Opta Minerals Inc.

Consolidated Financial Statements
March 31, 2009 and December 31, 2008
(Unaudited)
Expressed in Thousands of U.S. Dollars

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(Unaudited)

Contents

Opta Minerals Inc.
Consolidated Balance Sheets
(Unaudited)
Expressed in Thousands of U.S. Dollars

	March 31, 2009	December 31, 2008	March 31, 2008
Assets			
Current			
Cash and cash equivalents	$ **1,374**	$ 1,377	$ 3,904
Accounts receivable	**7,869**	9,133	10,619
Inventories (note 4)	**18,835**	22,223	16,055
Prepaid expenses and other current assets	**1,843**	1,793	1,422
Assets held for sale (note 5)	**634**	664	-
Income taxes recoverable	**439**	362	-
	30,994	35,552	32,000
Property, Plant and Equipment	**16,316**	16,664	18,869
Intangible and Other Assets (note 6)	**31,729**	32,464	34,068
Goodwill	**13,588**	14,160	10,520
Future Income Taxes (note 7)	**2,540**	2,406	1,907
	$ **95,167**	$ 101,246	$ 97,364
Liabilities			
Current			
Bank indebtedness	**6,972**	7,797	5,481
Accounts payable and accrued liabilities	**6,414**	7,788	4,765
Income taxes payable	**-**	-	17
Current portion of long-term debt	**4,105**	4,097	4,056
Current portion of preference shares	**37**	38	45
	17,528	19,720	14,364
Long-term Debt	**18,696**	20,594	23,199
Other Long-term Liabilities	**2,965**	3,095	2,707
Future Income Taxes (note 7)	**2,786**	2,849	2,798
Future Income Taxes on Intangible Assets (note 8)	**9,380**	9,695	10,146
	51,355	55,953	53,214
Shareholders' Equity			
Capital Stock (note 9)			
Authorized unlimited number of common shares and preference shares without par value			
Issued -			
18,008,095 (December 31, 2008 - 18,003,459; March 31, 2008 – 17,988,029) common shares	**17,594**	17,587	17,540
Contributed Surplus (note 9)	**1,735**	1,665	1,421
Accumulated Other Comprehensive Income	**3,279**	4,379	4,906
Retained Earnings	**21,336**	21,662	20,283
	43,944	45,293	44,150
Non-controlling Interest	**(132)**	-	-
	$ **95,167**	$ 101,246	$ 97,364

See accompanying notes

Approved by the Board of Directors

(signed) "Jeremy Kendall" ______________________ Director

(signed) "Victor Hepburn" ______________________ Director

Opta Minerals Inc.
Consolidated Statements of Earnings (Loss)
(Unaudited)
For the Three Month Periods Ended March 31, 2009 and 2008
Expressed in Thousands of U.S. Dollars (except per share amounts)

	2009	2008
Revenue	**$ 14,726**	$ 21,370
Cost of Goods Sold (note 4)	**12,268**	15,815
Gross Profit	**2,458**	5,555
Selling, General and Administrative Expenses	**2,266**	2,908
Earnings Before Undernoted Items, and Non-controlling Interest	**192**	2,647
Interest expense on long-term debt	**267**	388
Interest expense	**157**	178
Amortization of intangible assets	**437**	428
Stock compensation expense (note 9)	**70**	57
Other income (note 6)	**(171)**	-
Foreign exchange loss	**199**	159
	959	1,210
Earnings (Loss) Before Income Taxes and Non-controlling Interest	**(767)**	1,437
Provision for (recovery of) income taxes (note 7)	**(309)**	338
Net Earnings (Loss) Before Non-Controlling Interest	**$ (458)**	$ 1,099
Non-controlling interest share of net earnings (loss)	**(132)**	-
Net Earnings (Loss)	**(326)**	1,099
Earnings (loss) per share for the year -Basic and diluted (note 12)	**$ (0.02)**	$ 0.06

See accompanying notes

Opta Minerals Inc.
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
For the Three Month Periods Ended March 31, 2009 and 2008
Expressed in Thousands of U.S. Dollars

	2009	2008
Net Earnings (Loss)	**$ (326)**	$ 1,099
Other Comprehensive Income		
Unrealized (loss) gain on translation of foreign operations	**(925)**	1,887
Transfer of realized gain on translation of foreign operations	**(224)**	(75)
Unrealized gain (loss) on financial derivative	**49**	(387)
Comprehensive Income (Loss)	**$ (1,426)**	$ 2,524

See accompanying notes

Opta Minerals Inc.
Consolidated Statements of Retained Earnings and Accumulated Other Comprehensive Income (Unaudited)
For the Three Month Periods Ended March 31, 2009 and 2008
Expressed in Thousands of U.S. Dollars

	2009	2008
Retained Earnings - Beginning of Period	**$ 21,662**	$ 19,184
Net earnings (loss)	**(326)**	1,099
Retained Earnings - End of Period	**$ 21,336**	$ 20,283

	Cumulative Translation Adjustments	Unrealized Loss on Financial Derivatives	Three month period ended March 31, 2009
Accumulated Other Comprehensive Income (Loss) – December 31, 2008	$ 5,670	$ (1,290)	$ 4,379
Unrealized loss on translation of foreign operations	(925)	-	(925)
Transfer of realized gain on translation of foreign operations	(224)	-	(224)
Unrealized gain on financial derivative	-	49	49
Accumulated Other Comprehensive Income (Loss) – March 31, 2009	**$ 4,521**	**$ (1,242)**	**$ 3,279**

	Cumulative Translation Adjustments	Unrealized Loss on Financial Derivatives	Three month period ended March 31, 2008
Accumulated Other Comprehensive Income (Loss) – December 31, 2007	$ 3,688	$ (207)	$ 3,481
Unrealized gain on translation of foreign operations	1,887	-	1,887
Transfer of realized gain on translation of foreign operations	(75)	-	(75)
Unrealized loss on financial derivative	-	(387)	(387)
Accumulated Other Comprehensive Income (Loss) – March 31, 2008	**$ 5,500**	**$ (594)**	**$ 4,906**

See accompanying notes

Opta Minerals Inc.
Consolidated Statements of Cash Flows
(Unaudited)
For the Three Month Periods Ended March 31, 2009 and 2008
Expressed in Thousands of U.S. Dollars

	2009	2008
Cash Provided By (Used in) -		
Operating Activities		
Net earnings (loss) for the period	**$ (326)**	$ 1,099
Items not affecting cash		
Amortization of property, plant and equipment	**551**	555
Amortization of intangible assets	**437**	428
Non-controlling interest	**(132)**	-
Other (income) expenses (note 6)	**(171)**	-
Stock compensation expense (note 9)	**70**	57
Future income taxes (note 7)	**(446)**	(460)
Unrealized foreign exchange loss on long-term debt	**-**	152
Realized foreign exchange gain on foreign operations	**(224)**	(75)
Net gain on disposal of property, plant and equipment	**-**	(6)
	(241)	1,750
Changes in non-cash working capital		
Accounts receivable	**1,121**	(21)
Inventories	**3,137**	2,909
Prepaid expenses and other current assets	**(78)**	131
Accounts payable and accrued liabilities	**(1,124)**	(376)
Income taxes recoverable	**(82)**	192
	2,733	4,585
Financing Activities		
Proceeds from issuance of common shares - net of issuance costs	**7**	12
Decrease in bank indebtedness	**(482)**	(326)
Proceeds from long-term debt	**733**	3,075
Repayment of long-term debt	**(2,038)**	(5,724)
	(1,780)	(2,963)
Investing Activities		
Acquisition of property, plant and equipment	**(920)**	(119)
Proceeds on disposal of property, plant and equipment	**-**	18
Additional consideration paid on acquisitions	**-**	(7)
	(920)	(108)
Foreign Exchange (Loss) Gain on Cash Held in Foreign Currency	**(36)**	54
(Decrease) Increase in Cash and Cash Equivalents	**(3)**	1,568
Cash and Cash Equivalents		
Beginning of Period	**1,377**	2,336
End of Period	**$ 1,374**	$ 3,904
Additional Cash Flows Information:		
Interest paid	**$ 558**	$ 761
Income taxes paid	**196**	649

See accompanying notes

Expressed in Thousands of U.S. Dollars (except per share amounts)

1. Interim Financial Statements

The interim consolidated financial statements of Opta Minerals Inc. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles. Accordingly, these financial statements do not include all of the disclosures required by Canadian generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements, and notes thereto, for the year ended December 31, 2008. In the opinion of management, all adjustments considered necessary for fair presentation have been included, and all such adjustments are of a normal, recurring nature. Operating results for the three-month period ended March 31, 2009 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2009. Except as described in note 3, the accounting policies followed by the Company are the same as those disclosed in the Company's consolidated financial statements, and notes thereto, for the year ended December 31, 2008.

2. Basis of Presentation and Nature of Operations

The consolidated financial statements include the accounts of Opta Minerals Inc. (the "Company") and its wholly-owned subsidiaries, Opta Minerals (USA) Inc.; Virginia Materials Inc. (Virginia Materials); International Materials & Supplies Inc. (International Materials); Temisca Inc. (Temisca); Magnesium Technologies Corporation (Magtech); MTI 01-2006 Inc.; OPM 01-2006 Inc.; Bimac, Inc. (Bimac); Newco, a.s. (Newco); Opta Minerals a.s.; Opta Minerals AB and its 67% interest in MCP Mg-Serbien SAS (MCP). All significant intercompany accounts have been eliminated on consolidation.

Opta Minerals Inc. is a vertically integrated provider of custom process optimization solutions and related materials for use primarily in the steel, foundry, loose abrasive cleaning and municipal water filtration industries. Further details are disclosed in the Company's Annual Report for the year ended December 31, 2008 that is available on SEDAR at www.sedar.com.

3. Summary of Significant Accounting Policies

Intangible assets

The Company's finite life intangible assets are amortized on a straight-line basis as follows:

Customer relationships	8-25 years
Profit sharing agreements	7-15 years
Long-term supply contract	Over the period of 10 years
Patent	Over the useful life of patent
Other finite life intangible asset	6 years

3. Summary of Significant Accounting Policies, cont'd

Use of Estimates

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

Recently adopted accounting pronouncements

On January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3064 "Goodwill and Intangible Assets", 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-Controlling Interests".

a) CICA Handbook Section 3064 "Goodwill and Intangible Assets". The standard establishes new recognition and measurement criteria for the accounting of goodwill and intangible assets. There were no changes to the opening values of goodwill, intangible assets or retained earnings at January 1, 2009 as a result of the adoption of this accounting standard.

b) CICA Handbook Section 1582 "Business Combinations". This new standard replaces CICA Handbook Section 1581, Business Combinations and establishes standards for the accounting for a business combination. It is the Canadian equivalent to International Financial Reporting Standard IFRS 3, Business Combinations. This standard has been early adopted and the Company has determined that its adoption has no material effect on its consolidated financial statements.

c) CICA Handbook Section 1601 "Consolidated Financial Statements" and CICA Handbook Section 1602 "Non-Controlling Interests". These new standards replace CICA Handbook Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, Consolidated and Separate Financial Statements. These standards have been early adopted and, as a result, the Company has recognized the non-controlling interest of its investment in MCP based on the results from operations from January 1, 2009.

Recently issued accounting pronouncement

The Canadian Institute of Chartered Accountants ("CICA") has issued the following accounting standard:

a) International Financial Reporting Standards in February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011.

The Company is currently evaluating the impact of adopting the above accounting and reporting standard.

Expressed in Thousands of U.S. Dollars (except per share amounts)

4. Inventories

	March 31, 2009	December 31, 2008
Raw materials	**$ 13,224**	$ 14,147
Finished goods	**5,611**	8,076
	$ 18,835	$ 22,223

Included in the cost of goods sold reported by the Company is an expense related to inventory of $10,677 (for the three months ended March 31, 2008 - $13,771).

5. Assets Held for Sale

During the year ended December 31, 2008, the Company commenced the consolidation of its Quebec production and distribution operations into one facility located in Laval, Quebec. As part of the plan, the owned building and warehouse in Lachine was listed for sale and reported as assets held for sale in the amount of $634 (December 31, 2008 – $664). The assets were previously disclosed in the mill and foundry products and services segment.

An amount of $41 has been charged to other income and expenses in the three month period ended March 31, 2009 to account for the increase in accrued costs related to the assets held for sale.

Expressed in Thousands of U.S. Dollars (except per share amounts)

6. Intangible and Other Assets

	Cost	Accumulated Amortization	**March 31, 2009 Net Carrying Amount**
Customer relationships	$ 33,766	$ 3,853	**$ 29,913**
Profit sharing agreements	1,088	227	**861**
Other finite life intangible asset	771	21	**750**
Long-term supply contract	250	93	**157**
Patents	146	98	**48**
	$ 36,021	$ 4,292	**$ 31,729**

	Cost	Accumulated Amortization	December 31, 2008 Net Carrying Amount
Customer relationships	$ 34,901	$ 3,540	$ 31,361
Profit sharing agreements	1,088	209	879
Long-term supply contract	257	89	168
Patents	146	90	56
	$ 36,392	$ 3,928	$ 32,464

On January 29, 2009, substantially all of the fixed assets comprising the Company's facility in Attica, New York, were sold in exchange for a release of the Company's obligations under an existing lease and service agreement. The non-monetary proceeds of $793 have been recorded as an intangible asset and represent the future benefits to the Company. The operations in Attica were previously reported in the abrasive products manufacturing and distribution operations segment.

The difference between the future savings as a result of the termination of the lease and service agreements and the net book value of the assets disposed in the amount of $419 and a write-off of the goodwill associated with the Attica, New York facility in the amount of $162 resulted in a gain of $212 which is recorded in other income and expenses.

Expressed in Thousands of U.S. Dollars (except per share amounts)

7. Income Taxes

The components of the provision for (recovery of) income taxes are as follows:

	Three month period ended March 31, 2009	Three month period ended March 31, 2008
Current	**$ 137**	$ 798
Future	**(446)**	(460)
	$ (309)	$ 338

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

	Three month period ended March 31, 2009	Three month period ended March 31,2008
Canadian statutory income tax rates	**% 33.0**	% 33.0
Non-deductible stock compensation expense	(**2.9)**	1.2
Non-deductible foreign exchange losses	**(6.8)**	-
Statutory rate differences in other jurisdictions	**21.7**	(12.3)
Manufacturing and processing credits	**(1.5)**	(1.5)
Valuation reserve	**(1.6)**	-
Other	**(1.6)**	3.1
	% 40.3	% 23.5

Future income tax assets and liabilities of the Company are as follows:

	March 31, 2009	December 31, 2008
Differences in property, plant and equipment basis	**$ (2,100)**	$ (2,129)
Differences in accumulated other comprehensive income	**511**	554
Differences in share issuance costs	**83**	112
Non-capital and capital loss carry-forwards	**1,785**	1,501
Other	**(369)**	(360)
	(90)	(322)
Valuation allowance	**(156)**	(121)
	(246)	(443)
Future income tax assets – long-term	**2,540**	2,406
Future income tax liabilities – long-term	**(2,786)**	(2,849)
	$ (246)	$ (443)

Expressed in Thousands of U.S. Dollars (except per share amounts)

7. Income Taxes, cont'd

As at March 31, 2009, the Company has recognized the tax benefit of available non-capital losses, net of a valuation allowance, in the amount of $1,629 (December 31, 2008 - $1,380) which, if not utilized, will expire between 2014 and 2029. The benefit of non-capital losses has been recognized based on projections of future taxable income and the amount of the benefit of these losses ultimately realized is subject to change.

8. Future Income Taxes on Intangible Assets

The Company has recorded future income tax liabilities in the amount of $9,380 (December 31, 2008 - $9,695) in relation to intangible assets acquired as part of the Magtech, Bimac and Newco acquisitions. Although the amortization of the intangible assets is not deductible for statutory tax purposes, a future tax liability has been established for the acquired finite life intangibles.

No amount of the future income tax liability upon liquidation of the intangible assets is payable to a tax authority, unless the intangibles were sold separately from the business.

9. Capital Stock and Contributed Surplus

a) The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preference shares in series.

	Number	$
December 31, 2008	18,003,459	17,587
Employee stock purchase plan	4,636	7
March 31, 2009	18,008,095	17,594

The Company established an Employee Stock Purchase Plan ("ESPP") during 2005, pursuant to which 500,000 common shares have been reserved for issuance. The ESPP allows qualifying employees to buy the Company's stock at a discount to the market price.

Expressed in Thousands of U.S. Dollars (except per share amounts)

9. Capital Stock and Contributed Surplus, cont'd

b) The movement in contributed surplus is as follows:

Balance – December 31, 2008	$ 1,665
Stock compensation expense	70
Balance – March 31, 2009	$ 1,735

As at March 31, 2009, there are 1,247,000 (December 31, 2008 – 1,247,000) stock options outstanding with exercise prices ranging from $3.05 to $4.74 per share. The weighted average exercise price is $3.88 and the weighted average remaining contractual life is 5.1 years.

10. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a conservative capital structure. The Company's capital structure is composed of shareholders' equity, bank indebtedness, long-term debt, future income taxes and other long-term liabilities and is not subject to any capital requirements imposed by a regulator.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue or reacquire shares, acquire or dispose of assets, and adjust the amount of cash and cash equivalents balances relative to bank debt and bank indebtedness.

As part of existing debt agreements, three key financial covenants are monitored on an ongoing basis by management to ensure compliance with the agreements as follows:

- tangible net worth calculation defined as equity less goodwill and intangible assets net of their applicable future income tax liability;
- funded debt to EBITDA calculated on a rolling 12 month basis; and
- working capital ratio, defined as current assets divided by current liabilities.

Expressed in Thousands of U.S. Dollars (except per share amounts)

10. Capital Risk Management, cont'd

	March 31, 2009	December 31, 2008
Shareholders equity (excluding non-controlling interest)	$ 43,944	$ 45,293
Goodwill	(13,588)	(14,160)
Intangible and other assets	(31,729)	(32,464)
Future income taxes on intangible assets	9,380	9,695
Tangible net worth	$ 8,007	$ 8,364
Bank indebtedness	6,972	7,797
Current portion of long-term debt	4,105	4,097
Long-term debt	18,696	20,594
Funded debt	29,773	32,488
Net earnings	1,053	2,478
Provision for income taxes	387	1,034
Interest expense	1,947	2,089
Amortization of property, plant and equipment	2,226	2,230
Amortization of intangible assets	1,728	1,719
EBITDA	7,341	9,550
Funded debt to EBITDA	4.06	3.40
Current assets	30,994	35,552
Current liabilities	17,528	19,720
Working capital ratio	1.77	1.80

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors including general industry conditions. The annual budget is approved by the board of directors.

Expressed in Thousands of U.S. Dollars (except per share amounts)

11. Financial, Other Instruments and Hedging

a) Fair Value

The following table presents the carrying amount and the fair value of the Company's financial instruments and non-financial derivatives. Amortized cost is calculated using the effective interest rate method. Fair value is based on quoted market prices. These amounts represent point-in-time estimates and may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of significant judgement.

	March 31, 2009		December 31, 2008	
	Fair Value	**Carrying Value**	Category	Carrying Value
Cash and cash equivalents	**$ 1,374**	**$ 1,374**	HFT	$ 1,377
Account receivable	**7,869**	**7,869**	L&R	9,133
Bank indebtedness	**6,972**	**6,972**	OFL	7,797
Accounts payable and accrued liabilities	**6,414**	**6,414**	OFL	7,788
Current portion of long-term debt	**4,105**	**4,105**	OFL	4,097
Long-term debt	**18,696**	**18,696**	OFL	20,594
Current portion of preference shares	**37**	**37**	OFL	38
Other long-term liabilities				
-Interest rate swap derivative	**1,855**	**1,855**	OFL	1,985
-Contingent goodwill payment	**1,110**	**1,110**	OFL	1,110

Financial Instruments category guide:

HFT Held for trading
L&R Loans and receivable
OFL Other financial liabilities

Changes in fair value of commodity contracts and exchange traded derivatives are included in cost of goods sold.

Expressed in Thousands of U.S. Dollars (except per share amounts)

11. Financial, Other Instruments and Hedging, cont'd

b) Risks and risk management

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.

	March 31, 2009		December 31, 2008	
	Interest sensitive	**Non-interest sensitive**	Interest sensitive	Non-interest sensitive
Cash and cash equivalents	**$ 1,374**	**$ -**	$ 1,377	$ -
Bank indebtedness	**(6,972)**	**-**	(7,797)	-
Long-term debt – term loan	**(8,424)**	**-**	(8,980)	-
Long-term debt – acquisition facilities	**(11,936)**	**-**	(11,835)	-
Promissory notes	**-**	**(2,389)**	-	(3,876)
Conditional sales contracts	**-**	**(52)**	-	-
	$ (25,958)	**$ (2,441)**	$ (27,235)	$ (3,876)

The interest sensitive component above has been substantially placed with bankers' acceptances in the amount of Cdn. $25,200. 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 1.7% 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 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 $123.

11. Financial, Other Instruments and Hedging, cont'd

b) Risks and risk management, cont'd

I) Interest rate risk, cont'd

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 earnings. 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 three month period ended March 31, 2009, the Company's exposure from interest rate swap contracts resulted in a gain net of income tax equal to $49 (2008 – loss of $387) 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 61% (December 31, 2008 - 53%) of the Company's consolidated accounts receivable are current, while 13% (December 31, 2008 - 8%) of accounts receivable are over 60 days past due.

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.

11. Financial, Other Instruments and Hedging, cont'd

b) Risks and risk management, cont'd

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 March 31, 2009, fluctuations of +/- 5% would have an effect on earnings before income taxes of approximately +/- $170. The Company's primary Euro exposure in Canada relates to the revaluation into Canadian dollars of its Euro denominated intercompany receivables. As of March 31, 2009, fluctuations of +/- 5% would have an effect on earnings before income taxes of approximately +/- $49.

The Company's U.S. and European operations have minimal exposure to exchange rate fluctuations as substantially all of their transactions are denominated in the U.S. dollar and Euro, respectively. On January 1, 2009, the Slovak Koruna was replaced by the Euro as the functional currency of Slovakia.

The Company's reporting currency is U.S. dollars. All of the Company's operations are considered self-sustaining operations. The assets and liabilities of the self-sustaining operations are translated at exchange rates in effect at the balance sheet date. Unrealized gains and losses resulting from translating self-sustaining operations are accumulated and reported as a currency translation adjustment in accumulated other comprehensive income. As of March 31, 2009, fluctuations in the exchange rate between the U.S. dollar and Canadian dollar of +/- 5% would have an effect of other comprehensive income of approximately +/- $418 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 +/- $915.

Expressed in Thousands of U.S. Dollars (except per share amounts)

11. Financial, Other Instruments and Hedging, cont'd

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	6,414	-	-	-	-	-	6,414
Long-term debt	4,105	2,576	2,576	2,560	2,355	8,629	22,801
	10,519	2,576	2,576	2,560	2,355	8,629	29,215

In addition to the above, the Company has recorded $1,110 as other long-term liabilities representing the estimated contingent consideration associated with the acquisition of Bimac Inc. and $1,855 as other long-term liabilities relating to the interest rate swap derivative.

c) Collateral

The Company has charged substantially all assets of the Company and certain of its subsidiaries as security for borrowings.

Expressed in Thousands of U.S. Dollars (except per share amounts)

12. Earnings (Loss) per Share

Earnings (loss) per share are calculated using the weighted average number of shares outstanding. The following table reconciles the net earnings (loss) and the number of shares for the basic and diluted earnings per share calculations:

	Net earnings (loss) attributed to common shareholders	**Weighted average number of shares**	**Three month period ended March 31, 2009 Per share Amount**
Basic	**$ (326)**	**18,004,987**	**$ (0.02)**
Dilutive effect of stock options	**-**	**-**	**-**
	$ (326)	**18,004,987**	**$ (0.02)**

	Net earnings attributed to common shareholders	Weighted average number of shares	Three month period ended March 31, 2008 Per share Amount
Basic	$ 1,099	17,985,504	$ 0.06
Dilutive effect of stock options	-	29,230	-
	$ 1,099	18,014,734	$ 0.06

13. Segmented Information

Industry Segments

The Company operates in two industry segments.

a) Mill and foundry products and services operations

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

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

13. Segmented Information, cont'd

Industry Segments, cont'd

b) Abrasive products manufacturing and distribution operations

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

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

The prior period comparative amounts have been reclassified to conform to the current period's presentation.

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

Expressed in Thousands of U.S. Dollars (except per share amounts)

13. Segmented Information, cont'd

Industry Segments, cont'd

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

				March 31, 2009
	Mill and foundry Products and services	**Abrasive Products manu-facturing and Distribution operations**	**Unallocated**	**Total**
External revenue by market				
Canada	$ 2,192	$ 800	$ -	$ 2,992
U.S	6,360	3,321	-	9,681
Europe	1,918	-	-	1,918
Other	125	10	-	135
Total revenue from external customers	10,595	4,131	-	14,726
Segment earnings (loss) before interest expense, income taxes and non-controlling interest	(364)	72	(51)	(343)
Interest expense on long-term debt				(267)
Interest expense				(157)
Recovery of income taxes				309
Non-controlling interest share of net (earnings) loss				132
Net earnings (loss) for the period				(326)
Total assets as at March 31, 2009	66,363	25,373	3,431	95,167
Amortization of property, plant and equipment	336	200	15	551
Amortization of intangible assets	430	7	-	437
Goodwill and intangible assets as at March 31, 2009	38,966	6,351	-	45,317
Expenditures on property, plant and equipment	$ 88	$ 822	$ 10	$ 920

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

Included in the mill and foundry products and services segment is revenue from one customer (2008 - two customers), that individually exceeds 10% of the Company's revenue.

Expressed in Thousands of U.S. Dollars (except per share amounts)

13. **Segmented Information**, cont'd

	Mill and foundry Products and services	Abrasive Products manu-facturing and Distribution operations	Unallocated	Total
				March 31, 2008
External revenue by market				
Canada	$ 3,125	$ 1,272	$ -	$ 4,397
U.S	10,999	3,829	-	14,828
Europe	2,108	-	-	2,108
Other	30	7	-	37
Total revenue from external customers	16,262	5,108	-	21,370
Segment earnings (loss) before interest expense and income taxes	2,390	736	(1,123)	2,003
Interest expense on long-term debt				(388)
Interest expense				(178)
Provision for income taxes				(338)
Net earnings for the period				1,099
Total assets as at December 31, 2008	70,806	27,198	3,242	101,246
Amortization of property, plant and equipment	273	249	33	555
Amortization of intangible assets	415	13	-	428
Goodwill and intangible assets as at December 31, 2008	39,859	6,765	-	46,624
Expenditures on property, plant and equipment	$ 5	$ 79	$ 35	$ 119

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

Expressed in Thousands of U.S. Dollars (except per share amounts)

13. Segmented Information, cont'd

Geographic segments

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

								March 31, 2009
		Canada		**U.S**		**Europe**		**Total**
Property, plant and equipment	**$**	**6,421**	**$**	**9,078**	**$**	**817**	**$**	**16,316**
Goodwill and intangible assets		**3,115**		**24,848**		**17,354**		**45,317**
Total assets		**23,558**		**47,540**		**24,069**		**95,167**

								December 31, 2008
		Canada		U.S		Europe		Total
Property, plant and equipment	$	6,185	$	9,568	$	911	$	16,664
Goodwill and intangible assets		2,291		25,425		18,908		46,624
Total assets		23,003		51,353		26,890		101,246

14. Comparative Amounts

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