



MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2006

President's Message **Driving Growth**

Our positive trend of revenue growth continued in the first quarter of fiscal 2006 with sales up 59% compared to the previous record sales level reached in the first quarter of fiscal 2005. Earnings before interest and Taxes are up 79% over the three months ended March 31, 2005. Finally earnings before interest, income taxes and depreciation increased 87% as compared to the three months ended March 31, 2005.

The Company is continuing its active program of developing and acquiring new products and services that expand target markets, while leveraging its existing infra-structure and expertise. We continue to offer one of the broadest ranges of industrial minerals and loose abrasives in the industry and can provide custom configurations to customers that provide solutions for every type of application. Through cost saving initiatives and investments in automation, we are able to largely offset margin pressure from external competition and a stronger Canadian dollar. Furthermore, we continue to aggressively invest in innovative programs to develop technologies that keep us in the lead.

We saw a 38% increase in sales in the loose abrasives market as compared to the first quarter of last year. Much of this growth was attributable to the success of our newly commissioned facilities that include Baltimore, Hardeeville and Attica, as well as further growth in the Company's sales of specialty abrasives.

In February of this year, Opta Minerals was pleased to announce the acquisition of Magnesium Technologies Corporation. Magtech sells proprietary and patented desulphurization systems which are produced to the specific requirements of each customer that it services within both the Canadian and US Steel industries. The addition of Magtech substantially increases Opta's position in the industrial minerals business and further expands its current position as a key service provider to the steel industry. Looking into 2006 we expect Magtech to continue to be accretive to earnings and add substantially to the consolidated results of the company. Magtech has a history of profitable growth, a strong management team and excellent working capital ratios.

Profitability continues to be our number one priority as we implement aggressive sales development and cost reduction programs to improve product margins, and mitigate currency and raw material price fluctuations.

At Opta Minerals, we continue to understand that earning the trust of investors over the long term comes not only from good corporate governance, but also from a commitment to integrity and accountability. We have adopted comprehensive governance principles, including the creation of structures and implementation of processes, that enables our Board of Directors to carry out its responsibilities efficiently.

This report along with the accompanying financial statements is respectfully submitted to you on behalf of the Board of Directors of Opta Minerals Inc

Sincerely,

(Signed) DAVID KRUSE
David Kruse
President and Chief Executive Officer.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

The following is a discussion of the consolidated financial position, results of operations and cash flows of Opta Minerals Inc. for the three months ended March 31, 2006 and 2005, prepared in accordance with Canadian generally accepted accounting principles, and should be read in conjunction with the audited consolidated financial statements and the accompanying notes appearing elsewhere in this report and our audited consolidated audited financial statements as at and for the year ended December 31, 2005. The effective date of this management's discussion and analysis is May 12, 2006.

As used in this discussion and analysis, unless the context otherwise requires or indicates, the "Company" or "Opta Minerals" means Opta Minerals Inc., together with each of its subsidiaries and divisions and includes, for the periods prior to the completion of the Company's initial public offering on February 17, 2005, the "Opta Minerals Group" an operating division of SunOpta Inc. ("SunOpta") that was transferred to Opta Minerals immediately prior to the initial public offering.

Certain information included herein may constitute "forward-looking" statements which involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this document, such statements use such words as "may", "will", "expect", "believe", "plan", "intend" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this document. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed below and in filings made by us with Canadian securities regulatory authorities. Although the forward-looking statements contained in this document are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of the document, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

About Opta Minerals

Opta Minerals Inc. (TSX: OPM) is a vertically integrated producer, manufacturer, distributor and recycler of silica-free loose abrasives, roof shingle granules, industrial minerals, specialty sands and related products for use primarily in the foundry, steel, marine/bridge cleaning, roofing 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. These results were achieved while the Company was an operating group of SunOpta and during a period in which SunOpta dedicated the majority of its resources to building its core organic and natural food business.

The Company currently has production and distribution facilities in Ontario, Quebec, Louisiana, South Carolina, Virginia, Maryland, New York, and Indiana 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 offerings of 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.

Management believes that the Company's outlook for the future is positive with future revenue and earnings growth being driven by a combination of factors including: increased sales of existing product lines, the introduction of new product lines, and entry into new markets via product expansion and/or strategic acquisitions and a continued focus on operating costs.

Performance Highlights and Significant Events

During the three months ended March 31, 2006, the Company had the following performance highlights and significant events:

- Record first quarter revenue and net earnings of \$15,065,000 and \$462,000 respectively.
- Year to date earnings before income taxes, interest and stock compensation expense⁽¹⁾ increased 24% from \$921,000 in Q1 of 2005 to \$1,143,000 this quarter.
- Organic revenue growth of 16% on consolidated results.
- Positive cash flows from Operating activities of \$2,172,000 versus \$422,000 in Q1 2005
- Acquisition of Magnesium Technologies Corporation ("Magtech").
On February 15, 2006, the Company acquired 100% of Magnesium Technologies Corporation of Richfield, Ohio. Magtech sells proprietary and patented desulphurization systems which are produced to the specific requirements of each customer that it services within both the Canadian and US Steel industries. The addition of Magtech substantially increases Opta's position in the industrial minerals business and further expands its current position as a key service provider to the steel industry. Magtech's primary market is within North America; however opportunities exist to expand internationally. As part of the acquisition, Opta has secured a 2 year option to acquire a 65% control position of an affiliate company employing Magtech technology in Europe with approximately US \$11.5 million in revenue.
- The Company continued the development and introduction of new products into the marketplace. Bringing new products to market continues to be a very important component of the Company's growth strategy.

⁽¹⁾ Earnings before income taxes, interest and stock compensation expense is a Non-GAAP measure used by management. See page 12 of this report.

Results Analysis

Significant Developments

Business Acquisitions

On February 15, 2006, the Company acquired 100% of the outstanding common shares of Magnesium Technologies Corporation (“Magtech”) of Richfield Ohio for \$21,069,000 (US \$18,197,000). The results of Magtech have been included in the Company’s results from the date of acquisition. The purchase price was funded by a cash payment of \$13,894,000 (US \$12,000), a long term promissory note to the Vendor in the amount of \$6,947,000 (US \$6,000,000) and accrued acquisition costs of \$228,000 (US \$197,000). To facilitate the cash payment the Company’s term facility was increased from \$8,000 to \$11,000 and the Company’s operating line was increased from \$7,500,000 to \$12,500,000. The promissory note to the vendor is interest bearing at 5.6% and is due in four annual installments. Magtech’s revenue consists of sales of its proprietary and patented desulphurization products, along with technical services and support. These products are produced to the specific requirements of each customer that Magtech services within both the Canadian and US steel industries. Magtech operates its main production facility in Walkerton Indiana and maintains a sales and head office in Richfield Ohio. Magtech’s market is primarily within North America; however as part of the acquisition the Company has secured a two year option to acquire a 65% control interest in an affiliate company employing Magtech technology in Europe. In 2005 this affiliate had revenues of approximately US \$11,500,000.

This acquisition increases Opta Minerals position in the industrial minerals business and further expands its current position as a key service provider to the foundry and steel industry. Approximately 41% of the Company’s 2005 revenues came from the sale of products into the foundry and steel industries. Magtech compliments the company’s existing business with long standing customer relationships to major integrated steel mills in the US. Magtech does not share any customers with the Opta Minerals in either Canada or the US and as a result there are substantial cross selling opportunities which management is exploring.

The purchase accounting for the acquisition of Magtech has given rise to some significant balance sheet amounts that are reported in the March 31, 2006 financial statements. A summary of the purchase price is noted below:

(expressed in thousands of Canadian dollars)	As at Feb. 15, 2006
Consideration Paid	
Cash	13,894
Note payable	6,947
Accrued acquisition costs	228
Total Consideration	21,069
Net assets acquired	
Net working capital	3,271
Debt	(309)
Property, plant and equipment	5,007
Future tax liability (excluding future tax liabilities on intangibles)	(747)
Intangible and other assets	21,424
Future tax liability for intangibles acquired	(8,570)
Total net assets acquired	20,076
Goodwill	993

Canadian generally accepted accounting principles require a Company to value all significant intangibles acquired in an acquisition at fair market value. As part of this process, management identified customer relationships, certain profit sharing agreements, and patents as intangible assets. In total, \$21,424,000 in intangibles were acquired. Approximately \$19,105,000 was assigned to customer relationships and approximately \$2,576,000 was assigned to patents and profit sharing agreements. These values were determined by considering Magtech's historical rate of return, and cash flow streams discounted at expected market rates for these intangible assets based on their relative risk. All of the intangibles are finite life intangibles and give rise to amortization expense which we estimated to total approximately \$1,100,000 per year. Customer relationships are being amortized over a weighted average period of 23.5 years, while the profit sharing arrangements are being amortized over a weighted average of 11 years. The amortization periods chosen for customer relationships are consistent with the historical tenure of the Company's relationships with the various steel mills that it services, while the period for the profit sharing arrangements are consistent with the terms of these agreements. These intangibles have been valued for accounting purposes, but they are not deductible for U.S. tax purposes. In spite of this, Canadian GAAP requires the establishment of a future tax liability on any intangible that has a finite life. Accordingly a future tax liability of \$8,570,000 was established for the intangibles using the Company's approximate statutory tax rate.

Selected Quarterly Data

The following is a summary of financial information for the periods indicated. The selected financial information for the period prior to the completion of the Company's initial public offering (February 17, 2005) represents the combined financial results of the Company. The combined financial statements presented in this report for periods prior to February 17, 2005 have been "carved out" from the consolidated financial statements of SunOpta Inc. The combined financial statements include the accounts of Opta Minerals, a division of SunOpta, Opta Minerals Inc., Opta Minerals (USA) Inc., Virginia Materials Inc., International Materials & Supplies Inc., Temisca Inc., 9017-0382 Quebec Inc. (Distribution A&L) and 1108176 Ontario Limited, all of which were, up to the completion of the Company's initial public offering, divisions or wholly-owned subsidiaries of SunOpta Inc.

	For the Three Months Ended March 31	
	<u>2006</u>	<u>2005</u>
	(unaudited)	
(expressed in thousands of Canadian dollars, except per share amount)		
Income Statement Data		
Revenue		
Mill and foundry products and services	\$7,441	\$1,155
Abrasive manufacturing and distribution operations	7,359	7,990
St. Bruno de Guigues quarry operations	<u>265</u>	<u>349</u>
Total revenue	15,065	9,494
Gross profit		
	3,201	2,092
Gross margin %	21.2	22.0
Selling, general and administrative expenses	<u>1,969</u>	<u>1,240</u>
Earnings before the following:	1,232	852
Interest expense (net)	336	93
Stock compensation expense	52	406
Foreign exchange loss (gain)	<u>89</u>	<u>(69)</u>
Earnings before income taxes	755	422
Provision for income taxes	<u>293</u>	<u>314</u>
Net earnings for the period	<u>462</u>	<u>108</u>

Selected Quarterly Data – Continued

	For the Three Months Ended March 31	
	<u>2006</u>	<u>2005</u>
	(unaudited)	
Basic net earnings (loss) per share	\$0.03	\$0.01
Diluted net earnings (loss) per share	\$0.03	\$0.01
Weighted average shares used in computing basic net earnings per share calculation	<u>16,953,397</u>	<u>14,230,000</u>
Weighted average shares used in computing diluted net earnings per share calculation	<u>16,955,212</u>	<u>14,570,000</u>

Balance Sheet Data
(expressed in thousands of Canadian dollars)

	As at	
	<u>March 31,</u>	<u>Dec. 31,</u>
	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$2,164	\$4,077
Working capital	11,837	21,195
Total assets	78,245	48,079
Long-term debt (including current portion)	17,900	8,015
Shareholders' equity	36,112	35,396

Three months ended March 31, 2006 compared to the Quarter ended March 31, 2005

The Company's revenues increased 58.7% for the three months ended March 31, 2006 from \$9,494,000, in 2005 to \$15,065,000 in 2006. The 2006 results included \$336,000 in unfavourable foreign exchange movements between the U.S. and Canadian currency. Excluding Magtech, revenues from operations have increased 15.7% from \$9,494,000 for the three months ended March 31, 2005 to \$10,986,000 for the quarter ended March 31, 2006.

Revenue from sales of abrasive products and roofing shingle granules increased 38.1% from \$3,886,000 in the first quarter of 2005, to \$5,366,000 for the three months ended March 31, 2006. The result is due to an increase in selling prices that was announced in January and executed in February, sales of roofing shingle granules from the Company's new Attica facility and a full three months of production from the Company's Hardeeville, and Baltimore facilities. Revenues from products and services sold to the steel and foundry industry increased 90% to \$8,322,000 for the quarter. Substantially all of this increase was due to the inclusion of 45 days of Magtech's revenues into the consolidated results. Sales of other industrial minerals and revenues from recycling activities increased 12% to \$1,376,000 for the three month ended March 31, 2006.

Following the acquisition of Magtech, the Company changed the segmented reporting in its financial statements to better reflect the Company's various economic interests.

- **Mill and foundry products and services**
Comprise the Company's operations that are most directly associated with the Foundry and Steel Industry. The operations include Magtech, as well as the Brantford and Lachine manufacturing and distribution facilities.
- **Abrasive products manufacturing and distribution operations**
Include the Company's abrasive and roofing shingle production facilities as well as the distribution centre in St-Germain-de-Grantham Quebec.
- **The St. Bruno de Guigues quarry operations**
This segment remains unchanged.

The prior year comparative amounts for each segment have been reclassified in the financial statements to conform to the current period's presentation. However, the results disclosed for the mill and foundry products and services segment include only those of the Lachine, Quebec facility for the three months ended March 31, 2005. Prior to the start-up of the distribution facility in Brantford, Ontario, its distribution and manufacturing operations were combined with the abrasive manufacturing and distribution operations located in Waterdown, Ontario. As the information to discretely segregate the segment net earnings (loss) before interest expense and income taxes is not available, the Brantford distribution operations will be included in the abrasive products manufacturing and distribution operations segment from January to May 2005 in the comparative disclosure. The production of certain steel and foundry products continued in the Waterdown facility until March 2006. These processes have now been transferred to Brantford.

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.

Revenues within the Abrasive products manufacturing and distribution operations segment decreased \$631,000 to \$7,359,000 for the three month ended March 31, 2006. Included in this segment in for the three months ended March 31, 2005 were revenues of approximately \$1,964,000 that pertained to steel and foundry products which are reported in the Mill and Foundry Services Segment in the first quarter of 2006. Excluding the revenue relating to these products, revenues in the

segment increased \$1,333,000 or 22% from the first quarter of 2005. Approximately \$907,000 of this increase relates to the inclusion of a full three months of production at the Company's Hardeeville and Baltimore facilities. These operations began full production in May 2005. A further \$318,000 of the increase is due to higher sales volumes at the Company's Norfolk facility. Revenues in the abrasive products manufacturing and distribution segment were also adversely affected by an unfavourable variance in the US dollar foreign exchange rate. Had the foreign exchange rate remained constant with Q1 2005 results from this segment would have been \$240,000 higher.

Revenues within the mill and foundry Products and Services segment increased \$6,286,000 from \$1,155,000 for the three months ended March 31, 2005 to \$7,441,000 for the quarter ended March 31, 2006. Not included in the 2005 results for this segment are revenues of approximately \$1,964,000 related to foundry products that were previously sold from the Company's Waterdown Ontario facility. Had these sales been included in this segment's results, the increase in sales between quarters would be reduced to \$4,322,000. Approximately \$4,078,000 of this increase relates to the inclusion of Magtech results in the Company's consolidated revenue figure. The remaining variance relates to an increase in sales of other industrial minerals.

Revenues within the St. Bruno de Guigues quarry operation segment decreased by \$84,000 to \$265,000. The decrease in sales is due primarily to a decrease in demand for silica from this facility as a result of increasing freight costs, and an increase in US based competition due to the strength of the Canadian dollar.

Gross profit increased by \$1,109,000 to \$3,201,000 or 21.2% of revenues for the three months ended March 31, 2006 compared to \$2,092,000 or 22.0% of sales for the same period in 2005. Excluding Magtech, gross profits from operations were \$2,162,000 or 19.6% of Revenues. For the three months ended March 31, 2006 the abrasive manufacturing and distribution operations gross profit decreased \$237,000 from \$1,784,000 for the three months ended March 31, 2005 to \$1,547,000 for the current quarter. The decrease is primarily due to gross profits of products that were in the 2005 results for the Company's Waterdown facility, but are now sold through the Brantford facility and are included in the 2006 mill and foundry products and services segment. Excluding Waterdown, from the abrasive manufacturing and distribution segment, gross profits increased to \$1,333,000 or 29.7% of revenues versus \$889,000 or 28.2% of revenues in the first quarter of 2005. The increase is substantially due to having three full months of abrasive and roofing shingle production from facilities in Hardeeville and Baltimore which began full production in May 2005, and strong sales volumes at the Company's Norfolk operation. Margins in the current quarter were impacted by approximately \$168,000 in one time costs pertaining to the production of a trial garnet product from our Keeseville facility and by the continuing delays in restarting the New Orleans facility. Although the Company continues to sell resale products from its New Orleans facility, electricity in the area has yet to be restored and as a result no production of material has occurred since the hurricanes in 2005. Gross profits in the mill and foundry products and services segment increased by \$1,326,000 to \$1,624,000 or 21.8% of revenues for the three months ended March 31, 2005. A portion of this variance relates to gross profits on products that are included in the Brantford facilities' operations in 2006, but were previously included in Waterdown's results in 2005. Excluding Results from the Brantford location, gross profits for the mill and foundry products and services segment for the three months ended March 31, 2006 were \$1,265,000 or 24.1% of sales. Compared to gross profit in the first quarter of 2005 this is an increase of \$967,000 substantially all of which pertains to the inclusion of Magtech in the consolidated results. Gross profit pertaining to the St. Bruno de Guigues quarry operations decreased by \$15,000 mainly as a result of a decline in sales volume and the product mix shifting towards lower margin products. In addition the quarry operation is facing increased competition from US based competitors as a result of the strength of the Canadian dollar versus the US dollar.

Selling, general and administrative expenses increased \$729,000 to \$1,969,000 or 13% of revenues for three months ended March 31, 2005. Approximately \$548,000 in additional SG&A was incurred as a result of the acquisition of Magtech. The

remaining increase relates to incremental audit, tax and consulting fees associated with public company reporting, an increase in sales staff and \$84,000 in one time consulting costs pertaining to tax planning.

Earnings before income taxes, interest and stock compensation expense² for three months ended March 31, 2006 was \$1,143,000 compared to \$921,000 for three months ended March 31, 2005. Earnings before income taxes and interest for the mill and foundry products and services increased \$532,000 over the same period last year. Abrasive products manufacturing and distribution operations had earnings before income taxes and interest of \$432,000 for the three months ended March 31, 2006 compared to \$391,000 during the same period in 2005. The St. Bruno De Guigues quarry operations had a loss before income taxes, interest and stock compensation expense of \$35,000 for three months ended March 31, 2006 compared to a loss of \$38,000 in 2005.

For the quarter ended March 31, 2005 the Company recorded \$406,000 in stock compensation expense. Immediately prior to the Company's initial public offering a total of 340,000 options were granted to employees, officers and directors of the Company. 20% of the grant vested immediately with the remaining portion vesting at a rate of 20% per annum over a four year period. In accordance with Canadian GAAP, the Company recorded compensation expense of \$118,000 pertaining to the vested options granted. In addition, concurrent with the Company's initial public offering, the Company's parent SunOpta Inc. gifted 75,000 common shares of the Company to certain employees and officers of the Company in recognition of their service and dedication to the organization. The shares gifted to certain officers and employees were from SunOpta's holdings and while the cost of these shares were borne entirely by SunOpta, an expense equal to the fair value of those shares was recorded in Opta Minerals results. This was considered appropriate given that a benefit was realized by employees of Opta Minerals Inc., a Company under SunOpta's control. Total compensation expense related to the gifting was \$288,000. In the current quarter, stock compensation expense was \$52,000. Approximately \$24,500 of this amount pertains to 95,000 options granted to employees, officers and directors of the Company in February 2006. In accordance with the terms of the options, 20% of the grant vested immediately with the remaining portion vesting at a rate of 20% per annum over a four year period.

The effective income tax rate for three months ended March 31, 2006 was 38.8% compared to 74.4% for the comparable period in 2005. Approximately 34.1% of the decrease in the effective tax rate is due to a decrease in stock compensation expense recorded in the quarters, as it is not deductible for tax purposes. The remaining difference relates to an increased proportion of the Company's income being generated by U.S. operations which incur a higher statutory tax rate, partially offset by changes in the amount of other permanent differences. The Company anticipates its ongoing effective tax rate to be between 34% and 38% depending on the relative amount of income earned in higher tax paying jurisdictions and the effect of implementing certain tax planning strategies.

Net earnings for three months ended March 31, 2006 were \$462,000 or \$0.03 per diluted common shares, versus \$108,000 or \$0.01 per diluted common share for the same period in 2005. Current year earnings before stock compensation expense³ was \$514,000 for three months ended March 31, 2006.

Earnings before interest, income taxes, depreciation and amortization ("EBITDA")⁴ was \$1,619,000 for three months ended March 31, 2006 versus \$867,000 for the same period ended 2005. EBITDA for the current period includes approximately

² Earnings before income taxes, interest and stock compensation expense is a non-GAAP measure used by management. Please see page 12 of this report.

³ Earnings before stock compensation expense is a non-GAAP measure used by management. Please see page 12 of this report.

⁴ EBITDA is a non-GAAP measure used by management. See page 12 of this report.

\$175,000 in one time consulting costs relating to tax planning and one time costs pertaining to production trials on a new garnet product from the Company's Keeseville facility.

Quarterly Results of Operations

The following table sets out selected financial information for each of the eight most recent quarters ended March 31, 2006. In the opinion of management, this information has been prepared on the same basis as the audited consolidated financial statements for the years ended December 31, 2005 and 2004. Only normal recurring adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results.

	Quarters Ended							
	Mar 31, 2006	Dec 31, 2005	Sept 30, 2005	June 30, 2005	Mar 31, 2005	Dec 31, 2004	Sept 30, 2004	June 30, 2004
	(unaudited - expressed in thousands of Canadian dollars)							
Revenue	\$15,065	\$10,050	\$10,231	\$12,242	\$9,494	\$9,858	\$10,545	\$12,549
EBITDA⁽¹⁾	1,619	816	1,349	2,326	867	843	1,608	2,636
Earnings before interest, income taxes and stock compensation expense²	1,143	431	1,001	2,006	921	406	1,311	2,300
Earnings before stock compensation expense⁽³⁾	514	166	568	1,134	514	(78)	838	1,332
Net earnings (loss) for the period	462	139	546	1,108	108	(78)	838	1,332

The following table reconciles net earnings for the period to EBITDA⁽¹⁾ earnings before interest, income taxes and stock compensation expense⁽²⁾ and Earnings before stock compensation expense⁽³⁾.

	Quarters Ended							
	Mar 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar 31, 2005	Dec. 31, 2004	Sept 30, 2004	June 30, 2004
	(unaudited)							
	(expressed in thousands of Canadian dollars)							
Net earnings (loss) for the period	\$462	\$139	\$546	\$1,108	\$108	\$(78)	\$838	\$1,332
Interest expense	336	138	115	139	93	103	65	152
Provision for income taxes	293	127	318	733	314	381	408	816
Depreciation and amortization	528	412	370	346	352	437	297	336
EBITDA⁽¹⁾	1,619	816	1,349	2,326	867	843	1,608	2,636
Add (subtract):								
Depreciation and amortization	(528)	(412)	(370)	(346)	(352)	(437)	(297)	(336)
Stock Compensation Expense	52	27	22	26	406	-	-	-
Earnings before interest, taxes and stock compensation expense⁽²⁾	1,143	431	1,001	2,006	921	406	1,311	2,300
Interest expense	(336)	(138)	(115)	(139)	(93)	(103)	(65)	(152)
Provision for income taxes	(293)	(127)	(318)	(733)	(314)	(381)	(408)	(816)
Earnings before stock compensation expense⁽³⁾	514	166	568	1,134	514	(78)	838	1,332

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 interest, income taxes and stock compensation expense is defined as gross profit less selling general and administrative expenses, other income and foreign exchange. The Company believes that earnings before interest, taxes 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 financing costs, income taxes and expenses pertaining to stock option benefits. Earnings before interest, income taxes 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.
- (3) Earnings before stock compensation expense is defined as gross profit less selling general and administrative expenses, interest expenses, foreign exchange and income taxes. The Company believes that earnings before 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 non cash expenses pertaining to stock option benefits. Earnings

before 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.

Liquidity and Capital Resources

As at March 31, 2006 the Company had \$26,677,000 in borrowings and facilities owing to third parties. On February 15, 2006, the Company further amended its credit facilities to finance the acquisition of Magnesium Technologies Corporation. Opta's financing agreements with the Bank of Montreal now include a \$12,500,000 revolving term operating facility that was drawn upon for the acquisition, a \$5,000,000 revolving term acquisition facility that remains unused, and an \$11,000,000 10 year term facility that is repayable in quarterly installments. Initially in 2005, \$8,000,000 of this term facility was drawn upon to repay the SunOpta loan and the remainder was used to finance the acquisition of Magtech. The Company historically has obtained its financing through cash from operations and advances from SunOpta and its affiliates. Prior to the Company's initial public offering, Opta participated in a consolidated treasury management system with SunOpta. Advances from affiliates and participation in SunOpta's treasury management system were terminated concurrent with the Company's IPO and replaced with a single promissory demand note to SunOpta. Immediately prior to the debt repayment noted above, this note together with accrued interest totaled \$10,071,000.

In order to finance significant acquisitions, the Company may need additional sources of cash which could be obtained through a combination of additional bank or subordinated financing, a private or public share offering or the issuance of shares in relation to an acquisition.

Working Capital

The Waterdown and St. Bruno de Guigues Quarry operations are seasonal and slow down during the winter months due to seasonal application of the products produced at these facilities. As a result, the Company's investment in working capital declines starting in the fourth quarter through the first quarter and increases again in the second quarter.

Many of the products received are transported by ship. In order to economize on freight costs, certain products are purchased in quantities that will take upwards of a year to sell. These purchases can be significant and have a material effect on working capital needs.

As at March 31, 2006 the Company has a working capital surplus of \$11,837,000 (December 31, 2005 - \$21,195,000). Available cash and financing at March 31, 2006 total \$9,835,000, a decrease of \$5,691,000 as compared to December 31, 2005. This variance is substantially due to the extension and use of various credit facilities to finance the acquisition of Magtech.

Summary of Cash flows

(expressed in thousands of Canadian dollars)	For the Three Months Ended March 31	
	<u>2006</u>	<u>2005</u>
Net cash provided by (used in):	(unaudited)	
Operating activities	2,172	422
Investing activities	(22,328)	(233)
Financing activities	18,224	11,991
Foreign exchange loss (gain) on cash held in foreign currency	19	(4)

Three months Ended March 31, 2006 compared to the Three months Ended March 31, 2005

Cash generated in operating activities for the three months ended March 31, 2006 were \$2,172,000 versus \$422,000 in 2005. Prior to changes in non-cash working capital cash generated from operations in the current quarter was \$1,224,000. Changes in non-cash working capital accounts generated a further \$948,000. The positive change in working capital was largely due to a decrease in inventory levels of certain bulk raw materials that were purchased in anticipation of the spring busy season experienced in the Canadian operations.

Cash used in investing activities was \$22,328,000 for the three months ended March 31, 2006 as compared to \$233,000 in 2005. On February 15, 2006, the Company acquired the outstanding common shares of Magnesium Technologies ("Magtech") Corporation of Richfield, Ohio and secured an option to acquire a controlling position in an affiliate of Magtech. The total purchase price, net of assumed bank indebtedness was \$21,983,000 (U.S.\$18,987,000). Total consideration for the purchase was comprised of \$13,894,000 (U.S.\$12,000,000) in cash, a long-term promissory note to the vendor in the amount of \$6,947,000 (U.S.\$6,000,000) and accrued acquisition costs in the amount of \$228,000 (U.S.\$197,000). During the period the Company also invested in capital improvements designed to reduce operating costs or comply with regulatory requirements at its Waterdown, Lachine, Brantford, Walkerton and Keeseville locations.

Cash provided by financing activities was \$18,224,000 for the three months ended March 31, 2006, (2005 - \$11,991,000), consisting in a net increase of borrowings under long term debt for the Magtech acquisition of \$9,890,000 and a net increase in the operating line of credit of \$8,777,000 (2005- \$nil). Long term debt repayments for the quarter totaled of \$403,000 (2005 - \$6).

Contractual Obligations and Commitments

The Company has the following contractual obligations over the next five fiscal years and thereafter:

<u>Contractual Obligations</u>	<u>Payments Due by Period</u>						
	<u>Total</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Thereafter</u>
Long term debt	\$17,900	\$3,006	\$2,984	\$2,880	\$2,849	\$1,097	\$5,084
Preferred shares	77	77	-	-	-	-	-
Operating leases	<u>4,973</u>	<u>1,082</u>	<u>999</u>	<u>924</u>	<u>771</u>	<u>556</u>	<u>641</u>
Total contractual obligations	<u>22,950</u>	<u>4,165</u>	<u>3,983</u>	<u>3,804</u>	<u>3,620</u>	<u>1,653</u>	<u>5,725</u>

Transactions with Related Parties

SunOpta charges management fees to the Company which include direct costs incurred by SunOpta for professional services and insurance as well as fees relating to specific accounting, treasury or other administrative services provided at fair market value. For the three months ended March 31, 2005 SunOpta had also charged approximately \$91,000 of interest on certain debts owed by the Company.

During the three months ended March 31, 2005, SunOpta Inc. gifted shares of Opta Minerals Inc. to certain employees of Opta Minerals Inc. in recognition for their past service. The shares, gifted to officers and employees were from SunOpta's holdings and, while the cost of these shares was borne entirely by SunOpta, an expense equal to \$288,000 was recorded in Opta Minerals results as a result of generally accepted accounting principles for related party transactions.

Risks and Uncertainties

We operate in a dynamic, rapidly changing environment that involves risks and uncertainties. You should carefully consider the risks described in other information contained in our filings with Canadian securities regulatory agencies, including our Annual Information Form. These and other information relating to the Company can be obtained from SEDAR at www.sedar.com. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the risks actually occur, our business, financial condition, liquidity or results of operations could be materially harmed.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, related revenues and expenses and disclosure of gain and loss contingencies at the date of the consolidated financial statements. The estimates and assumptions made require judgement on the part of management and are based on the Company's historical experience and various other factors that are believed to be reasonable in the circumstances. Management continually evaluates the information that forms the basis of estimates and assumptions as the business of the Company and the business environment generally changes. The use of estimates is pervasive throughout the Company's financial statements.

We periodically review our financial reporting and disclosure practices and accounting policies to ensure that our financial reporting and disclosures are accurate and informative relative to the current economic and business environment. As part of this process, we have reviewed our selection, application and communication of critical accounting policies and financial disclosures. We note that we have determined that our critical accounting policies relating to our core ongoing business are primarily those disclosed below. Other important accounting policies are described in note 1 of our annual consolidated financial statements as at December 31, 2005 and for the year then ended.

Revenue Recognition

Revenues from the Company's operations are recognized when the following four criteria have been satisfied:

- Persuasive evidence of an arrangement exists, such as an executed service agreement or other relevant documentation;
- When services are delivered. For the sale of abrasives and industrial minerals, the Company considers services delivered upon shipment of materials and transfer of title to the customer. For recycling activities, services are considered to be delivered after materials have been processed and the resulting non-hazardous recycled material is either sold or shipped to third parties or is disposed of;
- The price to the customer is either fixed or determinable; and
- Collectibility is reasonably assured.

Accounts Receivable

The Company's accounts receivable primarily include amounts due from its customers. The carrying value of each account is carefully monitored with a view to assessing the likelihood of collection. An allowance for doubtful accounts is provided for as an estimate of losses that could result from customers defaulting on their obligation to the Company. In assessing the amount of reserve required, a number of factors are considered including the age of the account, the credit worthiness of the customer, payment terms, the customer's historical payment history and general economic conditions. Because the amount of the reserve is an estimate, the actual amount collected could differ from the carrying value of the receivable.

Inventory

Inventory is the Company's largest current asset. Inventories are valued at the lower of cost, determined on a first-in, first-out basis, or estimated net realizable value. The Company assesses the net realizable value of its inventory on a regular basis by reviewing, on an item-by-item basis, the realizable value of its inventory, net of anticipated selling costs. If it is management's judgment that the selling price of an item must be lowered below its cost in order for it to be sold, then the carrying value of the related inventory is written down to its realizable value. A number of factors are taken into consideration in assessing realizable value including the quantity on hand, age and expiration, historical sales, consumer demand and preferences. Depending on market conditions, the actual amount received on sale could differ from management's estimate.

Impairment of Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of identifiable assets and liabilities acquired. The Company assesses at least annually whether there has been an impairment loss in carrying value of goodwill based on the fair value of its reporting units.

Should the carrying amount of goodwill exceed its estimated fair value, an impairment loss would be recognized at the time and charged to the statement of earnings. The Company has assessed the carrying value of goodwill for possible impairment and has determined that no such impairment exists as at December 31, 2005.

The Company's finite life intangible assets are amortized on a straight line basis over the estimated useful lives of the assets as follows:

Customer Relationships	8 – 25 years
Licensing Agreement	10 years
Long Term Supply Contract	Over the contract period of 10 years
Profit sharing agreements	7 – 15 years

Income Taxes

The Company uses the asset and liability method of accounting for income taxes whereby future income tax assets are recognized for deductible temporary differences and operating loss carry-forwards, and future income tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the amounts of assets and liabilities recorded for income tax and financial reporting purposes. Future income tax assets are recognized only to the extent that management determines that it is more likely than not those future income taxes will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment. The income tax expense or benefit is the income tax payable or refundable for the year plus or minus the change in future income tax assets and liabilities during the year.

Estimates

The preparation of 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 assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the years. Actual results could differ from those estimates.

Significant estimates include, but are not limited to, the measurement of accounts receivable and the related allowance for bad debts, measurement of inventory, measurement of goodwill and intangibles and revenue recognition.

Recent Developments in Accounting Standards

CICA Handbook Section 3831, Non-monetary transactions – Revises existing CICA 3830 on non-monetary transactions, replacing the current exception from measurement of a non-monetary transaction at fair value for non-monetary exchanges which do not represent the culmination of the earnings process, with an exception based on whether the transaction has commercial substance. Section 3831 applies to all non-monetary transactions initiated in periods beginning on or after January 1, 2006.

CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement, prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. Section 3855 applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006.

CICA Handbook Section 3865, Hedges, is applicable whenever a company chooses to designate a hedging relationship for accounting purposes. It specifies how hedge accounting is applied and what disclosures are necessary when it is applied. Section 3865 applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006.

CICA Handbook Section 1530, Comprehensive Income, introduces new standards for reporting and disclosing comprehensive income. Comprehensive income is the change in equity of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Section 1530 applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006.

CICA Handbook Section 3251, Equity, establishes standards for the presentation of equity and changes in equity during a reporting period. Section 3251 applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006.

Additional Information

Additional information relating to the Company, including its Annual Information Form, is filed on SEDAR, available for review at www.sedar.com.