

Opta Minerals Inc. Reports Second Quarter Results for Fiscal 2009

WATERDOWN, ONTARIO--(CCNMatthews – August 6th, 2009) - Opta Minerals Inc. (TSX:OPM), today announced results for the three and six months ended June 30, 2009. All figures are reported in U.S. dollars and in accordance with Canadian Generally Accepted Accounting Principles (GAAP), except where otherwise noted.

Consistent with first quarter results, revenues for the three months ended June 30, 2009, decreased 43% to \$14.3 million, from \$25.2 million in 2008. Gross profit for the quarter decreased by 55% to \$3.0 million or 20.6% of revenue, versus \$6.6 million or 26.1% of revenue in 2008.

David Kruse, President and CEO of Opta Minerals, noted “Some of our customers and Opta continue to face an extremely difficult global economic environment. The order books of our steel customers remained low in the second quarter. While continued uncertainty surrounding steel and abrasive-consuming industries, such as automotive, construction, infrastructure and shipyard activity, makes it very difficult to forecast beyond a very short horizon, market conditions do seem to be improving in the steel sector. Recent announcements from large mills such as US Steel regarding the restarting of blast furnaces seem to indicate an end to the inventory de-stocking that has occurred in the steel industry since the fourth quarter of 2008. The de-stocking has led to extremely low levels of inventory, particularly in the United States, where inventories hit their lowest levels since 1983. In addition, the return of some stability in the domestic auto industry is encouraging, and Chinese demand for steel is now forecasting growth this year rather than the previously expected decline.

During 2008, and particularly as the economy deteriorated in the fourth quarter, 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 \$4.5 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 after June 30, 2009, 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 six months, including a substantial reduction in inventory and accounts receivable. We expect continued cash flow from further inventory reductions over the balance of 2009.” For the three months ended June 30, 2009, cash flow from operating activities generated \$1.6 million, versus a use of \$2.8 million in the second quarter of 2008. On a year to date basis, cash flows from operations generated \$4.3 million versus \$1.8 million for the six months ended June 30, 2008.

Selling, general and administrative expenses decreased \$0.4 million during the second quarter, from \$2.8 million or 11.1% of revenues for the second quarter of 2008 to \$2.4 million or 16.9% of revenues in the second quarter of 2009. The increase relating to costs incurred by MCP, acquired in the third quarter of 2008, of \$0.2 million were largely offset by a \$0.6 million decrease in overall administrative expenses. Most of the decrease related to reduced professional fees incurred and reduced employee costs resulting from cost reduction measures put in place by management during the past six months. Year to date, excluding MCP, these cost reduction measures have contributed to a \$1.4 million decrease in selling, general and administrative expenses from \$5.7 million incurred in the first six months of 2008 to \$4.7 million for the six months ended June 30, 2009.

EBITDA for the quarter decreased 78%, from \$4.3 million in 2008 to \$0.9 million for the three months ended June 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 \$7.3 million for the six months ended June 30, 2008 to \$1.7 million. Included in EBITDA are non-recurring other income and expenses items totaling \$0.5 million for the three months ended June 30, 2009. This amount is substantially composed of \$0.4 million in restructuring severance costs and \$0.1 million in lease termination costs related to the consolidation of the operations in Quebec. For the six months ended June 30, 2009, other income and expenses totaled \$0.3 million comprising \$0.3 million in restructuring severance costs and \$0.2 million in lease termination disposal costs related to the consolidation of the operations in Quebec, partially offset by a gain on sale of fixed assets in our Attica facility in the amount of \$0.2 million.

Net loss for the three months ended June 30, 2009, was \$(0.1 million) or \$(0.00) per diluted common share, versus net earnings of \$1.9 million or \$0.11 per diluted common share for the three months ended June 30, 2008. Year to date, net loss for the six months ended June 30, 2009, was \$(0.4 million) or \$(0.02) per diluted common share, versus net earnings of \$3.0 million or \$0.17 per diluted common share.

The Company's working capital at June 30, 2009 stood at \$11.8 million and total assets were \$98.6 million. The debt-to-equity ratio at June 30, 2009 was 0.69 to 1.00.

Opta Minerals President and CEO, David Kruse, plans to host a conference call at 2:00PM Eastern Standard Time on Friday August 7th, 2009 to discuss second 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-(866) 321-6651 or 1-(416) 642-5212; quote confirmation code 9967413. If you are unable to listen live, the conference call will be archived and can be accessed between August 8th, 2009 and August 14th, 2009, with the toll free dial-in number 1-(888) 203-1112 or (647) 436-0148 followed by pass code 9967413.

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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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 June 30		For the six Months Ended June 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Net (Loss) Earnings for the Period	(79)	1,930	(405)	3,029
Interest Expense	393	494	817	1,060
Provision for (recovery of) Income Taxes	(229)	853	(538)	1,191
Depreciation and Amortization	850	1,001	1,838	1,984
EBITDA¹	935	4,278	1,712	7,264
Add (subtract):				
Depreciation and Amortization	(850)	(1,001)	(1,838)	(1,984)
Earnings before income taxes and interest²	85	3,277	(126)	5,280

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 (Loss)

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

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

	2009	2008
Revenue	\$ 14,339	\$ 25,248
Cost of Goods Sold	11,381	18,650
Gross Profit	2,958	6,598
Selling, General and Administrative Expenses	2,426	2,824
Earnings Before Undernoted Items, and Non-controlling Interest	532	3,774
Interest expense on long-term debt	288	381
Interest expense	105	113
Amortization of intangible assets	461	437
Stock compensation expense	68	56
Other (income) expense	455	-
Foreign exchange (gain) loss	(464)	4
	913	991
Earnings (Loss) Before Income Taxes and Non-controlling Interest	(381)	2,783
Provision for (recovery of) income taxes	(229)	853
Net Earnings (Loss) Before Non-Controlling Interest	\$ (152)	\$ 1,930
Non-controlling interest share of net earnings (loss)	(73)	-
Net Earnings (Loss)	(79)	1,930
Earnings per share for the year		
- Basic and diluted	\$ -	\$ 0.11

Opta Minerals Inc.

Consolidated Statements of Earnings (Loss)

For the six month periods ended June 30, 2009 and 2008

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

	2009	2008
Revenue	\$ 29,065	\$ 46,618
Cost of Goods Sold	23,649	34,465
Gross Profit	5,416	12,153
Selling, General and Administrative Expenses	4,692	5,732
Earnings Before Undernoted Items, and Non-controlling Interest	724	6,421
Interest expense on long-term debt	555	769
Interest expense	262	291
Amortization of intangible assets	898	865
Stock compensation expense	138	113
Other (income) expense	284	-
Foreign exchange (gain) loss	(265)	163
	1,872	2,201
Earnings (Loss) Before Income Taxes and Non-controlling Interest	(1,148)	4,220
Provision for (recovery of) income taxes	(538)	1,191
Net Earnings (Loss) Before Non-Controlling Interest	\$ (610)	\$ 3,029
Non-controlling interest share of net earnings (loss)	(205)	-
Net Earnings (Loss)	(405)	3,029
Earnings (loss) per share for the year		
- Basic and diluted	\$ (0.02)	\$ 0.17

Opta Minerals Inc.

Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

	June 30, 2009	December 31, 2008	June 30, 2008
Assets			
Current			
Cash and cash equivalents	\$ 1,872	\$ 1,377	\$ 2,832
Accounts receivable	8,753	9,133	13,576
Inventories	18,057	22,223	21,303
Prepaid expenses and other current assets	1,885	1,793	971
Assets held for sale	680	664	-
Income taxes recoverable	735	362	-
	31,982	35,552	38,682
Property, Plant and Equipment	17,177	16,664	18,607
Intangible and Other Assets	32,215	32,464	34,648
Goodwill	14,007	14,160	10,541
Future Income Taxes	3,224	2,406	1,625
	\$ 98,605	\$ 101,246	\$ 104,103
Liabilities			
Current			
Bank indebtedness	7,965	7,797	7,843
Accounts payable and accrued liabilities	7,270	7,788	7,378
Income taxes payable	-	-	93
Current portion of long-term debt	4,899	4,097	4,050
Current portion of preference shares	40	38	45
	20,174	19,720	19,409
Long-term Debt	18,658	20,594	22,764
Other Long-term Liabilities	2,636	3,095	1,624
Future Income Taxes	3,378	2,849	2,726
Future Income Taxes on Intangible Assets	9,417	9,695	10,211
	54,263	55,953	56,734
Shareholders' Equity			
Capital Stock			
Authorized unlimited number of common shares and preference shares without par value			
Issued -			
18,014,536 (December 31, 2008 - 18,003,459; June 30, 2008 - 17,992,752) common shares	17,601	17,587	17,558
Contributed Surplus	1,803	1,665	1,477
Accumulated Other Comprehensive Income	3,886	4,379	6,121
Retained Earnings	21,257	21,662	22,213
	44,547	45,293	47,369
Non-controlling Interest	(205)	-	-
	\$ 98,605	\$ 101,246	\$ 104,103

Opta Minerals Inc.

Consolidated Statements of Cash Flows

For the three month periods ended June 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	\$ (79)	\$ 1,930
Items not affecting cash		
Amortization of property, plant and equipment	389	564
Amortization of intangible assets	461	437
Non-controlling interest	(73)	-
Other (income) expenses	116	-
Stock compensation expense	68	56
Future income taxes	(169)	53
Unrealized foreign exchange loss on long-term debt	-	(8)
Realized foreign exchange gain on foreign operations	(237)	-
Net loss on disposal of property, plant and equipment	-	2
	476	3,034
Changes in non-cash working capital		
Accounts receivable	(578)	(2,864)
Inventories	1,470	(5,158)
Prepaid expenses and other current assets	19	445
Accounts payable and accrued liabilities	452	1,711
Income taxes recoverable	(286)	55
	1,553	(2,777)
Financing Activities		
Proceeds from issuance of common shares - net of issuance costs	7	18
Increase in bank indebtedness	176	2,363
Proceeds from long-term debt	31	-
Repayment of long-term debt	(651)	(577)
	(437)	1,804
Investing Activities		
Acquisition of property, plant and equipment	(660)	(196)
Additional consideration paid on acquisitions	-	(4)
	(660)	(200)
Foreign Exchange Gain on Cash Held in Foreign Currency	42	101
Increase (Decrease) in Cash and Cash Equivalents	498	(1,072)
Cash and Cash Equivalents		
Beginning of Period	1,374	3,904
End of Period	\$ 1,872	\$ 2,832
Additional Cash Flows Information:		
Interest paid	\$ 378	\$ 451
Income taxes paid	231	719

Opta Minerals Inc.

Consolidated Statements of Cash Flows

For the six month periods ended June 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	\$ (405)	\$ 3,029
Items not affecting cash		
Amortization of property, plant and equipment	940	1,119
Amortization of intangible assets	898	865
Non-controlling interest	(205)	-
Other (income) expenses	(55)	-
Stock compensation expense	138	113
Future income taxes	(615)	(407)
Unrealized foreign exchange loss on long-term debt	-	144
Realized foreign exchange gain on foreign operations	(461)	(75)
Net loss on disposal of property, plant and equipment	-	(4)
	235	4,784
Changes in non-cash working capital		
Accounts receivable	543	(2,885)
Inventories	4,607	(2,249)
Prepaid expenses and other current assets	(59)	576
Accounts payable and accrued liabilities	(672)	1,335
Income taxes recoverable	(368)	247
	4,286	1,808
Financing Activities		
Proceeds from issuance of common shares - net of issuance costs	14	30
Decrease (increase) in bank indebtedness	(306)	2,037
Proceeds from long-term debt	764	3,075
Repayment of long-term debt	(2,689)	(6,301)
	(2,217)	(1,159)
Investing Activities		
Acquisition of property, plant and equipment	(1,580)	(315)
Proceeds on disposal of property, plant and equipment	-	18
Additional consideration paid on acquisitions	-	(11)
	(1,580)	(308)
Foreign Exchange Gain on Cash Held in Foreign Currency	6	155
Increase (Decrease) in Cash and Cash Equivalents	495	496
Cash and Cash Equivalents		
Beginning of Period	1,377	2,336
End of Period	\$ 1,872	\$ 2,832
Additional Cash Flows Information:		
Interest paid	\$ 936	\$ 1,212
Income taxes paid	427	1,368

Opta Minerals Inc.

Segmented Information

For the three months ended June 30, 2009

(Expressed in thousands of U.S. dollars)

Three Month Period Ended June 30, 2009

	Mill and Foundry Products and Services	Abrasive Products Manu- facturing and Distribution Operations	Unallocated	Total
External revenue by market				
Canada	\$ 1,660	\$ 1,516	\$ -	\$ 3,176
U.S	4,669	4,472	-	9,141
Europe	1,953	-	-	1,953
Other	23	46	-	69
Total revenue from external customers	8,305	6,034	-	14,339
Segment earnings (loss) before interest expense, income taxes and non-controlling interest	117	(23)	(82)	12
Interest expense on long-term debt				(288)
Interest expense				(105)
Recovery of income taxes				229
Non-controlling interest share of net loss	73	-	-	73
Net loss for the period				(79)
Total assets as at June 30, 2009	66,272	29,025	3,308	98,605
Amortization of property, plant and equipment	173	199	17	389
Amortization of intangible assets	455	6	-	461
Goodwill and intangible assets as at June 30, 2009	39,689	6,533	-	46,222
Expenditures on property, plant and equipment	\$ 64	\$ 572	\$ 24	\$ 660

Opta Minerals Inc.

Segmented Information

For the six months ended June 30, 2009

(Expressed in thousands of U.S. dollars)

Six Month Period Ended June 30, 2009

	Mill and Foundry Products and Services	Abrasive Products Manu- facturing and Distribution Operations	Unallocated	Total
External revenue by market				
Canada	\$ 3,852	\$ 2,316	\$ -	\$ 6,168
U.S.	11,029	7,793	-	18,822
Europe	3,871	-	-	3,871
Other	148	56	-	204
Total revenue from external customers	18,900	10,165	-	29,065
Segment earnings (loss) before interest expense, income taxes and non-controlling interest	(247)	49	(133)	(331)
Interest expense on long-term debt				(555)
Interest expense				(262)
Recovery of income taxes				538
Non-controlling interest share of net loss	205	-	-	205
Net loss for the period				(405)
Amortization of property, plant and equipment	509	399	32	940
Amortization of intangible assets	885	13	-	898
Expenditures on property, plant and equipment	\$ 152	\$ 1,394	\$ 34	\$ 1,580

Opta Minerals Inc.

Segmented Information

For the three months ended June 30, 2008

(Expressed in thousands of U.S. dollars)

Three Months Ended June 30, 2008

	Mill and Foundry Products and Services	Abrasive Products Manu- facturing and Distribution Operations	Unallocated	Total
External revenue by market				
Canada	\$ 4,302	\$ 1,605	\$ -	\$ 5,907
U.S	12,107	4,669	-	16,776
Europe	2,554	-	-	2,554
Other	-	11	-	11
Total revenue from external customers	18,963	6,285	-	25,248
Segment earnings (loss) before interest expense and income taxes	3,289	652	(664)	3,277
Interest expense on long-term debt				381
Interest expense				113
Provision for income taxes				853
Net earnings for the period				1,930
Total assets as at December 31, 2008	70,806	27,198	3,242	101,246
Amortization of property, plant and equipment	271	258	35	564
Amortization of intangible assets	425	12	-	437
Goodwill and intangible assets as at December 31, 2008	39,859	6,765	-	46,624
Expenditures on property, plant and equipment	\$ 6	\$ 169	\$ 21	\$ 196

Opta Minerals Inc.

Segmented Information

For the six months ended June 30, 2008

(Expressed in thousands of U.S. dollars)

Six Months Ended June 30, 2008

	Mill and Foundry Products and Services	Abrasive Products Manu- facturing and Distribution Operations	Unallocated	Total
External revenue by market				
Canada	\$ 7,427	\$ 2,877	\$ -	\$ 10,304
U.S	23,106	8,498	-	31,604
Europe	4,662	-	-	4,662
Other	30	18	-	48
Total revenue from external customers	35,225	11,393	-	46,618
Segment earnings (loss) before interest expense and income taxes	5,679	1,388	(1,787)	5,280
Interest expense on long-term debt				769
Interest expense				291
Provision for income taxes				1,191
Net earnings for the period				3,029
Amortization of property, plant and equipment	544	507	68	1,119
Amortization of intangible assets	840	25	-	865
Expenditures on property, plant and equipment	\$ 11	\$ 248	\$ 56	\$ 315