

Opta Minerals Inc. Reports Year End Results for Fiscal 2008

WATERDOWN, ONTARIO--(CCNMatthews – March 5, 2009) - Opta Minerals Inc. (TSX:OPM), a vertically integrated provider of custom process solutions and industrial mineral products for use primarily in the steel, foundry, loose abrasive cleaning, water jet cutting and municipal water filtration industries, today announced results for the three and twelve months ended December 31, 2008. All figures are reported in U.S. dollars and in accordance with Canadian Generally Accepted Accounting Principles (GAAP), except where otherwise noted.

Opta Minerals reported record revenues for the year ended December 31, 2008. Revenues in 2008 increased 24.0% to \$93.4 million, from \$75.4 million in 2007. Gross profit for the year increased by 3.4% to \$18.4 million or 19.7% of revenues versus \$17.8 million or 23.6% of revenues in 2007. EBITDA for the year decreased 3.5% from \$9.9 million in 2007 to \$9.6 million for the year ended December 31, 2008. These results reflect the impact of a dramatic slowdown in the steel industry that occurred in the fourth quarter of 2008. In addition to the decrease in demand for mill and foundry products globally, the fourth quarter results were also significantly impacted by a \$2.8 million write-down pertaining to an adjustment to net realizable value of the Company's magnesium based raw materials. Net earnings for the year decreased by 26.0% to \$2.5 million or \$0.14 per diluted common share from \$3.3 million or \$0.19 per diluted common share for the twelve months ended December 31, 2007. "The global economic situation had a significant negative effect on fourth quarter results, and consequently 2008 was a very disappointing year despite record sales and earnings before one time inventory cost adjustments".

Revenues for the three months ended December 31, 2008 were \$17.4 million, a 13.2% decrease from fourth quarter 2007 revenues of \$20.0 million. Excluding the 2008 acquisition of MCP, revenues decreased by 23.2%. Weaker sales of both abrasive products and steel and foundry products for the quarter contributed to this result. Gross profit loss for the three months ended December 31, 2008 was \$0.1 million versus a gross profit of \$4.2 million for the three months ended December 31, 2007. Gross profit in the Company's mill and foundry segment was significantly impacted by the economic slowdown and a decrease in demand for product from major steel mill customers who idled plants to reduce production. Gross profits within the Company's abrasive products manufacturing and distribution operations segment decreased by \$0.3 million from \$0.9 million or 14.7% of revenue in 2007 to \$0.6 million or 12.7% of sales in 2008. The decrease is primarily due to lower sales volumes at the company's southern U.S. facilities.

Selling, general and administrative expenses decreased \$0.2 million during the fourth quarter, from \$2.6 million or 13.1% of revenues in 2007 to \$2.4 million or 14.1% of revenues in 2008. The increase relating to costs incurred by MCP acquired in the third quarter of 2008 of \$0.2 million were largely offset by \$0.5 million relating to reduced professional fees incurred as well as reduced employee costs resulting from cost reduction measures put in place by management during the quarter.

Earnings (loss) before income taxes and interest ("EBIT") for the three months ended December 31, 2008 was \$(2.5 million), as compared to \$0.8 million for the three months ended December 31, 2007. Along with a decrease in sales volumes, the current quarter's results were also negatively impacted by an approximately \$2.8 million write-down of the value magnesium raw material inventory to its estimated net realizable value.

Net loss for the three months ended December 31, 2008 was \$(2.2 million) or \$(0.12) per diluted common share, versus net earnings of \$0.2 million or \$0.01 per diluted common share for the three months ended December 31, 2007.

The Company continues to maintain working capital of \$15.8 million and total assets of \$101.2 million. The debt to equity ratio as at December 31, 2008 was 0.72 to 1.00. The Company has cash and available credit facilities of a further \$10.3 million.

2008 Highlights:

During the year ended December 31, 2008, and up to the date of this press release, the Company had the following performance highlights and significant events:

- Revenues from operations grew 24% for the year from \$75.4 million in 2007 to \$93.4 million in 2008, while gross profit grew 3.4% from 17.8 million in 2007 to \$18.4 million in 2008.
- Positive cash flows from operating activities of \$1.9 million versus \$1.8 million for 2007.
- On July 9 2008 the Company acquired 67% of the outstanding common shares of MCP Mg-Serbien SAS (“MCP”) of France. The transaction includes an option to acquire the remaining 33% minority interest on similar terms. Opta has also secured an option to purchase a majority position in an associated company located in Europe which is focused on the production of magnesium ingots. The acquisition continues to expand Opta’s business capabilities into Europe and complements existing operations which supply a wide range of magnesium based desulphurization products in the United States, Canada and Europe from operations in Indiana, Ontario and Slovakia.
- In September 2008 the Company commenced the consolidation of its Quebec operations into one facility in Laval to improve efficiency and reduce overhead costs by approximately \$0.1 million. As part of the plan, the warehouse owned in Lachine was listed for sale and is reported as an asset held for sale.
- As the economy deteriorated in the fourth quarter of 2008, the company implemented cost saving measures to realign operations to the current customer demand. Included in these measures was a workforce reduction during the fourth quarter totaling approximately 30 staff or 13% of the Company’s workforce.
- Subsequent to year end, substantially all of the assets comprising the Company’s facility in Attica New York were sold in exchange for a release of the Company’s obligations under an existing lease and service arrangement. For the year ended December 31, 2008 the operation generated a loss before tax expense of \$0.3 million.

Opta Mineral's President and CEO, David Kruse, plans to host a conference call at 10:00 AM Eastern Standard Time, on Monday, March 9th, 2009, to discuss fourth quarter 2008 results and recent corporate developments. After opening remarks, there will be a question and answer period. This conference call can be accessed with the toll free dial-in number 1-(866) 321-8231 or (416) 642-5213, quote confirmation code 8594328. If you are unable to listen live, the conference call will be archived and can be accessed at the following replay numbers between March 9th and March 16th, with the toll free dial-in number 1-(888) 203-1112 or (647) 436-0148 followed by pass code: 8594328.

Opta Minerals is a vertically integrated provider of custom process solutions and industrial mineral products for use primarily in the steel, foundry, loose abrasive cleaning, water jet cutting and municipal water filtration industries. The Company currently has production and distribution facilities in Ontario, Quebec, Louisiana, South Carolina, Virginia, Maryland, Indiana, Ohio, Michigan, New York, France and Slovakia and one of the broadest product lines in the industry.

For further information, please contact:

Opta Minerals Inc.

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FOOTNOTES:

Earnings before income taxes and interest (“EBIT”); and earnings before interest, income taxes, depreciation and amortization (“EBITDA”) as defined below, are both non-GAAP earnings measures that do not have standardized measures prescribed by GAAP, and therefore may not be comparable to similar measures presented by other publicly traded companies.

	For the twelve Months Ended December 31	
	2008	2007
	\$	\$
Net Earnings for the Period	2,478	3,348
Interest Expense	2,089	1,648
Provision for Income Taxes	1,034	1,462
Depreciation and Amortization	3,949	3,441
EBITDA¹	<u>9,550</u>	<u>9,899</u>
Add (subtract):		
Depreciation and Amortization	(3,949)	(3,441)
Earnings before income taxes and interest²	<u>5,601</u>	<u>6,458</u>

Notes

- 1) The term “EBITDA” refers to earnings before deducting interest expense, provision for income taxes, depreciation and amortization. The Company believes that EBITDA is useful supplemental information as it provides an indication of the results generated by the Company’s main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation. EBITDA is not a recognized measure under Canadian GAAP, and accordingly, investors are cautioned that EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with Canadian GAAP as an indicator of the financial performance of the Company or as a measure of the Company’s liquidity and cash flows. The Company’s method of calculating EBITDA may differ from other issuers and accordingly, EBITDA may not be comparable to similar measures presented by other issuers.
- 2) The term “EBIT” refers to earnings before income taxes and interest expense. The Company believes that EBIT is useful supplemental information as it provides an indication of the results generated by the Company’s main business activities prior to taking into consideration how those activities are financed or taxed. EBIT is a non-GAAP earnings measure that does not have standardized measures prescribed by GAAP, and therefore may not be comparable to similar measures presented by other publicly traded companies.

This press release may contain “forward-looking statements” which reflect the current expectations of management of the Company regarding the Company’s future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as “may”, “would”, “could”, “should”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “aim”, “endeavour”, “seek”, “predict”, “potential” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management of the Company. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, cancellations of or the failure to renew purchase orders; production and delivery issues; quality, pricing and availability of raw materials; compliance with environmental regulations; exchange rate fluctuations as well as the other risks identified in the “Risk Factors” section of the Company’s Annual Information Form and other public filings (copies of which may be obtained at www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by this press release. These factors should be considered carefully and reader should not place undue reliance on the forward-looking statements. Although any forward-looking statements contained in this press release are based upon what management currently believes to be reasonable assumptions, the Company cannot assure readers that actual results, performance or achievements will be consistent with these forward-looking statements, and management’s assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this press release and, other than as required by law, the Company does not intend, and does not assume any obligation, to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Opta Minerals Inc.

Consolidated Statements of Earnings

For the three month periods ended December 31, 2008 and 2007

(Expressed in thousands of U.S. dollars, except per share amounts)

	2008	2007
	\$	\$
Revenue	17,365	20,028
Cost of goods sold	17,463	15,843
Gross (loss) profit	(98)	4,185
Selling, general and administrative expenses	2,443	2,620
(Loss) earnings before the following	(2,541)	1,565
Interest expense – net	528	495
Amortization of intangible assets	413	446
Stock compensation expense	97	52
Other expense	-	280
Foreign exchange gain	(556)	(61)
	482	1,212
(Loss) earnings before income taxes	(3,023)	353
(Recovery of) provision for income taxes	(799)	118
Net (loss) earnings for the period	(2,224)	235
(Loss) earnings per share for the period		
Basic and diluted	(0.12)	0.01

Opta Minerals Inc.

Consolidated Statements of Earnings

For the twelve month periods ended December 31, 2008 and 2007

(Expressed in thousands of U.S. dollars, except per share amounts)

	2008	2007
	\$	\$
Revenue	93,423	75,365
Cost of goods sold	74,996	57,543
Gross profit	18,427	17,822
Selling, general and administrative expenses	10,997	9,635
Earnings before the following	7,430	8,187
Interest expense - net	2,089	1,648
Amortization of intangible assets	1,719	1,381
Stock compensation expense	301	170
Other expense	59	417
Foreign exchange gain	(250)	(239)
Earnings before income taxes	3,918	3,377
Provision for income taxes	1,034	1,462
Net earnings for the period	2,478	3,348
Earnings per share for the period		
Basic and diluted	0.14	0.19

Opta Minerals Inc.

Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

	December 31, 2008	December 31, 2007
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,377	2,336
Accounts receivable	9,133	10,486
Inventories	22,223	19,219
Prepaid expenses and other current assets	1,793	1,566
Assets held for sale	664	-
Income taxes recoverable	362	148
	<hr/> 35,552	<hr/> 33,755
Property, plant and equipment – net	16,664	19,531
Intangible and other assets - net	32,464	32,871
Goodwill	14,160	10,606
Future Income Taxes	2,406	1,469
	<hr/> 101,246	<hr/> 98,232
Liabilities		
Current liabilities		
Bank indebtedness	7,797	5,989
Accounts payable and accrued liabilities	7,788	5,228
Current portion of long-term debt	4,097	7,314
Current portion of preference shares	38	47
	<hr/> 19,720	<hr/> 18,578
Long-term debt	20,594	23,204
Other long-term liabilities	3,095	2,169
Future income taxes	2,849	2,760
Future income taxes on intangible assets	9,695	9,964
	<hr/> 55,953	<hr/> 56,675
Shareholder's Equity		
Capital stock		
Authorized: Unlimited number of common shares and preference shares without par value		
Issued		
18,003,462 (December 31, 2007 – 17,984,200) common shares	17,587	17,528
Contributed surplus	1,665	1,364
Retained earnings	21,662	19,184
Accumulated other comprehensive income	4,379	3,481
	<hr/> 45,293	<hr/> 41,557
	<hr/> 101,246	<hr/> 98,232

Opta Minerals Inc.

Consolidated Statements of Cash Flows

For the three month periods ended December 31, 2008 and 2007

(Expressed in thousands of U.S. dollars)

	2008	2007
	\$	\$
Cash provided by (used in)		
Operating activities		
Net (loss) earnings for the period	(2,224)	235
Items not affecting cash		
Amortization of property, plant and equipment	550	589
Amortization of intangible assets	413	446
Other financing costs	-	254
Stock compensation expense	97	52
Future income taxes	(868)	(277)
Unrealized foreign exchange (gain) loss on long term debt	(110)	356
Net loss on disposal of property, plant and equipment	8	-
	<u>(2,134)</u>	<u>1,655</u>
Changes in non-cash working capital		
Accounts receivable	5,090	759
Inventories	1,773	(1,153)
Prepaid expenses and other current assets	(817)	245
Accounts payable and accrued liabilities	(872)	(661)
Income taxes recoverable	(916)	(1,094)
	<u>2,124</u>	<u>(249)</u>
Investing activities		
Acquisition of property, plant and equipment	(779)	(159)
Proceeds on disposal of property, plant and equipment	4	(9)
Additional consideration paid on acquisitions	(514)	(524)
Acquisition of company	-	(110)
	<u>(1,289)</u>	<u>(802)</u>
Financing Activities		
Proceeds from issuance of common shares	15	19
(Decrease) in bank indebtedness	(3,315)	(638)
Proceeds from long term debt	528	85
Repayment of long term debt	(402)	(85)
	<u>(3,174)</u>	<u>(619)</u>
Foreign exchange loss on cash held in foreign currency	<u>55</u>	<u>7</u>
Decrease in cash and cash equivalents during the period	(2,284)	(1,663)
Cash and cash equivalents – Beginning of period	<u>3,661</u>	<u>3,999</u>
Cash and cash equivalents – End of period	<u>1,377</u>	<u>2,336</u>
Supplemental cash flow information		
Interest paid	497	472
Income taxes paid	754	1,489

Opta Minerals Inc.

Consolidated Statements of Cash Flows

For the twelve month periods ended December 31, 2008 and 2007

(Expressed in thousands of U.S. dollars)

	2008	2007
	\$	\$
Cash provided by (used in)		
Operating activities		
Net earnings for the period	2,478	3,348
Items not affecting cash		
Amortization of property, plant and equipment	2,230	2,060
Amortization of intangible assets	1,719	1,381
Other financing costs	-	254
Stock compensation expense	301	170
Future income taxes	(1,248)	(1,072)
Unrealized foreign exchange gain on long term debt	-	(9)
Realized foreign exchange gain on foreign operations	(292)	-
Net loss on disposal of property, plant and equipment	43	7
	<u>5,231</u>	<u>6,139</u>
Changes in non-cash working capital		
Accounts receivable	972	(599)
Inventories	(1,769)	(3,347)
Prepaid expenses and other current assets	96	36
Accounts payable and accrued liabilities	(2,373)	(491)
Income taxes payable	(220)	100
	<u>1,937</u>	<u>1,838</u>
Investing activities		
Acquisition of property, plant and equipment	(1,376)	(1,834)
Proceeds on disposal of property, plant and equipment	58	20
Additional consideration paid on acquisitions	(525)	(555)
Acquisition of company, net of cash acquired	(1,005)	(6,314)
	<u>(2,848)</u>	<u>(8,683)</u>
Financing Activities		
Proceeds from issuance of common shares	59	83
Increase (decrease) in bank indebtedness	2,544	(1,853)
Proceeds from long term debt	4,750	23,166
Repayment of long term debt	(7,439)	(13,076)
	<u>(86)</u>	<u>8,320</u>
Foreign exchange loss on cash held in foreign currency	<u>38</u>	<u>7</u>
(Decrease) increase in cash and cash equivalents during period	(959)	1,482
Cash and cash equivalents – Beginning of period	<u>2,336</u>	<u>854</u>
Cash and cash equivalents – End of period	<u>1,377</u>	<u>2,336</u>
Supplemental cash flow information		
Interest paid	2,163	1,762
Income taxes paid	2,371	2,466

Opta Minerals Inc.

Segmented Information

For the three months ended December 31, 2008

(Expressed in thousands of U.S. dollars)

For the three month period ended December 31, 2008

	Mill and foundry products and services \$	Abrasive manufacturing and distribution operations \$	Unallocated \$	Total \$
External revenue by market				
Canada	2,329	1,097	-	3,426
U.S.	6,915	3,544	-	10,459
Europe	3,472	4	-	3,476
Other	-	4	-	4
Total revenue from external customers	<u>12,716</u>	<u>4,649</u>	-	<u>17,365</u>
Segment net earnings (loss) before interest expense and income taxes	(3,197)	185	517	(2,495)
Interest expense on long term debt				386
Interest expense				142
Recovery of income taxes				<u>(799)</u>
Net loss				<u>(2,224)</u>
Amortization of property plant and equipment	<u>287</u>	<u>242</u>	<u>21</u>	<u>550</u>
Amortization of intangible assets	<u>402</u>	<u>11</u>	-	<u>413</u>
Expenditures on property, plant and equipment	<u>657</u>	<u>114</u>	<u>8</u>	<u>779</u>

Opta Minerals Inc.

Segmented Information

For the twelve months ended December 31, 2008

(Expressed in thousands of U.S. dollars)

For the twelve month period ended December 31, 2008

	Mill and foundry products and services \$	Abrasive manufacturing and distribution operations \$	Unallocated \$	Total \$
External revenue by market				
Canada	12,935	5,267	-	18,202
U.S.	44,603	17,005	-	61,608
Europe	13,490	9	-	13,499
Other	76	38	-	114
Total revenue from external customers	<u>71,104</u>	<u>22,319</u>	-	<u>93,423</u>
Segment net earnings (loss) before interest expense and income taxes	4,707	2,962	(2,068)	5,601
Interest expense on long term debt				1,521
Interest expense				568
Provision for income taxes				<u>1,034</u>
Net earnings				<u>2,478</u>
Total assets as at December 31, 2008	<u>70,806</u>	<u>27,198</u>	<u>3,242</u>	<u>101,246</u>
Amortization of property plant and equipment	<u>1,101</u>	<u>1,006</u>	<u>123</u>	<u>2,230</u>
Amortization of intangible assets	<u>1,671</u>	<u>48</u>	-	<u>1,719</u>
Goodwill and intangible assets as at December 31, 2008	<u>39,859</u>	<u>6,765</u>	-	<u>46,624</u>
Expenditures on property, plant and equipment	<u>760</u>	<u>547</u>	<u>69</u>	<u>1,376</u>

Opta Minerals Inc.

Segmented Information

For the three months ended December 31, 2007

(Expressed in thousands of U.S. dollars)

For the three month period ended December 31, 2007

	Mill and Foundry Products and Services \$	Abrasive Manufacturing and distribution operations \$	Unallocated \$	Total \$
External revenue by market				
Canada	3,026	1,954	-	4,980
U.S.	9,249	4,055	-	13,304
Europe	1,653	-	-	1,653
Other	85	6	-	91
Total revenue from external customers	<u>14,013</u>	<u>6,015</u>	-	<u>20,028</u>
Segment net earnings (loss) before interest expense and income taxes	1,201	205	(558)	848
Interest expense on long term debt				396
Interest expense				99
Provision for income taxes				<u>118</u>
Net earnings				<u>235</u>
Amortization of property plant and equipment	<u>274</u>	<u>291</u>	<u>24</u>	<u>589</u>
Amortization of intangible assets	<u>435</u>	<u>11</u>	<u>-</u>	<u>446</u>
Expenditures on property, plant and equipment	<u>40</u>	<u>129</u>	<u>(10)</u>	<u>159</u>

Opta Minerals Inc.

Segmented Information

For the twelve months ended December 31, 2007

(Expressed in thousands of U.S. dollars)

For the twelve month period ended December 31, 2007

	Mill and Foundry Products and Services	Abrasive Manufacturing and distribution operations	Unallocated	Total
	\$	\$	\$	\$
External revenue by market				
Canada	11,595	6,688	-	18,283
U.S.	36,771	16,867	-	53,638
Europe	3,125	-	-	3,125
Other	275	44	-	319
Total revenue from external customers	<u>51,766</u>	<u>23,599</u>	-	<u>75,365</u>
Segment net earnings (loss) before interest expense and income taxes	5,428	3,139	(2,109)	6,458
Interest expense on long term debt				1,213
Interest expense				435
Provision for income taxes				<u>1,462</u>
Net earnings				<u>3,348</u>
Total assets as at December 31, 2007	<u>63,182</u>	<u>32,384</u>	<u>2,666</u>	<u>98,232</u>
Amortization of property plant and equipment	914	1,106	40	2,060
Amortization of intangible assets	1,334	47	-	1,381
Goodwill and intangible assets as at December 31, 2007	<u>36,149</u>	<u>7,328</u>	-	<u>43,477</u>
Expenditures on property, plant and equipment	<u>579</u>	<u>1,241</u>	<u>14</u>	<u>1,834</u>