



ANNUAL INFORMATION FORM
For the Fiscal Year Ended December 31, 2010

March 25, 2011

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GENERAL MATTERS

As used in this Annual Information Form (“AIF”), unless the context otherwise requires or indicates, the “Company” or “Opta Minerals” means Opta Minerals Inc., together with each of its subsidiaries and divisions.

“Opta Minerals”, the Opta Minerals logo, “Blackblast”, “Econoblast”, “Ebonygrit”, “Powerblast”, “Ultrablast” and “Galaxy Garnet” are unregistered trade-marks or brand names used by the Company. “Barshot” is a registered trade-mark of the Company. All other trade-marks, service marks, designs or logos appearing in this form are the trade-marks, service marks, designs or logos of the company or entity that owns them.

Exchange Rate Information

All dollar references included in this AIF, unless otherwise noted, are in U.S. dollars. The following table sets out the rate of exchange for one Canadian dollar in U.S. dollars in effect at the end of each of the following periods, the high and low rate of exchange during those periods, and the average rate of exchange for those periods, each based on the closing rate as per Oanda (www.oanda.com).

	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>End of Period</u>
Years ended December 31,				
2010	1.0030	0.9285	0.9705	0.9998
2009.....	0.9795	0.7653	0.8803	0.9532
2008.....	1.0297	0.7680	0.94410	0.8183
2007.....	1.1038	0.8420	0.9357	1.0194

Special Note Regarding Forward-Looking Statements

Certain statements in this AIF 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 AIF, 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 AIF. 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 under “Risk Factors”. Although the forward-looking statements contained in this AIF are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors or potential investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this AIF, and the Company assumes no obligation to update or revise them to reflect new events or circumstances; except as required by law.

CORPORATE STRUCTURE

Incorporation of the Company

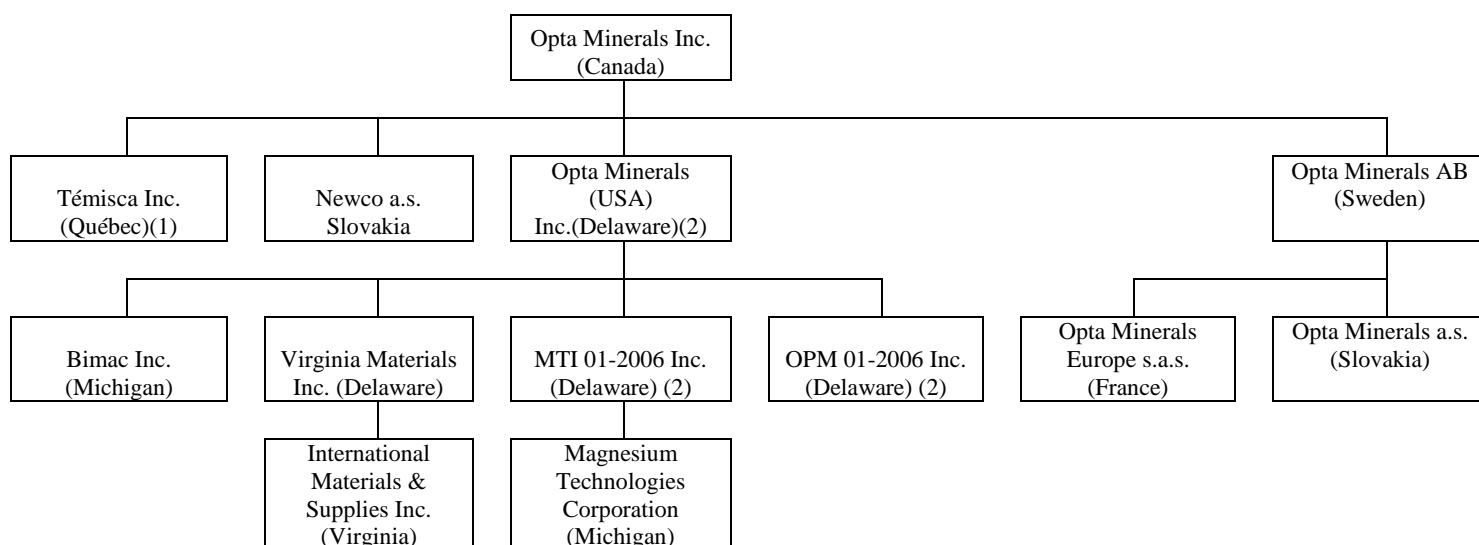
The Company was incorporated under the *Canada Business Corporations Act* on July 8, 2004 under the name Opta Minerals Inc. On February 17, 2005 the Company completed an initial public offering and acquired the assets and business of the Opta Minerals Group operating division of SunOpta Inc. (“SunOpta”).

The Company’s head and registered office is located at 407 Parkside Drive, P.O. Box 260, Waterdown, Ontario, Canada, L0R 2H0.

Intercorporate Relationships

The following chart outlines the Company’s corporate structure and the jurisdiction of incorporation of the Company and its material subsidiaries:

Unless indicated otherwise, each subsidiary is wholly-owned by its parent.



Notes:

(1) Certain non-voting Series H Preferred Shares of Témisca Inc. (the “Series H Shares”) are held by parties other than the Company. The Company has previously repurchased for cancellation all but 46,412 Series H Shares (representing approximately 10% of the outstanding Series H Shares). The Company intends, to the extent possible, to repurchase the remaining outstanding Series H Shares for aggregate consideration of approximately Cdn \$46,000.

(2) Holding companies with no active business.

GENERAL DEVELOPMENT OF THE BUSINESS

Growth and Acquisitions – Three Year History

The following is a summary outlining the growth and acquisitions of the Company's business during the past three years.

Acquisition of Opta Minerals Europe s.a.s. (formerly MCP Mg-Serbien s.a.s.)

In July 2008, the Company acquired 67% of the outstanding common shares of MCP Mg-Serbien s.a.s. ("MCP") of Romans France. Subsequent to the acquisition, its unconsolidated losses triggered a statutory requirement in France to increase the capital stock. On December 22, 2009, the Company fulfilled its obligation to increase the value of its shareholdings and at the same time the non-controlling interest's shares were cancelled and the Company increased its ownership to 100%. The entity name was subsequently changed to Opta Minerals Europe s.a.s. ("Opta Europe"). The acquisition continues the Company's expansion into Europe and complements existing operations which supply a wide range of magnesium based desulphurization products in the United States, Canada and Europe from operations in Indiana, Ontario and Slovakia. Opta Europe operates its production facility in Romans-sur-Isere, France.

Establishment of an Abrasive Production Facility in Freeport, Texas

In 2009 the Company established an abrasive production facility in Freeport, Texas. The start up operation was completed during the first quarter of 2010. This leased 20,000 square foot production and warehouse facility provided the necessary logistics to introduce our copper slag based abrasive product to a new geographic region. The facility is used for raw material storage, processing, packaging and warehousing of abrasive products for sale in the bridge cleaning and general abrasive industries.

Establishment of an Abrasive Production Facility in Tampa, Florida

In 2009 the Company established an abrasive production facility in Tampa, Florida. The plant was fully operational during the third quarter of 2010. This leased production and warehouse facility includes 20,500 square feet of space. The facility is used for processing, packaging and warehousing of abrasive products for sale in the ship repair and general abrasive industries.

DESCRIPTION OF THE BUSINESS

Overview of the Company

Opta Minerals is a vertically integrated provider of custom process optimization solutions and related materials for use primarily in the steel, foundry, loose abrasive, and municipal water filtration industries. The Company has experienced solid growth through a combination of internal growth and successfully integrated strategic acquisitions to become one of the leading regional suppliers of industrial minerals and silica-free loose abrasives in a number of markets in North America.

The Company currently has offices, production or distribution facilities in Ontario, Québec, Louisiana, South Carolina, Virginia, Maryland, Michigan, Indiana, New York, Texas, Florida, Slovakia and France, and one of the broadest product lines in the industry.

As part of the Company's business strategy, it seeks to create or acquire vertically integrated product lines. To the maximum extent possible, the Company participates at all levels of production, starting with sourcing raw materials and continuing through to the processing, distribution and recycling of its used products. Through this model, the Company is able to optimize control of quality and enhance value-added margins, as well as provide a complete range of products and services to its customers.

The Company's industrial mineral products include chromites and zircons, clays, coated sands, lime and magnesium blends and other industrial mineral blends sourced from South Africa, China, the Middle East, and North America, which are then processed at the Company's facilities for sale primarily to the steel and foundry industries.

The Company manufactures a wide range of silica-free abrasives, including branded products such as Blackblast, Ebonygrit, Powerblast, Ultrablast, Greengrit and Galaxy Garnet. The raw materials for the production of these abrasives are sourced primarily from Japanese and North American suppliers, with additional sourcing from suppliers located in China, India and Europe.

The Company also generates revenues from the sale of specialty sands, related products and technical services other than silica-free abrasives and industrial minerals including silica sands (for non-abrasive purposes) which are sourced, processed and packaged from the Company's quarries located in Saint-Bruno-de-Guigues, Québec. These products and services are sold principally to the consumer home improvement market, the bunker golf sand market and the municipal water filtration market. In addition, the Company recovers garnets from a waste-mining stream in Northern New York State, and imports garnets from China and India. The garnets are processed and packaged primarily for sale to the abrasive water jet cutting, and water filtration industries. The Company provides recycling services for abrasives and foundry sands sold to customers which are subsequently recycled and then reprocessed for sale to the cement industry.

Industry Overview

Industrial Minerals

Industrial minerals are broadly defined as all those minerals taken out of the earth's crust except for fuels, metallic ores, water and gemstones. Industrial minerals are a diverse group of natural and further processed natural materials with varying physical and chemical properties. Even though they do not have the high profile of the quarrying and mining industries, industrial minerals represent one of the most important areas of material processing.

Uses for industrial minerals are varied depending upon their specific physical and chemical composition and the market for each mineral. Industrial minerals are found in a wide diversity of industrial and consumer products and play a key role in many complex and sophisticated manufacturing applications worldwide. Primary uses of industrial minerals include the following:

- **Metallurgical Processing and Chemicals** — Industrial minerals are used in a large range of applications for steel and foundry products based on their specific chemical and physical properties. Bentonites are used for binders in foundry moulding sands. Refractory minerals such as chromite and zircon are used to produce cores for high temperature metal casting. They are also used for raw material feedstock and alloying agents. Dry lubricants, cleansers, sealants and adhesives are all products that are produced from various industrial minerals. Also blends of lime, magnesium and other minerals are used to remove sulphur and various other impurities from the production of molten iron and steel.
- **Construction and Restoration** — Building materials such as sands, gravels and clays are produced for foundation construction of both roads and buildings. They are also used as brick making materials and are included in the make-up of cement. Certain industrial minerals can be used as loose and bonded abrasives for cleaning, preparation and coating applications of both metal and non-metal surfaces.
- **Fillers, Extenders and Pigments** — Papers, plastics and paints all consist of various functional fillers that contribute certain characteristics to the end use products. Industrial minerals are consumed in the manufacturing of these products to reduce the cost and to contribute various properties such as colour, texture or viscosity.
- **Glass and Ceramics** — The glass and ceramic industries consume large quantities of silica, clays and specialty minerals in the manufacturing of specialized end use products. They are commonly found in the manufacture of aerospace parts, optical glass and electronics.
- **Environmental and Water Treatment Filtration** — Various types of clays are used in environmental applications as an absorbent and seal to prevent leaching from landfill and reprocessing sites. Waste and effluent water treatment are handled with the use of industrial minerals, which either contribute to a chemical reaction to purify the water or serve as a filtering media to remove unwanted particles.

Opta Mineral's products are sold into each of the applications above, however products that assist in metallurgical processing remain the most significant component of the Company's industrial mineral sales. The Company's steel and foundry products make up a relatively low proportion of a customer's overall production cost while being essential to their manufacturing process. Opta's products can provide significant benefits to yield and quality for customers.

The production of steel in a modern steel mill facility is a continuous process occurring in numerous stages. Raw materials, namely iron ore, coke and limestone are fed into a blast furnace to make molten iron. The high sulphur content of the iron must be reduced to enhance the quality of the subsequent steel produced. To assist with the desulphurization process, the Company offers custom blended flux and magnesium mixes to inject into the molten iron. These mixes are produced under strictly controlled ISO 9001 procedures. Once a substantial amount of sulphur has been removed and steel has been produced in the basic oxygen process various grades of steel ranging from flat rolled carbon steel for automotive bodies to high alloy steel used in high temperature, hostile environment applications can be produced. These steels pass through various levels of refinement depending on the intended final application. The trend in the steel industry is towards removal of further impurities external to the primary melting furnace, i.e. in the ladle furnace or tundish, where the steel quality is improved using various techniques. Liquid steel is poured through nozzles from ladles to tundishes (distribution boxes) for the casting process. Again it is at this stage where the Company's products form an integral part of product improvement. Opta's nozzle mixes, insulating covers and slag conditioners are used to remove impurities in the steel at the ladle or tundish stage and help to ensure easy nozzle openings at the start of the casting process.

Silica-Free Abrasives

Abrasives are commonly used in a wide variety of industrial processes including the shaping and finishing of components made from various materials such as wood, glass, concrete, plastic, stone, iron, steel, super-alloys and non-ferrous metals, and more exotic products such as jewels, optical and electronic components.

Historically, abrasive materials were primarily derived from natural minerals such as emery, quartz sand and diamond. Today, however, the abrasives industry is almost entirely dependent upon synthetic materials, which are far more consistent in composition and cost-effective than their natural predecessors. Synthetic materials are generally more cost-effective as they tend to be by-products or waste streams of the processes that produce them such as power generation and metal smelting. While natural minerals are still prevalent, they tend to be used for highly specialized applications such as polishing and fine finishing due to their higher cost.

The three primary types of production abrasives are coated, bonded and loose abrasives. Coated abrasives have a paper, cloth or other similar backing. Bonded abrasives include grinding wheels and sticks. Loose abrasives are used for blast cleaning operations whereby the material in conjunction with a high pressure stream of air or water is used for, among other things, the removal of paint and rust and the preparation of new surfaces. Each type of abrasive product caters to different requirements in terms of the surface finish specifications, the shape and size of the component, its physical properties (such as hardness, strength and temperature limits) and the

detailed requirements of the specific grinding or finishing process. The characteristics of the abrasive material (for example, size, shape, strength, density and hardness) are critical to its specific use, as are the properties of the matrix material (for example, resin, vitreous or metal) and degree of porosity.

Opta Minerals participates within the loose abrasives market, producing abrasives for use with blasting equipment and related processes. The Company does not currently participate directly in the coated or bonded abrasives market.

Applications for loose abrasives range from surface cleaning and peening, to the restoration and surface preparation of materials for protective coatings. For example, all ships and offshore drilling rigs operating in salt-water environments require blast cleaning and repainting every three to five years, and more frequently in higher saline waters such as in the Middle East. It normally takes over two years of continual work to overhaul, clean and paint a large vessel such as an aircraft carrier, using up to \$1.0 million in loose abrasives. A second major market for loose abrasives is the blast cleaning and repainting of bridges and overpasses. In addition to these two markets, there are hundreds of industrial applications where loose abrasives are used for surface preparation, surface cleaning and as a component of other finished products.

Abrasive blast cleaning encompasses a variety of methods that include the use of several types of media propelled by water or air. The abrasives media vary widely, from rice hulls and walnut shells to various metallurgical slags, garnet and steel shot. Typical blast cleaning minerals include staurolite, olivine and garnet. Man-made media used for blast cleaning include plastic, coated minerals, recycled glass, steel shot, coal slag, copper slag and nickel slag.

For over 50 years, silica had been the most commonly used abrasive for abrasive blast cleaning, thus the coining of the term sandblasting, as it is economical and easy to use. However, because of its properties, silica produces dust particles that may lead to silicosis if inhaled. Acute silicosis lung inflammation is caused by intense short-term exposure to silica dusts, whereas chronic silicosis is slowly progressive lung scarring, nodules and inflammation resulting from long-term exposure. Silicosis occurs mainly in people who work in sandblasting, as well as in mining, quarrying, grinding and those who work in foundries.

Given the now widely recognized dangers associated with the use of silica as an abrasive, a number of companies that previously used predominantly or exclusively silica as an abrasive media have moved towards, or intend to move towards, safer but generally more expensive abrasive media such as those produced by Opta Minerals. Opta Minerals does not distribute silica for use as an abrasive media and over the past number of years has developed an expertise in silica-free abrasive products. Increased demand for safer alternatives to silica-based products is also being driven by the fact that over 20 U.S. States (including New York, California and Michigan) and a number of other jurisdictions internationally have restricted or banned silica for use as an abrasive media. A number of other U.S. and Canadian jurisdictions are presently considering similar measures. Management of the Company is of the view that this emerging trend towards silica-free abrasives will continue and that the Company is well-positioned to capture a significant share of the growing silica-free abrasives market.

Products and Services

Opta Minerals offers one of the broadest industrial mineral and silica-free abrasive product lines in the industry, and supports these products with exceptional service and a high level of technical capability. As a result of a growth strategy that expanded its geographic coverage, Opta Minerals is able to offer on-time delivery and integration with customer operations. The recycling of mineral by-products complements the Company's distribution of abrasives and other industrial minerals, providing sustainable life cycle management for the Company's suppliers and customers.

Opta Minerals offers a broad product line. The Company sells in excess of 1,800 different products encompassing approximately 3,000 SKUs (stock keeping units). Many of the Company's abrasive products are approved under the U.S. Military Qualified Products List (QPL), the Occupational Safety and Health Association (OSHA) and the California Air Resources Board (CARB) and certain of the Company's water filtration products are approved by the National Sanitation Foundation (NSF).

The Company has also become very efficient at blending and processing a number of raw materials together, in order to create customized products for individual customers based on their unique needs or as the conditions of specific job requirements change. This blending and customization expertise allows the Company to economically provide its customers with a unique product that increases efficiency for customers, while at the same time improving margins for the Company. This expertise differentiates the Company from most of its competitors, as very few are able to offer this service.

The Company's principal product lines include the following: (i) industrial minerals (ii) silica-free abrasives; and (iii) specialty sands and other products and services. Each of the Company's principal product lines is described in greater detail below.

Industrial Minerals

The Company sells industrial mineral products primarily to the steel and foundry industries. Significant industrial minerals products produced by the Company include:

- *Desulphurization products & equipment:* The Company sells custom blended magnesium based iron desulphurization products along with delivery systems to integrated steel mills. These products are developed in house and manufactured at our Walkerton, Indiana, Waterdown, Ontario; Kosice, Slovakia and Romans, France facilities and may be customized to satisfy specific customer needs.
- *Tundish insulating fluxes and Ladle insulators:* The Company manufactures and sells customized insulating powders. The powder provides protection from oxidation by providing a crust free insulating cover.

- *Synthetic slags and conditioners:* The Company manufactures and sells synthetic slags and conditioners that are used to draw impurities from the hot metal at ladle and tundish stages of steel production.
- *Steel Plant Technical Services:* Opta Minerals coordinates and operates the desulphurization facilities of numerous steel plants through its on site technician group to improve and assure the uniform flow of hot metal in the steelmaking process. This group is also responsible for the installation and upgrading of hot metal desulphurization equipment at steel plants to improve cost and uptime with the newest technologies available.
- *Chromites and Zircons:* As the North American representative for a leading supplier of chromite and zircon ore sands from South Africa, Opta Minerals offers a superior quality chromite and zircon sand, in both bulk and packaged form, to the steel, foundry and refractory industries. With duplicate quality control measures at all stages of the supply process, the Company ensures this highly specialized product is within customer specifications and the Company's large volume raw material purchases ensure a cost effective pricing schedule as well.
- *Clays:* The largest sources of revenue for the Company among the clays are the southern and western bentonites, which the Company supplies to the foundry industry, primarily for green sand moulding and to the brick industry. In addition to the bentonites, the Company also provides refractory clays to the foundry industry for ladle and furnace-wall repair. In 2004, the Company began importing specialty clays mined in the United States for resale into the absorbent industry.
- *Coated Sands:* The Company supplies a range of resin coated foundry sands. Coated sands are available in a complete range of resin contents on silica or zircon sands. The Company works closely with its customers to determine their needs and provide specialized blends to address specific problems. The Company can produce several silica grain fineness values by incorporating additives such as clay, iron oxide, etc.
- *Foundry Pre-mixes:* The Company sells custom blended pre-mixes to the foundry industry. These pre-mixes are primarily resale products, though there is some in-house production as well. Foundry pre-mixes generally require high levels of specialization to meet specific customer needs.
- *Others:* The Company also provides a very diverse range of its manufactured industrial mineral blends to a broad range of industries for highly-specialized applications.

Silica-Free Abrasives

The Company's abrasive products are primarily sold into the shipbuilding, ship repair and bridge cleaning markets, as well as for many other industrial applications. Significant silica-free abrasive products produced by the Company include:

- *Blackblast*: Blackblast is a blast cleaning abrasive made from coal slag from coal fired power plants. This abrasive is generally considered to be the safest of the non-recyclable industrial blasting media and is most commonly used for blasting coated or uncoated metal or concrete surfaces. Blackblast is commonly used as a blast media on painted steel bridges and for ship restoration projects and for the production of roofing shingles.
- *Ebonygrit*: This abrasive is produced from copper slags and provides fast blast cleaning rates. Three grades are available to suit most common blasting operations. The hardness and high density of Ebonygrit gives it a high resistance to fracture with low dust formation during blasting as well as faster blast production rates when compared to local slag abrasives. This abrasive is commonly used for restoration of heavily painted steel bridges, ships and water towers.
- *Powerblast*: This abrasive media is produced from staurolite and is available in a variety of sizes to meet various blast cleaning requirements. The product is extremely sharp and hard and provides efficient blasting properties for the cleaning of many different types of applications.
- *Ultrablast*: This abrasive media is produced from imported nickel slag and is available in a variety of sizes to meet various blast cleaning requirements. The media is extremely sharp and hard and provides efficient blasting properties for the cleaning of many different types of applications.
- *Garnet*: The Company exclusively sources a pure, natural, almandine garnet from a hard rock deposit in China and markets it under the brand name Galaxy Garnet. The properties of Galaxy Garnet make it a unique performing garnet abrasive in blast cleaning and water jet cutting applications. The Company also sources garnet from its own Keeseville, New York operations and beach garnets from India.
- *Other Abrasives*: In addition to the products mentioned above, the Company imports abrasives from China and Europe including aluminium oxide, glass beads, steel grit and shot and plastic beads. The Company also domestically sources crushed glass, walnut-shells and corn cobs and has the ability to customize manufactured abrasive blends based on customer needs.

Specialty Sands and Other Products and Services

The Company also generates revenues from the sale of specialty sands and other products and technical services. The Company's specialty sands include silica products which are sourced, processed and packaged from the Company's quarries located in Saint-Bruno-de-Guigues, Québec. The silica sands produced by the Company are not sold for use as an abrasive material. Specialty sands and other products and services of the Company include:

- *Filtration and Industrial Sands:* The Company produces filtration media for pools and municipal and industrial filtration systems. Epoxies and grouts are common products that require high quality silica sand.
- *Golf Bunker Sand:* Opta Minerals supplies the golf bunker sand market with a high quality product that meets the USGA recommendations for size, colour and drainage capabilities. Approximately one hundred golf courses have filled their bunkers with Opta Minerals' sand.
- *Coloured sands:* Opta Minerals produces high quality coloured sands for children's sand boxes, general landscaping purposes and other applications.
- *Silica:* Opta Minerals provides high purity and quality sands for specialized applications, including filtration sands, construction sands and cementitious sands. These materials are not permitted by the Company to be sold for loose abrasive applications.
- *Recycling:* By reducing the waste generated from used and spent abrasives, Opta Minerals increases the potential for the sustainable recycling of these materials. In addition to the financial advantages offered by recycling spent abrasives, recycling represents an environmentally responsible approach to product life cycle management. Product life cycle management through recycling provides economic value to the Company and positive responses from employees, customers, the media, the public, and government agencies. The Company's recycling services include the removal of coarse pollutants, paint chips and dust from the abrasive.
- *Sand Blasting and Foundry Equipment:* Opta Minerals serves as a reseller of a full-line of sand-blasting and foundry equipment.
- *Technical Services:* Opta Minerals offers a range of technical services to its customers to ensure they are operating as efficiently as possible. The Company provides testing of customer system sands and offers technical advice based on its findings or uses this information to address production issues. The Company also works closely with its customers to determine their specific needs and to recommend appropriate products and customized blends that cater to each customer's specific requirements.

Sources of Revenues

The following table sets forth the revenues of the Company by category and by geography for the periods indicated. The products and services described under the heading “Specialty Sands and Other Products and Services” above are included under the abrasive products manufacturing and distribution operations financial reporting segment.

	Fiscal Years Ended Dec. 31,	
	2010	2009
Mill and foundry products & Services	65%	66%
Abrasive products manufacturing & distribution operations	35%	34%
Total revenue	100%	100%
U.S.	68%	64%
Canadian	18%	21%
International	14%	15%
Total revenue	100%	100%

Sales and Marketing

Opta Minerals primarily sells its products and services through its own direct sales force located throughout the Company. The Company’s direct sales team is supported by inside sales professionals located at most of its Canadian and U.S. operations. In addition to direct sales, the Company also sells its products through a network of agents and distributors located throughout North America.

The Company’s marketing strategy (including product development, product sourcing, competitive analysis, pricing and promotional activity) is centrally coordinated through the Company’s Waterdown, Ontario head office.

Research and Development

Opta Minerals maintains a strong focus on new product development. This commitment allows the Company to respond to industry trends and to continually offer improving products to its customers.

Opta Minerals develops its new products both in its laboratories and by working with customers and local universities in the testing and development of these new products. The Company employs full-time researchers devoted to product development. Product development is focused

on producing unique products, which are blended and applied to specific identified customer needs.

Branding and Intellectual Property

The Company's products are sold under a variety of corporate names according to the type of product and the jurisdiction in which it is sold including: Opta Minerals; Virginia Materials, Inc.; International Materials & Supplies, Inc.; Témisca Inc.; Magnesium Technologies Corporation; Rossborough; Bimac, Inc.; Newco a.s.; and Opta Minerals Europe s.a.s. .

The Company markets certain of its abrasive products under the following brand names: Blackblast (coal slag); Econoblast (metallurgical slag); Ebonygrit (copper slag); Powerblast (staurolite); Ultrablast (nickel slag); Greengrit (crushed glass); and Galaxy Garnet (garnet).

Opta Minerals relies on a combination of trade-mark and trade secret laws, contractual provisions with customers, suppliers and consultants, employment agreements and other internal protocols to protect its proprietary rights in its products and services. The Company also recognizes that patent law may also offer some protection for current and future products and, therefore, will investigate and may seek patent protection for its products where appropriate and available.

Competition

Industrial Minerals

The industrial minerals industry is characterized by a number of large public and private companies that service the bulk of requirements for both the foundry and steel industry. These companies include Foseco Steel, Stollberg Group, ESM Group Inc, Almamet GmbH, Magnesium Elektron and RHI AG and tend to have broad product offerings that service a range of customer requirements. The remaining market requirements are fulfilled by small regionally based niche companies with limited product lines that generally focus on local markets.

Silica Free Abrasives

The silica free abrasives industry is characterized by a number of small, regionally-based niche companies with limited product lines tending to focus on geographically adjacent markets. The Company's competition varies by product line, customer classification and geographic market. Opta Minerals conducts business throughout North America with a focus on key regions including the Québec-Detroit corridor, New York, Virginia, Georgia, Florida and the Gulf of Mexico region, all of which are areas of high volume ship repairs and bridge cleaning activities. The Company is competitive in abrasive and value-added products in other areas such as Michigan, New Jersey, Ohio and Indiana.

Specialty Sands and Other Products

Competition within the niche markets we service in the specialty sands and other products markets is characterized by a number of small, regionally-based competitors. The Company's competition varies by product line, customer classification and geographic market.

Environmental & Regulatory Matters

The Company's business primarily involves the handling of inorganic and mineral based materials. These types of materials are generally benign and do not give rise to environmental issues. Accordingly, to date there has been low potential for environmental liabilities to arise. Almost all of the Company's environmental regulation is standard to the industry with the exception of certain permits required in Ontario and Virginia to recycle various types of solid waste. The Ontario Ministry of Environment has the right to inspect the Waterdown, Ontario site and review the results of third party monitoring and perform its own testing. Similar rights of inspection exist at the facility in Norfolk, Virginia. At both locations, the Company is subject to monthly reporting and periodic audits as well as having a financial bond in place with the respective governments should there be a contamination.

To the knowledge of the Company, it is in material compliance with all applicable environmental legislation. The Company is not subject to any actions by regulatory authorities. Based on known existing conditions, all of the Company's facilities are currently in material compliance with all environmental permitting requirements of the local authorities. These permits generally cover air and ground water at those facilities where applicable. Absent any currently unforeseen changes to applicable legislation, the Company anticipates that future costs relating to environmental compliance will not have a material adverse effect on its financial position.

Employees

The Company has been successful in identifying, attracting and retaining talented employees with relevant technical and industry expertise. In particular, the Company has assembled an experienced management team with a diverse and complementary set of skills and experience, both within and from outside of the industry. See "Directors and Officers". The Company believes that its employees and senior management team provide key competitive advantages which are critical to its reputation in the industry and its ability to achieve its growth strategy and business objectives.

As of December 31, 2010, Opta Minerals had 211 employees including 29 employees in sales and marketing, 27 in administration and finance, 24 in engineering and plant management, 5 in research and development and quality control, 2 in purchasing and the remainder in production.

Facilities

The Company maintains operations at: Waterdown, Ontario; Brantford, Ontario; Saint-Bruno-de-Guigues, Québec; Laval, Québec; New Orleans, Louisiana; Hardeeville, South Carolina; Norfolk, Virginia; Baltimore, Maryland; Keeseville, New York; Walkerton, Indiana; Milan, Michigan; Freeport, Texas; Tampa, Florida; Kosice, Slovakia; and Roman-sur-Isere, France each of which is described in greater detail below. While certain of the Company's facilities are presently operating at or near capacity, capacity is generally limited by a specific piece of equipment (for example, a dryer). Therefore, the Company's production capacity at each facility can be expanded as needed with relatively modest capital investment, as the basic infrastructure is already present for expanded operations.

The Company has designed its facilities to be flexible, allowing for the handling of large bulk orders and for the blending and customization of products to meet an individual customer's needs. The ability to customize products combined with its technical expertise and recycling service allows Opta Minerals to differentiate its products and services from the majority of its competitors.

Each of the Company's locations is identified and described in greater detail below:

Head Office:

Waterdown, ON

This approximately 4,500 square foot head office includes executive offices and general administration. The head office also houses the centralized management information systems for the Company and its subsidiaries.

Canadian Facilities:

Waterdown, ON

This facility includes approximately 32 acres of owned land and 0.9 acres of leased land, and is the site of the Company's corporate head office and central production, which is capable of processing 300,000 tons of abrasives and other industrial minerals annually. In addition, this facility processes magnesium for steel desulfurization. With the private rail siding, 75,000 tons of storage capacity and the ability to ship up to 5,000 tons per day, the Waterdown facility can provide service to major abrasive, steel and industrial mineral clients located predominantly in Ontario, Québec, Michigan and Western New York. The close proximity to Lake Ontario enables the receipt of bulk minerals from global sources. The site is covered by a Certificate of Approval issued by the Ontario Ministry of the Environment that permits

the recycling of dried non-hazardous industrial wastes, which the Company processes, blends and sells into the cement and steel industries. At the site there is approximately 73,710 square feet of indoor manufacturing and warehousing space.

Brantford, ON

This leased facility is approximately 47,000 square feet and is used as a distribution centre for foundry products and specialty abrasives for the Ontario and New York markets. The facility also manufactures industrial mixes primarily for the foundry and steel industry.

Saint-Bruno-de-Guigues, QC

This facility includes approximately 1,308 acres of owned land and 29 acres of leased property and produces high-grade large-grained sands. The site includes a quarry (covered by a licence issued by the Québec Ministry of Natural Resources) and processing facilities for washing, scrubbing, sizing, drying and packaging. The resource is located at the surface and rehabilitation of the land is undertaken on an annual basis as required by the Québec Ministry of Natural Resources. In accordance with the Company's environmental philosophy, no chemicals are used during the processing of the raw materials. The Saint-Bruno-de-Guigues site is capable of processing 1,100 tons of specialty sands per day.

Laval, QC

This approximately 39,000 square foot facility produces abrasive media for blasting purposes, as well as garnet for abrasive, waterjet and water filtration applications.

U.S. Facilities:

Keeseville, NY

This approximately 19,000 square foot leased production facility recovers, processes and packages garnets from a waste mining stream for sale into the abrasives and water filtration markets. The Company has a contract with Nyco Minerals Inc. to purchase its raw material directly from current production.

Baltimore, MD

This facility sits on approximately 6.4 acres of leased property and is used for raw materials storage and processing, packaging and warehousing of abrasive products. Products produced in Baltimore are sold to the marine, bridge cleaning and general abrasives industries, as well as granules for roofing shingle manufacturers.

Norfolk, VA

This approximately 7 acre leased facility is used for raw materials storage and the processing, packaging and warehousing of abrasive products. It is primarily focused on the ship-building and repair markets and is located near Newport News Shipyard, the largest privately-owned shipyard in the United States, and the U.S. Naval shipyards. This operation has developed a system of distribution for abrasives employing approximately 800 metal bins, each capable of holding approximately two tons of abrasives, which are recycled between the Company's plant and the customers' operations. The plant operates 24 hours a day, 7 days a week to provide on-time service. This facility ships products by truck or via its own rail siding. In addition, this facility maintains a recycling certificate from the Commonwealth of Virginia, Department of Environmental Quality permitting the processing and recycling of non-hazardous spent abrasives and industrial minerals.

Hardeeville, SC

This facility includes approximately 2.9 acres of owned land and 1.5 acres of leased land and is used for raw materials storage and processing, packaging and warehousing of abrasive products. Products produced in South Carolina are sold to the marine, bridge cleaning and general abrasives industries, as well as granules for roofing shingle manufacturers.

New Orleans, LA

This warehouse and production facility is located on 5 acres of leased land. It processes and packages material for use in industrial applications. This facility also imports specialty abrasives from around the world for resale to different specialty abrasive markets.

Walkerton, IN

This facility includes approximately 39 acres of owned land with a private rail siding, 3,745 tons of storage capacity and the ability to ship up to 200 tons per day of desulphurization product. The site is covered by a Permit of Approval issued by the Indiana Department of Environmental Management Air Pollution Control. At the site there is approximately 28,430 square foot of indoor manufacturing and warehousing space.

Milan, MI

This facility includes approximately 10 acres of owned land with approximately 50,000 square feet of production, warehouse and office space. The facility produces primarily ladle and tundish insulators, fluxes and conditioners.

Freeport, TX

This leased production and warehouse facility includes approximately 30,000 square feet of concrete pad with approximately 20,000 square feet of production and warehouse space. The facility is used for raw materials storage and processing, packaging and warehousing of abrasive products for sale in the bridge cleaning and general abrasive industries.

Tampa, FL

This leased production and warehouse facility includes approximately 20,500 square feet of production and warehouse space. The facility produces and packages abrasive products for sale in the general abrasive industries.

International facilities:

Kosice, Slovakia

This facility sits on approximately 121,000 square feet of leased property (72,000 under roof) and produces desulfurization and refractory products for the Eastern European steel industry.

Romans-sur-Isere, France

This facility sits on approximately 2.5 acres of leased property with approximately 23,820 square feet of indoor production and warehouse space. It is used to produce magnesium granules and is also used as a distribution centre for specialty abrasives and filtration media in Europe.

Risk Factors

Cyclical Economic and Industry Conditions

The Company is vulnerable to general economic slowdowns and cyclical conditions in the industries it serves. Slowdowns in certain industries served by the Company, including the steel, foundry, automotive, bridge cleaning and ship cleaning industries may adversely impact the Company. Further, the activities of customers in certain industries that the Company serves, such as the bridge cleaning industry are limited in the winter season resulting in stronger sales in the summer periods. The Company's processing of cement additives and certain abrasives slows down during the January to March period, corresponding to reduced cement production and difficult winter operating conditions.

Financial Risks

The Corporation's activities are exposed to a variety of financial risks. The Corporation's overall risk management program focuses on the unpredictability of financial results including those set out below and seeks to minimize potential adverse effects on the Corporation's financial performance. The risk management program is carried out by financial management in conjunction with overall corporate governance.

i) Interest rate risk

The following table identifies the Company's financial assets and liabilities which are sensitive to interest rate movements and those which are non-interest rate sensitive as they are either non-interest bearing or bear interest at fixed rates.

	December 31, 2010		December 31, 2009	
	Interest sensitive	Non-interest sensitive	Interest sensitive	Non-interest sensitive
	(Expressed in thousands of Dollars)			
Cash and cash equivalents	\$495	\$ -	\$781	\$ -
Bank indebtedness	(3,546)	-	(3,355)	-
Long-term debt – term loan	(7,766)	-	(8,830)	-
Long-term debt – acquisition facilities	(11,420)	-	(12,362)	-
Promissory notes	-	(445)	-	(2,163)
Term loans	-	(41)	-	(52)
	\$(23,237)	\$(486)	\$(23,766)	\$(2,215)

The interest sensitive component above has been substantially placed with bankers' acceptances in the amount of Cdn. \$18,934,000. These banker's acceptance notes have been renewed at 30 day intervals since their initial renewal in August 2008 and are currently at an interest rate of 0.5% plus a margin based on certain financial ratios of the Company. The remaining interest sensitive component accrues interest at the borrower's option based on various reference rates including prime, U.S. dollar base rate or LIBOR plus a margin based upon certain financial ratios of the Company.

The Company uses derivative financial instruments to manage exposure to changes in interest rates. During 2007, the Company entered into an interest rate swap with a notional amount of Cdn. \$17,200,000 for a term of 5 years. The swap fixes the Company's effective interest rate on this amount at 5.25% plus a margin based on certain financial ratios of the Company. To manage the credit and market risks associated with derivative financial instruments, the Company:

- deals only with counterparties that are highly rated financial institutions; and
- restricts the amount of hedging that can be transacted with any one counterparty.

A one percent annualized change in interest rates would affect the Company's earnings, cash flow and financial position by an amount of \$33,000.

If the Company sells or terminates a hedged item, or it matures before the related hedging instrument is terminated, any realized or unrealized gain or loss on the derivative instruments is recognized in income. In accounting for this cash flow hedge, changes in fair value of this swap are included in other comprehensive income to the extent the hedge continues to be effective. The related other comprehensive income amounts are allocated to net earnings in the same period in which the hedged item affects net earnings. For all cash flow hedges, to the extent the change in fair value of the derivative is not completely offset by the change in the fair value of the hedged item, the ineffective portion of the hedging relationship is recorded immediately in net earnings. The Company's credit exposure to hedges and other derivatives is the current replacement value of any contracts that are in a gain position. For the year ended December 31, 2010, the Company's exposure from interest rate swap contracts resulted in a gain net of income tax equal to \$321,000 included in the results of other comprehensive income.

ii) Credit risk

The Company's exposure to concentrations of credit risk is limited. The Company places its cash and cash equivalents with institutions of high creditworthiness, and the Company's accounts receivable are not subject to high concentrations of credit risk. Maximum credit risk exposure represents the loss that would be incurred if all of the Company's counterparties were to default at the same time.

As of the balance sheet date, approximately 69% (December 31, 2009 - 60%) of the Company's consolidated accounts receivable are current, while 4% (December 31, 2009 -

9%) of accounts receivable are over 60 days past due. The results are net of an allowance for doubtful accounts in the amount of \$453,000 (December 31, 2009 - \$415,000).

The Company adjusts trade accounts receivable balances through a provision for doubtful accounts, to the expected realizable value as soon as the account is determined not to be fully collectible, with such adjustments charged to earnings. When a receivable balance is considered uncollectible it is written off against the allowance for doubtful accounts. The Company updates its estimate of the allowance for doubtful accounts based on a customer-by-customer evaluation of the collectibility of the trade receivable balances, taking into account amounts which are past due, the customer's payment history and any available information indicating a customer could be experiencing liquidity problems.

All individual customer balances that are deemed to be impaired have been adequately covered by the allowance for doubtful accounts as at the balance sheet dates.

iii) Foreign exchange risk

The Company operates on an international basis, which gives rise to the risk that results of operations and cash flows may be adversely impacted by exchange rate fluctuations on transactions denominated in a foreign currency. Foreign exchange risk arises because the amount of the local currency receivable or payable for transactions denominated in foreign currencies may vary due to changes in exchange rates. The Company does not use derivative instruments to manage this risk.

The Company's Canadian operations are exposed to exchange rate changes between the U.S. dollar and the Canadian dollar, and the Euro and Canadian dollar. The Company's primary U.S. dollar exposure in Canada relates to the revaluation into Canadian dollars of its U.S. dollar denominated working capital and long-term debt. As of December 31, 2010, fluctuations of +/- 5% would have an effect on earnings before income taxes of approximately +/- \$138,000 (2009 - +/- \$562,000). The Company's primary Euro exposure in Canada relates to the revaluation into Canadian dollars of its Euro denominated cash and intercompany receivables. As of December 31, 2010, fluctuations of +/- 5% would have an effect on earnings before income taxes of approximately +/- \$265,000 (2009 - +/- \$113,000).

The Company's European operations are exposed to exchange rate changes between the Euro and the U.S. dollar, the Euro and the Swedish kronor and the Canadian dollar and the Swedish kronor. The Company's primary U.S. dollar exposure in Europe relates to the revaluation into Euros of its U.S. dollar denominated intercompany payables. As of December 31, 2010, fluctuations of +/- 5% would have an effect on earnings before income taxes of approximately +/- \$42,000 (2009 - +/- \$37,000). The Company's primary Euro exposure in Sweden relates to the revaluation into Swedish kronor of its Euro denominated inter-company payables. As of December 31, 2010, fluctuations of +/- 5% would have an effect on earnings before income taxes of approximately +/- \$180,000 (2009 - +/- \$Nil).

The Company's primary Canadian dollar exposure in Sweden relates to the revaluation into Swedish kronor of its Canadian dollar denominated inter-company payables. As of December 31, 2010, fluctuation of +/-5% would have an effect on earnings before income taxes of approximately +/- \$75,000 (2009 - +/- \$327,000).

The Company's U.S. operations have minimal exposure to exchange rate fluctuations as substantially all of their transactions are denominated in the U.S. dollar.

The Company's reporting currency is U.S. dollars. All of the Company's operations are considered to be self-sustaining operations. The assets and liabilities of the self-sustaining operations are translated at exchange rates prevailing during the year. Unrealized gains and losses resulting from translating self-sustaining operations are accumulated and reported as a currency translation adjustment in accumulated other comprehensive income (loss). As of December 31, 2010, fluctuations in the exchange rate between the U.S. dollar and Canadian dollar of +/- 5% would have an effect of other comprehensive income (loss) of approximately +/- \$292,000 (2009 - +/- \$476,000) and fluctuations in the exchange rate between the U.S. dollar and Euro of +/- 5% would have an effect on other comprehensive income of approximately -/+ \$552,000 (2009 - +/- \$681,000).

iv) Liquidity risk

The following table summarizes the Company's contractual maturity for its financial liabilities:

	1 Year	2 Years	3 Years	4 years	5 Years	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	10,686	-	-	-	-	-	10,686
Preference shares	46	-	-	-	-	-	46
Long-term debt	3,113	3,058	2,863	2,849	2,849	4,940	19,672
	13,845	3,058	2,863	2,849	2,849	4,940	30,404

In addition to the above the Company has recorded \$892,000 as other long-term liabilities relating to the interest rate swap derivative.

Maintaining Current Growth

Continued growth in operations is dependent upon the Company's ability to increase capacity through internal capital projects, new facilities or strategic acquisitions. The Company's ability to raise capital required to support growth projects, through equity and/or debt financing, is directly related to its ability to continue to grow and improve returns from operations. If the Company is unable to raise additional funds when needed, its ability to execute its growth strategy could be impaired. The Company does not currently know whether it will be able to secure additional funding or funding on terms acceptable to the Company. The Company's

ability to obtain additional funding will be subject to a number of factors, including market conditions, investor sentiment and the Company's operating performance. These factors may make the timing, amount and terms and conditions of additional funding unattractive to the Company. If the Company were to issue additional equity securities in connection with future acquisitions, existing shareholders may experience dilution or be subordinated to any rights, preferences or privileges granted to the new equity holders.

Highly Competitive Industry

The Company carries on business in highly competitive product and geographic markets in the United States, Canada and certain international markets. Certain competitors may have greater financial resources and staff and may be able to benefit from economies of scale, pricing advantages and greater resources to launch new products that compete with Opta Minerals' offerings. The Company has little control over and cannot otherwise affect these competitive factors. If the Company is unable to effectively respond to these competitive factors, or if the competition in any of the Company's product markets results in price reductions or decreased demand for products or business, the Company's results of operations and financial condition will be materially impacted.

Further, existing products or products under development by competitors could prove to be more effective or less costly than products sold by or that are developed by the Company. The loss of business to one of these competitive products could materially affect the operations and related profitability of the Company.

Continued Operation of Manufacturing Facilities

The Company operates from 15 production, distribution and packaging facilities (five owned, ten leased) located in the United States, Canada, Slovakia and France. An interruption in or the loss of operations, or the inability to renew the leases (where applicable), at one or more of these facilities, or the failure to maintain the labour force at one or more of these facilities, could delay or postpone production of the Company's products, which could have a materially adverse effect on the Company's business, results of operations and financial condition.

Retention of Management

The Company's future prospects depend to a significant extent upon the continued service of the Company's key executives, and continued growth depends on the Company's ability to identify, recruit and retain key management personnel. The competition for such employees is intense. The Company is also dependent on its ability to continue to attract, retain and motivate sourcing, production, distribution, sales, marketing and other personnel. The Company may not be able to attract, integrate or retain highly qualified technical and managerial personnel in the future.

Failure to Expand Marketing and Distribution Channels

The future growth of the Company's business will depend in part on its ability to expand its existing marketing and distribution channels, attract new customers and expand the size of its sales force, in Canada, the United States and internationally. If the Company is unable to expand

its marketing and distribution channels, attract new customers or expand the size of its direct sales force, it may be unable to generate growth in revenue and grow its business.

Raw Material Pricing and Availability

Raw materials represent a significant portion of the Company's cost of sales. The cost to purchase and deliver these materials from the Company's suppliers can fluctuate depending on many factors, including weather patterns, economic and political conditions and pricing volatility. In addition, the Company must compete with certain competitors who have substantially greater resources for limited supplies of these raw materials. If the cost of these materials increases due to any of the above factors, the Company may not be able to pass along the increased costs to its customers.

As is customary in the industry, the Company does not have long-term contracts with certain of its major suppliers. Although the Company believes that it has access to similar products from competing suppliers, any disruption in the Company's sources of supply, particularly of the most commonly used or exclusively sourced items, or any material fluctuation in the quality, quantity or cost of such supply, could have a material adverse effect upon the Company's results of operations and financial condition.

Supply Chain Management

The Company relies on third parties for many raw materials and for the manufacturing, processing and distribution of certain products for resale by the Company. The inability of any of these third parties to deliver or perform in a timely or cost-effective manner could cause operating costs to rise and margins to fall. The Company must continuously monitor inventory and product mix against forecasted demand or risk having inadequate supplies to meet consumer demand. Because the Company also integrates its operations with that of its customers to provide timely delivery and waste removal, proper management of supply chain is critical for the retention and acquisition of customers. If the Company is unable to manage its supply chain efficiently and ensure that products are available to meet consumer demand, the Company's operating costs could increase and margins could fall.

As the Company imports and exports goods between Canada and the United States and internationally (including China, Japan, India, Slovakia, Serbia, Ukraine, Europe, Scandinavia, and South Africa), changes in customs matters, trade policies or tax regulations may affect the Company's ability to import supplies and export goods at a reasonable cost thereby disrupting the Company's current supply and distribution channels.

Renewals of Supply and Customer Arrangements Are Not Guaranteed

The majority of the Company's supply and customer arrangements vary significantly in length. Most customer arrangements are for individual purchase orders and are satisfied upon delivery of the goods to the customer. Some arrangements involve customers purchasing goods several months in advance of delivery. These arrangements, known as bookings, vary in length but are

generally less than six months long. There can be no assurance that these customers will renew their bookings or continue to place purchase orders with the Company.

Environmental Regulation and Policies

The Company is, and expects to continue to be, subject to substantial federal, state, provincial and local environmental regulation. There are specific regulations governing the recycling of solid waste material regulated by the Ontario Ministry of Environment and the Commonwealth of Virginia, Department of Environmental Quality. Some of the key regulations include:

- Air Quality — regulated by the Environmental Protection Agency (EPA) and certain city/state air pollution control groups which require that emission reports be filed annually; and
- Sewer — agreements with the local city sewer districts to treat waste as specified, which require weekly/monthly reporting as well as annual inspection.

The Company may be required to incur significant costs to comply with environmental laws and regulations in the future. In addition, changes to environmental regulations may require modification of existing plant and processing facilities and could significantly increase the cost of those operations.

The foregoing environmental regulations, as well as others common to the industries in which the Company participates, can present delays and costs that can adversely affect business development and growth. If the Company fails to comply with applicable laws and regulations, it may be subject to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on the Company's business, results of operations and financial condition. In addition, any changes to current regulations may impact the development, manufacturing and marketing of the Company's products and may have a negative impact on future results.

New Regulations

The Company's business is currently subject to a number of laws and regulations. There are laws that regulate processing practices, transporting products, importing and exporting products and employment. Such laws, regulations and related rules and policies are administered by various federal, provincial, municipal, regional and local agencies and other governmental authorities. New laws governing the Company's business could be enacted or changes to existing laws could be implemented, each of which may have a significant impact on the Company's business. Failure of the Company to comply with applicable laws and regulations may subject the Company to civil or regulatory proceedings which may have a material adverse effect on the Company's financial condition and results of operations.

Product Liability Lawsuits

As a manufacturer and marketer of abrasive and industrial mineral products, the Company is subject to the risk of claims for product liability. Although the Company believes that it maintains adequate insurance coverage, it may from time to time be subject to claims for damages resulting from defects in products that it distributes.

Regardless of whether claims in respect of product defects have any merit, such claims could:

- result in product recalls;
- be time consuming to evaluate and defend;
- result in costly litigation;
- divert management's attention and resources; and
- subject the Company to potentially significant liabilities.

Successful or partially successful product liability claims could result in significant monetary liability and could seriously disrupt the Company's business, particularly if the Company's insurance coverage is inadequate or unavailable in respect of any such claims.

Furthermore, a highly publicized actual or perceived problem with products that the Company distributes could adversely affect the market's perception of its products which may result in a decline in demand for products distributed by the Company, thereby reducing the Company's revenues and operating results.

Potential Fluctuations in Results of Operations and Share Price

Opta Minerals' net sales and operating results may vary significantly from period to period due to:

- changes in operating expenses;
- management's ability to execute business and growth strategies;
- personnel changes;
- demand for natural products;
- supply shortages;
- general economic conditions; and
- volatility in commodity prices resulting from natural disasters or otherwise

In addition, the Company's share price may be more volatile than other larger public companies. Announcements regarding:

- fluctuations in financial performance from period to period;
- mergers and acquisitions;
- strategic partnerships or arrangements;
- litigation and governmental inquiries;
- changes in governmental regulation and policy;
- patents or proprietary rights;
- changes in customer preferences and demand;
- new financings; and
- general market conditions,

may have a significant impact on share price. Higher volatility increases the chance of larger than normal price swings which reduces predictability in the value of the Company's securities and could impair investment decisions. In addition, price and volume trading volatility in the Canadian stock market can have a substantial effect on share price, frequently for reasons other than the Company's operating performance. These broad market fluctuations could adversely affect the market price of the Company's securities.

The Interests of the Controlling Shareholder

As of the date hereof, SunOpta beneficially owns approximately 66% of the issued and outstanding Common Shares. As a result, SunOpta has the power to exercise significant influence over all matters requiring shareholder approval, including the election of directors, amendments to the Company's articles of incorporation, amalgamations, mergers and plans of arrangements under Canadian law, or the sale of all or substantially all of the Company's assets. Furthermore, the Company could be prevented from entering into transactions that could be beneficial to the Company or other shareholders or third parties could be discouraged from making an offer or take-over bid to acquire the Company at a price per share that is above the then-current market price. In addition, if SunOpta sells substantial amounts of its Common Shares, the market price of the Common Shares could fall. The perception that such a sale will occur could also produce this effect.

DIVIDENDS

Opta Minerals did not declare any dividends during the financial year ended December 31, 2010.

Opta Minerals does not plan to pay any dividends on its Common Shares in the near future. The Board of Directors will determine if and when dividends should be declared and paid in the future based on all relevant circumstances, including the Company's results of operations, cash requirements and surplus, financial condition and contractual restrictions, the desirability of financing further growth of the Company and other factors that the Board of Directors may deem relevant at the relevant time. For the foreseeable future, it is anticipated that the Company will use earnings to finance its growth and that dividends will not be paid to its shareholders.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's share capital consists of an unlimited number of common shares ("Common Shares") and an unlimited number of preference shares (the "Preferred Shares").

Common Shares

Each Common Share entitles its holder to receive notice of and to attend all general and special meetings of shareholders, other than meetings at which only the holders of a particular class or series are entitled to vote. Each Common Share entitles its holder to one vote. The holders of Common Shares are, at the discretion of the Board of Directors entitled to receive, out of any or all profits or surplus of the Company properly available for the payment of dividends (after the payment of any dividend payable on the Company's securities entitled to receive dividends in priority to the Common Shares), any dividends declared by the Board of Directors and payable by the Company on the Common Shares. The holders of Common Shares are entitled to share rateably in any distribution of the assets of the Company upon the liquidation, dissolution or winding-up or other distribution of the Company's assets among the Company's shareholders for the purpose of winding-up.

Preference Shares

The Preference Shares are issuable in series. Subject to the Company's articles, the Board of Directors is authorized to fix, before issuance, the designation, rights, privileges, restrictions and conditions attaching to each series. The Preference Shares, when issued, will rank prior to the Common Shares with respect to dividends and return of capital on dissolution. Except with respect to matters as to which the holders of Preference Shares are entitled by law to vote as a class, the holders of Preference Shares are not entitled to vote at meetings of shareholders. No Preference Shares are currently outstanding.

MARKET FOR SECURITIES OF THE COMPANY

The Common Shares of the Company are listed and posted for trading on the TSX under the symbol "OPM".

Common Share Trading Price and Volume

The following table sets forth information relating to the trading of the Common Shares on the TSX for the periods indicated:

<u>Period</u>	<u>High (Cdn\$)</u>	<u>Low (Cdn\$)</u>	<u>Volume</u>
January 2010	1.41	1.16	7,100
February 2010	1.38	1.20	13,500
March 2010	1.56	1.20	23,900
April 2010	1.27	1.24	3,200
May 2010	1.75	1.24	23,600
June 2010	1.80	1.57	25,900
July 2010	1.69	1.30	38,700
August 2010	2.03	1.20	88,100
September 2010	1.79	1.45	31,300
October 2010	1.66	1.42	16,600
November 2010	1.73	1.38	92,300
December 2010	1.85	1.41	103,400

On March 25, 2011, the last day on which the Common Shares traded on the TSX prior to the date hereof, the closing price of the Common Shares was Cdn \$1.85.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out, for each of the current directors and executive officers of the Company, the person's name, municipality of residence, positions with the Company, principal occupation and, if a director, the month and year in which the person became a director. The directors of the Company are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders of the Company.

<u>Name and Municipality of Residence</u>	<u>Position(s) with Opta Minerals</u>	<u>Principal Occupation</u>	<u>Director Since</u>
JEREMY KENDALL ⁽²⁾ Belfountain, Ontario	Chairman and Director	Chairman of SunOpta Inc.	July, 2004
DAVID KRUSE Burlington, Ontario	President, Chief Executive Officer and Director	President and Chief Executive Officer, Opta Minerals	July, 2004
DAVID ASCOTT Brantford, Ontario	Chief Financial Officer and Secretary	Chief Financial Officer and Secretary, Opta Minerals	N/A
AUSTIN BEUTEL ⁽¹⁾ Toronto, Ontario	Director	Chairman of Oakwest Corporation	July, 2006
STEVEN BROMLEY Aurora, Ontario	Director	President and Chief Executive Officer, SunOpta Inc.	July, 2004
MARTIN CAOUETTE Les Cèdres, Québec	Divisional Vice President and General Manager	Vice President and General Manager, Eastern Division	N/A
VICTOR HEPBURN ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario	Director	Consultant	November, 2004
SYLVAIN LEVERT Oakville, Ontario	Corporate Vice President Of Operations	Vice President of Operations	N/A
DONALD LOEB ⁽¹⁾⁽²⁾⁽⁴⁾ Toronto, Ontario	Director	Co-founder and Chairman of Avanti Properties Group	November, 2004
DAVID RUMBLE Brantford, Ontario	Divisional Vice President and General Manager	Vice President and General Manager, Central Division	N/A
BERNHARD RUMBOLD Clarkson, Michigan	Director	Consultant	May, 2008
PAUL UGUCCIONI Niagara Falls, Ontario	Divisional Vice President and General Manager	Vice President and General Manager Magnesium Technology Group	N/A

Notes:

- (1) Member of the Audit Committee.
- (2) Member of Corporate Governance Committee.
- (3) Chairperson of Audit Committee
- (4) Chairperson of Corporate Governance Committee

To the knowledge of the Company as at the date hereof, the directors and executive officers of the Company collectively, owned or controlled or directed, directly or indirectly an aggregate of 3,441,264 or approximately 19.1% of the issued and outstanding Common Shares.

Biographies

Set forth below is a description of the background of the current and proposed directors and officers of the Company, including a description of each individual's principal occupation during the past five years.

Jeremy Kendall — Chairman and Director. Mr. Kendall is the Chairman of SunOpta Inc, the majority shareholder of Opta Minerals. He is also currently the Chairman of Jemtec Inc. (6/91 to present), a distributor of electronic home incarceration equipment listed on the TSX Venture Exchange (the "TSXV"), and Easton Minerals Ltd. (1/95 to present), a mineral exploration company listed on the TSXV. Mr. Kendall is a Director of Asiabio Inc., a Chinese producer of starches and related products listed on the TSVX. Mr. Kendall has served on the following Board of Directors: BI Inc. (9/81 to 11/00), a producer of electronic home incarceration equipment listed on Nasdaq; and Brigdon Resources Inc. (06/93 to 02/99), an oil and gas exploration company. He is also a Director of a number of private and charitable organizations.

David Kruse — President, CEO and Director. Mr. Kruse joined the Company in November 1997, while it was an operating division of SunOpta, as Financial Manager. After implementing expanded reporting systems and reorganizing the financial group of the Company, he was appointed General Manager in February 2000. In March 2000, following the acquisition of George F. Pettinos (Canada) Limited, he was appointed Executive Vice President and Chief Operating Officer and in December 2002, he was promoted to his current position as President and Chief Executive Officer. Prior to joining the Company, Mr. Kruse spent approximately six and a half years working in a wide range of financial and operational roles with Domtar Inc., Bridgestone/Firestone Canada Ltd. and Tupperware Canada Ltd.

David Ascott – Chief Financial Officer and Secretary. Mr. Ascott was appointed as Chief Financial Officer of the Company in December 2009. Prior to this appointment, he served as Opta Minerals' Corporate Controller since 2005. Before joining the Company, Mr. Ascott was employed as the Corporate Controller of a large North American abrasive blasting and painting contractor and, from 1992 to 1999, was employed in various positions with Ernst & Young in both Canada and Europe. Mr. Ascott is a Chartered Accountant since 1994.

Austin C. Beutel — Director. Mr. Beutel is Chairman of Oakwest Corporation Limited, a private family holding Company. He retired in 1994 as chairman of Beutel Goodman and Company, Ltd., an investment counseling firm, which he co-founded in 1967. Currently Mr. Beutel is the non-executive Chairman of the Equitable Group Inc. (Equitable Trust Company) and a Director of Accord Financial Corp., Aecon Group Inc., Astral Media Inc., as well as other private companies. He is active in several charitable organizations and was Chairman of Sunnybrook Health Sciences Centre 1992-95.

Steven Bromley — Director. Mr. Bromley serves as President, Chief Executive Officer and a Director of SunOpta Inc.. Mr. Bromley joined SunOpta in June 2001 and has served in a number of key operating and financial roles since that time. Mr. Bromley served as Executive Vice President and Chief Financial Officer through September 2003 until his appointment as Chief Operating Officer. In addition to his role of Chief Operating Officer, Mr. Bromley was appointed President by the Board of Directors in January 2005 and subsequently as Director and Chief Executive Officer in February 2007. Prior to joining SunOpta, Mr. Bromley spent over 13 years in the Canadian dairy industry in a wide range of financial and operational roles with both Natrel Inc. and Ault Foods Limited. From 1977 to 1999 he served on the Board of Directors of Natrel Inc.

Martin Caouette — Vice President and General Manager, Eastern Division. Mr. Caouette joined the Company in November 2000, while it was an operating division of SunOpta, following the Company's acquisition of Temisca Inc. where he served as Plant Engineer. In May 2005, Mr. Caouette was promoted to the position of General Manager, Eastern Region, a role which gave him responsibility for the Temisca, International Materials and Minéraux Opta (Laval) production and distribution facilities. As part of an organizational change in 2007, he was appointed as Vice President and General Manager of the Company's Eastern Division. Prior to joining the Company, Mr. Caouette was employed in various positions with Temisca since April 1997. Mr. Caouette has a bachelor degree in Civil Engineering from École de Technologie Supérieure in Montréal, Québec and diploma in Mining Technology from Abitibi-Témiscamingue College in Rouyn-Noranda, Québec.

Victor Hepburn — Director. Mr. Hepburn is currently self-employed as a consultant and is a Director of SunOpta Inc, the majority shareholder of Opta Minerals, and a Director of Walker Industries Holdings Inc., an aggregate and waste management company. Mr. Hepburn was the President and CEO of Hanson Brick America in 1999 and 2000, an international building materials company that is one of the largest ready mix concrete and brick manufactures in North America. Prior to its acquisition by Hanson Brick America, from 1977 to 1999 Mr. Hepburn was employed in various capacities with Jannock Limited, a public company listed on the TSX, including President and Chief Executive Officer, Brick Operations from 1985 to 1999. Mr. Hepburn also served as the Vice-Chairman and a Director of the Brick Association of America, and is currently the audit committee chair of SunOpta Inc.

Sylvain Levert — Vice President of Operations. Mr. Levert was appointed as the Corporate Vice President of Operations in January 2010. Prior to joining Opta Minerals, Mr. Levert was employed by Bridgestone Americas Inc., one the largest global rubber companies from 1996-2008, in various capacities in both Canada and the United States of America. Most recently, Mr. Levert was General Manager of the Canadian operations of GCR Tires from 2002-2008. Additionally, Mr Levert served as Officer and Member of the Board of Directors of Bridgestone Firestone Canada Inc. from 2002-2008. Mr Levert holds an MBA degree from the University of Western Ontario.

Donald Loeb — Director. Mr. Loeb is the Co-founder and Chairman of Avanti Properties Group, a private real estate investment firm founded in 1983 with a primary focus on land investment, development and finance in more than 25 major metropolitan markets located in the

southeastern and southwestern United States. Mr. Loeb currently serves as director of a number of companies including five offshore hedge funds, Halcyon Offshore Fund Ltd., Halcyon Partners Offshore Ltd., Halcyon Structured Opportunities Offshore Fund, Ltd., Halcyon European Structured Opportunities Offshore Fund, Ltd. and Halcyon Offshore Asset-Backed Value Fund Ltd. He is past Chairman of the Board of Directors of the Humber River Regional Hospital and currently Chairs the hospital's building committee for a new 670 bed hospital for northwest Toronto. He also sits on the Dean's Advisory Council of the Schulich School of Business at York University, as well as on its Real Property Advisory Council and is involved with other charitable and community service activities.

David Rumble — Vice President and General Manager, Central Division. Mr. Rumble joined the Company in March 2000, while it was an operating division of SunOpta, following the Company's acquisition of George F. Pettinos (Canada) Limited ("PECAL"), where he served as Plant Manager. In January 2004, Mr. Rumble was promoted to the position of Vice President, Operations, a role which gave him responsibility for all of the Company's production facilities. As part of an organizational change in 2007, he was appointed as Vice President and General Manager of the Company's Central Division. Prior to joining the Company, Mr. Rumble was employed in various positions with PECAL since October 1990. Mr. Rumble has a diploma in Metallurgy and Materials Engineering Technology from Mohawk College in Hamilton, Ontario.

Bernhard Rumbold — Director Mr. Rumbold is a graduate Chemist and Engineer and over the past 30 years has been successful in leading small groups of investors in acquiring and building private businesses internationally that are focused in the metallurgical processing and environmental industries. As a shareholder, Mr. Rumbold was active in the management and direction of Bimac Inc and Magnesium Technologies Corporation prior to their acquisition by Opta Minerals. Mr. Rumbold has also played active roles in both management and ownership positions at Cayuga Quarries, Tri City Aggregates, a major sand and gravel producer in Michigan, and was President of the Great Lakes Environmental Group, a leader in hazardous waste disposal and recycling. He is currently President of Richfield Equities LLC, a major private municipal waste disposal and landfill business in Michigan.

Paul Uguccioni. — Vice-President and General Manager, Magnesium Technology Group, Mr. Uguccioni joined Opta Minerals in September 2007 and was promoted to Vice President and General Manager of the Magnesium Technology Group in January 2008. Prior to joining Opta Minerals, Mr. Uguccioni served as Vice President of Operations for Hamilton Specialty Bar Corporation. Mr. Uguccioni's extensive steelmaking experience includes both senior technical and operating management roles with Atlas Specialty Steels and Slater Steels. Mr. Uguccioni is a licensed professional engineer with a Bachelor of Applied Science, Metallurgical Engineering, from the University of Toronto.

Cease Trade Orders, Bankruptcies and Penalties and Sanctions

Except as described below, no director or executive officer of the Company is, or within 10 years before the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or

chief financial officer; or (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

Jeremy Kendall and Steven Bromley, each a director of the Corporation, were subject to a management cease trade order issued by the Ontario Securities Commission from February 2008 until August 2008. The management cease trade order was imposed pending the filing by SunOpta of certain restated 2007 interim final statements and related management's discussion and analysis as a result of an overstatement of inventories within the SunOpta Fruit Group's operations. On September 24, 2010, the Securities and Exchange Commission (“SEC”) concluded their investigation in connection with the restatement of the SunOpta's financial statements during 2007. The SEC reached a settlement which concluded the SEC's inquiry.

Jeremy Kendall, the Chairman of the Company, is the Chairman of Easton Minerals Ltd. a company which is subject to cease trade orders issued by each of the Alberta Securities Commission and British Columbia Securities Commission for failure to file certain year end and interim financial statements within prescribed time periods.

No director or executive officer of the Company has been subject to any: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Certain directors and officers of the Company currently, or may in the future, act as directors or officers of other companies in the same or related industries and, consequently, it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of any such other company. There is no guarantee that while performing their duties for the Company, the directors or officers of the Company will not be in situations that could give rise to conflicts of interest. Further, there can be no guarantee that any such conflicts will be resolved in favour of the Company.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the fact that the Company will rely upon such laws in respect of any director's or officer's conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts must be disclosed by such directors or officers in accordance with the *Canada Business Corporations Act*.

LEGAL PROCEEDINGS

There are no current or, to the knowledge of the Company, any contemplated material legal proceedings to which the Company is a party or to which any of its property is the subject.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below and elsewhere in this AIF, during the three most recently completed financial years, no director or officer or person or company that beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding voting securities of the Company, nor any associate or affiliate of any of the foregoing, has had any material interest directly or indirectly in a transaction that has materially affected or is reasonably expected to materially affect the Company.

SunOpta, which holds approximately 66% of the outstanding Common Shares, may, from time to time, share certain administrative services with the Company and charge for such services at fair market value. Jeremy Kendall, the Chairman of the Company, is the Chairman of SunOpta, and Steven Bromley, a director of the Company, is the President and Chief Executive Officer of SunOpta.

Bernhard Rumbold, a director of the Company, had or has interests in the following transactions with the Company:

Mr. Rumbold was a shareholder of Bimac Inc, a corporation acquired by the Company in 2006. Mr. Rumbold was a shareholder of Magnesium Technologies Corporation, a corporation acquired by the Company in 2006.

The consideration paid for the acquisition of Bimac Inc included a contingent earnout payment not to exceed \$3,850,000 that becomes payable based on the achievement of certain pre-determined earnings targets up to September 2016. As a result of the his previous interest in Bimac Inc Mr. Rumbold receives 61.7% of any additional consideration payments. During the year ended December 31, 2009, \$477,000 (2009 - \$nil) of contingent consideration has been paid resulting in a cumulative total of \$1,517,000.

TRANSFER AGENT AND REGISTRAR

The Corporation's transfer agent and registrar is Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1.

MATERIAL CONTRACTS

There are no material contracts, other than contracts in the ordinary course of business, which were entered into by the Company during the financial year ended December 31, 2010 or that were entered into before the financial year ended December 31, 2010 that are still in effect.

INTEREST OF EXPERTS

The Corporation's auditor is RSM Richter LLP, Chartered Accountants, Licensed Public Accountants, 200 King Street West, Suite 1100, P.O. Box 48, Toronto, Ontario M5H 3T4. RSM Richter has provided an auditors' report in respect of the financial statements of the Corporation for the financial year ended December 31, 2010. To the knowledge of the Corporation, RSM Richter LLP is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information about Opta Minerals can be found on SEDAR at www.sedar.com, including information concerning directors' and officers' remuneration and indebtedness, principal holders of the securities and securities authorized for issuance under equity compensation plans which is contained in the management information circular of the Company prepared in connection with the Company's annual meeting of shareholders held on May 10, 2010. Additional financial information is provided in the consolidated financial statements and management's discussion and analysis for the year ended December 31, 2010 copies of which are available on SEDAR at www.sedar.com.

Audit Committee Information

The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight and supervision of financial and accounting matters. The committee supervises the adequacy of internal accounting controls and financial reporting practices and procedures and the quality and integrity of audited and unaudited financial statements, including through discussions with external auditors. The committee reviews business plans and operating and capital budgets. The committee is responsible for ensuring efficient and effective assessment of management of risk throughout the Company. The audit committee will comply with all requirements under applicable securities legislation and the rules of the TSX.

The Charter of the Audit Committee sets out its responsibilities duties and qualifications for membership procedures for committee member approval and appointment and reporting to the Board of Directors. A copy of the Charter of the Audit Committee is attached hereto as "Appendix A".

Composition

The Audit Committee is comprised of three directors, namely, Victor Hepburn, Donald Loeb, and Austin Beutel. All members of the Audit Committee are "independent" within the meaning of National Instrument 52-110 - *Audit Committees* ("NI 52-110"). Each member of the Audit Committee is also financially literate within the meaning of NI 52-110.

The Audit Committee met four times during the financial year ended December 31, 2010.

Relevant Educational Experience

Set out below is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee.

Victor Hepburn acquired significant financial experience and exposure to accounting and financial issues in his capacities during his 28 years of experience in the brick and aggregate industries including as President and CEO of Hanson Brick America and CFO of Jannock Ltd., a public company listed on the TSX. Mr. Hepburn is the Chairman of the Audit Committee of SunOpta and is an accredited Chartered Accountant.

Donald Loeb has acquired significant financial experience and exposure to accounting and financial issues in his capacities as chairman of Avanti Properties Group, director of several hedge funds managed by Halcyon Asset Management LLC, and as an officer and director of Venturetek International Limited where he was involved in the acquisition, development, financing and sale of over 35 public and private companies..

Austin Beutel is Chairman of Oakwest Corporation Limited, a private investment holding company. Mr. Beutel retired in 1994 as Chairman of Beutel Goodman and Co. Ltd., an investment management firm for which he served as President from 1967 to 1989. He holds a Chartered Financial Analyst designation, and has more than 50 years of business experience. As the Chairman of an investment management firm, Mr. Beutel analyzed private and publicly traded corporations of all sizes and in doing so on a regular basis, he closely reviewed and evaluated their financial statements. Mr. Beutel has also evaluated companies' internal controls and procedures for financial reporting. Mr. Beutel is the Non-Executive Chairman of Equitable Group Inc. and is a member of the Board of Directors of Accord Financial Corp., Astra Media Inc., Equitable Group Inc., Aecon Group Inc. and Opta Minerals Inc. He is Chairman of the Audit Committee of Accord Financial Corp and Astral Media Inc..

Pre-Approval Policies and Procedures

The Audit Committee's charter includes responsibilities regarding the provision of non-audit services by the Company's external auditors. The policy encourages consideration on whether the provision of services other than audit services is compatible with maintaining the auditors independence and requires Audit Committee To review and pre-approve all audit and permitted non-audit services or mandates to be provided by the external auditors to the Company, including tax services and to determine which non-audit services the external auditor is prohibited from providing.

External Auditor Service Fees

Audit Fees

The aggregate audit and quarterly review fees billed by the Company's external auditors for the year ended December 31, 2010 was \$211,000 Cdn (December 31, 2009 - \$201,000).

Audited-Related Fees

Audit related fees billed by the Company's auditors for the year ended December 31, 2010 was \$38,500 (December 31, 2009 - \$20,180).

Tax Fees

There were no tax related fees billed by the company's external auditors for the years ended December 31, 2010 and 2009.

All Other Fees

There were no fees incurred during the year ended December 31, 2010.

APPENDIX “A”: CHARTER OF THE AUDIT COMMITTEE

OPTA MINERALS INC. (the “Corporation”)

I. Purpose of the Committee

The purpose of the Corporation’s Audit Committee (the “**Committee**”) is to provide assistance to the Board of Directors in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation and its subsidiaries. It is the objective of the Committee to maintain free and open means of communications among the Board of Directors, the independent auditors, the internal auditors and the financial and senior management of the Corporation.

The Audit Committee’s primary duties and responsibilities are to:

- oversee (i) the integrity of the Corporation’s financial statements, (ii) the Corporation’s compliance with legal and regulatory requirements, and (iii) the independent auditors’ qualifications and independence;
- serve as an independent and objective party to monitor the Corporation’s financial reporting processes and internal control systems;
- review and appraise the audit activities of the Corporation’s independent auditors and the internal auditing functions; and
- provide open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial reporting and control matters.

The Committee is directly responsible for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the work of the Corporation’s independent auditors engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Corporation and, in accordance with the requirements of the Toronto Stock Exchange (the “**TSX**”) and the rules promulgated by the Ontario Securities Commission (the “**OSC**”), the independent auditors must report directly to the Committee and are accountable to the Committee (as representatives of the shareholders of the Corporation). The Committee’s oversight responsibilities include the authority to approve all audit engagement fees and terms, as well as all permitted non-audit engagements and the resolution of disagreements between management and the independent auditors regarding financial reporting. The Committee shall take such actions as it may deem necessary to satisfy it that the Corporation’s auditors are independent within the meaning of applicable securities laws.

II. Composition of the Committee

The Board of Directors shall designate annually the members of the Committee and a Chairman of the Committee. The Committee will be comprised of at least three directors. Each member of the Committee shall be an “independent” director, and, as such, shall be free from any relationship that may interfere with the exercise of independent judgment as a member of the Committee. Under National Instrument 52-110 – Audit Committees (“**NI 51-110**”), a member of an audit committee is considered independent if the member has no direct or indirect material relationship with the Corporation. A “material relationship” is defined under NI 52-110 as a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member’s independent judgment. Certain classes of individuals are deemed under NI 52-110 to have a material relationship with the Company.

In addition, each member of the Committee shall be an “unrelated director” in accordance with the proposed corporate governance guidelines of the Toronto Stock Exchange. An “unrelated director” means a director who is independent of management and is free of any interest and any business or other relationship which could, or could reasonably be perceived to; materially interfere with the director’s ability to act in the best interests of the Corporation, other than interests or relationships arising from shareholding.

All members should have skills and/or experience which are relevant to the mandate of the Committee. All members of the Committee shall be financially literate at the time of their appointment to the Committee. “Financial literacy” shall be determined by the Board of Directors in the exercise of its business judgment, and shall include a working familiarity of basic finance and accounting practices. Pursuant to NI 52-110, “financial literacy” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements. Further, at least one member of the Committee shall have “accounting or related financial experience” as required under the rules of the TSX. Specifically, the Committee member with “accounting or related financial experience” must have the following attributes:

- an understanding and ability to analyze and interpret a full set of financial statements prepared in accordance with generally accepted accounting principles in Canada (“**Canadian GAAP**”) (or generally accepted accounting principles in the United States (“**U.S. GAAP**”) if the Corporation elects to present its primary financial statements in accordance with U.S. GAAP);
- an ability to assess the general application of Canadian GAAP in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities;

- an understanding of internal controls and procedures for financial reporting; and
- an understanding of audit committee functions.

Each member of the Committee and the Committee generally, shall satisfy the applicable independence and experience requirements of: (i) the laws governing the Corporation, (ii) the TSX, and (iii) applicable securities regulatory authorities.

Committee members, if they or the Board of Directors deem it appropriate, may enhance their understanding of finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant or firm.

III. Duties and Responsibilities of the Committee

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions. The Committee should review and reassess annually the adequacy of the Committee's charter. The charter shall specify:

- the scope of the Committee's responsibilities and how it carries out those responsibilities;
- the ultimate accountability of the Corporation's independent auditors to the Committee (as representatives of the shareholders of the Corporation);
- the responsibility of the Committee for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the Corporation's independent auditors; and
- that the Committee is responsible for ensuring that the Corporation's independent auditors submit on a periodic basis to the Committee a formal written statement delineating all relationships between the independent auditors and the Corporation and that the Committee is responsible for actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and for taking appropriate action to ensure the independence of the independent auditors.

While there is no "blueprint" to be followed by the Committee in carrying out its duties and responsibilities, the responsibilities and authority of the Committee generally include, but are not restricted to, undertaking the matters listed below:

Selection and Evaluation of Auditors

- (1) Select the firm of independent public accountants to audit the books and accounts of the Corporation and its subsidiaries for each fiscal year.
- (2) Review and approve the Corporation's independent auditors' annual engagement letter, including the proposed fees contained therein.

- (3) Review the performance of the Corporation's independent auditors and replace or terminate the independent auditors when circumstances warrant.
- (4) Oversee the independence of the Corporation's independent auditors by, among other things:
 - (i) requiring the independent auditors to deliver to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditors and the Corporation; and
 - (ii) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and taking appropriate action to satisfy itself of the auditors' independence.
- (5) Instruct the Corporation's independent auditors that:
 - (i) they are ultimately accountable to the Committee (as representatives of the shareholders of the Corporation);
 - (ii) they must report directly to the Committee; and
 - (iii) the Committee is responsible for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the Corporation's independent auditors.
- (6) Review and pre-approve all audit and permitted non-audit services or mandates to be provided by the independent auditors to the Corporation, including tax services and to determine which non-audit services the independent auditor is prohibited from providing.

Oversight of Annual Audit

- (1) Review and accept, if appropriate, the annual audit plan of the Corporation's independent auditors, including the scope of audit activities, and monitor such plan's progress and results during the year.
- (2) Confirm through private discussions with the Corporation's independent auditors and the Corporation's management that no management restrictions being placed on the scope of the independent auditors' work
- (3) Review the results of the year-end audit of the Corporation, including (as applicable):
 - (i) the audit report, the published financial statements, the management representation letter, the "Memorandum Regarding Accounting Procedures and Internal Control" or similar memorandum prepared by the

Corporation's independent auditors, any other pertinent reports and management's responses concerning such memorandum;

- (ii) the review of and discussions with the independent auditor as to the qualitative judgments of the independent auditors about the appropriateness, not just the acceptability, of accounting principle and financial disclosure practices used or proposed to be adopted by the Corporation including any alternative treatments of financial information that have been discussed with management, the ramification of their use and the independent auditor's preferred treatment as well as any other material communications with management and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates;
 - (iii) the selection and application of the Corporation's critical accounting policies
 - (iv) the methods used to account for significant unusual transactions;
 - (v) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;
 - (vi) significant recorded and unrecorded audit adjustments;
 - (vii) any material accounting issues among management, the Corporation's internal auditing department and the independent auditors; and
 - (viii) other matters required to be communicated to the Committee under generally accepted auditing standards, as amended, by the independent auditors.
- (4) Review with management and the Corporation's independent auditors such accounting policies (and changes therein) of the Corporation, including any financial reporting issues which could have a material impact on the Corporation's financial statements, as are deemed appropriate for review by the Committee prior to any year-end filings with the OSC or other regulatory body.
- (5) Receive a report from the Corporation's independent auditors, prior to the filing of the audit report with the OSC, regarding:
- (i) all critical accounting policies and practices used by the Corporation;
 - (ii) all material alternative accounting treatments of financial information within Canadian GAAP that have been discussed with management, including the ramifications of the use of such alternative treatments, and the treatment preferred by the independent auditors; and

- (iii) other material written communications between the independent auditors and management.

Oversight of Financial Reporting Process and Internal Controls

- (1) Review the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures through inquiry and discussions with the Corporation's independent auditors and management of the Corporation.
- (2) Review with management the Corporation's administrative, operational and accounting internal controls, including controls and security of the computerized information systems, and evaluate whether the Corporation is operating in accordance with its prescribed policies, procedures and codes of conduct.
- (3) Review with management and the independent auditors any reportable conditions and material weaknesses affecting internal control.
- (4) Receive periodic reports from the Corporation's independent auditors and management of the Corporation to assess the impact on the Corporation of significant accounting or financial reporting developments proposed by the CICA, the AICPA, the Financial Accounting Standards Board, the OSC or other regulatory body, or any other significant accounting or financial reporting related matters that may have a bearing on the Corporation.
- (5) Discuss generally with management the types of information to be disclosed and presentations to be made in connection with the Corporation's (a) issuance of earnings press releases (including the Company's use of "pro forma" or "adjusted" non-GAAP information), and (b) disclosure of financial information and earnings guidance to analysts and ratings agencies. The Committee need not discuss in advance each earnings release or each instance in which the Corporation may provide earnings guidance.
- (6) Discuss the Corporation's policies and guidelines which govern the Corporation's risk assessment and risk management as well as discuss the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- (7) Establish and maintain free and open means of communication between and among the Board of Directors, the Committee, the Corporation's independent auditors, the Corporation's internal auditing department and management.

Other Matters

- (1) Review the Company's financial statements, Management Discussion and Analysis and annual and interim earnings press releases before the Company publicly discloses the information.

- (2) Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and must periodically assess the adequacy of those procedures.
- (3) Meet with counsel regularly to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Corporation.
- (4) Review the Corporation's policies relating to the avoidance of conflicts of interest and review and approve any transactions between the Corporation and members of management as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets. The Committee shall consider the results of any review of these policies and procedures by the Corporation's independent auditors.
- (5) Conduct or authorize investigations into any matters within the Committee's scope of responsibilities, including retaining outside counsel or other consultants or experts as the Committee determines necessary to carry out its duties.
- (6) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (7) Establish procedures for the review and approval of financial and related information of the Corporation.
- (8) Review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation.
- (9) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board of Directors deems necessary or appropriate.

With respect to the duties and responsibilities listed above, the Committee should:

- (1) Report regularly to the Board of Directors on its activities, as appropriate.
- (2) Exercise reasonable diligence in gathering and considering all material information.
- (3) Understand and weigh alternative courses of conduct that may be available.
- (4) Focus on weighing the benefit versus harm to the Corporation and its shareholders when considering alternative recommendations or courses of action.

- (5) If the Committee deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining independent counsel, accountants or others to assist the Committee in fulfilling its duties and responsibilities.
- (6) Provide management, the Corporation's independent auditors and internal auditors with appropriate opportunities to meet privately with the Committee.

IV. Meetings of the Committee

The Committee will meet as often as it deems necessary or appropriate to perform its duties and carry out its responsibilities described above in a timely manner, but at least once each fiscal quarter. Meetings may be held at any time deemed appropriate by the Committee. All such meetings shall be held pursuant to the By-Laws of the Corporation with regard to notice of waiver thereof, and written minutes of each such meeting shall be duly filed in the Corporation's records.

As part of its purpose to foster open communications, the Committee shall meet at least annually with management, the head of the internal auditing department and the Corporation's independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups or persons believe should be discussed privately. The Chairman should work with the Chief Financial Officer and management to establish the agenda for Committee meetings. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee shall maintain minutes of its meetings and records relating to those meetings and the Committee's activities and provide copies of such minutes to the Board of Directors. The Chairman of the Committee will report periodically the Committee's findings and recommendations to the Board of Directors.

The independent auditors will have direct access to the Committee at their own initiative.

V. Funding

The Committee's effectiveness may be compromised if it is dependent on management's discretion to compensate the independent auditors or the advisors employed by the Committee. Consequently, the Committee shall have authority to engage and obtain advice and assistance from advisors, including independent or outside legal counsel and accountants, as it determines is necessary or appropriate to carry out its duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of any compensation (i) to any independent auditors engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (ii) to any independent advisors employed by the Committee.

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While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Similarly, it is not the responsibility of the Committee to ensure that the Corporation complies with all laws and regulations.