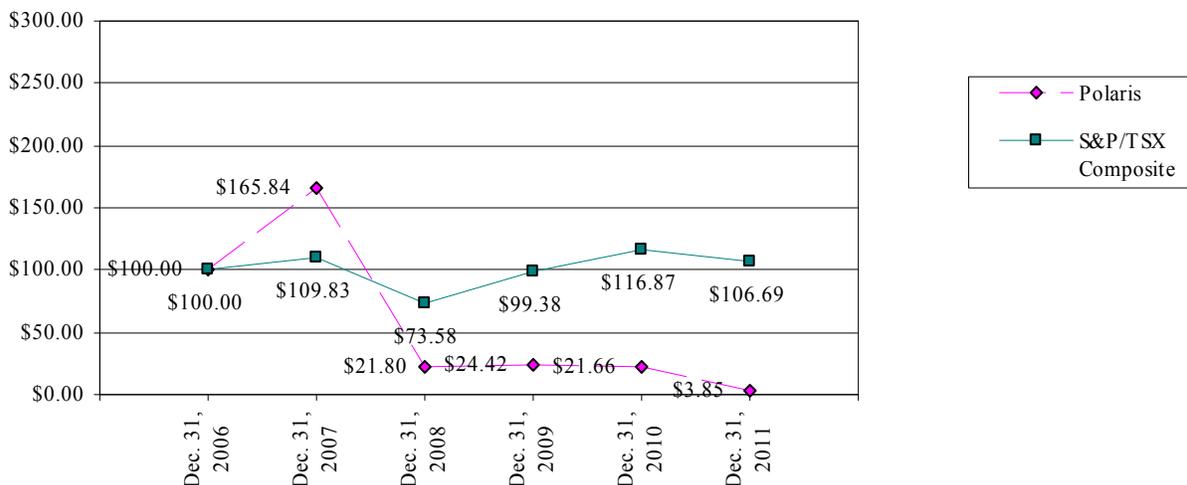
Risk

The Company's executive compensation structure is currently comprised of simple and straightforward elements that carry little or no risk which would or might cause the NEOs to take risks that are inappropriate to or would have an adverse effect on the Company. No change has been made to the Company's compensation strategy for several years and, therefore, the Compensation Committee and the Board have not carried out an assessment of the risks associated with the Company's executive compensation policies and practices.

Performance graph

The following graph illustrates the cumulative shareholder return on \$100 invested in the Company's common shares relative to the cumulative return on the S&P/TSX Composite Index for the five most recently completed financial years.

CUMULATIVE VALUE OF \$100 INVESTMENT ASSUMING REINVESTMENT OF DIVIDENDS



	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2011
Polaris	\$100.00	\$165.84	\$21.80	\$24.42	\$21.66	\$3.85
S&P/TSX Composite	\$100.00	\$109.83	\$73.58	\$99.38	\$116.87	\$106.69

Compensation In Relation To Shareholder Return

Shareholder return increased after the Company's initial public offering in January 2006, a time of active development for the Company, and reached a peak in 2007 when construction of the Company's principal asset, the Orca Quarry, was completed and construction aggregate sales from the project commenced. An unprecedented, industry-wide, decline in market demand for construction aggregates began in 2007 and continued through the following three years before bottoming out mid-2011. The decline in shareholder return that began in 2008 reflected not only this dramatic decline in demand, particularly in the Company's major market of California, but also the impact of the worldwide economic recession and liquidity crisis which occurred simultaneously. A recovery in sales volumes began during the second half of 2011 and is projected to continue through 2012. Unfortunately, longer term projections are presently difficult because of the divisive political situation in the U.S. that has caused programs which would significantly improve the outlook for construction activity to remain stalled in Congress.



Therefore, as the S&P/TSX Composite Index began to reflect the economic recovery experienced in Canada, beginning in late 2009, the relative value of the Company's shares continue to reflect the historically low levels of construction aggregates demand. Another crucial factor is that the lack of market demand has made it impossible for the Company to increase selling prices as predicted at the time of its IPO which was based on independent marketing advice and historical trends; thus the overall performance of the Company created the disconnect between the two values shown in the previous table.

These unprecedented economic and market challenges, along with the Company's liquidity position, has made it appropriate for Polaris to conserve cash in all areas. Accordingly, no annual incentive bonuses were paid in 2011 and only extremely modest "cost of living" increases in executive base salaries were implemented with an effective date of July, 1, 2011.

Elements of Executive Compensation

The elements of the compensation structure for Named Executive Officers ("NEOs" as defined under *Summary Compensation Table* below) include: 1) base salary, 2) annual bonus awards, 3) milestone bonuses, 4) incentive stock options, and 5) retirement plan contributions, personal benefits and perquisites.

1) Base salary

The primary element of the Company's executive compensation is base salary. As previously noted, Polaris last engaged the services of an independent compensation consultant in 2007 and, therefore, does not have current comparables against which to determine NEO base salaries. Salary increases from 2009 onwards have been conservative in light of both industry market conditions and the Company's financial position. (See *Compensation In Relation To Shareholder Return*.)

Specific, measurable corporate or individual performance goals based on objective, identifiable measures have not been set as a basis for determining salary. The CEO informally communicates corporate priorities on a subjective basis during day to day operations and planning, and the NEOs participate in occasional meetings attended by executive and senior management during which corporate priorities may be discussed.

Annually, the Company's CEO provides recommendations to the Compensation Committee regarding potential base salary changes for all NEOs. The CEO's recommendations are based on his subjective evaluation of each NEO's performance over the previous year and the Company's need to retain its small team of key executives. Based on these recommendations and at its discretion, the Compensation Committee determines the amount of base salary for each NEO.

2) Annual bonus awards

Polaris does not currently have comparable compensation data to assist in determining NEO appropriate annual bonus awards. As detailed later in this section, most NEO employment agreements refer to annual bonus award amounts, whether in fixed dollars or as a percentage of base salary; however, the Company has not established any corporate or individual pre-determined and approved targets or objectives on which to base the determination of annual bonus award amounts. Annually, the Company's CEO provides recommendations to the Compensation Committee regarding potential annual bonus awards for all NEOs. These recommendations are based on a subjective evaluation of each NEO's performance over the previous year as well as the Company's ability to fund potential bonuses. Based on these recommendations, and at its discretion, the Compensation Committee determines the amount of annual bonuses, if any to be awarded to each NEO.

3) Milestone Bonuses

Milestone bonuses, established prior to the Company commencing to operate, are currently contracted for Mr. Wilson and Mr. Singleton, as disclosed elsewhere in this *Statement of Executive Compensation*, in order to



encourage and recognize the commitment of those specific NEOs to develop the Company, and are awarded to upon the achievement of specific and measurable goals related to the Company's long term performance.

4) Incentive Stock Options

Annually, the Company's CEO provides recommendations to the Compensation Committee regarding potential incentive stock options grants for all NEOs. Polaris does not currently have comparable compensation data to consider in the determination of NEO incentive stock option awards. Rather, the CEO's recommendations are based on a subjective evaluation of each NEO's performance, the number of incentive stock options available to be granted, the number of options previously granted to each NEO and the market value of the Company's common shares. The Company has not established any corporate or individual pre-determined and approved targets or objectives on which to base the consideration of incentive stock option rewards. Based on the CEO's recommendations and at its discretion, the Compensation Committee then makes its recommendations to the Board with regard to the potential granting of options, including the number of options to be granted, grant date and vesting terms. All option grants are approved by the Board in accordance with the Company's Incentive Stock Option Plan. Because of the Company's stock market performance during this period of severe recession, none of the currently outstanding stock options are 'in the money' and therefore this plan is presently not a useful method for incentivizing and retaining employees.

Options are not granted if the Company is under a trading black-out in accordance with its corporate disclosure policy (see *Report on Corporate Governance – Ethical Business Conduct*). If a trading black-out is in effect at a time when the Board would otherwise grant options, such option grants are postponed until the conclusion of the trading black-out at which time the grant date of such options is set at two full trading days after the conclusion of the trading black-out in accordance with the corporate disclosure policy.

5) Retirement plan contributions, personal benefits and perquisites

The Company matches employee contributions, up to three and five percent, in a Company-provided group RRSP for Canadian employees and up to six percent in a Company-provided 401(k) for American employees (collectively referred to as retirement plan contributions). This benefit is offered to all permanent full time employees of the Company and its subsidiary companies. Participation is voluntary to all employees. Mr. Wilson has elected not to receive this benefit and Mr. Singleton is not eligible to participate.

Personal benefits provided to the NEOs, being group health and life insurance, are available to all permanent full time employees of the Company and its subsidiary companies.

Other perquisites are provided to NEOs as compensation for those specific positions. During the financial years reported herein, none of the NEOs received any perquisites which, in the aggregate, were greater than US\$50,000 or 10% of the respective NEO's salary other than the reimbursement of re-location and moving expense to Mr. Palko in accordance with his employment agreement.

SUMMARY OF COMPENSATION

Currency

The Company's reporting currency is the United States dollar ("US\$"). The base salaries, annual bonus awards, milestone bonuses, retirement plan contributions, perquisites and personal benefits paid to the Company's Canadian based NEOs are paid in Canadian dollars ("CAD\$") and the same are paid to American based NEOs in US\$. All incentive stock options are granted and exercisable in CAD\$. Both currencies are provided in this *Statement of Executive Compensation* in order to facilitate an understanding of the compensation under discussion.



For the purpose of the Company’s financial reporting, and used in the disclosure herein, CAD\$ amounts are translated to US\$ using the three-month average exchange rate in each respective quarter. These exchange rates are used for all compensation reported herein, other than option based awards, and are as follows:

For the year ended December 31, 2011	Q1 2011	CAD\$1.00 = US\$1.0145
	Q2 2011	CAD\$1.00 = US\$1.0335
	Q3 2011	CAD\$1.00 = US\$1.0196
	Q4 2011	CAD\$1.00 = US\$0.9775
For the year ended December 31, 2010	Q1 2010	CAD\$1.00 = US\$0.9614
	Q2 2010	CAD\$1.00 = US\$0.9731
	Q3 2010	CAD\$1.00 = US\$0.9624
	Q4 2010	CAD\$1.00 = US\$0.9874
For the year ended December 31, 2009	Q1 2009	CAD\$1.00 = US\$0.8028
	Q2 2009	CAD\$1.00 = US\$0.8570
	Q3 2009	CAD\$1.00 = US\$0.9108
	Q4 2009	CAD\$1.00 = US\$0.9468

Translation rates for the purpose of calculating the value of option based awards are December 31 spot rates as follows:

2011	CAD\$1.00 = US\$0.9833
2010	CAD\$1.00 = US\$1.0054
2009	CAD\$1.00 = US\$0.9515

Fair Value

The fair value of options granted is established in accordance with Section 3870 of the CICA Handbook using the Black-Scholes option pricing model with the following assumptions:

Average risk free rate:	2.92%
Expected life:	5.3 years
Expected volatility:	63.47%
Expected dividends:	None

SUMMARY COMPENSATION TABLE

The following table provides a summary of compensation paid, directly or indirectly, to the following persons, collectively, the Named Executive Officers or NEOs, for the three most recently completed financial years ending on or after December 31, 2008:

- (a) Chief Executive Officer (“CEO”);
- (b) Vice President, Finance (“VPF”) who acts in the capacity of Chief Financial Officer;
- (c) the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and VPF, at the end of the most recently completed financial year whose total compensation was individually more than \$150,000; and
- (d) each individual who would be an NEO under (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

Name and principal position	Year	Salary (US\$)	Share-based Awards (US\$)	Option-based Awards (US\$)	Non-Equity incentive plan compensation (US\$)		Pension Value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans (Annual Bonus Awards)	Long-term incentive plans (Milestone Bonuses)			
Herbert G.A. Wilson President & CEO	2011	309,847	n/a	Nil	Nil	Nil	n/a	Nil	309,847
	2010	295,061	n/a	Nil	Nil	Nil	n/a	Nil	295,061
	2009	259,408	n/a	75,948	28,404	Nil	n/a	Nil	363,760
David F. Singleton President, Eagle Rock Aggregates, Inc. <i>See: Note 1</i>	2011	290,440	n/a	Nil	Nil	Nil	n/a	Nil	290,440
	2010	280,160	n/a	Nil	Nil	Nil	n/a	Nil	280,160
	2009	272,000	n/a	75,948	20,000	Nil	n/a	Nil	367,948
William B. Terry CEO, Eagle Rock Aggregates, Inc.	2011	249,544	n/a	Nil	Nil	n/a	n/a	Nil	249,544
	2010	247,200	n/a	Nil	Nil	n/a	n/a	16,932	264,132
	2009	240,000	n/a	70,884	20,000	n/a	n/a	14,660	345,544
Kenneth M. Palko Vice President, Operations	2011	193,970	n/a	Nil	Nil	n/a	n/a	Nil	193,970
	2010	179,412	n/a	Nil	Nil	n/a	n/a	8,971	179,412
	2009	157,733	n/a	50,632	7,574	n/a	n/a	42,756	258,695
Darren K. McDonald Vice President, Finance	2011	160,069	n/a	Nil	14,663	n/a	n/a	Nil	160,069

Note 1: The contract remuneration for Mr. Singleton includes an allowance for the costs of maintaining an office for Eagle Rock Aggregates, Inc. in Roswell, GA, together with support services.

Notes to Summary Compensation Table – Conversion Methods

Salaries paid in CAD\$ were translated to US\$ using the three-month average exchange rates as identified in the earlier section entitled *Currency and Fair Value*.

All incentive stock options are granted and exercisable in CAD\$. Grant date fair value was calculated using the Black-Scholes option pricing model with assumptions as described in the earlier section entitled *Currency and Fair Value* and then translated to US\$ using the Bank of Canada noon exchange rate on the option grant date.

Non-equity incentive compensation (annual bonus awards and milestone bonuses) paid in CAD\$ are translated to US\$ using the appropriate three-month average exchange rate as identified earlier in *Currency and Fair Value*. No annual bonus awards or milestone bonuses were awarded in 2011.



Notes to Summary Compensation Table – Named Executive Officer (NEO) Details

Herbert G. A. Wilson
President and Chief Executive Officer; Director

Mr. Wilson was appointed Senior Vice President and Chief Operating Officer of the Company under an agreement dated May 12, 2004. On July 14, 2008, the Company entered into a second employment agreement with Mr. Wilson which provided that Mr. Wilson would assume the position of President and Chief Executive Officer of the Company effective January 1, 2009 and that, effective July 14, 2008, Mr. Wilson would receive an annual salary, payable in CAD\$, of CAD\$295,000 subject to subsequent annual adjustments and an annual bonus to a maximum of 45% of base salary, subject to approval by the Board of Directors.

The 2004 agreement provided that Mr. Wilson be eligible for certain milestone bonuses which were reconfirmed in the second, 2008, employment agreement, consisting of CAD\$200,000 upon first achieving the sale of two million tonnes of construction aggregates from the Company’s projects within a calendar year. This milestone was achieved, and the bonus paid, in 2008. The agreements also provided that Mr. Wilson be eligible for an additional milestone bonus of CAD\$200,000 upon first achieving sales from the Company’s projects, in aggregate, in excess of four million tonnes within a calendar year, an event which has not yet taken place.

The agreement also provides for termination payments and benefits as described later in the section entitled *Termination and Change of Control Benefits*.

All compensation payable to Mr. Wilson is paid in CAD\$. During the three most recently completed financial years, Mr. Wilson earned the following compensation paid in CAD\$ (which is reflected in US\$ in the earlier *Summary Compensation Table*):

Year	Base Salary (CAD\$)	Number of Option Based Awards (Incentive Stock Options) Granted	Annual Bonus Awards (CAD\$)	Milestone Bonuses (CAD\$)	All Other Compensation (CAD\$)
2011	306,425	200,000	Nil	Nil	Nil
2010	303,850	Nil	Nil	Nil	Nil
2009	295,000	75,000	30,000	Nil	Nil

Mr. Wilson has elected not to participate in the RRSP contribution benefit, therefore, compensation under *All Other Compensation* is nil.

Mr. Wilson’s compensation is for his NEO role only. He receives no additional compensation for his service as a director.

David F. Singleton
President, Eagle Rock Aggregates, Inc.

On May 12, 2004, Polaris Aggregates Inc., a subsidiary of the Company, entered into a services agreement with Proconsult UK Ltd. (“Proconsult”), a company controlled by David Singleton. Mr. Singleton is the President of Eagle Rock Aggregates, Inc., the Company’s US marketing and distribution subsidiary. He is also a director of several other subsidiaries of the Company. The agreement commenced on July 1, 2004 for a five year term and was renewed on July 1, 2009 for a subsequent three year term.

The services agreement provides that Proconsult provide management services in relation to identifying, securing and developing port terminal and distribution sites on the North American Pacific coast, and the management of related engineering, environmental, marketing and financial evaluations.

The services agreement provides that Proconsult receive an annual fee, subject to annual adjustments, as well as a fixed annual sum with respect to the cost of maintaining an office and providing an administrative support person, the sum of which is shown in the *Summary Compensation Table* column entitled “Salary”. The agreement also provides for the reimbursement of reasonable expenses incurred during the execution of contracted duties including the reimbursement of health insurance costs for Mr. Singleton and the administrative support person. 75% of Proconsult’s time is provided to the Company.

The services agreement provides that, while Proconsult remains under contract, it is eligible for a milestone bonus of US\$300,000 upon the Company first achieving sales from its projects, in aggregate, in excess of four million tonnes within a calendar year, an event which has not yet taken place.

The agreement also provides for termination payments and benefits as described later in the section entitled *Termination and Change of Control Benefits*.

All fees and compensation payable to Proconsult are paid in US\$ other than incentive stock options which are granted and exercisable in CAD\$. During the three most recently completed financial years, Proconsult earned the following monetary compensation paid in US\$ (which is also reflected in the earlier *Summary Compensation Table*) and Mr. Singleton was granted the following stock options:

Year	Base Salary (Annual Fee and Office Expenses) (US\$)	Number of Option Based Awards (Incentive Stock Options) Granted	Annual Bonus Awards (US\$)	Milestone Bonuses (US\$)	All Other Compensation (US\$)
2011	290,440	100,000	Nil	Nil	Nil
2010	280,160	Nil	Nil	Nil	Nil
2009	272,000	75,000	20,000	Nil	Nil

Mr. Singleton is not eligible to participate in the 401(k) benefit, therefore, compensation under *All Other Compensation* is nil.

William B. Terry
Chief Executive Officer, Eagle Rock Aggregates, Inc.

Mr. Terry commenced employment with Eagle Rock Aggregates, Inc., a subsidiary of the Company, on June 28, 2006, as General Manager, California Operations. On January 1, 2009, Mr. Terry was appointed Chief Executive Officer of Eagle Rock Aggregates, Inc. with no change made to his employment agreement.

Mr. Terry’s employment agreement provides for an annual base salary, subject to annual adjustments, and an annual bonus, if any, with a target award of US\$45,000 to be determined by the Board of Directors of the Company.

The agreement also provides for termination payments and benefits as described later in the section entitled *Termination and Change of Control Benefits*.

All fees and compensation payable to Mr. Terry are paid in US\$ other than incentive stock options which are granted and exercisable in CAD\$. During the three most recently completed financial years, Mr. Terry earned the following compensation in US\$ (which is also reflected in the earlier *Summary Compensation Table*):

Year	Base Salary (US\$)	Number of Option Based Awards (Incentive Stock Options) Granted	Annual Bonus Awards (US\$)	Milestone Bonuses (US\$)	All Other Compensation (US\$)
2011	249,544	100,000	Nil	n/a	18,857
2010	247,200	Nil	Nil	n/a	16,932
2009	240,000	70,000	20,000	n/a	14,660

The amounts under *All Other Compensation* are the total Company contributions made to Mr. Terry's 401(k) account under the Company's 401(k).

Kenneth M. Palko
Vice President, Operations

On December 14, 2007, the Company entered into an employment agreement with Kenneth M. Palko pursuant to which Mr. Palko was appointed Vice President, Technical Services of the Company effective February 18, 2008. This employment agreement provides for an annual base salary subject to annual adjustments, and an annual bonus, if any, with a target award of 15% of base annual salary in 2008 and 20% of base annual salary in 2009, subject to approval by the Board of Directors of the Company. The agreement also included the reimbursement of re-location expenses to a maximum of CAD\$50,000, as well as reasonable moving expenses.

The agreement also provides for termination payments and benefits as described later under the section entitled *Termination and Change of Control Benefits*.

In June, 2011, Mr. Palko's responsibilities were expanded to include management of the Company's Orca Quarry and his title changed to Vice President, Operations.

All compensation payable to Mr. Palko is paid in CAD\$. During the three most recently completed financial years, Mr. Palko earned the following compensation paid in CAD\$ (which is reflected in US\$ in the earlier *Summary Compensation Table*):

Year	Base Salary (CAD\$)	Number of Option Based Awards (Incentive Stock Options) Granted	Annual Bonus Awards (CAD\$)	Milestone Bonuses (CAD\$)	All Other Compensation (CAD\$)
2011	191,880	80,000	Nil	n/a	9,594
2010	184,756	Nil	Nil	n/a	9,238
2009	179,375	50,000	8,000	n/a	52,403

The 2011 and 2010 amounts under *All Other Compensation* are the total Company contributions made to Mr. Palko's RRSP account under the Company's group RRSP. The 2009 amount under *All Other Compensation* is comprised of both the total Company contributions made to Mr. Palko's RRSP account and reimbursement of re-location and moving expenses, as per his employment agreement, in the amounts of CAD\$8,969 and CAD\$43,434 respectively.

Darren K. McDonald
Vice President, Finance

Mr. McDonald joined the Company in January, 2009 in the position of Controller and received stock options that were granted upon his joining. In May, 2011, he was appointed Vice President, Finance as a consequence of the Company's former CFO departing. Recognizing his importance at this critical time, the Company offered to pay Mr.



McDonald a bonus of \$15,000 at December 31, 2011, which was duly paid. Mr. McDonald's service is not presently governed by a contract. He was deemed to be an NEO for the first time in 2011.

Year	Base Salary (CAD\$)	Number of Option Based Awards (Incentive Stock Options) Granted	Annual Bonus Awards (CAD\$)	Milestone Bonuses (CAD\$)	All Other Compensation (CAD\$)
2011	158,427	80,000	15,000	n/a	4,689

INCENTIVE PLAN AWARDS

Incentive Stock Option Plan

The Company's Incentive Stock Option Plan (the "Option Plan"), which is summarized below, was last amended and restated as of May 16, 2006 and was re-confirmed by the shareholders, in accordance with the policies of the TSX, at the 2009 Annual General meeting of the Company which took place on June 4, 2009. It is the Company's intention to seek a further reauthorization of the Stock Option Plan, without change, and approval of the unallocated entitlements thereunder, at this years' meeting of shareholders as set out earlier in this Circular.

The purpose of the Option Plan is to attract and retain superior directors, officers, advisors, employees and other persons or companies engaged to provide ongoing services to the Company as incentive for such persons to put forth maximum effort for the continued success and growth of the Company and, in combination with these goals, to encourage their participation in the performance of the Company.

The Option Plan reserves a maximum of 10% of the issued and outstanding common shares pursuant to options granted under the Option Plan, currently 5,339,710 shares. As of the date hereof, options to acquire an aggregate of 3,766,709 shares are outstanding under the Option Plan, representing approximately 7.1% of the issued and outstanding common shares. Options which have expired, were cancelled or otherwise terminated without having been exercised, and those which have been exercised are available for subsequent grants under the Option Plan.

The Option Plan provides that the Board of Directors may, from time to time, grant options to acquire all or part of the common shares, subject to the Option Plan, to directors, officers, advisors, employees, and other persons or companies engaged to provide ongoing services to the Company. The options are non-assignable and non-transferable other than by will or by laws governing the devolution of property in the event of death. Each option entitles the holder to one common share. The exercise price for options granted pursuant to the Option Plan is determined by the Board of Directors on the date of the grant, which price may not be less than the market value. Market value is defined under the Option Plan as the closing price of the common shares on the TSX on the trading day immediately preceding the grant day and, if there is no closing price, the price of last sale prior thereto. The term of the options granted is determined by the Board of Directors, which term may not exceed a maximum of ten years from the date of the grant. The Board also has the authority to determine the vesting conditions of the options and certain other terms and conditions of the options. Options granted under the Option Plan may be exercised as soon as they have vested. The Option Plan does not contemplate that the Company will provide financial assistance to any optionee in connection with the exercise of options.

In accordance with the rules of the Option Plan and the TSX, options granted under the Option Plan are subject to certain restrictions which include:

- a) The number of common shares which may be issued pursuant to the Option Plan to any one person in any one year may not exceed 5% of the common shares issued and outstanding on a non-diluted basis from time to time;

- b) The number of common shares which may be reserved for issuance pursuant to the Option Plan (or any other share compensation arrangement) to all insiders of the Company may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time; and
- c) The number of common shares which may be issued pursuant to the Option Plan (or any other share compensation arrangement) to all insiders of the Company within a one-year period may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time.

An optionee whose employment with the Company is terminated as a result of retirement, disability or redundancy will have 60 days from the date of termination to exercise any options that had vested as of the termination date. An optionee whose employment with the Company is terminated, other than for cause, at any time in the six months following a change of control of the Company, shall have 90 days from the date of termination to exercise any options granted, and all options granted will immediately vest on the date of the termination. In the event of the death of an optionee, either prior to termination or after retirement or disability, the optionee's legal representative will have one year from the date of the optionee's death to exercise any options that had vested on the date of the optionee's death. In the event of any other termination, the optionee shall have 30 days from the date of termination to exercise any options that had vested as of the termination date. In the event that an optionee is terminated for cause, any options not exercised prior to the termination date shall lapse. Notwithstanding the foregoing, no option shall be exercisable following the expiration of the option period applicable thereto.

In the event that the Company:

- a) subdivides, consolidates or reclassifies the Company's outstanding common shares, or makes another capital adjustment or pays a stock dividend, the number of common shares receivable under the Option Plan will be increased or decreased proportionately; and
- b) amalgamates, consolidates with or merges with or into another body corporate, holders of options under the Option Plan will, upon exercise thereafter of such option, be entitled to receive and compelled to accept, in lieu of common shares, such other securities, property or cash which the holder would have received upon such amalgamation, consolidation or merger if the option was exercised immediately prior to the effective date of such amalgamation, consolidation or merger.

Subject, where required, to the approval of the TSX, and/or applicable securities regulatory authorities, the Board may, from time to time, amend, suspend or terminate the Option Plan in whole or in part.

In addition, the Option Plan and any outstanding options may be amended or terminated by the Board if the amendment or termination is required by any securities regulatory, a stock exchange or a market as a condition of approval to a distribution to the public of the common shares or to obtain or maintain a listing or quotation of the common shares.

The Board may also amend or terminate any outstanding options, including, but not limited to, substituting another award of the same or of a different type or change the date of exercise, provided, however, that the holder of the option must consent to such action if it would materially and adversely affect the holder.

A copy of the Option Plan may be obtained by any shareholder by request to the Secretary of the Company at Suite 2740, PO Box 11175, 1055 West Georgia Street, Vancouver, BC V6E 3R5 or by email to hwilson@polarmin.com.

Outstanding Share-Based Awards and Option-Based Awards

Outstanding share-based awards and option-based awards for NEOs as at December 31, 2011, the end of the Company's most recently completed financial year, are set out in the following table:

Name	Option-based Awards					Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)		Option expiration date	Value of unexercised in-the-money options (US\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US\$)
		CAD\$	US\$				
Herbert G. A. Wilson President & CEO	200,000	0.94	0.92	1-Jun-2021	Nil	133,333	Nil
	75,000	1.99	2.00	06-Jul-2019	Nil		
	100,000	4.50	4.58	16-Jul-2013	Nil		
	6,042	5.60	5.63	16-May-2016	Nil		
	60,000	11.41	11.47	01-Jan-2013	Nil		
	78,750	13.75	13.82	04-Oct-2017	Nil		
David F. Singleton President, Eagle Rock Aggregates Inc.	100,000	0.94	0.92	1-Jun-2021	Nil	66,667	Nil
	5,000	1.00	1.01	21-Oct-2012	Nil		
	75,000	1.99	2.00	06-Jul-2019	Nil		
	5,000	2.00	2.01	16-Jan-2013	Nil		
	5,000	2.75	2.76	15-Jan-2014	Nil		
	5,000	4.00	4.02	20-Jan-2015	Nil		
	10,000	4.80	4.83	23-Jan-2016	Nil		
	60,000	11.41	11.47	01-Jan-2013	Nil		
78,750	13.75	13.82	04-Oct-2017	Nil			
William B. Terry CEO, Eagle Rock Aggregates Inc.	100,000	0.94	0.92	17-Jun-2021	Nil	66,667	Nil
	70,000	1.99	2.00	06-Jul-2019	Nil		
	80,000	4.80	4.83	30-Jun-2013	Nil		
	70,000	11.41	11.47	01-Jan-2013	Nil		
Kenneth M. Palko Vice President, Technical Services	80,000	0.94	0.92	17-Jun-2021	Nil	53,333	Nil
	50,000	1.99	2.00	06-Jul-2019	Nil		
	85,000	8.69	8.74	17-Feb-2018	Nil		
Darren K. McDonald Vice President, Finance	80,000	0.94	0.92	17-Jun-2021	Nil	53,333	Nil
	25,000	1.49	1.50	4-Jan-2019	Nil		

Incentive stock options are granted and exercisable in CAD\$. The value of unexercised in-the-money options noted above is based on the TSX market closing price of the Company's common shares on December 31, 2011, being CAD\$0.265. Option exercise prices and 2011 year-end market closing price were translated from CAD\$ to US\$ using the December 31, 2011 spot rate of CAD\$1.00 = US\$0.9833 (see *Currency and Fair Value* earlier in this document).

Typically, the vesting terms of stock options awards granted to NEOs are as follows: one-third of the options vest immediately upon the grant date, one-third vest one year after the grant date, and the remaining one-third vest two years after the grant date, with a term of ten years from the date of grant.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table discloses incentive plan awards, including annual incentive bonuses and contracted milestone bonuses, awarded during the year ended December 31, 2011:

Name	Option-based awards Value vested during the year (US\$)	Share-based awards Value vested during the year (US\$)	Non-equity incentive plan compensation Value earned during the year (US\$)
Herbert G.A. Wilson	Nil	n/a	Nil
David F. Singleton	Nil	n/a	Nil
William B. Terry	Nil	n/a	Nil
Kenneth M. Palko	Nil	n/a	Nil
Darren K. McDonald	Nil	n/a	14,663

PENSION PLAN BENEFITS

The Company does not have any defined benefit or defined contribution plans.

TERMINATION AND CHANGE OF CONTROL BENEFITS

All translations from CAD\$ to US\$ in this section are made using the December 31, 2011 spot rate of CAD\$1.00 = US\$0.9833. (Refer to *Currency and Fair Value* earlier in this document.)

Herbert G.A Wilson **President and Chief Executive Officer**

Mr. Wilson's employment agreement with the Company includes the following termination and change of control compensation and benefit scenarios. All amounts would be payable in CAD\$.

- If Mr. Wilson resigns before earning the four million tonne milestone bonus (as described in the previous *Summary Compensation* section), the Company will pay Mr. Wilson CAD\$100,000 within 60 days of the end of the calendar year in which construction aggregates sales from the Company's projects, in aggregate, first exceed four million tonnes. If Mr. Wilson had resigned on December 31, 2011, the Company would be required to award Mr. Wilson this milestone bonus when the Company achieves four million tonnes in sales. The date this occurs, and thus the date of payment, are not reasonably determinable; therefore no relevant US\$ equivalent is stated herein.
- If the Company terminates Mr. Wilson's employment, for reasons other than just cause, before Mr. Wilson has earned the four million tonne milestone bonus, the Company will pay Mr. Wilson a sum equal to two years' of Mr. Wilson's then current base annual salary, plus an amount equal to the cost of the employee benefits, other than bonus and incentive stock options, for a period of two years; and the Company will pay to Mr. Wilson the CAD\$200,000 milestone bonus within 60 days of the end of the calendar year in which construction aggregates sales from the projects, in aggregate, first exceed four million tonnes. If the Company had terminated Mr. Wilson's employment on December 31, 2011, for reasons other than just cause, the Company would have been required to remit to Mr. Wilson, upon termination, payments as follows:

	Payable in CAD\$	US\$
Two years' base annual salary	607,700	610,982
Cost of two years' benefits	69,822	70,200
<i>Sub-Total:</i>	<u>677,522</u>	<u>681,182</u>
When four million tonne milestone is achieved	200,000	indeterminable (+/- \$200,000)
<i>Total:</i>	<u>877,522</u>	<u>Indeterminable (+/- \$881,182)</u>

- If the Company terminates Mr. Wilson's employment without just cause after Mr. Wilson has earned the four million tonne milestone bonus, the Company will pay to Mr. Wilson a sum equal to two years' of Mr. Wilson's then current base annual salary, plus an amount equal to the cost of the employee benefits, other than bonus and incentive stock options, for a period of two years. It would not have been possible for this scenario to have taken place as of December 31, 2011 as the four million tonne milestone has not yet been achieved.
- In the event of a "change of control" of the Company, if Mr. Wilson's employment is terminated by the Company or the successor Company within one year of such change of control, Mr. Wilson will be entitled to severance pay in an amount equal to two years' base salary plus the cost of two years' benefits, other than bonus and incentive stock options. As well, the Company would be required to pay to Mr. Wilson the CAD\$200,000 milestone bonus within 60 days of the end of the calendar year in which construction aggregates sales from the projects, in aggregate, first exceed four million tonnes. If the Company had terminated Mr. Wilson's employment on December 31, 2011, for reasons other than just cause, the Company would have been required to remit to Mr. Wilson, upon termination, payments as follows:

	Payable in CAD\$	US\$
Two years' base annual salary	607,700	610,982
Cost of two years' benefits	69,822	70,200
<i>Sub-Total:</i>	<u>677,522</u>	<u>681,182</u>
When four million tonne milestone is achieved	200,000	indeterminable (+/- \$200,000)
<i>Total:</i>	<u>877,522</u>	<u>Indeterminable (+/- \$881,182)</u>

- In the event of a "change of control" of the Company, if Mr. Wilson resigns within one year of such change of control, he will be entitled to severance pay in an amount equal to one year's base salary plus the cost of one year's benefits, other than bonus and incentive stock options. In addition, the Company would be required to award Mr. Wilson the aforementioned CAD\$200,000 milestone bonus within 60 days of the end of the calendar year in which construction aggregates sales from the projects, in aggregate, first exceed four million tonnes. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Wilson as follows:

	Payable in CAD\$	US\$
One year's base annual salary	303,850	305,491
Cost of one year's benefits	34,911	35,100
<i>Sub-Total:</i>	<u>338,761</u>	<u>340,591</u>
When four million tonne milestone is achieved	200,000	indeterminable (+/- \$200,000)
<i>Total:</i>	<u>877,522</u>	<u>Indeterminable (+/- \$540,591)</u>

Mr. Wilson's outstanding and vested incentive stock options as of December 31, 2011 had a nil value.



David F. Singleton
President, Eagle Rock Aggregates, Inc.

Proconsult’s services agreement with Polaris Aggregates Inc., a subsidiary of the Company, includes the following termination and change of control compensation and benefits scenarios. All amounts would be payable in US\$.

- If Proconsult resigns before earning the four million tonne milestone bonus (as described in the previous *Summary Compensation* section), the Company will pay to Proconsult US\$150,000 within 60 days of the end of the calendar year in which construction aggregates sales from the Company’s projects, in aggregate, first exceed four million tonnes, provided that such event takes place within 24 months of such resignation. If Proconsult had resigned on December 31, 2011, the Company would be required to award Proconsult this milestone bonus within 60 days of December 31, 2012 provided that the Company achieves this milestone by that date.
- If the Company terminates the services agreement with Proconsult, for reasons other than just cause, during the term of the services agreement, and before Proconsult has earned the four million tonne milestone bonus (as described in the previous *Summary Compensation* section), the Company must pay to Proconsult a sum equal to one year of Proconsult’s then current annual base fee and office expenses, and the Company must pay Proconsult US\$300,000 within 60 days of the end of the calendar year in which construction aggregates sales from the Company’s projects, in aggregate, first exceed four million tonnes provided such calendar year occurs within 24 months of termination. If Proconsult had been terminated on December 31, 2011, the Company would have been required to compensate Proconsult as follows:

	Payable in US\$
One year’s annual base fee	265,160
Cost of one year’s office expenses	15,000
<i>Sub-Total:</i>	280,160
If four million tonne milestone is achieved in 2011 or 2012	300,000
<i>Total:</i>	580,160

- In the event of a “change of control” of the Company, if Proconsult’s engagement is terminated by the Company or any successor Company after such change of control and prior to the termination date of the agreement, Proconsult will be entitled to payment in an amount equal to two years’ base fee and the Company must pay Proconsult US\$300,000 within 60 days of the end of the calendar year in which construction aggregates sales from the Company’s projects, in aggregate, first exceed four million tonnes provided such calendar year occurs within 24 months of termination. If Proconsult had been terminated on December 31, 2011, the Company would have been required to compensate Proconsult as follows:

	Payable in US\$
Two years’ annual base fee	530,320
If four million tonne milestone is achieved in 2011 or 2012	300,000
<i>Total:</i>	830,320

Mr. Singleton’s outstanding and vested incentive stock options as of December 31, 2011 had nil value.

William B. Terry
Chief Executive Officer, Eagle Rock Aggregates, Inc.

Mr. Terry’s employment agreement with Eagle Rock Aggregates, Inc., a subsidiary of the Company, includes the following termination and change of control compensation and benefit scenarios. All amounts would be payable in US\$.

- If the Company terminates Mr. Terry's employment without just cause, he will be entitled to a sum equal to 26 weeks of his then current base annual salary plus an amount equal to the cost of his employee benefits, and a pro-rata annual bonus, but excluding incentive stock options, for such period. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Terry as follows:

	Payable in US\$
26 weeks' base annual salary	123,600
Cost of 26 weeks' benefits	27,983
Pro-rata annual bonus (assuming contracted target award)	<u>22,500</u>
<i>Total:</i>	174,083

- In the event of a "change of control" of the Company, if Mr. Terry's employment is terminated by the Company or the successor Company within six months of such change of control, Mr. Terry will be entitled to severance pay in an amount equal to one year's base salary plus the cost of one year's benefits, other than bonus and incentive stock options. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Terry as follows:

	Payable in US\$
One year's base annual salary	247,200
Cost of one year's benefits	<u>55,965</u>
<i>Total:</i>	303,165

- In the event of a "change of control" of the Company, if Mr. Terry resigns within six months of such change of control, he will be entitled to severance pay in an amount equal to one year's base salary plus the cost of one year's benefits, other than bonus and incentive stock options. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Terry as follows:

	Payable in US\$
One year's base annual salary	247,200
Cost of one year's benefits	<u>55,965</u>
<i>Total:</i>	303,165

- In the event of a "change of control" of the Company, if Mr. Terry is terminated by the Company or the successor Company between six and 12 months after such change of control, he will be entitled to severance pay in an amount equal to 26 weeks' base salary plus the cost of 26 weeks' benefits, other than bonus and incentive stock options. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Terry as follows:

	Payable in US\$
26 weeks' base annual salary	123,600
Cost of 26 weeks' benefits	<u>27,983</u>
<i>Total:</i>	151,583

- In the event of a "change of control" of the Company, if Mr. Terry resigns between six and 12 months after such change of control, he will be entitled to severance pay in an amount equal to 26 weeks' base salary plus the cost of 26 weeks' benefits, other than bonus and incentive stock options. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Terry as follows:

	Payable in US\$
26 weeks' base annual salary	123,600
Cost of 26 weeks' benefits	<u>27,983</u>
<i>Total:</i>	151,583

Mr. Terry's outstanding and vested incentive stock options as of December 31, 2011 had a nil value.

Kenneth M. Palko
Vice President, Technical Services

Mr. Palko's employment agreement with the Company includes the following termination and change of control compensation and benefit scenarios. All amounts would be payable in CAD\$.

- If the Company terminates Mr. Palko's employment without just cause, he will be entitled to a sum equal to 26 weeks of his then current base annual salary plus an amount equal to the cost of his employee benefits, and a prorata bonus, but excluding incentive stock options, for such period. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Palko as follows:

	Payable in CAD\$	US\$
26 weeks' base annual salary	92,378	89,706
Cost of 26 weeks' benefits	9,914	9,967
Pro-rata annual bonus (assuming last contracted target award)	18,476	17,941
<i>Total:</i>	<u>120,768</u>	<u>117,614</u>

- In the event of a "change of control" of the Company, if Mr. Palko's employment is terminated by the Company or the successor Company within six months of such change of control, Mr. Palko will be entitled to severance pay in an amount equal to one year's base salary plus the cost of one year's benefits, other than bonus and incentive stock options. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Palko as follows:

	Payable in CAD\$	US\$
One year's base annual salary	184,756	179,412
Cost of one year's benefits	19,827	19,934
<i>Total:</i>	<u>204,583</u>	<u>199,346</u>

- In the event of a "change of control" of the Company, if Mr. Palko resigns within six months of such change of control, he will be entitled to severance pay in an amount equal to one year's base salary plus the cost of one year's benefits other than bonus and incentive stock options. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Palko as follows:

	Payable in CAD\$	US\$
One year's base annual salary	184,756	179,412
Cost of one year's benefits	19,827	19,934
<i>Total:</i>	<u>204,583</u>	<u>199,346</u>

- In the event of a "change of control" of the Company, if Mr. Palko's employment is terminated by the Company or the successor Company between six and 12 months after such change of control, Mr. Palko will be entitled to severance pay in an amount equal to 26 weeks' base salary plus the cost of 26 weeks' benefits other than bonus and incentive stock options. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Palko as follows:

	Payable in CAD\$	US\$
26 weeks' base annual salary	92,378	89,706
Cost of 26 weeks' benefits	9,914	9,967
<i>Total:</i>	<u>102,292</u>	<u>99,673</u>

- In the event of a “change of control” of the Company, if Mr. Palko resigns between six and 12 months after such change of control, he will be entitled to severance pay in an amount equal to 26 weeks’ base salary plus the cost of 26 weeks’ benefits other than bonus and incentive stock options. If such event had occurred on December 31, 2011, the Company would have been required to compensate Mr. Palko as follows:

	Payable in CAD\$	US\$
26 weeks’ base annual salary	92,378	89,706
Cost of 26 weeks’ benefits	9,914	9,967
<i>Total:</i>	<u>102,292</u>	<u>99,673</u>

Mr. Palko’s outstanding and vested incentive stock options as of December 31, 2011 had a nil value.

DIRECTOR COMPENSATION

The elements of the compensation structure for non-executive directors are annual retainers, meeting fees and incentive stock options.

Annual Retainers and Meeting Fees

The Board of Directors approved the following non-executive directors’ compensation structure for fiscal year 2011 for their services in the capacity as directors. These payments are made in Canadian dollars:

	<u>CAD\$</u>
Annual retainer - Board Chair	30,000
Annual retainer - Non-Executive Director	20,000
Annual retainer - Audit Committee Chair	6,000
Annual retainer - Other Committee Chair	3,000
Board and Committee meeting fee (per meeting) in person or by telephone	1,000
Travel fee (per travel day)	1,000

The above fee schedule was first established for fiscal year 2008, and has remained unchanged in accordance with recommendations of the Governance, Compensation and Nominating Committee to the Board. The next review of the director compensation structure is scheduled to take place in June 2012.

Incentive Stock Options

Directors are also compensated for their services in their capacity as directors through the granting by the Company of stock options from time to time in accordance with the Option Plan and the policies of the TSX. Such grants typically take place on an annual basis, however, options are not granted if the Company is under a trading black-out in accordance with its Corporate Disclosure Policy (see *Report on Corporate Governance – Ethical Business Conduct*). If a trading black-out is in effect at a time when the Board has considered the grant of options, such grants are postponed until the conclusion of the trading black-out at which time the grant date of such options is set at least two full trading days after the conclusion of the of the trading black-out in accordance with the Company’s Disclosure Policy.

Refer to *Statement of Executive Compensation – Incentive Plan Awards – Incentive Stock Option Plan* for further details regarding the Option Plan.

The Governance, Compensation and Nominating Committee recommends to the Board of Directors the quantity of options to be granted to directors. All option grants are approved by the Board.

The following table discloses all compensation provided to the directors for the Company's most recently completed financial year ending December 31, 2011:

Name	Fees earned (US\$)	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)	Pension value (US\$)	All other compensation (US\$)	Total (US\$)
Terrence A. Lyons	34,949	n/a	Nil	n/a	n/a	Nil	31,890
Eugene P. Martineau	31,915	n/a	50,971	n/a	n/a	8,000	90,886
Marco A. Romero	25,369	n/a	Nil	n/a	n/a	34,959	60,328
Roman Shklanka (term ended June 2, 2011)	36,901	n/a	Nil	n/a	n/a	Nil	31,756
Paul B. Sweeney	35,913	n/a	Nil	n/a	n/a	Nil	30,549

Directors' fees are paid in CAD\$ and were translated to US\$ using the three-month average exchange rates for 2011, as applicable for each quarterly payment.

Incentive stock options are granted and exercisable in CAD\$. Grant date fair value was calculated using the Black-Scholes option pricing model with assumptions as described in the section entitled *Currency and Fair Value* (earlier in this document) and then translated to US\$ using the Bank of Canada noon exchange rate on the option grant date.

Mr. Wilson did not receive any compensation for his role as a director. His compensation as an NEO is described in the *Statement of Executive Compensation*.

Marco A. Romero's compensation stated in the "All other compensation" column reflects payment under a consulting agreement entered into between the Company and Mr. Romero on July 14, 2008, with an effective date of January 1, 2009, such agreement having an eight year term. Under this agreement, Mr. Romero provides consulting services to the Company at an annual fee of CAD\$10.00 plus an hourly rate of CAD\$150.00 with a guaranteed minimum of 20 hours per month for the first 36 months of the agreement. During the most recently completed financial year ending December 31, 2011, the Company paid Mr. Romero CAD\$36,468 (US\$36,883) for services under this agreement. This compensation was translated from CAD\$ to US\$ using the 2011 three-month average exchange rates as applicable at the time of each payment. (Refer to *Currency and Fair Value* earlier in this document.)

Eugene P. Martineau's compensation stated in the "All other compensation" column reflects payment under an agreement between the Company and Martineau & Associates, a company controlled by Mr. Martineau. This agreement provides that Mr. Martineau will receive a fee of US\$1,000 per day when working on projects to advance the Company's marketing and commercial interests. During the most recently completed financial year ended December 31, 2011, the Company paid fees of US\$9,000 to Martineau & Associates.

Incentive Plan Awards

Outstanding share-based awards and option-based awards for non-executive directors as at December 31, 2011, the end of the Company's most recently completed financial year, are set out in the following table:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)		Option expiration date	Value of unexercised in-the-money options (US\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US\$)
		CAD\$	US\$				
Terrence A. Lyons	50,000	0.94	0.92	17-Jun-2021	Nil	33,333	Nil
	30,000	1.99	2.00	06-Jul-2019	Nil		
	50,000	4.00	4.02	01-May-2014	Nil		
	20,000	4.00	4.02	20-Jan-2015	Nil		
	25,000	4.80	4.83	23-Jan-2016	Nil		
	30,000	11.41	11.47	01-Jan-2013	Nil		
	92,000	13.75	13.82	04-Oct-2017	Nil		
Eugene P. Martineau	50,000	0.94	0.92	17-Jun-2021	Nil	33,333	Nil
	50,000	1.80	1.81	31-Mar-2020	Nil		
Marco A. Romero	50,000	0.94	0.92	17-Jun-2021	Nil	33,333	Nil
	30,000	1.99	2.00	06-Jul-2019	Nil		
	2,500	2.00	2.01	16-Jan-2013	Nil		
	2,500	2.75	2.76	15-Jan-2014	Nil		
	2,500	4.00	4.02	20-Jan-2015	Nil		
	5,000	4.80	4.83	23-Jan-2016	Nil		
	105,000	11.41	11.47	01-Jan-2013	Nil		
	153,000	13.75	13.82	04-Oct-2017	Nil		
Paul Sweeney	50,000	0.94	0.92	17-Jun-2021	Nil	33,333	Nil
	30,000	1.99	2.00	06-Jul-2019	Nil		
	50,000	4.00	4.02	01-May-2014	Nil		
	20,000	4.00	4.02	20-Jan-2015	Nil		
	25,000	4.80	4.83	23-Jan-2016	Nil		
	30,000	11.41	11.47	01-Jan-2013	Nil		
	92,000	13.75	13.82	04-Oct-2017	Nil		

Incentive stock options are granted and exercisable in CAD\$. The value of unexercised in-the-money options noted above is based on the TSX market closing price of the Company's common shares on December 31, 2011, being CAD\$0.265. Option exercise prices and 2011 year-end market closing price were translated from CAD\$ to US\$ using the December 31, 2011 spot rate of CAD\$1.00 = US\$0.9833 (see *Currency and Fair Value* earlier in this document).

The vesting terms of stock options awards granted to independent directors in 2011 are as follows: one-third of the options vest immediately upon the grant date, one-third vest one year after the grant date and one-third vest two years after the grant date, with a term of five or ten years from the date of grant.

The following table discloses incentive plan awards for the year ended December 31, 2011:

Name	Option-based awards Value vested during the year (US\$)	Share-based awards Value vested during the year (US\$)	Non-equity incentive plan compensation Value earned during the year (US\$)
Terrence A. Lyons	Nil	n/a	n/a
Eugene P. Martineau	Nil	n/a	n/a
Marco Romero	Nil	n/a	n/a
Paul B. Sweeney	Nil	n/a	n/a

OTHER COMPENSATION MATTERS

Proportion of Common Shares Held by Directors and Executive Officers

Collectively, as of the date hereof, the directors and executive officers of the Company, as a group, own 624,875 common shares (3,197,917 on a fully diluted basis) representing approximately 1.2% (6.0% on a fully diluted basis) of the issued and outstanding common shares.

Indebtedness of Directors and Executive Officers

No current or former executive officer, director or employee of the Company or any of its subsidiaries or any proposed nominee for election as a director of the Company, or any associate or affiliate of any such executive officer, director, employee or proposed nominee, is or has been indebted to the Company or any of its subsidiaries, or to any other entity that was provided a guarantee, support agreement, letter of credit or other similar arrangement by the Company or any of its subsidiaries in connection with the indebtedness, at any time since the beginning of the most recently completed financial year of the Company.

Equity Compensation Plan Information

The following table is as of December 31, 2011

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders (Incentive Stock Option Plan)	3,766,709	US\$6.01	1,156,001
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	3,766,709	US\$6.01	1,156,001

The weighted average exercise price in column (b) was translated from CAD\$6.11 to US\$6.01 using the December 31, 2011 spot rate of CAD\$1.00 = US\$0.9833.

REPORT ON CORPORATE GOVERNANCE

The following provides information with respect to the Company's compliance with the corporate governance requirements (the "Corporate Governance Guidelines") of the Canadian Securities Administrators set forth in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and Form 58-101F1 - *Corporate Governance Disclosure*.

Board of Directors

The Company's Board is composed of five directors.

Director Independence

The Board considers a director to be independent if he meets the definition of independence set forth in National Instrument 52-110 – *Audit Committees* ("NI 52-110") and if he has no direct or indirect material relationship with the Company which, in the view of the Board of Directors, could reasonably be perceived to materially interfere with the exercise of the director's independent judgment.

The independent status of each individual director is reviewed annually by the Board. Four of the Board's five directors are deemed to be independent, and one is deemed to not be independent as follows:

Director	Independence status	Basis for determination of non-independence
Terrence A. Lyons	Independent	Mr. Lyons has no direct or indirect material relationship with the Company as defined in NI 52-110.
Eugene P. Martineau	Independent	Mr. Martineau has no direct or indirect material relationship with the Company as defined in NI 52-110 and received less than \$75,000 in direct compensation from the Company in his role as a consultant to the Company.
Marco A. Romero	Independent	Mr. Romero held the position of President & CEO of the Company until December 31, 2008 and, therefore, did not meet the definition of independence set forth in NI 52-110 for fiscal 2011. With effect from January 1, 2012, he is considered to be independent.
Paul B. Sweeney	Independent	Mr. Sweeney has no direct or indirect material relationship with the Company as defined in NI 52-110.
Herbert G.A. Wilson	Not Independent	Mr. Wilson is President & CEO of the Company and, therefore, does not meet the definition of independence set forth in NI 52-110.

Role of the Chair

The Chair of the Board, Terrence A. Lyons, is an independent director, as indicated above. The Chair presides at all meetings of the Board and is responsible for the operation and functioning of the Board and for ensuring the Board's effectiveness by encouraging full participation, thorough discussions and by facilitating consensus.

Board and Committee Meetings

The Board of Directors holds four regularly scheduled quarterly meetings throughout the year. Meetings are also conducted on an as-required basis in order to deal with matters as business developments warrant.

The independent directors hold four regularly scheduled meetings throughout the year, each immediately prior to the regularly scheduled quarterly Board meetings, without the presence of related directors or management and



during which no minutes are taken. They may also hold ad-hoc meetings as required. Independent directors may also discuss matters individually and in groups on an informal basis.

The Audit Committee members, all independent directors, routinely meet with representatives of PricewaterhouseCoopers LLP, the Company’s auditors, without management in attendance, immediately after each regularly scheduled quarterly Audit Committee meeting. After such meetings, if deemed necessary by committee members, the Audit Committee will then meet without the auditors and management in attendance.

When a Governance, Compensation and Nominating Committee meeting takes place, it typically does so initially with the President & CEO in attendance and, thereafter with the meeting attended by committee members only, all being independent directors.

The following table summarizes directors’ attendance at all Board and Committee meetings during the year ended December 31, 2011:

DIRECTOR	BOARD OF DIRECTORS		INDEPENDENT DIRECTORS		AUDIT COMMITTEE		GOVERNANCE, COMPENSATION & NOMINATING COMMITTEE	
	# of meetings attended	# of meetings eligible to attend	# of meetings attended	# of meetings eligible to attend	# of meetings attended	# of meetings eligible to attend	# of meetings attended	# of meetings eligible to attend
Lyons, Terrence	5	5	5	5	4	4	1	1
Martineau, Eugene	5	5	5	5	4	4	1	1
Romero, Marco	4	5	n/a	n/a	n/a	n/a	n/a	n/a
Sweeney, Paul	5	5	5	5	4	4	1	1
Wilson, Herbert	5	5	n/a	n/a	n/a	n/a	n/a	n/a

Board Mandate

The Board of Directors has adopted a written mandate for the Board which is attached hereto as *Schedule B* and is posted on the Company’s website, www.polarmin.com. The Board carries out its responsibilities directly and through two Board Committees, the Audit Committee and the Governance, Compensation and Nominating Committee, each of which operate under a written committee mandate approved by the Board. The Board has adopted several governance policies as described elsewhere in this section. The Board meets regularly on a quarterly basis and holds additional meetings as required to deal with the Company’s business. Independent directors also meet regularly on a quarterly basis, without the presence of related directors and management.

Board Assessments

The Board conducts self-assessments as deemed necessary by the Governance, Compensation and Nominating Committee or the Board as a whole. The last self-assessment review was conducted in December 2008 and entailed an all-encompassing, confidential questionnaire regarding such matters as board effectiveness, composition, and its relationship with management. In response to the results of this review, the Board of Directors made appropriate changes to improve Board effectiveness.

Due to its small size and relative lack of complexity, since 2008, the Board has informally considered the effectiveness of the Board through informal and ad-hoc conversations regarding the matter.



Position Descriptions

The Board of Directors has adopted written charters for the two Board Committees, which may be viewed on the Company's website, www.polarmin.com. Brief summaries of the role of the Board Committees are provided below.

The Board has adopted written position descriptions for the Chair of the Board and the CEO, which may be viewed on the Company's website, www.polarmin.com.

Director Orientation and Continuing Education

The Board has an informal process for the orientation of new Board members regarding the role of the Board, its committees and directors, and the nature of operation of the Company. A new director will meet with executive management, the Chair of the Board, the Chair of the Governance, Compensation and Nominating Committee, and possibly incumbent directors, prior to being invited to join the Board, as well as after being accepted to the Board. Such meetings facilitate the exchange of information, ideas and questions amongst all participants. Prior to joining the Board, incoming directors will be invited to tour the Company's operations. New directors are provided with written materials both to aid in their familiarization with the Company and to inform them of their obligations as a director. Such information includes governance policies such as the Company's code of business conduct and ethics, whistleblower policy, disclosure policy, committee charters, and also includes corporate information such as financial statements.

At each Board meeting and Audit Committee meeting, executive management routinely provides directors with a verbal update on matters relevant to the Company such as operational issues, market conditions, sales trends, industry issues, competitive conditions, financial position, and strategic considerations. Directors receive occasional email communications from the Company's corporate secretary regarding regulatory changes that affect their role as a director of the Company.

No formal continuing education opportunities are provided by the Company based on the fact that all of the Company's directors are seasoned business professionals and/or members of multiple corporate boards and, therefore, the Company currently relies on the opportunities available to its directors via other avenues.

Ethical Business Conduct

The Company has a code of conduct and business ethics (the "Code of Conduct") which sets out guidelines and expectations regarding conduct on the part of directors, officers and employees of the Company. All directors of the Company are required to acknowledge, via an annual electronic survey conducted by the Company's third party internal controls consultant, that they are familiar with and understand the Code of Conduct and that they are in compliance with it. The Code of Conduct is available on the Company's website at www.polarmin.com as well as on www.sedar.com.

The Board has also adopted a whistleblower policy (the "Whistleblower Policy") which provides an avenue for directors, officers and employees of the Company to express concerns regarding the Company's accounting policies or financial reports without adverse employment consequence. All directors of the Company are required to acknowledge via an annual electronic survey conducted by the Company's third party internal controls consultant, that they are familiar with and understand the Whistleblower Policy. The Whistleblower Policy is available on the Company's website at www.polarmin.com.

The Company has a Corporate Disclosure Policy, available on the Company's website at www.polarmin.com, which provides additional measures to ensure ethical business conduct, such as policies and requirements regarding insider trading and trading black-out periods. The Company's corporate secretary routinely advises Company directors, officers, and certain employees, as appropriate, when trading black-out periods are under effect.

The Board requires that Directors provide disclosure to it of all boards and committees of which they are members and all offices held in other reporting issuers. The Board also requires conflicts of interest to be disclosed to the Governance, Compensation and Nominating Committee. In the event that conflicts of interest arise, a director who has such a conflict is required to disclose the conflict and to abstain from voting for or against any decision related to that matter. In addition, in considering transactions and agreements in respect of which a director has a material interest, the Board will require that the interested person absent themselves from portions of Board or committee meetings so as to allow independent discussion of points in issue and the exercise of independent judgment.

Nomination of Directors

The Board does not have a formal policy for the recruitment of new candidates to the Board. Typically, the CEO and the Chair of the Governance, Compensation and Nominating Committee collaborate in the candidate selection process. When considering potential candidates for the Board, they take into consideration the areas of expertise in which the Board would realize added benefit through diversity of professional experience and knowledge; the appropriate size of the board; and the ratio of independent to non-independent directors. The Company has no obligation or contract with any third party providing it with the right to nominate a director.

Board Committees

The Company has two Board Committees: the Audit Committee and the Governance, Compensation and Nominating Committee.

Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight of financial and accounting matters. In addition to recommending the auditors to be nominated and reviewing the compensation of the auditors, the Audit Committee is responsible for overseeing the work of the auditors and pre-approving non-audit services. It also reviews the Company's annual and interim financial statements and news releases containing information taken from the Company's financial statements prior to their release. The Audit Committee is responsible for reviewing the acceptability and quality of the Company's financial reporting and accounting standards and principles and any proposed material changes to them or their application.

The current members of the Audit Committee are Terrence A. Lyons, Eugene P. Martineau and Paul B. Sweeney (Chair), all independent directors.

The Audit Committee has a published mandate which is attached to the Company's Annual Information Form, filed with Canadian securities regulators, and is posted on the Company's website, www.polarmin.com.

Governance, Compensation and Nominating Committee

The Governance, Compensation and Nominating Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to the governance of the Company, its relationship with senior management, and compensation. The Committee's role includes developing and monitoring the effectiveness of the Company's system of corporate governance, assessing the effectiveness of individual directors, the Board of Directors and various board committees, and is responsible for appropriate corporate governance and proper delineation of the roles, duties and responsibilities of management, the Board of Directors and its committees. The Governance, Compensation and Nominating Committee's role includes maintaining a remuneration and benefits plan for directors, executives and other key employees, and reviewing the appropriateness of that plan in order to support the Company's business objectives and attract and retain key executives. The Committee adjusts the plan in response to that review. The Committee also reviews and makes recommendations to the Company's Board of Directors regarding the Company's Incentive Stock Option Plan and grants thereunder. The current members of the Governance, Compensation and Nominating Committee are Terrence A. Lyons (Chair), Eugene P. Martineau and Paul B. Sweeney, all independent directors.



The Governance, Compensation and Nominating Committee has a published mandate which is posted on the Company's website, www.polarmin.com.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company at any time since the beginning of the Company's most recently completed financial year, no proposed nominee for election as a director of the Company and no associate or affiliate of any such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as set forth in this Management Information Circular and except for any interest arising from the ownership of shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of shares in the capital of the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or proposed director and no associate or affiliate of the foregoing has had a material interest, direct or indirect, in any transaction involving the Company since the commencement of the Company's most recently completed financial year, or will have any material interest in any proposed transaction, which has materially affected or will materially affect the Company.

MANAGEMENT CONTRACTS

Except as described in this Management Proxy Circular, management functions of the Company are not, to any substantial degree, performed by a person or persons other than the directors or executive officers of the Company.

SHAREHOLDER PROPOSALS

Pursuant to Section 187 of the BC *Business Corporations Act*, any notice of a Shareholder proposal intended to be raised at the annual general meeting of Shareholders of the Company to be held during 2013 must be submitted to the Company at its registered office, on or before March 6, 2013, to be considered for inclusion in the management information circular for that annual general meeting of Shareholders.

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com under the name "Polaris Minerals Corporation". Financial information for the year ended 2011 is provided in the Company's comparative financial statements and Management's Discussion and Analysis ("MD&A") which are contained in the 2011 Annual Report included with this Management Information Circular. Copies of the Company's financial statements and MD&A may be obtained by contacting the Secretary of the Company in writing at Suite 2740, PO Box 11175, 1055 West Georgia Street, Vancouver, British Columbia V6E 3R5 or by email at info@polarmin.com. Copies of such documents will be provided to shareholders free of charge.



SCHEDULE A

INCENTIVE STOCK OPTION PLAN OF

POLARIS MINERALS CORPORATION

dated as of April 23, 2001, as amended and restated
as of June 23, 2004, April 26, 2005, as of September 26, 2005 and as of May 16, 2006
and re-confirmed by the Shareholders of the Corporation on June 4, 2009

1. Purpose of the Plan

1.1 The purpose of the Plan is to attract and retain superior directors, officers, advisors, employees and other persons or companies engaged to provide ongoing services to the Corporation, to provide an incentive for such persons to put forth maximum effort for the continued success and growth of the Corporation, and in combination with these goals, to encourage their participation in the performance of the Corporation.

2. Definitions

2.1 For the purposes of the Plan, the following terms have the respective meanings set forth below:

- (a) "Associate" has the same meaning ascribed to that term under Subsection 2.22 of National Instrument 45-106;
- (b) "Board" means the board of directors of the Corporation;
- (c) "Compensation Committee" means the committee of the Board constituted as provided in Section 3 hereof and if none is so constituted, means the full Board;
- (d) "Consultant" means an individual, other than an employee, director or officer of the Corporation or its Related Entity or a registrant under the *Securities Act* (British Columbia), that:
 - (i) is engaged to provide on a *bona fide* basis, consulting, technical, management or other services to the Corporation or Related Entity of the Corporation, other than services provided in relation to a distribution, services provided by registrants and services that include investor relations activities;
 - (ii) provides the services under a written contract between the Corporation or its Related Entity and the individual Consultant or a Consultant Company or Consultant Partnership of the individual; and
 - (iii) in the reasonable opinion of the Board, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or Related Entity of the Corporation;
- (e) "Consultant Company" means for an individual Consultant, the company of which the individual consultant is an employee or shareholder;

- (f) “Consultant Partnership” means for an individual consultant, a partnership of which the individual Consultant is an employee or partner;
- (g) “Corporation” means Polaris Minerals Corporation, a corporation incorporated under the British Columbia *Business Corporations Act*, or its successors;
- (h) “Disability” means a physical injury or mental incapacity of a nature which the Board determines prevents or would prevent the Optionee from satisfactorily performing the substantial and material duties of his or her position with the Corporation;
- (i) “Eligible Person” means, from time to time, any *bona fide* director, senior officer or employee of the Corporation or the Related Entity of the Corporation, any Permitted Consultant and any Permitted Assign;
- (j) “Exchange” means any exchange upon which the Shares are listed;
- (k) “Grant Date” means the date on which an Option is granted to an Eligible Person;
- (l) “Insider” has the same meaning ascribed to that term as set out in the *Securities Act* (British Columbia) and includes Associates and Affiliates of an Insider, but excludes a director or senior officer of a subsidiary or Related Entity of the Corporation unless such director or senior officer
 - (i) in the ordinary course receives or has access to information as material facts or material changes concerning the Corporation before the material facts or material changes are generally disclosed;
 - (ii) is a director or senior officer of a major subsidiary (as defined in National Instrument 55-101); or
 - (iii) is an Insider of the Corporation in a capacity other than as a director or senior officer of the subsidiary or Related Entity;
- (m) “Market Value” of a Share means, on any given day:
 - (i) where the Share is not listed on an Exchange, the fair market value of a Share on that day determined by the Board in good faith; and
 - (ii) where the Share is listed on an Exchange, the last daily closing price per Share on the Exchange on the trading day immediately preceding the relevant date and if there was no sale on the Exchange on such date, then the last sale prior thereto;
- (n) “Option” means the right to purchase a Share under the Plan;
- (o) “Option Period” has the meaning ascribed to that term in Subsection 6.3 hereof;

- (p) “Option Price” means the price per Share at which Shares may be purchased under the Option, as determined pursuant to Paragraph 5.1(b) hereof and as may be adjusted in accordance with Section 10 hereof;
- (q) “Optionee” means an Eligible Person to whom an Option has been granted;
- (r) “Permitted Assign” means for a person that is an employee, executive officer, director or Consultant of the Corporation or Related Entity, a holding entity (as defined in National Instrument 45-106) of the person or an RRSP or RRIF of the person;
- (s) “Permitted Consultant” means a Consultant, a Consultant Company or Consultant’s Partnership;
- (t) “Plan” means the Incentive Stock Option Plan of the Corporation as set forth herein as the same may be amended and/or restated from time to time;
- (u) “Redundancy” means the termination of employment due to the fact that,
 - (i) the person’s employer has ceased or intends to cease:
 - (A) to carry on business for the purposes of which the employee was employed by him, or
 - (B) to carry on that business in the place where the employee was so employed, or
 - (ii) the requirements of that business:
 - (A) for employees to carry out work of a particular kind, or
 - (B) for employees to carry out work of a particular kind in the place where the employee was employed by the employer,have ceased or diminished or are expected to cease or diminish;
- (v) “Related Entity” means a person that is controlled by the Corporation or is controlled by the same person that controls the Corporation and “control” for the purpose of this definition has the same meaning as set out in section 2.23 of National Instrument 45-106;
- (w) “Retirement” means the termination of employment due to retirement of an Optionee on or after such Optionee’s normal retirement date under the applicable retirement plan or policy of his or her employer or due to early retirement with the consent of the Board;
- (x) “Regulators” has the meaning ascribed to that term in Section 11 hereof; and
- (y) “Share” means a Common share without nominal or par value in the capital of the Corporation.

2.2 Unless otherwise indicated, all dollar amounts referred to in this Option Plan are in Canadian funds.

2.3 As used in this Plan, words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and vice versa, unless the context otherwise requires.

3. Administration of the Plan

3.1 The Plan shall be administered by the Board with the assistance of the Compensation Committee and the chief executive officer as provided herein.

3.2 The members of the Compensation Committee shall be appointed from time to time by, and serve at the pleasure of, the Board. A majority of the Compensation Committee shall constitute a quorum thereof. Acts approved in writing by all members of the Compensation Committee shall constitute valid acts of the Compensation Committee as if taken at a meeting at which a quorum was present.

3.3 The president and chief executive officer of the Corporation shall periodically make recommendations to the Compensation Committee as to the grant of Options.

3.4 The Compensation Committee shall, on at least an annual basis, make recommendations to the Board as to the grant of Options.

3.5 The Board may wait until such time as the financial statements of the preceding fiscal year are approved by the Board before making any determination regarding the grant of Options.

3.6 In addition to the powers granted to the Board under the Plan and subject to the terms of the Plan, the Board shall have full and complete authority to interpret the Plan, to prescribe such rules and regulations as it deems necessary for the proper administration of the Plan and to make such determinations and to take such actions in connection therewith as it deems necessary or advisable. Any such interpretation, rule, determination or other act of the Board shall be conclusively binding upon all persons.

3.7 The Board may authorize one or more officers of the Corporation to execute and deliver and to receive documents on behalf of the Corporation.

4. Shares Subject to the Plan

4.1 The maximum number of Shares that may be reserved for issuance pursuant to Options granted under the Plan shall not at any time exceed 10% of the total number of issued and outstanding Shares at the Grant Date of the Options, subject to adjustment as provided in Section 10 hereof and subject to reloading permitted under Subsection 4.4 (which reloading shall increase the aggregate number of Shares that may be issued under the Plan by the number of additional Shares permitted to be reserved under Subsection 4.4).

4.2 The total number of Shares that may be reserved for issuance to any one person pursuant to Options granted under the Plan in any one year shall not exceed 5% of the Shares of the Corporation outstanding on a non-diluted basis on the Grant Date of the Options.

- 4.3 Anything in this Plan to the contrary notwithstanding:
- (a) the maximum number of Shares that may be reserved for issuance pursuant to Options granted under the Plan to Insiders of the Corporation, together with the number of Shares reserved for issuance to such Insiders under the Corporation's other previously established or proposed share compensation arrangements, shall not exceed 10% of the issued and outstanding Shares on a non-diluted basis at the Grant Date of the Options; and
 - (b) the maximum number of Shares which may be issued to Insiders of the Corporation within any one-year period, pursuant to Options granted under the Plan when taken together with the number of Shares issued to such Insiders under the Corporation's other previously established or proposed share compensation arrangements, shall not exceed 10% of the Shares of the Corporation's issued and outstanding on a non-diluted basis at the end of such period.

Any entitlement to acquire Shares granted pursuant to the Plan or any other options prior to the grantee becoming an Insider shall be excluded for the purposes of the limits set out in paragraph (b) above.

4.4 Options may be granted in respect of authorized and unissued Shares. Shares in respect of which Options have expired, were cancelled or otherwise terminated for any reason without having been exercised shall be available for subsequent Options under the Plan. Options that have been exercised shall be available for subsequent grants under the Plan and the Corporation shall reserve additional Shares for issuance pursuant to such Options. No fractional Shares may be purchased or issued under the Plan.

5. Grants of Options

5.1 Subject to the provisions of the Plan, the Board shall, in its sole discretion and from time to time, determine those Eligible Persons to whom Options shall be granted and the Grant Date. Options granted to Eligible Persons in accordance with the requirement hereunder shall be at no cost to the Eligible Person. In its sole discretion, the Board shall also determine, in connection with each grant of Options:

- (a) the number of Options to be granted;
- (b) the Option Price applicable to each Option, but the Option Price shall not be less than the Market Value per Share on the Grant Date;
- (c) the vesting conditions of the Options; and
- (d) the other terms and conditions (which need not be identical and which, without limitation, may include non-competition provisions) of all Options covered by any grant.

6. Eligibility, Vesting and Terms of Options

6.1 Options may be granted to Eligible Persons only.

6.2 Subject to the adjustments provided for in Section 10 hereof, each Option shall entitle the Optionee to purchase one Share.

6.3 The option period (the "Option Period") of each Option commences on the Grant Date and expires at 4:30 p.m. Vancouver time on the tenth anniversary of the Grant Date.

6.4 An Option which has vested may be exercised (in each case to the nearest full Share) at any time during the Option Period.

6.5 An Option is personal to the Optionee and may not be sold, transferred, assigned or disposed of in any way except, by will or by the laws governing the devolution of property, to the Optionee's executor, administrator or other personal representative in the event of death of the Optionee, or to a Permitted Assign.

7. Option Agreement

7.1 Upon the grant of an Option, the Corporation and the Optionee shall enter into an option agreement, in a form set out in Appendix "A" attached hereto or in such other form as approved by the Board, which agreement shall set out the Optionee's agreement that the Options are subject to the terms and conditions set forth in the Plan as it may be amended or replaced from time to time, the Grant Date, the name of the Optionee, the Optionee's position with the Corporation, the number of Options, the Option Price, the expiry date of the Option Period, the conditions (if any) imposed on the exercise of the Option, and such other terms and conditions as the Board may deem appropriate.

8. Termination of Employment, Engagement or Directorship

8.1 Optionees shall have 60 days from:

- (a) the date on which the Optionee's employment, engagement or directorship with the Corporation or its Related Entity is terminated due to Retirement, Disability or Redundancy;
- (b) the date the company by which the employee is employed and by virtue of which the Optionee is an Eligible Person ceases to be a Related Entity of the Corporation; or
- (c) the date on which the undertaking or part undertaking of the company in which the employee is employed and by virtue of which the Optionee is an Eligible Employee is transferred or sold such that the company is no longer a Related Entity of the Corporation;

to exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of such termination; provided, however, that no Option shall be exercisable following the expiration of the Option Period applicable thereto.

8.2 Any Optionee whose employment, engagement or directorship with the Corporation or employment with the Corporation's Related Entity is terminated, other than for cause, at any time in the six months following a change of control of the Corporation (as hereinafter defined) shall have 90 days from the date of such termination to exercise any Option granted hereunder. All Options granted shall immediately vest on the date of such termination; provided, however, that no Option shall be

exercisable following the expiration of the Option Period applicable thereto. For the purposes of this Subsection 8.2, “change of control” shall mean the acquisition by a person, or combination of persons acting in concert, of:

- (a) a sufficient number of the voting rights attached to the outstanding voting securities of the Corporation which together with the voting securities held by such person or persons, affect materially the control of the Corporation; or
- (b) more than 50% of the voting rights attached to the outstanding voting securities of the Corporation;

and such persons or combination of persons did not hold a sufficient number of voting rights to affect materially the control of the Corporation immediately prior to the time of such acquisition.

8.3 In the event of the death of an Optionee, either while in the employment or engagement or while a director of the Corporation or its Related Entity or after Retirement or Disability, the Optionee’s executor, administrator or other personal representative who have acquired the right to exercise such Option from the Optionee by will or the laws of devolution may, within 365 days from the date of the Optionee’s death, exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of the Optionee’s death; provided, however, that no Option shall be exercisable following the expiration of the Option Period applicable thereto.

8.4 In the event an Optionee’s employment, engagement or directorship with the Corporation or its Related Entity terminates for any reason other than for cause, death, or in the circumstances described in Subsections 8.1, 8.2 or 8.3 hereof, the Optionee may exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of termination no later than thirty (30) days after such termination. In the event an Optionee’s employment, engagement or directorship is terminated for cause, each Option held by the Optionee that has not been exercised prior to such termination shall lapse and become null and void immediately upon such termination.

8.5 The Board may also in its sole discretion increase the periods permitted to exercise all or any of the Options covered by any Grant following a termination of employment, engagement or directorship as provided in Subsections 8.1, 8.2, 8.3 or 8.4 above, if allowable under applicable law; provided, however, that in no event shall any Option be exercisable following the expiration of the Option Period applicable thereto.

8.6 This Plan and any instrument executed pursuant to either of them will not:

- (a) confer on any Optionee any right to continue in employment, engagement or directorship with the Corporation or its Affiliates;
- (b) affect the right of the Corporation, to terminate the employment, engagement or directorship of any Optionee without liability at any time with or without cause;
- (c) impose upon the Board (or, if so delegated, the Compensation Committee) or any other person any duty or liability whatsoever (whether in contract, tort, or otherwise howsoever) in connection with:
 - (i) the lapsing of any Option pursuant to the Plan;

- (ii) the failure or refusal to exercise any discretion under the Plan; or
- (iii) a holder of an Option ceasing to be an Eligible Person for any reason whatever.

8.7 The benefit of Subsection 8.6 is given to the Corporation for itself and as trustee and agent of each of its Related Entity. To the extent that this Section benefits any company, which is not a party to the Plan, the benefit shall be held on trust and as agent by the Corporation for such company and the Corporation may, at its discretion, assign the benefit of Subsection 8.6 to any such company.

9. Exercise of Options

9.1 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its registered office of a written notice of exercise addressed to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised, together with a certified cheque or bank draft for the aggregate of the Option Prices to be paid for the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee not later than 30 days following the receipt of such notice and payment.

9.2 No less than 100 Options may be exercised at any one time, except where a smaller number of Options is or remains exercisable pursuant to a grant, in which case, such smaller number of Options must be exercised at one time.

10. Adjustment on Alteration of Share Capital

10.1 In the event of a subdivision, consolidation or reclassification of outstanding Shares or other capital adjustment, or the payment of a stock dividend thereon, the number of Shares reserved or authorized to be reserved under the Plan, the number of Shares receivable on the exercise of an Option and the Option Price therefor shall be increased or reduced proportionately and such other adjustments shall be made as may be deemed necessary or equitable by the Board.

10.2 If the Corporation amalgamates, consolidates with or merges with or into another body corporate, whether by way of amalgamation, statutory arrangement or otherwise (the right to do so being hereby expressly reserved), any Share receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his or her Option immediately prior to the effective date of such amalgamation, consolidation or merger and the Option Price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

10.3 In the event of a change in the Corporation's currently authorized Shares which is limited to a change in the designation thereof, the shares resulting from any such change shall be deemed to be Shares within the meaning of the Plan.

10.4 In the event of any change affecting the Shares other than the changes referred to in Subsections 10.1, 10.2 and 10.3, such adjustment, if any, shall be made as may be deemed equitable by the Board to properly reflect such event.

10.5 No adjustment provided in this Section 10 shall require the Corporation to issue a fractional Share and the total adjustment with respect to each Option shall be limited accordingly.

11. Regulatory Approval

11.1 Notwithstanding any of the provisions contained in the Plan or any Option, the Corporation's obligation to grant Options and issue Shares pursuant to the exercise of an Option and to issue and deliver certificates for such securities to an Optionee shall be subject to:

- (a) compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities in Canada ("Regulators");
- (b) compliance with the requirements of the Exchange, if applicable; and
- (c) receipt from the Optionee of such covenants, agreements, representations and undertakings, including as to future dealings in such Shares, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

11.2 The Corporation shall in no event be obligated to take any action in order to cause the issuance and delivery of such certificates to comply with any laws, regulations, rules, orders or requirements.

11.3 If any amendment, modification or termination to the provisions hereof or any Option made pursuant hereto are required by any Regulators or a stock exchange or market as a condition of approval to a distribution to the public of any Shares or to obtain a listing or quotation of any Shares, the Board is authorized to make such amendments and thereupon the terms of the Plan, any Options, including any option agreement made pursuant hereto, shall be deemed to be amended accordingly without requiring the consent or agreement of any Optionee.

12. Miscellaneous

12.1 An Optionee entitled to Shares as a result of the exercise of an Option shall not be deemed for any purpose to be, or to have rights as, a shareholder of the Corporation by such exercise, except to the extent Shares are issued therefor and then only from the date such Shares are issued. No adjustment shall be made for dividends or distributions or other rights which the record date is prior to the date such Shares are issued pursuant to the exercise of Options.

12.2 The Corporation may require an Optionee, as a condition of exercise of an Option, to pay or reimburse any taxes which are required to be withheld in connection with the exercise of such Option.

13. Effective Date, Amendment and Termination

13.1 The Plan is effective as of April 23, 2001. The Plan has been amended and restated as of June 30, 2004, April 26, 2005, September 26, 2005 and as of May 16, 2006 and re-confirmed by the shareholders of the Corporation on June 4, 2009.

13.2 The Board may, subject where required to Regulators and/or Exchange approval, from time to time amend, suspend or terminate the Plan in whole or in part.

13.3 No action by the Board to terminate the Plan pursuant to this Section 13 shall affect any Options granted hereunder which became effective pursuant to the Plan prior to such action.

13.4 Except as set out below, the Board may amend, modify or terminate any outstanding Option, including, but not limited to, substituting another award of the same or of a different type or changing the date of exercise; provided, however that, the Optionee's consent to such action shall be required unless the Board determines that the action, when taken with any related action, would not adversely affect the Optionee or is made pursuant to Section 11 hereof.

The Option Price of any outstanding Option to non-Insiders may not be reduced unless Shareholder approval is obtained by way of a resolution passed by a majority of the votes cast by the Shareholders at a meeting of Shareholders. The Option Price of any outstanding Option granted may not be reduced and the original Option Period may not be extended to the benefit of Insiders unless disinterested Shareholder approval is obtained in accordance with TSX requirements.

13.5 Notwithstanding any provision contained in the Plan, effective May 16, 2006, the Plan must be reconfirmed, every three years, by a resolution passed by a majority of the votes cast by Shareholders at a meeting of Shareholders and if the Plan is not reconfirmed by the Shareholders as required by this provision, no further grants of Options may be made under the Plan.

APPENDIX A

**Incentive Stock Option Plan of
Polaris Minerals Corporation**

OPTION AGREEMENT

This Option Agreement is entered into between Polaris Minerals Corporation (the "Corporation") and the Optionee named below pursuant to the Corporation's Incentive Stock Option Plan, as amended (the "Plan") a copy of which is attached hereto, and confirms the following:

1. Grant Date: _____
2. Optionee: _____
3. Optionee's Position with the Corporation: _____
4. Number of Options: _____
5. Option Price (\$ per Share): \$ _____
6. Expiry Date of Option Period: _____
7. Each Option that has vested entitles the Optionee to purchase one Share at any time up to 4:30 p.m. Vancouver time on the expiry date of the Option Period. The Options vest as follows:
 - (a) 25% of the Options granted shall vest immediately upon the Grant Date;
 - (b) an additional 25% of the Options granted shall vest after the expiry of a period of 6 months from the Grant Date; and
 - (c) an additional 25% of the Options granted shall vest after the expiry of a period of 9 months from the Grant Date; and
 - (d) an additional 25% of the Options granted shall vest after the expiry of a period of 12 months from the Grant Date.
8. The Option is non-assignable and non-transferrable otherwise than, by will or by the law governing the devolution of property, to the Optionee's executor, administrator or other personal representative in the event of death of the Optionee.
9. This Option Agreement is subject to the terms and conditions set out in the Plan, as amended or replaced from time to time. In the case of any inconsistency between this Option Agreement and the Plan, the Plan shall govern.

- 10. Unless otherwise indicated, all defined terms shall have the respective meanings attributed thereto in the Plan.
- 11. By signing this agreement, the Optionee acknowledges that he, she, or its authorized representative has read and understands the Plan and agrees that the Options are granted under and governed by the terms and conditions of the Plan, as may be amended or replaced from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ____ day of _____, ____.

SIGNED, SEALED AND DELIVERED by _____)
 _____ in the)
presence of:)
)
 _____)
Signature of Witness)
)
 _____)
Print Name)

Signature by Optionee

Print Name

POLARIS MINERALS CORPORATION

Per: _____
 Authorized Signatory

Notice of Exercise of Incentive Stock Option

TO: POLARIS MINERALS CORPORATION (the "Company")

I wish to exercise _____ of the incentive stock options granted to me by the Company at the price of CDN \$ _____ per share and enclose herewith the amount of \$ _____ in payment of the total exercise price for such shares.

DATED as of _____, 200____.

Signature of Optionee

Please print name of Optionee

Please have the share certificate issued as follows:

Registration Instructions:

Delivery Instructions:

Name

Name

Account reference, if applicable

Account reference, if applicable

Address

Address

Telephone Number

Fax Number

Telephone Number

Fax Number

Contact Name

Contact Name



SCHEDULE B

POLARIS MINERALS CORPORATION

BOARD MANDATE AND TERMS OF REFERENCE

As approved by the Board of Directors on December 6, 2007; Amended on November 3, 2008 and June 3, 2010

The Board of Directors (the "Board") of Polaris Minerals Corporation (the "Company") is responsible for the management of the business of the Company consistent with the powers and obligations under the *Business Corporations Act* (British Columbia) and other statutory and legal requirements generally applicable to directors of a business corporation that is a reporting issuer for securities purposes in Canada and is listed on the Toronto Stock Exchange.

Under the *Act*, the directors of the Company (the "Directors") are required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board believes that it has the primary responsibility of maximizing shareholder value and to oversee the management of the Company which is carried out by the Chief Executive Officer ("CEO") of the Company.

The Board carries out its responsibilities directly, and through its committees.

The Board has the following stewardship responsibilities:

1. Governance

The Board establishes and oversees all corporate governance policies, and reviews and monitors the corporate governance practices and disclosures for the Company.

The Board has approved a corporate disclosure policy and a code of business conduct and ethics to which all Directors, officers and employees of the Company are bound.

The Board believes that it is the function of executive management, led by the CEO, to speak for the Company in its communications with shareholders, the investment community, regulatory authorities, the media and any other interested parties. It is understood that the Chairperson of the Board (the "Chair") or other individual Directors may, from time to time, be requested by management to assist with such communications.

The Board approves the content of the Company's major communications to shareholders and the public.

2. Strategic Planning and Development

The Board approves and monitors the implementation of the Company's strategic plans and long term goals and objectives, as prepared and presented by the Company's CEO with support from executive management. Such plans include the identification and assessment of risks, with provisions to manage and mitigate those risks, as well as strategies for each entity in which the Company has a significant ownership interest. These plans also include specific steps and performance indicators which enable the Board to evaluate progress on implementing such strategies.



The Board approves and monitors annual capital and operating plans and budgets to implement the Company's business strategies, together with key financial and other performance goals for the Company's activities, as prepared and presented by the CEO with support from executive management.

The Board reviews corporate performance and progress towards these plans on a quarterly basis and performs an in-depth review of these strategic plans on at least an annual basis. Any revisions to the plans are approved by the Board.

The Board expects executive management to keep the Board informed of all significant developments regarding these strategic plans in a timely and candid manner.

3. Financial Planning and Capital Structure Oversight

The Board advises management on appropriate financing strategies in accordance with the Company's strategic plan. The Board ensures that financing of capital projects and working capital requirements recognizes a capital structure with a sufficient mix of debt and equity to reflect an appropriate level of risk, while managing the cost of capital, in order to maximize shareholder value. The Board will consider both internal and external factors, including economic and market conditions, in carrying out its role.

4. Monitoring and Internal Controls

The audit committee ensures that the financial performance of the Company is reported according to statutory and legal requirements and that financial results are reported fairly and in accordance with generally accepted accounting standards. The audit committee also reviews the financial performance and reporting of the Company and assesses the integrity of the Company's financial reporting, internal controls and management information systems.

The Board and the audit committee review and monitor the Company's financial risks and risk management policies, and the financial structure of the Company, the audit committee making recommendations to the Board as appropriate.

5. Executive Management Oversight and Succession Planning

The Board regularly considers the integrity, quality and continuity of management required to achieve the Company's goals. The Board has adopted a position description for the CEO which sets out the duties and responsibilities for that position. This position description will be reviewed from time to time.

The Board, under the guidance of the compensation committee, approves the appointment, termination and remuneration of executive management and corporate officers, and is responsible for developing and maintaining an executive management succession plan, including an emergency CEO succession plan.

On an annual basis, the compensation committee measures executive management performance, development and total compensation against the objectives set and makes recommendations to the Board in that regard.

All Directors have open access to the Company's executive management.



BOARD PRACTICES AND TERMS OF REFERENCE

a. Board Committees

The Board establishes and dissolves committees at its discretion in accordance with the ongoing needs of the Company. However, at all times there will be an audit committee and a compensation committee, as well as committee(s) specifically responsible for corporate governance and the nomination of Board members.

The audit committee and the compensation committee, whether responsible solely for compensation oversight or combined with other responsibilities, must be comprised of three or more Directors, all being unrelated and independent as defined by applicable securities and stock exchange rules and, in particular, as defined by *National Instrument 52-110 - Audit Committees*.

Each committee operates under a written mandate, approved by the Board, which sets out its authority, composition, duties and responsibilities. The responsibilities of the Board may be delegated from time to time to committees of the Board on such terms as the Board may consider appropriate and subject to the provision of statutory and legal requirements. The Chair of the Board is an ex-officio member of all Board committees and shall receive proper notice of and documentation for meetings of such committees.

b. Board Composition and Effectiveness

A majority of Directors on the Board must be unrelated and independent as defined by applicable securities and stock exchange rules and, in particular as defined by *National Instrument 52-110 - Audit Committees*. The Board assesses the independence of each Director on an annual basis. Directors have an ongoing obligation to inform the governance committee of any material changes in their circumstances or relationships which may affect the Board's determination as to their independence.

The Board has adopted a position description for the Chair of the Board which sets out the duties and responsibilities for that position. This position description will be reviewed from time to time. The Chair shall be an unrelated, independent Director of the Company.

Under the guidance of the nominating committee, the Board establishes the competencies and skills the Board considers to be necessary for the Board as a whole, each existing Director, and new nominees to the Board. The Board considers the appropriate size of the Board, under the guidance of the nominating committee, on an annual basis, with a view to facilitating effective decision making.

The Board is responsible for the establishment and oversight of the performance of its committees and the appointment of members to serve on such committees. The nominating committee, in conjunction with the Chair of the Board, will recommend Board members for appointment to the committees of the Board.

The Board reviews the effectiveness of the Board, its committees, and each Director's role on and contribution to the Board. The Board as a whole, as well as committees and individual Directors, is assessed by the Board on an annual basis, under the direction and guidance of the nominating committee. The type of assessment to be conducted will be determined by the nominating committee, however, it may include the completion by each Director of a comprehensive questionnaire and/or one-on-one sessions between each Director and the Chairs of the Board and the nominating committee. In order to ensure the Board is and remains effective, each Director will cooperate fully in such assessments.

c. Director Orientation and Education

The nominating committee identifies candidates for Board membership, and makes recommendations to the Board for nomination as directors to the Board, based on their character, integrity, judgment and record of achievement and any other qualifications which would add to the Board's decision making process and enhance the overall management of the Company's business.

The Board has an informal process for the orientation of new Board members regarding the role of the Board, its committees and Directors, and the nature of operation of the Company. New Directors meet with executive management and incumbent Directors and are provided with written materials to aid in their familiarization with the Company.

Directors are made aware of their responsibility to keep themselves up to date with best director and corporate governance practices and are encouraged and funded to attend seminars that will increase their own and the Board's effectiveness.

d. Conflict of Interest

A perceived conflict of interest may arise if a Director, or a member of his/her immediate family or household, has a material interest or relationship with a supplier or competitor of the Company, or if a Director engages in any business, personal or other activity, directly or indirectly, which may be construed as being in conflict with Company's interests, or which may, or may appear to, compromise the Director's ability to act impartially on behalf of the Company.

In addition to adhering to the Company's *Code of Business Conduct and Ethics*, individual Directors must continually monitor their activities and interests; when an actual, potential, or potentially perceived conflict of interest arises, must immediately advise the Company's governance committee or, in the event the Director is a member of the governance committee, the Board as a whole. The disinterested members of the committee or the Board, as applicable, shall make a determination as to whether a conflict exists and what subsequent action, if any, is appropriate. The governance committee shall immediately inform the Board of such determination and action. The Board shall retain the right to modify or reverse such determination and action.

Each Director shall ensure that all filed regulatory documents contain full disclosure regarding all his/her director and officer positions held.

e. Meetings

The Board meets on at least a quarterly basis and holds additional meetings as required or appropriate to deal with ongoing corporate matters or long term strategic planning. Any Director may request that a meeting of the Board take place, such requests being made to the Chair who shall make the determination as to whether or not the requested meeting is to be held.

The Chair and CEO, in consultation, will set the agenda for each board meeting, with the assistance of or by delegation to the Corporate Secretary. Any Director may request additional items for inclusion on the agenda for a scheduled quarterly Board meeting.

The Board prefers that all Directors attend all scheduled quarterly meetings in person wherever feasible. If unable to attend in person, a Director may attend a meeting via telephone or other agreed electronic means. Attendance at meetings will be recorded in the minutes of the meetings.



If the Chair is not present at any meeting of the Board, the Chair will pre-appoint a Chair for that meeting or, failing that, the Chair of the meeting shall be chosen by the Board from among the Directors present. The Chair presiding at any meeting of the Board shall not have a casting vote in case of deadlock.

The Board is to receive regular quarterly reports on the financial results and significant business activities of the Company, as well as appropriate documentation regarding matters for Board approval, in a timely manner in advance of Board meetings in order to ensure effectiveness of action at such meetings.

The Board may also take action from time to time by unanimous written consent resolutions.

The independent Directors hold meetings, without the presence of management and non-independent Directors, at least quarterly and more often as may be determined by the Chairs of the Board and the governance committee. Any Director may request that a meeting of the independent Directors take place.

The Board, and its committees, has the authority to retain legal, accounting and other consultants to advise it. The Board may request any officer or employee of the Company, or its outside counsel or auditors, to attend any meeting of the Board or to meet with any members of, or consultants to, the Board.