

Opta Minerals Inc. Reports Record Results for the Second Quarter of Fiscal 2006

WATERDOWN, ONTARIO--(CCNMatthews – August 2, 2006) - Opta Minerals Inc. (TSX:OPM)(TSX:OPM.WT), a vertically integrated producer, manufacturer, distributor and recycler of silica-free loose abrasives, roofing shingle granules, industrial minerals, specialty sands and related products, today announced results for the quarter ended June 30, 2006. All figures are in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles (GAAP), except where otherwise noted.

Highlights from the Quarter:

- Net Earnings increase of 46% over Q2 2005 results and a 57% increase in earnings before interest, income taxes, depreciation and amortization (“EBITDA”).
- Positive cash flow from operating activities of \$2,338,000 versus \$19,000 during Q2 2005.
- Continued development and introduction of new products into the marketplace.

Opta Minerals reported record 2006 second quarter revenue of \$20.6 million, bringing year to date revenue to a record \$35.7 million, a 64% increase over the first half of 2005. Earnings before income taxes, interest and stock compensation expense for the quarter were \$2.9 million, bringing year to date earnings before income taxes, interest and stock compensation expense to \$4.1 million, an increase of 39% over the first half of 2005.

"Excluding Magtech, revenues from operations were \$12.2 million which is comparable to Q2 2005, despite a decrease of \$560,000 due to foreign exchange and a \$340,000 decrease in revenues from operations in New Orleans which have yet to be fully restored. Excluding New Orleans and the impact of foreign exchange noted above, the Company's organic growth rate is 7% over Q2 2005. The strong result generated this quarter is evidence of the momentum and organic growth potential of existing operations and markets. In addition the acquisition of Magtech in February 2006 has significantly increased the Company's results compared to prior year." said David Kruse, President and Chief Executive Officer.

Gross profit for the quarter increased 61% from \$3.2 million (26% of revenue) for the three months ended June 30, 2005 to \$5.2 million (25% of revenue) in 2006. On a year to date basis, gross profit increased 57% from \$5.3 million (25% of revenue) for the six months ended June 30, 2005 to \$8.4 million (24% of revenue) in 2006. The increase in year to date gross profit is substantially due to the inclusion of Magtech into the Company's consolidated results, offset by a \$0.4 million decrease in gross profits from the heritage business. The \$0.4 million decrease is partially a result of a \$0.2 million decrease in the gross profit of the New Orleans operations, and foreign exchange. Had foreign exchange rates remained the same for the six months ended June 2006 versus 2005, gross profits from heritage businesses would be approximately \$0.2 million higher.

Net earnings for the second quarter were \$1,619,000 or \$0.10 per diluted common share, an increase of 46% from \$1,108,000 or \$0.07 per diluted common share in 2005. Year to date earnings are \$2,081,000 or \$0.12 per diluted common share, an increase of 71% from \$1,216,000 or \$0.08 per diluted common share in 2005. Year to date results for the six months ended June 30, 2006 include \$411,000 in amortization of intangible assets that are primarily the result of the Magtech acquisition.

The Company continues to maintain a strong balance sheet, with working capital of \$13.0 million and total assets of \$75.7 million. The debt to equity ratio as at June 30, 2006 was 0.67 to 1.00. The Company has cash resources of approximately \$2.0 million and has available credit facilities of a further \$9.4 million. It is intended that these resources will be used to generate further shareholder value through strategic acquisitions and investment in the Company's existing operations.

Opta Mineral's President and CEO, David Kruse, plans to host a conference call at 3:00 PM Eastern Standard Time on August 3, 2006, to discuss quarterly 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 (719) 457-2650 or (800) 946-0742 followed by pass code: 4168439. If you are unable to listen live, the conference call will be archived and can be accessed at the following replay numbers between August 3rd and August 9th with the toll free dial-in number (888) 203-1112 or (719) 457-0820 followed by pass code: 4168439.

Opta Minerals is a vertically integrated producer, manufacturer, distributor and recycler of silica-free loose abrasives, roofing shingle granules, industrial minerals, specialty sands and related products for use primarily in the foundry, steel, marine/bridge cleaning and municipal water filtration industries. The Company has experienced solid growth since July 1995, through a combination of internal growth and successfully integrated strategic acquisitions to become one of the dominant regional suppliers of silica-free loose abrasives in a number of select markets on the east coast of North America.

The Company currently has production and distribution facilities in Ontario, Quebec, Louisiana, South Carolina, Virginia, Maryland, Indiana, Ohio and New York and one of the broadest product lines in the industry. Recognizing that the fragmentation and lack of consolidation among suppliers in its industry has provided it with a strategic growth opportunity, the Company intends to capitalize on this opportunity to become one of the dominant North American suppliers of silica-free loose abrasives while at the same time leveraging this core expertise to expand its breadth of services and product offering in other industrial minerals. In order to achieve this objective, the Company intends to accelerate its revenue and market share growth over the next several years by making a number of additional strategic acquisitions, through geographic expansion and through continued development of new products and services.

For further information, please contact:

Opta Minerals Inc.

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FOOTNOTES:

Earnings before income taxes, interest, and stock compensation expense; and earnings before interest, income taxes, depreciation and amortisation (“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 Three Months Ended June 30	
	2006	2005
	\$	\$
Net Earnings for the Period	1,619	1,108
Interest Expense	452	139
Provision for Income taxes	817	733
Depreciation and Amortisation	764	346
EBITDA¹	3,652	2,326
Add (subtract):		
Depreciation and Amortisation	(764)	(346)
Stock Compensation Expense	32	26
Earnings before income taxes, interest and stock compensation expense²	2,920	2,006

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) Earnings before income taxes, interest and stock compensation expense is defined as gross profit less selling general and administrative expenses, amortization of intangibles, other income and foreign exchange. The Company believes that earnings before income taxes, interest and stock compensation expense 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 income taxes, interest and expenses pertaining to stock option benefits. Earnings before income taxes, interest and stock compensation expense 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.

Except for historical information contained herein, this news release contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially. Factors that might cause a difference include, but are not limited to, those relating to fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar and other currencies, general economic conditions and our ability to execute our growth strategy. Opta will not update these forward-looking statements to reflect events or circumstances after the date hereof. More detailed information about potential factors that could affect Opta’s financial results is included in the documents Opta files from time to time with Canadian securities regulatory authorities.

Opta Minerals Inc.

Consolidated Statements of Earnings

For the three months ended June 30, 2006 and 2005

(Expressed in thousands of Canadian dollars, except per share amounts)

(Unaudited)

	2006	2005
	\$	\$
Revenue	20,647	12,242
Cost of goods sold	15,445	9,004
Gross profit	5,202	3,238
Selling, general and administrative expenses	2,337	1,210
Earnings before the following	2,865	2,028
Interest expense on long-term debt	333	-
Interest expense - net	119	139
Amortization of intangible assets	261	11
Stock compensation expense	32	26
Foreign exchange gain	(316)	11
Earnings before income taxes	2,436	1,841
Provision for income taxes	817	733
Net earnings for the period	1,619	1,108
Earnings per share for the period		
Basic and diluted	0.10	0.07

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Consolidated Statements of Earnings

For the six months ended June 30, 2006 and 2005

(Expressed in thousands of Canadian dollars, except per share amounts)

(Unaudited)

	2006	2005
	\$	\$
Revenue	35,712	21,736
Cost of goods sold	<u>27,309</u>	<u>16,388</u>
Gross profit	8,403	5,348
Selling, general and administrative expenses	<u>4,156</u>	<u>2,458</u>
Earnings before the following	<u>4,247</u>	<u>2,890</u>
Interest expense on long-term debt	552	-
Interest expense - net	236	232
Amortization of intangible assets	411	21
Stock compensation expense	84	432
Foreign exchange gain	<u>(227)</u>	<u>(58)</u>
Earnings before income taxes	3,191	2,263
Provision for income taxes	<u>1,110</u>	<u>1,047</u>
Net earnings for the period	<u>2,081</u>	<u>1,216</u>
Earnings per share for the period		
Basic and diluted	0.12	0.08

Opta Minerals Inc.

Consolidated Balance Sheets

As at June 30, 2006 and December 31, 2005

(Expressed in thousands of Canadian dollars, except per share amounts)

(Unaudited)

	June 30, 2006	December 31, 2005
	\$	\$
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	2,024	4,077
Accounts receivable	9,594	6,365
Inventories	14,486	15,238
Prepaid expenses and other current assets	2,045	507
Due from Affiliates	39	29
	<u>28,188</u>	<u>26,216</u>
Property, plant and equipment – net	17,592	13,003
Intangible and other assets - net	20,881	613
Goodwill	8,430	7,611
Future income taxes	658	636
	<u>75,749</u>	<u>48,079</u>
Liabilities		
Current liabilities		
Bank indebtedness	7,050	-
Accounts payable and accrued liabilities	4,628	3,924
Current portion of long-term debt	3,100	1,010
Current portion of preference shares	46	77
Income taxes payable	397	10
	<u>15,221</u>	<u>5,021</u>
Long-term debt	14,206	7,005
Future income taxes	9,909	657
	<u>39,336</u>	<u>12,683</u>
Shareholder's Equity		
Capital stock		
Authorized: Unlimited number of common shares and preference shares without par value		
Issued		
16,957,392 (December 31, 2005 – 16,952,574) common shares	18,266	18,250
Contributed surplus	1,321	1,237
Retained earnings	19,788	17,707
Currency Translation Adjustment	(2,962)	(1,798)
	<u>36,413</u>	<u>35,396</u>
	<u>75,749</u>	<u>48,079</u>

Opta Minerals Inc.

Segmented Information

For the three months ended June 30, 2006

(Expressed in thousands of Canadian dollars)

(Unaudited)

For the three month period ended June 30, 2006

	Mill and foundry products and services \$	Abrasive manufacturing and distribution operations \$	St. Bruno de Guigues quarry operations \$	Total \$
External revenue by market				
Canada	3,437	2,600	488	6,525
U.S.	9,074	4,524	30	13,628
Other	494	-	-	494
Total revenue from external customers	<u>13,005</u>	<u>7,124</u>	<u>518</u>	<u>20,647</u>
Segment net earnings before interest expense and income taxes	1,761	1,015	112	2,888
Interest expense on long-term debt				333
Interest expense - net				119
Provision for income taxes				<u>817</u>
Net earnings				<u>1,619</u>
Total assets as at June 30, 2006	<u>35,231</u>	<u>37,886</u>	<u>2,632</u>	<u>75,749</u>
Amortization of property plant and equipment	<u>148</u>	<u>319</u>	<u>36</u>	<u>503</u>
Amortization of intangible assets	<u>244</u>	<u>17</u>	<u>-</u>	<u>261</u>
Goodwill and intangible assets as at June 30, 2006	<u>21,279</u>	<u>8,032</u>	<u>-</u>	<u>29,311</u>
Expenditures on property, plant and equipment	<u>212</u>	<u>240</u>	<u>20</u>	<u>472</u>

Opta Minerals Inc.

Segmented Information

For the six months ended June 30, 2006

(Expressed in thousands of Canadian dollars)

(Unaudited)

For the six month period ended June 30, 2006

	Mill and foundry products and services \$	Abrasive manufacturing and distribution operations \$	St. Bruno de Guigues quarry operations \$	Total \$
External revenue by market				
Canada	6,338	4,834	688	11,860
U.S.	13,504	9,626	90	23,220
Other	604	23	5	632
Total revenue from external customers	<u>20,446</u>	<u>14,483</u>	<u>783</u>	<u>35,712</u>
Segment net earnings before interest expense and income taxes	2,455	1,447	77	3,979
Interest expense on long-term debt				552
Interest expense - net				236
Provision for income taxes				<u>1,110</u>
Net earnings				<u>2,081</u>
Amortization of property plant and equipment	<u>200</u>	<u>608</u>	<u>73</u>	<u>881</u>
Amortization of intangible assets	<u>376</u>	<u>35</u>	<u>-</u>	<u>411</u>
Expenditures on property, plant and equipment	<u>375</u>	<u>415</u>	<u>20</u>	<u>810</u>
Expenditures on goodwill	<u>993</u>	<u>-</u>	<u>-</u>	<u>993</u>

Opta Minerals Inc.

Segmented Information

For the three months ended June 30, 2005

(Expressed in thousands of Canadian dollars)

(Unaudited)

For the three month period ended June 30, 2005

	Mill and foundry products and services \$	Abrasive manufacturing and distribution operations \$	St. Bruno de Guigues quarry operations \$	Total \$
External revenue by market				
Canada	1,609	4,289	527	6,425
U.S.	87	5,589	89	5,765
Other	-	52	-	52
Total revenue from external customers	1,696	9,930	616	12,242
Segment net earnings before interest expense and income taxes	64	1,826	90	1,980
Interest expense - net				139
Provision for income taxes				733
Net earnings				1,108
Total assets as at December 31, 2005	1,919	42,998	3,162	48,079
Amortization of property plant and equipment	9	282	45	336
Amortization of intangible assets	-	10	-	10
Goodwill and intangible assets as at December 31, 2005	-	8,224	-	8,224
Expenditures on property, plant and equipment	81	648	85	814

Opta Minerals Inc.

Segmented Information

For the six months ended June 30, 2005

(Expressed in thousands of Canadian dollars)

(Unaudited)

For the six month period ended June 30, 2005

	Mill and foundry products and services \$	Abrasive manufacturing and distribution operations \$	St. Bruno de Guigues quarry operations \$	Total \$
External revenue by market				
Canada	2,760	8,450	820	12,030
U.S.	91	9,405	145	9,641
Other	-	65	-	65
Total revenue from external customers	<u>2,851</u>	<u>17,920</u>	<u>965</u>	<u>21,736</u>
Segment net earnings before interest expense and income taxes	226	2,217	52	2,495
Interest expense - net				232
Provision for income taxes				<u>1,047</u>
Net earnings				<u>1,216</u>
Amortization of property plant and equipment	<u>17</u>	<u>575</u>	<u>85</u>	<u>677</u>
Amortization of intangible assets	<u>-</u>	<u>21</u>	<u>-</u>	<u>21</u>
Expenditures on property, plant and equipment	86	873	88	1,047