MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and nine months ended September 30, 2006 and 2005

President's Message
Driving Growth

Our positive trend of revenue growth continued in the third quarter of fiscal 2006 with sales up 83% compared to the previous third quarter record sales level reached in fiscal 2005. Earnings before interest and taxes are up 129% over the three months ended September 30, 2005, while operating cash flows increased to $3,934,000 versus a use of cash of ($3,937,000) for the three months ended September 30, 2005. Finally earnings before interest, income taxes, depreciation and amortization increased 127% as compared to the three months ended September 30, 2005.

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

Profitability and strong operating cash flows continue to be our priorities as we implement aggressive sales development and cost reduction programs to improve product margins, and mitigate currency, raw material and transportation price fluctuations.

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

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

Sincerely,

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

The following is a discussion of the consolidated financial position, results of operations and cash flows of Opta Minerals Inc. for the three months and nine month ended September 30, 2006 and 2005, prepared in accordance with Canadian generally accepted accounting principles, and should be read in conjunction with the unaudited consolidated financial statements and the accompanying notes appearing elsewhere in this report and our audited consolidated financial statements as at and for the years ended December 31, 2005 and 2004. The effective date of this management's discussion and analysis is November 10, 2006.

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

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

About Opta Minerals

Opta Minerals Inc. (TSX: OPM) is a vertically integrated producer, manufacturer, distributor and recycler of industrial minerals, abrasives, specialty sands and related products for use primarily in the foundry, steel, marine/bridge cleaning, roofing and municipal water filtration industries. The Company has experienced solid growth since July 1995, through a combination of internal growth and successfully integrated strategic acquisitions to become one of the dominant regional suppliers of silica-free loose abrasives in a number of select markets on the east coast of North America. These results were achieved while the Company was an operating group of SunOpta and during a period in which SunOpta dedicated the majority of its resources to building its core organic and natural food business.

The Company currently has production and distribution facilities in Ontario, Quebec, Louisiana, South Carolina, Virginia, Maryland, New York, Michigan and Indiana and one of the broadest product lines in the industry. Recognizing that the fragmentation and lack of consolidation among suppliers in its industry has provided it with a strategic growth opportunity, the Company intends to capitalize on this opportunity to become one of the dominant North American suppliers of silica-free loose abrasives while at the same time leveraging this core expertise to expand its breadth of services and product offerings of other industrial minerals. In order to achieve this objective, the Company intends to accelerate its revenue and market share growth over the next several years by making a number of additional strategic acquisitions, through geographic expansion and through continued development of new products and services.

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

Performance Highlights and Significant Events

Since the June 30, 2006, the Company had the following performance highlights and significant events:

- Net Earnings increase of 112%, from $546,000 for the three months ended September 30, 2005 to $1,155,000 for the same period in 2006.
- An 83% increase in revenues from $10,231,000 in the third quarter of 2005 to $18,771,000 in 2006.
- Earnings before interest, income taxes, depreciation and amortization ("EBITDA[1]") increased 127% from $1,349,000 (13.2% of revenue) for the three months ended September 30, 2005 to $3,064,000 (16.3% of revenue) for the third quarter 2006.
- Year to date earnings before income taxes, interest and stock compensation expense [(2)] increased 62% from $3,928,000 for the nine months ended September 30, 2005 to $6,371,000 this year.
- Positive cash flows from operating activities of $3,934,000 for the three months ended September 30, 2006 versus a use of cash totalling ($3,937,000) in 2005.
- Acquisition of Bimac Corporation during October 2006. This profitable company generated approximately U.S. $7.5 million of revenue in 2005, selling its proprietary Tundish and ladle insulators, fluxes and conditioners to the steel industry in Canada and the U.S.

[(1)] Earnings before interest, income taxes, depreciation and amortization ("EBITDA") is a non-GAAP measure used by management. See page 14 of this report.
[(2)] Earnings before income taxes, interest and stock compensation expense is a Non-GAAP measure used by management. See page 14 of this report.

Results Analysis

Significant Developments

Business Acquisitions – Magnesium Technologies Corporation

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

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

The purchase accounting for the acquisition of Magtech has given rise to some significant balance sheet amounts that are reported in the September 30, 2006 consolidated financial statements. A summary of the purchase price is noted below:

(expressed in thousands of Canadian dollars)		As at Feb. 15, 2006
Consideration Paid		
Cash		13,894
Note payable		6,947
Accrued acquisition costs		228
Total Consideration		**21,069**
Net assets acquired		
Net working capital		3,271
Debt		(309)
Property, plant and equipment		5,007
Future tax liability (excluding future income tax liabilities on intangibles)		(747)
Intangible and other assets	21,424	
Future income tax liability for intangibles acquired	(8,570)	12,854
Total net assets acquired		**20,076**
Goodwill		**993**

Canadian generally accepted accounting principles require a Company to value all significant intangibles acquired in an acquisition at fair market value. As part of this process, management identified customer relationships, certain profit sharing agreements, and patents as intangible assets. In total, $21,424,000 in intangibles was acquired. Approximately $18,938,000

was assigned to customer relationships and approximately $2,486,000 was assigned to patents and profit sharing agreements. These values were determined by considering Magtech's historical rate of return, and cash flow streams discounted at expected market rates for these intangible assets based on their relative risk. All of the intangibles are finite life intangibles and give rise to amortization expense which we estimated to total approximately $1,100,000 per year. Customer relationships are being amortized over a weighted average period of 23.5 years, while the profit sharing arrangements are being amortized over a weighted average of 11 years. The amortization periods chosen for customer relationships are consistent with the historical tenure of the Company's relationships with the various steel mills that it services, while the period for the profit sharing arrangements are consistent with the terms of these agreements. These intangibles have been valued for accounting purposes, but they are not deductible for U.S. tax purposes. In spite of this, Canadian GAAP requires the establishment of a future income tax liability on any intangible that has a finite life. Accordingly a future income tax liability of $8,570,000 was established for the intangibles using the Company's approximate statutory tax rate.

Business Acquisitions – Bimac Corporation

On October 4, 2006, the Company acquired 100% of the outstanding common shares of Chemincon Inc. and its wholly owned subsidiary Bimac Corporation (collectively known as "Bimac") of Milan Michigan for $4,472,000 (U.S. $4,000,000). For its fiscal year end 2005, Bimac recorded revenues of approximately U.S. $7.5 million selling its proprietary Tundish and ladle insulators, fluxes and conditioners. These products are used to prevent heat loss, reduce oxidization and remove impurities in hot metal prior to casting. Each product is produced to the specific requirements of customers that Bimac services within both the Canadian and United States steel industries.

Bimac operates its main production facility in Milan, Michigan. This profitable company employs approximately 30 people, and is a leader in new product development within its industry. Bimac maintains a very high level of customer specific technical service with a broad customer base that includes customers with both integrated and mini mill steel operations. The addition of Bimac further increases Opta's position in the industrial minerals business and further expands its current position as a key service provider to the steel industry. Bimac will be integrated into the Mill and Foundry products and services segment in the 4th quarter.

Looking into 2007 we expect Bimac to continue to be accretive to earnings and add to the consolidated results of the Company. Bimac has a history of profitable growth, a strong management team and excellent working capital ratios.

Prior to Magtech and Bimac, approximately 40% of Opta's historical revenues had come from the sale of products into the foundry and steel industries. Magtech and Bimac compliment this business with long standing relationships to major integrated and mini mill steel operations in the US and Canada. The Companies share very few customers in either Canada or the U.S.

Selected Quarterly Data

The following is a summary of financial information for the periods indicated. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Opta Minerals (USA) Inc.; OPM 01-2006 Inc.; MTI 01-2006 Inc.; Virginia Materials Inc.; International Materials and Supplies Inc. (International Materials); Temisca Inc. (Temisca); 9017-0382 Québec Inc. (Distribution A&L); Magnesium Technologies Corporation (Magtech); and 1108176 Ontario Ltd. All significant intercompany accounts and transactions have been eliminated on consolidation.

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

(expressed in thousands of Canadian dollars except per share and share amounts)	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2006	2005	2006	2005
Income Statement Data (unaudited)				
Revenue				
Mill and foundry products and services	11,900	2,795	32,346	5,646
Abrasive manufacturing and distribution operations	6,592	6,973	21,075	24,893
St. Bruno de Guigues quarry operations	279	463	1,062	1,428
Total revenue	**18,771**	**10,231**	**54,483**	**31,967**
Gross profit	**4,946**	**2,197**	**13,349**	**7,545**
Gross margin %	26%	21%	25%	24%
Selling, general and administrative expenses	2,338	1,262	6,494	3,709
Earnings before the following:	**2,608**	**935**	**6,855**	**3,836**
Interest expense (net)	449	115	1,237	347
Amortization of intangible assets	290	11	701	43
Stock compensation expense	69	22	153	454
Foreign exchange loss (gain)	10	(77)	(217)	(135)
Earnings before income taxes	**1,790**	**864**	**4,981**	**3,127**
Provision for income taxes	635	318	1,745	1,365
Net earnings for the period	**1,155**	**546**	**3,236**	**1,762**

Selected Quarterly Data – *Continued*	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2006	2005	2006	2005
Basic Net Earnings per Share	0.07	0.03	0.19	0.11
Diluted Net Earnings per Share	0.07	0.03	0.19	0.11
Weighted average shares used in computing basic net income per share calculation	16,958,752	16,950,000	16,955,990	16,053,297
Weighted average shares used in computing diluted net income per share calculation	16,958,825	16,950,000	16,956,355	16,053,297

Balance Sheet Data (unaudited) (expressed in thousands of Canadian dollars)	As at	
	September 30, 2006	December 31, 2005
Cash and cash equivalents	3,001	4,077
Working capital	14,670	21,195
Total assets	75,629	48,079
Long-term debt (including current portion)	16,990	8,015
Shareholder’s equity	37,685	35,396

Reporting Segments

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

- **Mill and foundry products and services**
  Comprise the Company's operations that are most directly associated with the Foundry and Steel Industry. The operations include Magtech, as well as the Brantford and Lachine manufacturing and distribution facilities.

- **Abrasive products manufacturing and distribution operations**
  Include the Company's abrasive and roofing shingle production facilities as well as the distribution centre in St-Germain-de-Grantham Quebec.

- **The St. Bruno de Guigues quarry operations**
  This segment remains unchanged.

The prior year comparative amounts for each segment have been reclassified in the financial statements to conform to the current period's presentation. However, the September 30, 2005 results disclosed for the mill and foundry products and services segment include nine months of the Lachine, Quebec facility and 4 months of results for the Brantford, Ontario facility (the Brantford facility commenced commercial operation in June 2005). Prior to the start-up of the distribution facility in Brantford, Ontario, its distribution and manufacturing operations were combined with the abrasive manufacturing and distribution operations located in Waterdown, Ontario. As the information to discretely segregate the segment net earnings (loss) before interest expense and income taxes is not available, the Brantford distribution operations has been included in the abrasive products manufacturing and distribution operations segment from January to May 2005 in the comparative disclosure. The production of certain steel and foundry products continued in the Waterdown facility until March 2006. These processes have now been transferred to Brantford.

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

Three months ended September 30, 2006 compared to the Quarter ended September 30, 2005

The Company's revenues increased 83% for the three months ended September 30, 2006 from $10,231,000 in 2005 to $18,771,000 in 2006. The 2006 results included $388,000 in unfavourable foreign exchange movements between the U.S. and Canadian currency. Excluding the impact of foreign exchange and current year acquisitions, the Company's organic revenue growth from operations was 8% over the three months ended September 30, 2005.

On a consolidated basis, revenue from sales of abrasive products and roofing shingle granules increased 19.7% from $4,655,000 in the third quarter of 2005, to $5,574,000 for the three months ended September 30, 2006. This is due in part to an increase in volume at Attica New York facility that was being upgraded in September 2005, along with strong demand for abrasive products in the eastern U.S. Revenues from products and services sold to the steel and foundry industry increased 187% to $11,763,000 for the quarter. Substantially all of this increase was due to the inclusion of 3 months of Magtech's revenues into the consolidated results. Sales of other industrial minerals and revenues from recycling activities totalled $1,434,000, consistent with the three months ended September 30, 2005.

Revenues within the abrasive products manufacturing and distribution operations segment decreased $381,000 to $6,592,000 for the three month ended September 30, 2006. Included in this segment for the three months ended September 30, 2005 were revenues of approximately $749,000 that pertained to steel and foundry products which are reported in the mill and foundry services segment in the third quarter of 2006. Excluding the revenue relating to these products, revenues in the segment increased $368,000 or 6% from the third quarter of 2005. Substantially all of this increase relates to higher sales volumes at our U.S. abrasive locations offset by foreign exchange variances. Revenues in the abrasive products manufacturing and distribution segment were adversely affected by an unfavourable variance in the U.S. dollar foreign exchange rate. Had the foreign exchange rate remained constant with Q3 2005 revenues from this segment would have been $341,000 higher.

Revenues within the mill and foundry products and services segment increased by $9,105,000 from $2,795,000 for the three months ended September 30, 2005 to $11,900,000 for the quarter ended September 30, 2006. Not included in the 2005 results for this segment are revenues of approximately $749,000 related to foundry products that were previously sold from the Company's Waterdown Ontario facility. Had these sales been included in this segment's results, the increase in sales between quarters would be reduced to $8,356,000. Approximately $8,041,000 of this increase relates to the inclusion of Magtech results in the Company's consolidated revenue figure. The remaining variance relates to an increase in sales of other industrial minerals.

Revenues for the quarter within the St. Bruno de Guigues quarry operation segment decreased from 2005 by $184,000 to $279,000. The decrease in sales is due primarily to a decrease in demand for silica from this facility as a result of difficulties in obtaining economical freight from the plant to customer sites and an increase in U.S. based competition due to the strength of the Canadian dollar.

Gross profit increased by 125% from $2,197,000 (or 21.5% of revenue) for the three months ended September 30, 2005 to $4,946,000 (or 26.3% of revenue) for the same period in 2006. Excluding Magtech and the impact of the change in foreign exchange rates, organic growth in gross profit from existing business was 28%. For the three months ended September 30, 2006, gross profit for the abrasive manufacturing and distribution segment increased $331,000 from $1,582,000 for the three months ended September 30, 2005 to $1,914,000 or 21% of revenues for the current quarter. The current quarter's strong gross margin was due to increased volume in both abrasive sales and abrasive recycling activities within the segment's operations. The current quarter's gross margin was also favourably affected by approximately 2% from a favourable physical inventory adjustment that occurred in the quarter. Finally had the U.S. dollar exchange rate remained consistent with the third quarter of 2005, gross profits from U.S. abrasive facilities would have been $108,000 higher. Gross profits in the mill and foundry products and services segment increased by $2,552,000 to $2,969,000 or 25% of revenues for the three months ended September 30, 2006. Substantially all of the increase relates to the inclusion Magtech results in the consolidated gross profit. A further $307,000 of this variance relates to gross profits on products that are included in the Brantford facilities' operations in 2006, but were previously included in Waterdown's results in 2005.

Selling, general and administrative expenses increased $1,076,000 to $2,338,000 or 12% of revenues for three months ended September 30, 2006. Approximately $939,000 in additional SG&A was incurred as a result of the acquisition of Magtech. The remaining increase relates to additional administratitive and sales support costs.

Earnings before income taxes, interest and stock compensation expense[3] for three months ended September 30, 2006 increased 131% from $1,001,000 for three months ended June 30, 2005 to $2,308,000 in the current quarter. Earnings before income taxes and interest for the mill and foundry products and services increased $1,265,000 over the same period last year. Abrasive products manufacturing and distribution operations had earnings before income taxes and interest of $856,000 for the three months ended September 30, 2006 compared to $747,000 during the same period in 2005. The St. Bruno De Guigues quarry operations had income before income taxes and interest expense of $3 for the three months ended September 30, 2006 compared to $117,000 in 2005.

The effective income tax rate for three months ended September 30, 2006 was 35.5% compared to 36.8% for the comparable period in 2005. The Company anticipates its ongoing effective tax rate to be between 33% and 38% depending on the relative amount of income earned in higher taxation jurisdictions.

Net earnings for three months ended September 30, 2006 were $1,155,000 or $0.07 per diluted common shares, versus $546,000 or $0.03 per diluted common share for the same period in 2005.

Earnings before interest, income taxes, depreciation and amortization ("EBITDA")[4] increased 127% from $1,349,000 for three months ended June 30, 2005 versus was $3,064,000 for the same period ended 2006.

Nine months ended September 30, 2006 compared to the nine months ended September 30, 2005

The Company's revenues increased 70.4% for the nine months ended September 30, 2006 from $31,967,000, in 2005 to $54,483,000 in 2006. The 2006 results included $1,265,000 in unfavourable foreign exchange movements between the U.S. and Canadian currency. Excluding the impact of foreign exchange and current year acquisitions, the Company's revenues from operations grew 10% over the nine months ended September 30, 2005.

On a consolidated basis, revenue from sales of abrasive products and roofing shingle granules increased 15.6% from $14,361,000 to $16,604,000 for the nine months ended September 30, 2006 compared to the same period in 2005. The result is due to sales of roofing shingle granules from the Company's new Attica facility and a full nine months of production from the Company's Hardeeville, and Baltimore facilities. Revenues from products and services sold to the steel and foundry industry increased 151% to $33,346,000 year to date. Substantially all of this increase was due to the inclusion of Magtech revenues into the consolidated results. Sales of other industrial minerals and revenues from recycling activities increased 4% to $4,532,000 for the nine month ended September 30, 2006.

Revenues within the abrasive products manufacturing and distribution operations segment decreased $3,818,000 to $21,075,000 for the nine months ended September 30, 2006. Included in this segment for the nine months ended September 30, 2005 were revenues of approximately $3,797,000 that pertained to steel and foundry products which are reported in the mill and foundry services segment for the first nine months of 2006. Excluding the revenue relating to these products, revenues in the segment have remained relatively consistent despite a decrease in sales from New Orleans of $531,000 and unfavourable foreign exchange movements. Had foreign exchange rates for the nine months ended September 30, 2006 remained the same as 2005, results from the Company's other U.S. abrasive locations would have been $1,148,000 higher.

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[3] Earnings before income taxes, interest and stock compensation expense is a non-GAAP measure used by management. Please see page 14 of this report.

[4] EBITDA is a non-GAAP measure used by management. See page 14 of this report.

Revenues within the mill and foundry products and services segment increased $26,700,000 from $5,646,000 for the nine months ended September 30, 2005 to $32,346,000 for the nine months ended September 30, 2006. Not included in the 2005 results for this segment are revenues of approximately $3,797,000 related to foundry products that were previously sold from the Company's Waterdown Ontario abrasive manufacturing facility. Had these sales been included in this segment's results, the increase in sales between these two nine month periods would be reduced to $22,903,000. Approximately $20,566,000 of this increase relates to the inclusion of Magtech results in the Company's consolidated revenue figure. The remaining variance relates to an increase in sales volume of other industrial minerals at the Company's Lachine and Brantford facilities, as well as the impact of pricing adjustments done early in 2006.

Year to date revenues within the St. Bruno de Guigues quarry operation segment decreased by $366,000 to $1,062,000. The decrease in sales is due primarily to a decrease in economical freight from the facility to customer locations and an increase in U.S. based competition due to the strength of the Canadian dollar.

Gross profit increased by 77% from $7,545,000 (or 24% of revenue) to $13.349,000 (or 25% of revenues) for the nine months ended September 30, 2006. Excluding current year acquisitions and the impact of the change in foreign exchange rates, organic growth in gross profit from existing business was 6% for the nine months ended September 30, 2006 compared to the same period in 2005. For the nine months ended September 30, 2006 the abrasive manufacturing and distribution operations gross profit decreased $931,000 from $6,136,000 for the nine months ended June 30, 2005 to $5,205,000 for the nine months ended September 30, 2006. The decrease is primarily due to gross profits of products that were in the 2005 results for the Company's Waterdown facility, but are now sold through the Brantford facility and are included in the 2006 mill and foundry products and services segment. Excluding Waterdown, the abrasive manufacturing and distribution segment gross profits increased to $4,192,000 or 30.5% of revenues versus $3,937,000 or 33.8% of revenues for the nine months ended September 30, 2005. The increase is substantially due a full nine months of production at the Company's Baltimore facility, the commencement of commercial operations at the Attica facility and increased gross profits from the Norfolk operation, offset by lower sales volumes from Opta's New Orleans facility. Had the exchange rate remained constant at 2005 levels gross profits from the abrasive products segment would have been $314,000 higher. Gross profits in the mill and foundry products and services segment increased by $6,887,000 to $7,865,000 (or 24.3% of revenues) for the nine months ended September 30, 2006. A portion of this variance relates to gross profits on products that are included in the Brantford facilities operations in 2006, but were previously included in Waterdown's results in 2005. Excluding results from the Brantford location, gross profits for the mill and foundry products and services segment for the nine months ended September 30, 2006 were $6,431,000 or 26% of revenue. This is an increase of $5,684,000 over 2005 results of $747,100 or 20.8% of revenues. Substantially all of the increase pertains to the inclusion of Magtech in the consolidated results. Year to date gross profit pertaining to the St. Bruno de Guigues quarry operations decreased by $153,000 due to a decrease in availability of economical freight and increased competition from U.S. based competitors as a result of the strength of the Canadian dollar versus the U.S. dollar.

Selling, general and administrative expenses increased $2,785,000 to $6,494,000 or 11.9% of revenues for nine months ended September 30, 2006. Approximately $2,291,000 in additional SG&A was incurred as a result of the acquisition of Magtech. The remaining increase relates to incremental sales and administratitive support costs and approximately $110,000 in one time consulting costs pertaining to tax planning.

Earnings before income taxes, interest and stock compensation expense[5] for nine months ended September 30, 2006 was $6,371,000 compared to $3,928,000 for nine months ended September 30, 2005. Earnings before income taxes and interest for the mill and foundry products and services increased $3,494,000 over the same period last year. Abrasive products manufacturing and distribution operations had earnings before income taxes and interest of $2,303,000 for the nine months ended September 30, 2006 compared to $2,964,000 during the same period in 2005. The St. Bruno De Guigues quarry operations had earnings before income taxes, interest and stock compensation expense of $80,000 for nine months ended September 30, 2006 compared to earnings of $169,000 in 2005.

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[5] Earnings before income taxes, interest and stock compensation expense is a non-GAAP measure used by management. Please see page 14 of this report.

For the nine months ended September 30, 2005, the Company recorded $454,000 in stock compensation expense. Immediately prior to the Company's initial public offering a total of 340,000 options were granted to employees, officers and directors of the Company. 20% of the grant vested immediately with the remaining portion vesting at a rate of 20% per annum over a four year period. In accordance with Canadian GAAP, the Company has recorded compensation expense of $166,000 during the nine months ended September 30, 2005 pertaining to the vested options granted. In addition, concurrent with the Company's initial public offering, the Company's parent SunOpta Inc. gifted 75,000 common shares of the Company to certain employees and officers of the Company in recognition of their service and dedication to the organization. The shares gifted to certain officers and employees were from SunOpta's holdings and while the cost of these shares were borne entirely by SunOpta, an expense equal to the fair value of those shares was recorded in Opta Minerals results. This was considered appropriate given that a benefit was realized by employees of Opta Minerals Inc., a Company under SunOpta's control. Total compensation expense related to the gifting was $288,000. For the nine months ended September 30, 2006, stock compensation expense was $153,000. Approximately $74,000 of this amount pertains to 215,000 options granted to employees, officers and directors of the Company in 2006. In accordance with the terms of the options, 20% of the grant vested immediately with the remaining portion vesting at a rate of 20% per annum over a four year period.

The effective income tax rate for nine months ended September 30, 2006 was 35.0% compared to 43.7% for the comparable period in 2005. Approximately 3.1% of the decrease in the effective tax rate is due to a decrease in stock compensation expense recorded in the nine months ended September 30, 2006, as it is not deductible for tax purposes. The Company anticipates its ongoing effective tax rate to be between 33% and 38% depending on the relative amount of income earned in higher taxation jurisdictions.

Net earnings for nine months ended September 30, 2006 were $3,236,000 or $0.19 per diluted common shares, versus $1,762,000 or $0.11 per diluted common share for the same period in 2005.

Earnings before interest, income taxes, depreciation and amortization ("EBITDA")[6] was $8,335,000 for nine months ended September 30, 2006 versus $4,542,000 for the same period ended 2005.

[6] EBITDA is a non-GAAP measure used by management. See page 14 of this report.

Quarterly Results of Operations

The following table sets out selected financial information for each of the eight most recent quarters ended September 30, 2006. In the opinion of management, this information has been prepared on the same basis as the audited consolidated financial statements for the years ended December 31, 2005 and 2004. Only normal recurring adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results.

	Quarters Ended							
	Sept 30, 2006	**June 30, 2006**	**Mar 31, 2006**	**Dec 31, 2005**	**Sept 30, 2005**	**June 30, 2005**	**Mar 31, 2005**	**Dec 31, 2004**
	(unaudited - expressed in thousands of Canadian dollars)							
Revenue	$18,771	$20,647	$15,065	$10,050	$10,231	$12,242	$9,494	$9,858
EBITDA[7]	3,064	3,652	1,619	816	1,349	2,326	867	843
Earnings before interest, income taxes and stock compensation expense[8]	2,308	2,920	1,143	431	1,001	2,006	921	406
Earnings before stock compensation expense[9]	1,224	1,651	514	166	568	1,134	514	(78)
Net earnings (loss) for the period	1,155	1,619	462	139	546	1,108	108	(78)

[7] EBITDA is a non-GAAP measure used by management. See page 14 of this report.

[8] Earnings before income taxes, interest and stock compensation expense is a non-GAAP measure used by management. Please see page 14 of this report.

[9] Earnings before stock compensation expense is a non-GAAP measure used by management. Please see page 14 of this report.

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

	Quarters Ended							
	Sept. 30, 2006	**June 30, 2006**	**Mar 31, 2006**	**Dec. 31, 2005**	**Sept. 30, 2005**	**June 30, 2005**	**Mar 31, 2005**	**Dec. 31, 2004**
	(unaudited) (expressed in thousands of Canadian dollars)							
Net earnings (loss) for the period	**$1,155**	**$1,619**	**$462**	**$139**	**$546**	**$1,108**	**$108**	**$(78)**
Interest expense	449	452	336	138	115	139	93	103
Provision for income taxes	635	817	293	127	318	733	314	381
Depreciation and amortization	825	764	528	412	370	346	352	437
EBITDA[1]	**3,064**	**3,652**	**1,619**	**816**	**1,349**	**2,326**	**867**	**843**
Add (subtract):								
Depreciation and amortization	(825)	(764)	(528)	(412)	(370)	(346)	(352)	(437)
Stock Compensation Expense	69	32	52	27	22	26	406	-
Earnings before interest, taxes and stock compensation expense[2]	**2,308**	**2,920**	**1,143**	**431**	**1,001**	**2,006**	**921**	**406**
Interest expense	(449)	(452)	(336)	(138)	(115)	(139)	(93)	(103)
Provision for income taxes	(635)	(817)	(293)	(127)	(318)	(733)	(314)	(381)
Earnings before stock compensation expense[3]	**1,224**	**1,651**	**514**	**166**	**568**	**1,134**	**514**	**(78)**

Notes:

(1) The term "EBITDA" refers to earnings before deducting interest expense, provision for income taxes, depreciation and amortization. The Company believes that EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation. EBITDA is not a recognized measure under Canadian GAAP, and accordingly, investors are cautioned that EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with Canadian GAAP as an indicator of the financial performance of the Company or as a measure of the Company's liquidity and cash flows. The Company's method of calculating EBITDA may differ from other issuers and accordingly, EBITDA may not be comparable to similar measures presented by other issuers.

(2) Earnings before interest, income taxes and stock compensation expense is defined as gross profit less selling general and administrative expenses, depreciation, amortization of intangibles and foreign exchange. The Company believes that earnings before interest, taxes and stock compensation expense is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration financing costs, income taxes and expenses pertaining to stock option benefits. Earnings before interest, income taxes and stock compensation expense is a non-GAAP earnings measure that does not have standardized measures prescribed by GAAP, and therefore may not be comparable to similar measures presented by other publicly traded companies.

(3) Earnings before stock compensation expense is defined as gross profit less selling general and administrative expenses, interest expenses, depreciation, amortization of intangibles, foreign exchange and income taxes. The Company believes that earnings before stock compensation expense is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration non cash expenses pertaining to stock option benefits. Earnings before stock compensation expense is a non-GAAP earnings measure that does not have standardized measures prescribed by GAAP, and therefore may not be comparable to similar measures presented by other publicly traded companies.

Liquidity and Capital Resources

As at September 30, 2006 the Company had $21,822,000 in borrowings and facilities owing to third parties. On February 15, 2006, the Company amended its credit facilities to finance the acquisition of Magnesium Technologies Corporation. Opta's financing agreements with the Bank of Montreal now include a $12,500,000 revolving term operating facility that was drawn upon for the acquisition, a $5,000,000 revolving term acquisition facility that remains unused at September 30, 2006, and an $11,000,000 10 year term facility that is repayable in quarterly instalments. Initially in 2005, $8,000,000 of this term facility was drawn upon to repay the SunOpta loan and the remainder was used to finance the acquisition of Magtech.

In order to finance significant acquisitions, the Company may need additional sources of cash which could be obtained through a combination of additional bank or subordinated financing, a private or public share offering or the issuance of shares in relation to an acquisition. As of the date of this report, the Company has 16,961,563 common shares outstanding. At September 30, 2006 16,961,563 (December 31, 2005 · 16,952,574 common shares).

Working Capital

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

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

As at September 30, 2006 the Company has a working capital surplus of $14,670,000 (December 31, 2005 - $21,195,000). Available cash and financing at September 30, 2006 total $14,616,000, a decrease of $1,961,000 as compared to December 31, 2005. This variance is substantially due to the extension and use of various credit facilities to finance the acquisition of Magtech. On October 4, 2006, the Company acquired 100% of the outstanding common shares of Chemincon Inc. and its wholly owned subsidiary Bimac Corporation (collectively known as "Bimac") of Milan Michigan for $4,472,000 (U.S. $4,000,000). The Company drew $1,118,000 (U.S. $1,000,000) from its acquisition facility, and $3,354,000 (U.S. $3,000,000) from its operating facility to finance the purchase.

Summary of Cash flows

(expressed in thousands of Canadian dollars)	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2006	2005	2006	2005
Net cash provided by (used in):				
Operating Activities	3,934	(3,937)	8,444	(3,496)
Investing Activities	(399)	(1,024)	(23,225)	(2,782)
Financing Activities	(2,543)	(1,186)	13,753	9,115
Foreign Exchange loss on cash held in foreign currency	(15)	(14)	(48)	(12)

Three months ended September 30, 2006 compared to the three months Ended September 30, 2005

Cash generated in operating activities for the three months ended September 30, 2006 was $3,934,000 versus a use of cash of ($3,937,000) in 2005. Prior to changes in non-cash working capital, cash generated from operations in the current quarter was $2,157,000. Changes in non-cash working capital accounts generated a further $1,777,000. The positive change in working capital was largely due to an increase in trade payables and accruals.

Cash used in investing activities was $399,000 for the three months ended September 30, 2006 as compared to $1,024,000 in 2005. During the period the Company invested in capital improvements designed to reduce operating costs or comply with regulatory requirements at its Waterdown, Lachine, Brantford, Walkerton and Keeseville locations.

Cash used in financing activities was $2,543,000 for the three months ended September 30, 2006, (2005 · $1,186,000). The most significant financing transactions recorded in the period included the repayment of $2,218,000 to Bank of Montreal for the line of credit facility. Long term debt repayments for the quarter totalled of $330,000 (2005 · $2,000).

Nine months ended September 30, 2006 compared to the nine months ended September 30, 2005

Cash generated in operating activities for the nine months ended September 30, 2006 was $8,444,000 versus a use of cash of ($3,496,000) in 2005. Prior to changes in non-cash working capital, cash generated from operations in the period was $5,795,000. Changes in non-cash working capital accounts generated a further $2,649,000. The positive change in working capital was largely due to a planned decrease in inventory levels.

Cash used in investing activities was $23,225,000 for the nine months ended September 30, 2006 as compared to $2,782,000 in 2005. On February 15, 2006, the Company acquired the outstanding common shares of Magtech of Richfield, Ohio and secured an option to acquire a controlling position in an affiliate of Magtech. The total purchase price, net of assumed bank indebtedness was $21,983,000 (U.S. $18,987,000). Total consideration for the purchase was comprised of $13,894,000 (U.S. $12,000,000) in cash, a long-term promissory note to the vendor in the amount of $6,947,000 (U.S. $6,000,000) and accrued acquisition costs in the amount of $228,000 (U.S. $197,000). During the period the Company also invested in capital improvements designed to reduce operating costs or comply with regulatory requirements at its Waterdown, Lachine, Brantford, Walkerton and Keeseville locations.

Cash provided by financing activities was $13,753,000 for the nine months ended September 30, 2006, (2005 · $9,115,000), consisting in a net increase of borrowings under long term debt of $9,890,000 and a net increase in the operating line of credit of $4,832,000 (2005 · $nil) for the Magtech acquisition. Long term debt repayments for the nine months ended September 30, 2006 totalled of $874,000 (2005 · $20,000).

Contractual Obligations and Commitments

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

	Payments Due by Period						
Contractual Obligations	**Total**	**2006**	**2007**	**2008**	**2009**	**2010**	**Thereafter**
Long term debt	$16,990	2,893	$2,853	$2,766	$2,763	$1,086	$4,629
Preferred shares	46	46	-	-	-	-	-
Operating leases	5,353	1,309	1,175	996	730	550	593
Total contractual obligations	22,389	4,248	4,028	3,762	3,493	1,636	5,222

Transactions with Related Parties

SunOpta charges management fees to the Company which include direct costs incurred by SunOpta for professional services and insurance as well as fees relating to specific accounting, treasury or other administrative services provided at fair market value. For the nine months ended September 30, 2005 SunOpta had also charged approximately $232,000 of interest on certain debts owed by the Company.

During the nine months ended September 30, 2005, SunOpta Inc. gifted shares of Opta Minerals Inc. to certain employees of Opta Minerals Inc. in recognition for their past service. The shares, gifted to officers and employees were from SunOpta's holdings and, while the cost of these shares was borne entirely by SunOpta, an expense equal to $288,000 was recorded in Opta Minerals results as a result of generally accepted accounting principles for related party transactions.

Risks and Uncertainties

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

Critical Accounting Policies and Estimates

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

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

Revenue Recognition

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

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

Accounts Receivable

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

Inventory

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

Impairment of Goodwill and Intangible Assets

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

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

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

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

Income Taxes

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

Estimates

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

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

Recent Developments in Accounting Standards

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

The Company will adopt the following standards effective January 1, 2007
CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement, prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. Section 3855 applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006.

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

CICA Handbook Section 1530, Comprehensive Income, introduces new standards for reporting and disclosing comprehensive income. Comprehensive income is the change in equity of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period

except those resulting from investments by owners and distributions to owners. Section 1530 applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006.

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

Additional Information

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