

Opta Minerals Inc. Reports Third Quarter Results for Fiscal 2009

WATERDOWN, ONTARIO--(CCNMatthews – November 9th, 2009) - Opta Minerals Inc. (TSX:OPM), today announced results for the three and nine months ended September 30, 2009. All figures are reported in U.S. dollars and in accordance with Canadian Generally Accepted Accounting Principles (GAAP), except where otherwise noted.

For the three months ended September 30, 2009, the net loss was (\$6.4 million) or (\$0.36) per diluted common share, versus net earnings of \$1.7 million or \$0.09 per diluted common share for the third quarter in 2008. Year to date, the net loss for the nine months ended September 30, 2009 was (\$6.8 million) or (\$0.38) per dilutive common share, versus net earnings of \$4.7 million or \$0.26 per diluted common share during 2008. These results include a non-cash goodwill impairment charge in the amount of \$7.2 million for both the three and nine month periods ended September 30, 2009. Earnings before income taxes, goodwill impairment and non-controlling interest were \$1.0 million for the three months ended September 30, 2009, versus \$2.3 million for the comparative period in 2008. This highlights the fact that the operating activities have returned to profitability through market improvements related to steel production and the benefit of the cost saving measures put into place over the past four quarters.

Consistent with the first half of the fiscal year, revenues and gross profit for the three months ended September 30, 2009 have declined in comparison to 2008. Revenues have decreased 43% to \$16.7 million from \$29.4 million in 2008. Gross profit for the quarter decreased by 34% to \$4.2 million or 25.0% of revenue, versus \$6.4 million or 21.6% of revenue in 2008. The improvement in gross profit as a percentage of revenue over the previous period is a result of the benefit of our previously implemented cost saving measures.

David Kruse, President and CEO of Opta Minerals, noted “During the third quarter, Opta Minerals began to see some initial signs of recovery in our related industries. As a result, we have begun to increase production at some of our facilities. A significant highlight during the third quarter is the earnings before income taxes, goodwill impairment and non-controlling interest in the amount of \$1.0 million for the three months ended September 30, 2009. There remains continued uncertainty surrounding steel and abrasive-consuming industries, such as automotive, construction, infrastructure and shipyard activity, which makes it very difficult to forecast beyond a very short horizon. Provided that there are no further unexpected economic deteriorations, we expect to see continued gradual improvement throughout the next 6 months. Market conditions are improving in the steel sector, although a full recovery remains slow and progressive.

During the fourth quarter of 2008 and the first nine months of 2009, we implemented cost-saving measures to realign operations with current customer demand. Included in these measures was a workforce reduction, as well as, an adjustment to the cost sharing of employee health benefits. In addition to previously announced restructuring efforts, further cost-saving measures have been implemented during the past quarter and, in total, all restructuring efforts to date are expected to reduce annual operating costs by approximately \$6.0 million compared to the beginning of 2008. During the year we discontinued operations in Attica, New York and sold assets from the operation in exchange for a release of the Company’s obligations under an existing lease and service agreement. We consolidated the operations in Quebec into one facility and, during the third quarter, sold one of the warehouses owned by the Company and commenced negotiating a lease termination agreement for another.

Opta Minerals has generated significant cash flow from working capital reductions in the last nine months, including a substantial reduction in inventory. We expect continued positive cash flow from operating activities over the balance of 2009.”

For the three months ended September 30, 2009, cash flow from operating activities generated \$3.3 million, versus a use of \$1.5 million in the third quarter of 2008. The strong cash flow from operating activities has resulted in a decrease in bank indebtedness in the amount of \$2.8 million and payments on long-term debt in the amount of \$1.4 million. On a

year to date basis, cash flows from operations generated \$7.6 million versus \$0.3 million for the nine months ended September 30, 2008.

Selling, general and administrative expenses decreased \$0.5 million during the third quarter, from \$2.8 million or 9.5% of revenues for the third quarter of 2008 to \$2.3 million or 14.0% of revenues in the third quarter of 2009. Most of the decrease related to reduced professional fees and employee costs resulting from cost reduction measures put in place by management during the past nine months. Year to date, selling, general and administrative expenses have decreased \$1.5 million from \$8.5 million incurred in the first nine months of 2008 to \$7.0 million for the nine months ended September 30, 2009. Taking into account the \$0.4 million increase in selling, general and administrative expenses incurred at MCP, which was acquired during the third quarter of 2008, total year over year savings are \$1.9 million.

During the third quarter, the Company recorded a goodwill impairment charge in the amount of \$7.2 million which is net of a reversal of the contingent consideration accrual previously recorded in Other Long-term Liabilities in the amount of \$1.1 million. The Company performed its annual impairment test of goodwill on September 30, 2009. During the third quarter, management determined that there were external market conditions and other circumstances that suggested the carrying value of the goodwill of certain operating units may exceed their fair value. The external market conditions included a decrease in operating results as compared to the prior year and a lower than previously anticipated future operating income growth due to the slow recovery in the global economy.

EBITDA for the quarter decreased 35%, from \$3.8 million in 2008 to \$2.5 million for the three months ended September 30, 2009. This result reflects the impact of a dramatic slowdown in the steel industry that began in the fourth quarter of 2008. Year to date, the economic slowdown has resulted in a decrease in EBITDA from \$11.1 million for the nine months ended September 30, 2008 to \$4.2 million in 2009. Included in EBITDA for the nine months ended September 30, 2009 are non-recurring other income and expense items totaling \$0.3 million. This amount is substantially comprised of \$0.4 million in restructuring severance costs, \$0.1 million in lease termination costs related to the consolidation of the operations in Quebec offset by a gain on sale of fixed assets in our Attica facility in the amount of \$0.2 million.

The Company's working capital at September 30, 2009 stood at \$11.5 million and total assets were \$88.5 million. The debt-to-equity ratio at September 30, 2009 was 0.76 to 1.00.

Opta Minerals also announces the resignation of James Wilson as Chief Financial Officer and Secretary effective November 2, 2009. Mr. Wilson will be available to the Company to assist with transitional matters and David Ascott, Corporate Controller, will assume the responsibilities in the interim period until a new Chief Financial Officer is hired. The Company has initiated a search for a new CFO.

Opta Minerals President and CEO, David Kruse, plans to host a conference call at 10:00AM Eastern Standard Time on Tuesday November 10th, 2009 to discuss third quarter 2009 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-(800) 820-0231 or 1-(416) 640-5926; quote confirmation code 2354788. If you are unable to listen live, the conference call will be archived and can be accessed between November 10, 2009 and November 17, 2009, with the toll free dial-in number 1-(888) 203-1112 or (647) 436-0148 followed by pass code 2354788.

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

For further information, please contact:

Opta Minerals Inc.

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David Ascott, Corporate Controller and Assistant Secretary

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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 three Months Ended September 30		For the nine Months Ended September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Net (Loss) Earnings for the Period	(6,416)	1,673	(6,821)	4,702
Interest Expense	431	501	1,248	1,561
Provision for (recovery of) Income Taxes	290	642	(248)	1,833
Depreciation and Amortization	964	1,002	2,802	2,986
Goodwill Impairment	7,198	-	7,198	-
EBITDA¹	2,467	3,818	4,179	11,082
Add (subtract):				
Depreciation and Amortization	(964)	(1,002)	(2,802)	(2,986)
Goodwill Impairment	(7,198)	-	(7,198)	-
Earnings before income taxes and interest²	(5,695)	2,816	(5,821)	8,096

Notes

- 1) The term “EBITDA” refers to earnings before deducting interest expense, provision for income taxes, depreciation and amortization including charges for goodwill impairment. 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 (Loss)

For the three month periods ended September 30, 2009 and 2008

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

	2009	2008
Revenue	\$ 16,745	\$ 29,440
Cost of Goods Sold	12,564	23,068
Gross Profit	4,181	6,372
Selling, General and Administrative Expenses	2,347	2,822
Earnings Before Underrated Items, Goodwill Impairment and Non-controlling Interest	1,834	3,550
Interest expense on long-term debt	299	366
Interest expense	132	135
Amortization of intangible assets	469	441
Stock compensation expense	72	91
Other (income) expense	21	59
Foreign exchange (gain) loss	(166)	143
	827	1,235
Earnings Before Income Taxes, Goodwill Impairment and Non-controlling Interest	1,007	2,315
Provision for income taxes	290	642
Earnings Before Goodwill Impairment and Non-controlling Interest	717	1,673
Goodwill Impairment	7,198	-
Earnings (Loss) Before Non-controlling Interest	(6,481)	1,673
Non-controlling interest share of net loss	(65)	-
Net Earnings (Loss)	(6,416)	1,673
Earnings (loss) per share for the period		
- Basic and diluted	\$ (0.36)	\$ 0.09

Opta Minerals Inc.

Consolidated Statements of Earnings (Loss)

For the nine month periods ended September 30, 2009 and 2008

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

	2009	2008
Revenue	\$ 45,810	\$ 76,058
Cost of Goods Sold	36,213	57,533
Gross Profit	9,597	18,525
Selling, General and Administrative Expenses	7,039	8,554
Earnings Before Undernoted Items, Goodwill Impairment and Non-controlling Interest	2,558	9,971
Interest expense on long-term debt	854	1,135
Interest expense	394	426
Amortization of intangible assets	1,367	1,306
Stock compensation expense	210	204
Other (income) expense	305	59
Foreign exchange (gain) loss	(431)	306
	2,699	3,436
Earnings (Loss) Before Income Taxes, Goodwill Impairment and Non-controlling Interest	(141)	6,535
Provision for (recovery of) income taxes	(248)	1,833
Earnings Before Goodwill Impairment and Non-controlling Interest	107	4,702
Goodwill Impairment	7,198	-
Earnings (Loss) Before Non-controlling Interest	(7,091)	4,702
Non-controlling interest share of net loss	(270)	-
Net Earnings (Loss)	(6,821)	4,702
Earnings (loss) per share for the year		
- Basic and diluted	\$ (0.38)	\$ 0.26

Opta Minerals Inc.
Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars)

	September 30, 2009	December 31, 2008	September 30, 2008
Assets			
Current			
Cash and cash equivalents	\$ 1,161	\$ 1,377	\$ 3,661
Accounts receivable	9,462	9,133	15,429
Inventories	17,239	22,223	23,994
Prepaid expenses and other current assets	1,310	1,793	1,048
Assets held for sale	-	664	768
Income taxes recoverable	210	362	-
	29,382	35,552	44,900
Due From Affiliates	-	-	1,022
Property, Plant and Equipment	17,717	16,664	17,321
Intangible and Other Assets	32,382	32,464	33,182
Goodwill	6,019	14,160	12,024
Future Income Taxes	3,034	2,406	1,619
	\$ 88,534	\$ 101,246	\$ 110,068
Liabilities			
Current			
Bank indebtedness	5,517	7,797	11,204
Accounts payable and accrued liabilities	7,869	7,788	10,211
Income taxes payable	-	-	534
Current portion of long-term debt	4,452	4,097	4,071
Current portion of preference shares	43	38	44
	17,881	19,720	26,064
Long-term Debt	19,101	20,594	23,132
Other Long-term Liabilities	1,503	3,095	1,110
Future Income Taxes	2,697	2,849	2,934
Future Income Taxes on Intangible Assets	9,406	9,695	9,781
	50,588	55,953	63,021
Shareholders' Equity			
Capital Stock			
Authorized unlimited number of common shares and preference shares without par value			
Issued -			
18,018,770 (December 31, 2008 - 18,003,459; September 30, 2008 - 17,996,391) common shares	17,606	17,587	17,572
Contributed Surplus	1,875	1,665	1,568
Accumulated Other Comprehensive Income	3,894	4,379	4,021
Retained Earnings	14,841	21,662	23,886
	38,216	45,293	47,047
Non-controlling Interest	(270)	-	-
	\$ 88,534	\$ 101,246	\$ 110,068

Opta Minerals Inc.

Consolidated Statements of Cash Flows

For the three month periods ended September 30, 2009 and 2008

(Expressed in thousands of U.S. dollars)

	2009	2008
Cash Provided By (Used in) -		
Operating Activities		
Net earnings (loss) for the period	\$ (6,416)	\$ 1,673
Items not affecting cash		
Amortization of property, plant and equipment	495	561
Amortization of intangible assets	469	441
Goodwill impairment	7,198	-
Non-controlling interest	(65)	-
Other expenses	(41)	-
Stock compensation expense	72	91
Future income taxes	(516)	27
Unrealized foreign exchange loss on long-term debt	-	(34)
Realized foreign exchange gain on foreign operations	(157)	(217)
Net loss on disposal of property, plant and equipment	80	39
	1,119	2,581
Changes in non-cash working capital		
Accounts receivable	(504)	(1,233)
Inventories	1,300	(2,169)
Prepaid expenses and other current assets	599	337
Accounts payable and accrued liabilities	235	(1,424)
Income taxes recoverable	551	449
	3,300	(1,459)
Financing Activities		
Proceeds from issuance of common shares - net of issuance costs	5	14
(Decrease) increase in bank indebtedness	(2,835)	3,822
Proceeds from long-term debt	31	2,023
Repayment of long-term debt	(1,450)	(736)
	(4,249)	5,123
Investing Activities		
Acquisition of property, plant and equipment	(417)	(282)
Proceeds on disposal of property, plant and equipment	651	36
Acquisition of company, net of bank indebtedness assumed	-	(2,417)
	234	(2,663)
Foreign Exchange Gain (Loss) on Cash Held in Foreign Currency	4	(172)
Increase (Decrease) in Cash and Cash Equivalents	(711)	829
Cash and Cash Equivalents		
Beginning of Period	1,872	2,832
End of Period	\$ 1,161	\$ 3,661
Additional Cash Flows Information:		
Interest paid	\$ 416	\$ 454
Income taxes paid	235	249

Opta Minerals Inc.

Consolidated Statements of Cash Flows

For the nine month periods ended September 30, 2009 and 2008

(Expressed in thousands of U.S. dollars)

	2009	2008
Cash Provided By (Used in) -		
Operating Activities		
Net earnings (loss) for the period	\$ (6,821)	\$ 4,702
Items not affecting cash		
Amortization of property, plant and equipment	1,435	1,680
Amortization of intangible assets	1,367	1,306
Goodwill impairment	7,198	-
Non-controlling interest	(270)	-
Other expenses	(96)	-
Stock compensation expense	210	204
Future income taxes	(1,131)	(380)
Unrealized foreign exchange loss on long-term debt	-	110
Realized foreign exchange gain on foreign operations	(618)	(292)
Net loss on disposal of property, plant and equipment	80	35
	1,354	7,365
Changes in non-cash working capital		
Accounts receivable	39	(4,118)
Inventories	5,907	(4,418)
Prepaid expenses and other current assets	540	913
Accounts payable and accrued liabilities	(437)	(89)
Income taxes recoverable	183	696
	7,586	349
Financing Activities		
Proceeds from issuance of common shares - net of issuance costs	19	44
(Decrease) increase in bank indebtedness	(3,141)	5,859
Proceeds from long-term debt	795	5,098
Repayment of long-term debt	(4,139)	(7,037)
	(6,466)	3,964
Investing Activities		
Acquisition of property, plant and equipment	(1,997)	(597)
Proceeds on disposal of property, plant and equipment	651	54
Additional consideration paid on acquisitions	-	(11)
Acquisition of company, net of bank indebtedness assumed	-	(2,417)
	(1,346)	(2,971)
Foreign Exchange Gain (Loss) on Cash Held in Foreign Currency	10	(17)
Increase (Decrease) in Cash and Cash Equivalents	(216)	1,325
Cash and Cash Equivalents		
Beginning of Period	1,377	2,336
End of Period	\$ 1,161	\$ 3,661
Additional Cash Flows Information:		
Interest paid	\$ 1,352	\$ 1,666
Income taxes paid	662	1,617

Opta Minerals Inc.

Segmented Information

For the three months ended September 30, 2009

(Expressed in thousands of U.S. dollars)

	Three Month Period Ended September 30, 2009			
	Mill and Foundry Products and Services	Abrasive Products Manu- facturing and Distribution Operations	Unallocated	Total
External revenue by market				
Canada	\$ 2,021	\$ 1,776	\$ -	\$ 3,797
U.S	6,432	3,886	-	10,318
Europe	2,535	-	-	2,535
Other	-	95	-	95
Total revenue from external customers	10,988	5,757	-	16,745
Segment earnings loss before interest expense, income taxes and non-controlling interest	(2,700)	(2,982)	(78)	(5,760)
Interest expense on long-term debt				(299)
Interest expense				(132)
Provision for recovery of income taxes				(290)
Non-controlling interest share of net loss	65	-	-	65
Net loss for the period				(6,416)
Total assets as at September 30, 2009	62,148	25,289	1,097	88,534
Amortization of property, plant and equipment	266	210	19	495
Amortization of intangible assets	464	5	-	469
Goodwill and intangible assets as at September 30, 2009	34,792	3,609	-	38,401
Goodwill impairment	4,101	3,097	-	7,198
Expenditures on property, plant and equipment	\$ 28	\$ 357	\$ 32	\$ 417

Opta Minerals Inc.

Segmented Information

For the nine months ended September 30, 2009

(Expressed in thousands of U.S. dollars)

	Nine Month Period Ended September 30, 2009			
	Mill and Foundry Products and Services	Abrasive Products Manu- facturing and Distribution Operations	Unallocated	Total
External revenue by market				
Canada	\$ 5,873	\$ 4,092	\$ -	\$ 9,965
U.S	17,461	11,679	-	29,140
Europe	6,406	-	-	6,406
Other	148	151	-	299
Total revenue from external customers	29,888	15,922	-	45,810
Segment loss before interest expense, income taxes and non-controlling interest	(2,947)	(2,933)	(211)	(6,091)
Interest expense on long-term debt				(854)
Interest expense				(394)
Recovery of income taxes				248
Non-controlling interest share of net loss	270	-	-	270
Net loss for the period				(6,821)
Amortization of property, plant and equipment	775	609	51	1,435
Amortization of intangible assets	1,349	18	-	1,367
Goodwill impairment	4,101	3,097	-	7,198
Expenditures on property, plant and equipment	\$ 180	\$ 1,751	\$ 66	\$ 1,997

Opta Minerals Inc.

Segmented Information

For the three months ended September 30, 2008

(Expressed in thousands of U.S. dollars)

	Three Months Ended September 30, 2008			
	Mill and Foundry Products and Services	Abrasive Products Manu- facturing and Distribution Operations	Unallocated	Total
External revenue by market				
Canada	\$ 3,179	\$ 1,293	\$ -	\$ 4,472
U.S	14,582	4,963	-	19,545
Europe	5,353	5	-	5,358
Other	49	16	-	65
Total revenue from external customers	23,163	6,277	-	29,440
Segment earnings (loss) before interest expense and income taxes	2,225	1,389	(798)	2,816
Interest expense on long-term debt				(366)
Interest expense				(135)
Provision for income taxes				(642)
Net earnings for the period				1,673
Total assets as at December 31, 2008	70,806	27,198	3,242	101,246
Amortization of property, plant and equipment	270	257	34	561
Amortization of intangible assets	429	12	-	441
Goodwill and intangible assets as at December 31, 2008	39,859	6,765	-	46,624
Expenditures on property, plant and equipment	\$ 92	\$ 185	\$ 5	\$ 282

Opta Minerals Inc.

Segmented Information

For the nine months ended September 30, 2008

(Expressed in thousands of U.S. dollars)

	Nine Months Ended September 30, 2008			
	Mill and Foundry Products and Services	Abrasive Products Manu- facturing and Distribution Operations	Unallocated	Total
External revenue by market				
Canada	\$ 10,606	\$ 4,170	\$ -	\$ 14,776
U.S	37,688	13,461	-	51,149
Europe	10,015	5	-	10,020
Other	79	34	-	113
Total revenue from external customers	58,388	17,670	-	76,058
Segment earnings (loss) before interest expense and income taxes	7,904	2,777	(2,585)	8,096
Interest expense on long-term debt				(1,135)
Interest expense				(426)
Provision for income taxes				(1,833)
Net earnings for the period				4,702
Amortization of property, plant and equipment	814	764	102	1,680
Amortization of intangible assets	1,269	37	-	1,306
Expenditures on property, plant and equipment	\$ 103	\$ 433	\$ 61	\$ 597