

# **Opta Minerals Inc.**

Consolidated Financial Statements  
**June 30, 2007 and December 31, 2006**  
(Unaudited)  
(expressed in thousands of U.S. dollars)

**Opta Minerals Inc.**  
**Consolidated Balance Sheet**  
(Unaudited)

(expressed in thousands of U.S. dollars)

	June 30, 2007 \$	December 31, 2006 \$	June 30, 2006 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	415	854	1,813
Accounts receivable	9,888	8,111	8,630
Inventories	16,435	14,057	12,978
Prepaid expenses and other current assets	890	1,492	1,832
Income taxes recoverable	67	248	-
	<u>27,695</u>	<u>24,762</u>	<u>25,253</u>
<b>Property, plant and equipment</b>	18,800	17,615	15,761
<b>Intangible and other assets</b>	19,928	20,644	18,707
<b>Goodwill</b>	10,237	10,169	7,552
<b>Future income taxes</b>	733	803	590
	<u>77,393</u>	<u>73,993</u>	<u>67,863</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank indebtedness	8,446	6,752	6,317
Accounts payable and accrued liabilities	4,464	4,891	4,146
Current portion of long-term debt	3,348	2,496	2,777
Current portion of preference shares	44	39	42
Income taxes payable	-	-	356
	<u>16,302</u>	<u>14,178</u>	<u>13,638</u>
<b>Long-term debt</b>	12,353	12,749	12,727
<b>Other long-term liabilities</b>	2,150	2,150	-
<b>Future income taxes</b>	10,274	10,768	8,877
	<u>41,079</u>	<u>39,845</u>	<u>35,242</u>
<b>Shareholders' Equity</b>			
<b>Capital stock</b>			
Authorized			
Unlimited number of common shares and preference shares without par value			
Issued			
16,976,627 (December 31, 2006 – 16,964,539; June 30, 2006 – 16,957,392) common shares	14,147	14,082	14,061
<b>Contributed surplus</b>	1,263	1,213	1,117
<b>Retained earnings</b>	17,691	15,960	14,265
<b>Accumulated other comprehensive income</b>	3,213	2,893	3,178
	<u>36,314</u>	<u>34,148</u>	<u>32,621</u>
	<u>77,393</u>	<u>73,993</u>	<u>67,863</u>

The accompanying notes are an integral part of these consolidated financial statements

**Approved by the Board of Directors**

(signed) "Jeremy Kendall"

Director

(signed) "Victor Hepburn"

Director

# Opta Minerals Inc.

## Consolidated Statements of Earnings

(Unaudited)

For the three-month periods ended June 30, 2007 and 2006

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

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Revenue</b>	18,390	18,414
<b>Cost of goods sold</b>	13,955	13,802
<b>Gross profit</b>	4,435	4,612
<b>Selling, general and administrative expenses</b>	2,203	2,049
<b>Earnings before the following</b>	2,232	2,563
<b>Interest expense on long-term debt</b>	265	277
<b>Interest expense</b>	119	127
<b>Amortization of intangible assets</b>	282	233
<b>Stock compensation expense</b>	35	28
<b>Foreign exchange gain</b>	(133)	(276)
	568	389
<b>Earnings before income taxes</b>	1,664	2,174
<b>Provision for income taxes</b> (note 4)	514	729
<b>Net earnings for the period</b>	1,150	1,445
<b>Earnings per share for the period</b> (note 5)		
Basic and diluted	0.07	0.09

The accompanying notes are an integral part of these consolidated financial statements

# Opta Minerals Inc.

## Consolidated Statements of Earnings

(Unaudited)

For the six-month periods ended June 30, 2007 and 2006

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

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Revenue</b>	34,853	31,498
<b>Cost of goods sold</b>	26,353	24,075
<b>Gross profit</b>	8,500	7,423
<b>Selling, general and administrative expenses</b>	4,434	3,664
<b>Earnings before the following</b>	4,066	3,759
<b>Interest expense on long-term debt</b>	537	487
<b>Interest expense</b>	218	208
<b>Amortization of intangible assets</b>	586	363
<b>Stock compensation expense</b>	69	73
<b>Foreign exchange gain</b>	(100)	(201)
	1,310	930
<b>Earnings before income taxes</b>	2,756	2,829
<b>Provision for income taxes</b> (note 4)	901	983
<b>Net earnings for the period</b>	1,855	1,846
<b>Earnings per share for the period</b> (note 5)		
Basic and diluted	0.11	0.11

The accompanying notes are an integral part of these consolidated financial statements

# Opta Minerals Inc.

## Consolidated Statements of Comprehensive Income

(Unaudited)

**For the three-month periods ended June 30, 2007 and 2006**

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(expressed in thousands of U.S. dollars)

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Net income</b>	1,150	1,445
Other comprehensive income		
Unrealized gain on translation of foreign operations	253	262
<b>Comprehensive income</b>	<u>1,403</u>	<u>1,707</u>

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# Opta Minerals Inc.

## Consolidated Statements of Comprehensive Income

(Unaudited)

**For the six-month periods ended June 30, 2007 and 2006**

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(expressed in thousands of U.S. dollars)

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Net income</b>	1,855	1,846
Other comprehensive income		
Unrealized gain on translation of foreign operations	320	291
<b>Comprehensive income</b>	<u>2,175</u>	<u>2,137</u>

The accompanying notes are an integral part of these consolidated financial statements

## Opta Minerals Inc.

### Consolidated Statements of Retained Earnings and Accumulated Other Comprehensive Income (Unaudited)

**For the three-month periods ended June, 2007 and 2006**

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(expressed in thousands of U.S. dollars)

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Retained earnings – Beginning of period</b>	16,541	12,820
Net earnings for the period	1,150	1,445
<b>Retained earnings – End of period</b>	<u>17,691</u>	<u>14,265</u>
<b>Accumulated other comprehensive income – Beginning of period</b>	2,960	2,916
Unrealized gain on translation of foreign operations	253	262
<b>Accumulated other comprehensive income – End of period</b>	<u>3,213</u>	<u>3,178</u>

The accompanying notes are an integral part of these consolidated financial statements

## Opta Minerals Inc.

### Consolidated Statements of Retained Earnings and Accumulated Other Comprehensive Income (Unaudited)

For the six-month periods ended June 30, 2007 and 2006

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(expressed in thousands of U.S. dollars)

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Retained earnings – Beginning of period</b>	15,960	12,419
Impact of adopted accounting pronouncements on January 1, 2007 (note 3)	(124)	-
Net earnings for the period	<u>1,855</u>	<u>1,846</u>
<b>Retained earnings – End of period</b>	<u>17,691</u>	<u>14,265</u>
<b>Accumulated other comprehensive income – Beginning of period</b>	2,893	2,887
Unrealized gain on translation of foreign operations	<u>320</u>	<u>291</u>
<b>Accumulated other comprehensive income – End of period</b>	<u>3,213</u>	<u>3,178</u>

The accompanying notes are an integral part of these consolidated financial statements

# Opta Minerals Inc.

## Consolidated Statements of Cash Flows

(Unaudited)

For the three-month periods ended June 30, 2007 and 2006

(expressed in thousands of U.S. dollars)

	2007	2006
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net earnings for the period	1,150	1,445
Items not affecting cash		
Amortization of property, plant and equipment	466	432
Amortization of intangible assets	282	233
Amortization of deferred financing costs	-	30
Stock compensation expense	35	28
Future income taxes	(112)	71
Unrealized foreign exchange gain on long-term debt	(273)	(93)
	1,548	2,146
Changes in non-cash working capital		
Accounts receivable	73	(720)
Inventories	(1,465)	552
Prepaid expenses and other current assets	440	39
Accounts payable and accrued liabilities	(363)	284
Income taxes payable	165	(299)
	398	2,002
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(610)	(437)
Additional consideration paid on acquisitions	(12)	(23)
	( 622)	( 460)
<b>Financing activities</b>		
Deferred financing costs	-	(14)
Proceeds from issuance of common shares	37	7
Increase in bank indebtedness	774	(1,394)
Repayment of long-term debt	(341)	(133)
Repayment of due from affiliates – net	-	(22)
Purchase and redemption of preference shares	-	(26)
	470	(1,582)
<b>Increase (decrease) in cash and cash equivalents during the period</b>	246	( 40)
<b>Cash and cash equivalents – Beginning of period</b>	169	1,853
<b>Cash and cash equivalents – End of period</b>	415	1,813
<b>Supplemental cash flow information</b>		
Interest paid	393	288
Income taxes paid	578	705

The accompanying notes are an integral part of these consolidated financial statements

# Opta Minerals Inc.

## Consolidated Statements of Cash Flows

(Unaudited)

For the six-month periods ended June 30, 2007 and 2006

(expressed in thousands of U.S. dollars)

	2007	2006
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net earnings for the period	1,855	1,846
Items not affecting cash		
Amortization of property, plant and equipment	903	767
Amortization of intangible assets	586	363
Amortization of deferred financing costs	-	49
Stock compensation expense	69	73
Future income taxes	(175)	211
Unrealized foreign exchange gain on long-term debt	(303)	(93)
Net loss on disposal of property, plant and equipment	7	-
	<u>2,942</u>	<u>3,216</u>
Changes in non-cash working capital		
Accounts receivable	(1,416)	(1,149)
Inventories	(1,580)	2,005
Prepaid expenses and other current assets	653	(48)
Accounts payable and accrued liabilities	(573)	(44)
Income taxes payable	196	(121)
	<u>222</u>	<u>3,859</u>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(1,400)	(726)
Additional consideration paid on acquisitions	(24)	(29)
Proceeds on disposal of property, plant and equipment	18	-
Acquisition of company	-	(18,987)
	<u>(1,406)</u>	<u>(19,742)</u>
<b>Financing activities</b>		
Deferred financing costs	-	(66)
Proceeds from issuance of common shares	46	14
Increase in bank indebtedness	942	6,216
Proceeds from long-term debt	1,497	8,542
Repayment of long-term debt	(1,740)	(482)
Repayment of due from affiliates – net	-	(8)
Purchase and redemption of preference shares	-	(26)
	<u>745</u>	<u>14,190</u>
<b>Decrease in cash and cash equivalents during the period</b>	(439)	(1,693)
<b>Cash and cash equivalents – Beginning of period</b>	<u>854</u>	<u>3,506</u>
<b>Cash and cash equivalents – End of period</b>	<u>415</u>	<u>1,813</u>
<b>Supplemental cash flow information</b>		
Interest paid	954	519
Income taxes paid	975	778

The accompanying notes are an integral part of these consolidated financial statements

# **Opta Minerals Inc.**

## Notes to Consolidated Financial Statements

(Unaudited)

**June 30, 2007 and 2006**

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

### **1 Interim financial statements**

The interim consolidated financial statements of Opta Minerals Inc. (the Company) have been prepared in accordance with Canadian generally accepted accounting principles. Accordingly, these financial statements do not include all of the disclosures required by Canadian generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements, and notes thereto, for the year ended December 31, 2006. In the opinion of management, all adjustments considered necessary for fair presentation have been included, and all such adjustments are of a normal, recurring nature. Operating results for the three-month period ended June 30, 2007 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2007. Except as described in note 3, the accounting policies followed by the Company are the same as those disclosed in the Company's consolidated financial statements, and notes thereto, for the year ended December 31, 2006.

### **2 Basis of presentation and summary of significant accounting policies**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Opta Minerals (USA) Inc.; Virginia Materials Inc. (Virginia Materials); International Materials & Supplies Inc. (International Materials); Temisca Inc. (Temisca); Magnesium Technologies Corporation (Magtech); MTI 02-2006 Inc.; OPM 01-2006 Inc. and Bimac Inc. (Bimac). All significant intercompany accounts and transactions have been eliminated on consolidation.

Opta Minerals Inc. is a vertically integrated producer, manufacturer, distributor and recycler of industrial minerals, silica-free loose abrasives, roofing shingle granules, specialty sands and related products for use primarily in the foundry, steel, marine/bridge cleaning and municipal water filtration industries. Further details are disclosed in the Company's Annual Report for the year ended December 31, 2006 that is available on SEDAR at [www.sedar.com](http://www.sedar.com).

# **Opta Minerals Inc.**

## Notes to Consolidated Financial Statements

(Unaudited)

**June 30, 2007 and 2006**

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

### **3 Summary of significant accounting policies**

#### **Change in reporting currency**

The Company has historically prepared its consolidated financial statements in Canadian dollars. As a result of the continued expansion of the Company's U.S. operations, a significant U.S. customer base and because the majority of its revenue and assets are denominated in U.S. dollars, the Company has elected to adopt the U.S. dollar as its reporting currency effective April 1, 2007. In making this change in reporting currency, the Company has followed the recommendations of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA"), set out in EIC-130, "Translation Method when the Reporting Currency Differs from the Measurement Currency or there is a Change in the Reporting Currency".

Based on EIC-130, the financial statements for all periods presented have been translated into U.S. dollars using the current rate method. The assets and liabilities were translated into U.S. dollars using the exchange rate in effect at each period-end. Capital stock and contributed surplus have been translated into U.S. dollars using the average exchange rate applicable during the month in which the transaction took place. Revenues and expenses were translated at the average monthly rate during the period. All exchange differences resulting from the translation are included in the accumulated other comprehensive income in shareholders' equity.

All comparative financial information has been restated to reflect the Company's results if they had been historically reported in U.S. dollars.

Except as follows, the accounting policies followed by the Company are the same as those disclosed in the Company's consolidated financial statements, and notes thereto, for the year ended December 31, 2006.

#### **Recently adopted accounting pronouncements**

On January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 1530 "Comprehensive Income", 3251 "Equity" and 3855 "Financial instruments".

CICA Section 1530 established standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles.

CICA Section 3251 established standards for the presentation of equity and changes in equity during the period. Accumulated other comprehensive income is included on the consolidated balance sheet as a separate component of shareholders' equity, and includes the foreign currency cumulative translation adjustment.

Upon transition to CICA Section 3251, Equity, the Company reclassified the cumulative translation adjustment to accumulated other comprehensive income for both periods presented on the consolidated balance sheet.

# Opta Minerals Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

**June 30, 2007 and 2006**

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

CICA Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost based measures under different circumstances. Transaction costs related to held to maturity financial liabilities are charged to interest expense as incurred.

Upon transition to CICA Section 3855, Financial Instruments – Recognition and measurement on January 1, 2007, the Company reclassified \$124 of deferred financing costs to retained earnings.

### **Recently issued accounting pronouncements**

The Canadian Institute of Chartered Accountants (“CICA”) has issued the following accounting standards:

- a) CICA Handbook Section 1535 “Capital Disclosures” establishes standards for disclosing information about a Company’s capital and how it is managed to enable users of the financial statements to evaluate the Company’s objectives, policies and procedures for managing capital. This section is effective for the fiscal years beginning on or after October 1, 2007.
- b) CICA Handbook Section 3862 “Financial Instruments – Disclosures” requires disclosures in the financial statements that will enable users to evaluate: the significance of financial instruments for the company’s financial position and performance; and the nature and extent of risks arising from financial instruments to which the company is exposed during the period and at the balance sheet date, and how the company manages those risks. This accounting standard is effective for fiscal years beginning on or after October 1, 2007.
- c) CICA Handbook Section 3863 “Financial Instruments – Presentation” establishes standards for presentation of financial instruments and non-financial derivatives. This section complements the existing CICA Handbook Section 3861 – Financial Instruments – Disclosure and Presentation and is effective for fiscal years beginning on or after October 1, 2007.
- d) CICA Handbook Section 3031 “Inventories” provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories and is effective for the fiscal years beginning on or after January 1, 2008.

The Company is currently evaluating the impact of adopting the above accounting standards.

### **Use of estimates**

The preparation of these consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

# Opta Minerals Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

**June 30, 2007 and 2006**

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

### 4 Income taxes

The effective income tax rate on consolidated earnings is influenced by the items detailed below:

	<b>Six-month period ended June 30, 2007 %</b>	<b>Six-month period ended June 30, 2006 %</b>
Canadian statutory income tax rates	35.6	36.1
Non-deductible stock compensation expense	0.9	1.0
Statutory rate differences in other jurisdictions	(2.6)	(0.7)
Manufacturing and processing credits	(1.5)	(1.5)
Other	0.3	(0.1)
	<hr/>	<hr/>
	32.7	34.8

# Opta Minerals Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2007 and 2006

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

### 5 Earnings per share

Earnings per share are calculated using the weighted average number of shares outstanding. The following table reconciles the net earnings and the number of shares for the basic and diluted earnings per share calculations for the three month and six month periods ended June 30, 2007 and 2006:

	<b>For the three month period ended June 30, 2007</b>		
	<b>Net earnings attributable to common shareholders \$</b>	<b>Weighted average number of shares</b>	<b>Per share amount \$</b>
Basic	1,150	16,971,752	0.07
Dilutive effect of stock options	-	197,536	-
Dilutive	1,150	17,169,288	0.07

  

	<b>For the six month period ended June 30, 2007</b>		
	<b>Net earnings attributable to common shareholders \$</b>	<b>Weighted average number of shares</b>	<b>Per share amount \$</b>
Basic	1,855	16,968,730	0.11
Dilutive effect of stock options	-	166,932	-
Dilutive	1,855	17,135,662	0.11

# Opta Minerals Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2007 and 2006

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

	<b>For the three month period ended June 30, 2006</b>		
	<b>Net earnings attributable to common shareholders \$</b>	<b>Weighted average number of shares</b>	<b>Per share amount \$</b>
Basic	1,445	16,955,763	0.09
Dilutive effect of stock options	-	238	-
Dilutive	1,445	16,956,001	0.09
	<b>For the six month period ended June 30, 2006</b>		
	<b>Net earnings attributable to common shareholders \$</b>	<b>Weighted average number of shares</b>	<b>Per share amount \$</b>
Basic	1,846	16,954,586	0.11
Dilutive effect of stock options	-	1,052	-
Dilutive	1,846	16,955,638	0.11

# Opta Minerals Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

**June 30, 2007 and 2006**

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

### **6 Segmented information**

#### **Industry segments**

The Company operates in two industry segments.

#### **a) Mill & foundry products and services operations**

The Company's mill & foundry products and services operations segment processes and distributes industrial minerals and silica-free abrasives for the steel and foundry industries. Industrial minerals are used in a large range of applications for both the steel and foundry industries. Magnesium and lime are used in the desulphurization process. Bentonites are used for binders in foundry molding sands. Refractory minerals such as chromite and zircon are used to produce cores for high temperature metal casting as well as raw material and alloy agents.

This segment includes the Company's manufacturing, distribution and sales facilities in Walkerton, Indiana; Richfield, Ohio; Milan, Michigan; Brantford, Ontario and Lachine Quebec.

#### **b) Abrasive products manufacturing and distribution operations**

The Company's abrasive products manufacturing and distribution operations segment processes, distributes and recycles silica-free abrasives, roofing shingle granules and other industrial minerals for the marine, bridge, roofing and other abrasive cleaning; construction and water filtration industries.

This segment includes the Company's manufacturing operations in Norfolk Virginia; Baltimore, Maryland; Hardeeville, South Carolina; New Orleans, Louisiana; Keesville and Attica New York; Waterdown, Ontario; St. Bruno de Guigues, Quebec and distribution operations in St-Germain-de-Grantham, Quebec.

# **Opta Minerals Inc.**

## Notes to Consolidated Financial Statements

(Unaudited)

**June 30, 2007 and 2006**

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

The prior year comparative amounts have been reclassified to conform to the current period's presentation. The production of certain steel and foundry products continued in the Waterdown facility until March 2006 before being transferred to the Brantford operations and have been included in the abrasive products manufacturing and distribution operations segment for the six months ended June 30, 2006 as the information to discretely segregate the Waterdown and Brantford segment net earnings before interest expense and income taxes for this operation is not available.

Furthermore, the previously reported St. Bruno de Guigues quarry operation segment has been eliminated as, subsequent to the prior year's acquisitions, the former segment's results no longer meet the criteria for separate disclosure. The results are now included in the abrasive products manufacturing and distribution operations.

Inter-segment revenues are recorded at transaction prices which approximate cost. The Company's assets, operations and employees are located in Canada and the United States.

# Opta Minerals Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2007 and 2006

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

The Company accounts for intersegment sales and transfers at the exchange amount which approximates cost.

	<b>Three-month period ended June 30, 2007</b>			
	<b>Mill and Foundry products &amp; services</b>	<b>Abrasive products manufacturing and distribution operations</b>	<b>Unallocated</b>	<b>Total</b>
	\$	\$	\$	\$
External revenue by market				
Canada	2,874	1,617	-	4,491
U.S.	9,040	4,685	-	13,725
Other	145	29	-	174
Total revenue from external customers	<u>12,059</u>	<u>6,331</u>	<u>-</u>	<u>18,390</u>
Segment earnings (loss) before interest expense and income taxes	1,076	1,282	(310)	2,048
Interest expense on long-term debt				265
Interest expense				119
Provision for income taxes				<u>514</u>
Net earnings for the period				<u>1,150</u>
Total assets as at June 30, 2007	<u>41,596</u>	<u>34,016</u>	<u>1,781</u>	<u>77,393</u>
Amortization of property, plant and equipment	<u>194</u>	<u>267</u>	<u>5</u>	<u>466</u>
Amortization of intangible assets	<u>270</u>	<u>12</u>	<u>-</u>	<u>282</u>
Goodwill and intangible assets as at June 30, 2007	<u>23,032</u>	<u>7,133</u>	<u>-</u>	<u>30,165</u>
Expenditures on property, plant and equipment	<u>186</u>	<u>404</u>	<u>20</u>	<u>610</u>

External revenue by market is attributed to countries based on location of the customer.

# Opta Minerals Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2007 and 2006

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

	<b>Six-month period ended June 30, 2007</b>			
	<b>Mill and Foundry products &amp; services \$</b>	<b>Abrasive products manufacturing and distribution operations \$</b>	<b>Unallocated \$</b>	<b>Total \$</b>
External revenue by market				
Canada	5,405	2,771	-	8,176
U.S.	17,886	8,448	-	26,334
Other	314	29	-	343
Total revenue from external customers	<u>23,605</u>	<u>11,248</u>	<u>-</u>	<u>34,853</u>
Segment earnings (loss) before interest expense and income taxes	2,441	2,017	(947)	3,511
Interest expense on long-term debt				537
Interest expense				218
Provision for income taxes				<u>901</u>
Net earnings for the period				<u>1,855</u>
Amortization of property, plant and equipment	<u>371</u>	<u>523</u>	<u>9</u>	<u>903</u>
Amortization of intangible assets	<u>562</u>	<u>24</u>	<u>-</u>	<u>586</u>
Expenditures on property, plant and equipment	<u>408</u>	<u>969</u>	<u>23</u>	<u>1,400</u>

External revenue by market is attributed to countries based on location of the customer.

# Opta Minerals Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2007 and 2006

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

	Three-month period ended June 30, 2006			
	Mill and Foundry products & services	Abrasive products manufacturing and distribution operations	Unallocated	Total
	\$	\$	\$	\$
External revenue by market				
Canada	3,073	2,754	-	5,827
U.S.	8,108	4,063	-	12,171
Other	407	9	-	416
Total revenue from external customers	11,588	6,826	-	18,414
Segment earnings (loss) before interest expense and income taxes	1,613	996	(31)	2,578
Interest expense on long-term debt				277
Interest expense				127
Provision for income taxes				729
Net earnings for the period				1,445
Total assets as at December 31, 2006	40,521	34,421	1,051	73,993
Amortization of property, plant and equipment	131	301	-	432
Amortization of intangible assets	218	15	-	233
Goodwill and intangible assets as at December 31, 2006	23,768	6,921	-	30,689
Expenditures on property, plant and equipment	194	226	17	437

External revenue by market is attributed to countries based on location of the customer.

# Opta Minerals Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

June 30, 2007 and 2006

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

	<b>Six-month period ended June 30, 2006</b>			
	<b>Mill and Foundry products &amp; services</b>	<b>Abrasive products manufacturing and distribution operations</b>	<b>Unallocated</b>	<b>Total</b>
	\$	\$	\$	\$
External revenue by market				
Canada	5,584	4,868	-	10,452
U.S.	11,943	8,544	-	20,487
Other	543	16	-	559
Total revenue from external customers	<u>18,070</u>	<u>13,428</u>	<u>-</u>	<u>31,498</u>
Segment earnings (loss) before interest expense and income taxes	2,298	1,930	(704)	3,524
Interest expense on long-term debt				487
Interest expense				208
Provision for income taxes				<u>983</u>
Net earnings for the period				<u>1,846</u>
Amortization of property, plant and equipment	<u>176</u>	<u>591</u>	<u>-</u>	<u>767</u>
Amortization of intangible assets	<u>332</u>	<u>31</u>	<u>-</u>	<u>363</u>
Expenditures on property, plant and equipment	<u>334</u>	<u>375</u>	<u>17</u>	<u>726</u>

External revenue by market is attributed to countries based on location of the customer.

# Opta Minerals Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

**June 30, 2007 and 2006**

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

### Geographic segments

The Company's assets, operations and employees are located in Canada and the United States.

	<b>June 30, 2007</b>		
	<b>Canada</b>	<b>U.S.</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Property, plant and equipment	8,484	10,316	18,800
Goodwill and intangible assets	2,655	27,510	30,165
Total assets	24,358	53,035	77,393

  

	<b>December 31, 2006</b>		
	<b>Canada</b>	<b>U.S.</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Property, plant and equipment	7,085	10,530	17,615
Goodwill and intangible assets	2,438	28,251	30,689
Total assets	27,400	46,593	73,993

## 7 Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.