



FORM 51-102F4 – BUSINESS ACQUISITION REPORT

ITEM 1: IDENTITY OF COMPANY

1.1 – Name and address of Company

Opta Minerals Inc. (the “Company”)
407 Parkside Drive
Waterdown, Ontario
L0R 2H0

1.2 – Executive Officer

James Wilson, Chief Financial Officer and Secretary of the Company, is knowledgeable about the significant acquisition in respect of which this Report has been filed. Mr. Wilson may be reached by writing to the address noted in section 1.1 above, or by telephone at (905) 689-6661 extension 401.

ITEM 2: DETAILS OF ACQUISITION

2.1 – Nature of Business Acquired

(a) Background of the Acquisition

The Company was incorporated under the *Canada Business Corporations Act* on July 8, 2004 to assume the assets and business of the “Opta Minerals Group” operating division of SunOpta Inc. (“SunOpta”), a public company listed on the Toronto Stock Exchange (the “TSX”) and the NASDAQ Small Cap Market.

On February 17, 2005 the Company completed an initial public offering (the “IPO”) and the common shares of the Company (the “Opta Shares”) were listed on the TSX. Immediately prior to and as a condition of completion of the IPO, SunOpta (including certain wholly-owned subsidiaries of SunOpta) completed an internal reorganization of its corporate and capital structure. Following completion of such reorganization, SunOpta transferred to the Company all of the assets and liabilities held directly by it and all of its interest in certain subsidiaries, which collectively comprised the Opta Minerals Group (the “Acquisition”). Prior to the

completion of the Acquisition, the Company had no assets or liabilities and had never carried on an active business.

The Acquisition was completed pursuant to the terms of a purchase agreement entered into between SunOpta and the Company dated February 7, 2005 (the “Purchase Agreement”). The Purchase Agreement contained representations and warranties with prescribed survival periods as to various matters, including organization and status, power and authorization, financial statements, litigation, title to assets and material contracts. Pursuant to the Purchase Agreement, the Company acquired the Opta Minerals Group from SunOpta in exchange for the issuance of to SunOpta of 11,999,900 Opta Shares. Immediately following the completion of the Acquisition and IPO on February 17, 2005, SunOpta held 12,000,000 or approximately 72.7% of the then issued and outstanding Opta Shares.

The Acquisition and IPO are described in greater detail in the (final) prospectus of the Company dated February 7, 2005, which can be found on SEDAR at www.sedar.com.

(b) The Business of the Opta Minerals Group

The Opta Minerals Group (and following the completion of the Acquisition, the Company) is a vertically integrated producer, manufacturer, distributor and recycler of silica-free loose abrasives, industrial minerals, specialty sands and related products for use primarily in the foundry, steel, marine/bridge cleaning and municipal water filtration industries with production or distribution facilities located at: Waterdown, Ontario; St. Bruno de Guigues, Québec; Drummondville, Québec; Lachine, Québec; New Orleans, Louisiana; Hardeeville, South Carolina; Norfolk, Virginia; Baltimore, Maryland; and Keeseville, New York.

The Opta Minerals Group manufactures a wide range of silica-free abrasives, including under the brand names Barshot, Crystalgrit, BlackBlast, EconoBlast, EbonyGrit and Galaxy Garnet. The raw materials for the production of these abrasives are sourced primarily from North American suppliers, with additional sourcing from suppliers located in China, India and Europe.

The Opta Mineral Group’s industrial mineral products include chromites and zircons, clays, coated sands and other industrial mineral blends sourced from South Africa, China and North America, which are then processed at the Opta Mineral Group’s facilities for sale primarily to the foundry and steel industries.

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

Additional information concerning the business of the Opta Minerals Group and the Company is contained in the (final) prospectus of the Company dated February 7, 2005, which can be found on SEDAR at www.sedar.com.

2.2 – Date of Acquisition

The Company acquired the Opta Minerals Group from SunOpta on February 17, 2005.

2.3 – Consideration

The Company paid to SunOpta consideration of 11,999,900 Opta Shares in exchange for the Opta Minerals Group. Immediately following the completion of the Acquisition and IPO on February 17, 2005, SunOpta held 12,000,000 or approximately 72.7% of the then issued and outstanding Opta Shares.

2.4 – Effect on Financial Position

The Company has no plans or proposals for any material changes in the business of the Opta Minerals Group that would have a significant effect on the results of operations and financial position of the Company.

2.5 – Prior Valuations

No valuation opinion has been obtained within the last 12 months in respect of the Opta Minerals Group as required by applicable securities legislation or a Canadian exchange or market to support the consideration paid by the Company to SunOpta for the Opta Minerals Group.

2.6 – Parties to Transaction

The parties to the Purchase Agreement in respect of the Acquisition are the Company and SunOpta. Prior to the completion of the Acquisition, the Company was a wholly-owned subsidiary of SunOpta. Immediately following the completion of the Acquisition and IPO, SunOpta held 12,000,000 or approximately 72.7% of the then issued and outstanding Opta Shares.

2.7 – Date of Report

May 3, 2005.

ITEM 3: FINANCIAL STATEMENTS

The following financial statements accompany and form part of this Business Acquisition Report:

- (a) combined balance sheets of the Opta Minerals Group as at December 31, 2004 and 2003 and the combined statements of earnings, retained earnings and cash flows for the years then ended, together with the auditor's report thereon; and
- (b) consolidated balance sheets of Opta Minerals Inc. as at March 31, 2005 and December 31, 2004 and the consolidated statements of earnings, retained earnings and cash flows for the three-month periods ended March 31, 2005 and 2004.

During the period from its incorporation on July 8, 2004 to the completion of the Acquisition: (i) the Company had no assets or liabilities and never carried on an active business; and (ii) except for 100 Opta Shares issued for aggregate consideration of \$100 pursuant to the incorporation of the Company, the Company did not issue any further Opta Shares or other securities. As a result, the pro forma financial statements otherwise required pursuant to section 8.4(3) of National Instrument 51-102 would be identical in all material respects to those referenced above and therefore have not been included with this Business Acquisition Report.

Opta Minerals Group

(a division of SunOpta Inc.)

Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

February 8, 2005
(except for notes 1 and 14, which are as of February 17, 2005)

Auditors' Report

To the Directors of SunOpta Inc.

We have audited the combined balance sheets of **Opta Minerals Group** (a division of SunOpta Inc.) as at December 31, 2004 and 2003 and the combined statements of earnings, retained earnings and cash flows for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years ended December 31, 2004 and 2003 in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants

Opta Minerals Group

Combined Balance Sheets

As at December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

	2004 \$	2003 \$
Assets		
Current assets		
Cash and cash equivalents	448	536
Accounts receivable	5,845	5,571
Inventories (note 3)	9,073	8,335
Prepaid expenses and other current assets (note 14)	1,177	212
Future income taxes (note 11)	178	44
	<hr/>	<hr/>
	16,721	14,698
Assets held for sale (note 4)	-	1,316
Property, plant and equipment - net (note 5)	11,464	10,307
Goodwill and intangible assets - net (note 6)	7,841	7,997
Other assets	-	27
	<hr/>	<hr/>
	36,026	34,345
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,850	3,533
Due to parent and affiliates (note 8)	15,704	16,516
Current portion of long-term debt (note 9)	173	159
Current portion of preference shares (note 10)	109	115
Other payables	-	242
	<hr/>	<hr/>
	19,836	20,565
Long-term debt (note 9)	15	150
Long-term portion of preference shares (note 10)	28	91
Future income taxes (note 11)	1,370	696
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	21,249	21,502
Divisional Equity		
Retained earnings	15,806	13,399
Currency translation adjustment	(1,029)	(556)
	<hr/>	<hr/>
	14,777	12,843
	<hr/>	<hr/>
	36,026	34,345

Commitments and contingencies (note 13)

Approved by the Board of Directors

“(Signed) Jeremy Kendall” Director

“(Signed) Joseph Riz” Director

See accompanying notes to combined financial statements.

Opta Minerals Group

Combined Statements of Earnings

For the years ended December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

	2004	2003
	\$	\$
Revenue	41,680	34,781
Cost of goods sold	32,754	27,606
Gross profit	8,926	7,175
Selling, general and administrative expenses (note 7)	3,955	3,816
Earnings before the following	4,971	3,359
Interest expense - net (note 7)	413	591
Other expense (income) (note 14)	345	(140)
Foreign exchange loss	9	67
	767	518
Earnings before income taxes	4,204	2,841
Provision for income taxes (note 11)	1,797	1,058
Net earnings for the year	2,407	1,783

See accompanying notes to combined financial statements.

Opta Minerals Group

Combined Statements of Retained Earnings

For the years ended December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

	2004	2003
	\$	\$
Retained earnings - Beginning of year	13,399	11,616
Net earnings for the year	<u>2,407</u>	<u>1,783</u>
Retained earnings - End of year	<u>15,806</u>	<u>13,399</u>

See accompanying notes to combined financial statements.

Opta Minerals Group

Combined Statements of Cash Flows

For the years ended December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

	2004 \$	2003 \$
Cash provided by (used in)		
Operating activities		
Net earnings for the year	2,407	1,783
Items not affecting cash		
Amortization	1,413	1,334
Imputed interest on preference shares	12	15
Future income taxes	468	310
Gain on disposals of property, plant and equipment and assets held for sale - net	-	(129)
	4,300	3,313
Changes in non-cash working capital - net of businesses acquired		
Accounts receivable	(58)	(503)
Inventories	(899)	(1,584)
Prepaid expenses and other current assets	(848)	(5)
Accounts payable and accrued liabilities	108	(138)
	2,603	1,083
Investing activities		
Acquisition of companies - net of cash acquired	(500)	(700)
Acquisition of property, plant and equipment	(2,729)	(1,114)
Proceeds from sale of property, plant and equipment and assets held for sale	1,337	243
	(1,892)	(1,571)
Financing activities		
Repayment of long-term debt	(291)	(228)
Repayment of deferred purchase consideration	(250)	(1,069)
Change in due from parent and affiliates	(149)	1,975
Purchase and redemption of preference shares of subsidiary companies	(81)	(270)
	(771)	408
Foreign exchange loss on cash held in foreign currency	(28)	(78)
Decrease in cash and cash equivalents during the year	(88)	(158)
Cash and cash equivalents - Beginning of year	536	694
Cash and cash equivalents - End of year	448	536
Supplemental cash flow information		
Interest paid	320	572

See accompanying notes to combined financial statements.

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

1 Basis of presentation, nature of operations and summary of significant accounting policies

The combined financial statements include the accounts of Opta Minerals, a division of SunOpta Inc. (SunOpta), Opta Minerals Inc., Opta Minerals (USA) Inc., Virginia Materials Inc. (Virginia Materials), International Materials & Supplies Inc. (International Materials), Temisca Inc. (Temisca), Distribution A&L and 1108176 Ontario Limited (1108176), all of which are divisions or wholly owned subsidiaries of SunOpta and are collectively known as the Opta Minerals Group (the Company), a reporting segment of SunOpta. All significant intercompany accounts and transactions have been eliminated on combination.

In conjunction with the transaction described in note 14, SunOpta on July 8, 2004 incorporated Opta Minerals Inc. under the laws of Canada and on November 19, 2004 incorporated Opta Minerals (USA) Inc. under the laws of the State of Delaware. Immediately prior to the completion of the initial public offering, the businesses consisting of the Company were transferred to Opta Minerals Inc. The combined financial statements present the historic combined financial position, results of operations and cash flows of the Company as if it had operated as a stand-alone entity subject to SunOpta's control.

The Company produces, manufactures and distributes silica-free abrasives and other industrial minerals for the foundry, steel, marine/bridge cleaning and municipal water filtration industries, and recycles inorganic materials under special permits from government authorities at both its Waterdown, Ontario and Norfolk, Virginia sites. The Company services much of the east coast of North America, with production facilities in Louisiana, South Carolina, Virginia, Maryland, New York, Ontario and Quebec. In addition to the seven production facilities noted above, the Company owns and operates two distribution and packaging centres located in Lachine, Quebec and Drummondville, Quebec. The Company also generates revenue from the sale of specialty sands sourced, processed and packaged from the Company's quarry in St. Bruno de Guigues, Quebec as well as from the sale of related products and services. The Company's assets, operations and employees are located in the United States and Canada.

The combined statements of earnings include certain management fees (as described in note 7) charged to the Company by SunOpta. The management fees include direct costs incurred by SunOpta for professional services and insurance as well as certain allocations for accounting, treasury and other administrative services provided by SunOpta.

Interest expense for the years presented includes interest on amounts due to SunOpta and affiliates and interest on external debt.

Income taxes for the Company for the years presented have been recorded at statutory rates based on earnings before income taxes as reported in the combined statements of earnings as though the Company was a separate tax paying entity. Future income taxes have been presented in the combined balance sheets for temporary differences between financial reporting and tax bases of the Company's assets and liabilities.

As a result of the basis of presentation described above, the combined statements of earnings for the years presented may not be necessarily indicative of the operating results that would have been generated had the Company operated as a stand-alone entity for the years presented.

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

Revenue recognition

Revenue from the Company's operations is 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 to be 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.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits with a maturity at acquisition of less than 90 days.

Inventories

Raw materials and finished goods inventories are recorded at the lower of cost and estimated net realizable value. Cost is determined on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated amortization.

Amortization is provided on property, plant and equipment on the declining balance basis as follows: 10% to 33% for office furniture and equipment, 20% for machinery and equipment and 4% to 8% for buildings. Amortization is calculated from the time the asset is put into use.

Goodwill and intangible assets

The Company adopted The Canadian Institute of Chartered Accountants' handbook Section 3062, "Goodwill and Intangible Assets", on January 1, 2002. This standard eliminated the need for amortization of goodwill and indefinite life intangible assets. Goodwill represents the excess of the purchase price over the assigned value of net assets acquired.

In accordance with the standard, the Company has assessed the carrying value of goodwill for possible impairment and has determined that no such impairment exists as at December 31, 2004.

The Company's finite life intangible assets are amortized on a straight-line basis over eight years.

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

Foreign currency translation

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 sheets dates. Revenue and expenses are translated at average exchange rates prevailing during the year. Unrealized gains or losses resulting from translating self-sustaining operations are accumulated and reported as currency translation adjustment in divisional equity.

Revenues and expenses of the Company and its Canadian subsidiaries arising from foreign currency transactions are translated into Canadian dollars using the exchange rate in effect at the transaction dates. Monetary assets and liabilities are translated using the rate in effect at the combined balance sheets dates. Related exchange gains and losses are included in the determination of earnings.

Income taxes

The Company follows 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 that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment. The income tax expense or benefit is the income tax payable or refundable for the year plus or minus the change in future income tax assets and liabilities during the year.

Use of estimates

The preparation of these combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Financial instruments

The Company's financial instruments recognized in the combined balance sheets consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and long-term debt and amounts due to parent and affiliates. The fair values of these instruments approximate their carrying value due to their short-term maturities.

The Company's financial instruments that are exposed to credit risk include cash and cash equivalents and accounts receivable. The Company places its cash and cash equivalents with institutions of high creditworthiness. The Company's trade accounts receivable are not subject to a high concentration of credit risk. The Company routinely assesses the financial strength of its customers and, as a consequence, believes that its accounts receivable credit risk exposure is limited. The Company maintains an allowance for losses based on the expected collectibility of the accounts.

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

2 Business acquisitions

a) Distribution A&L

On April 1, 2004, the Company's subsidiary, Temisca, acquired the outstanding shares of Distribution A&L for \$500 including acquisition costs. An additional \$500 of contingent consideration may be payable if certain predetermined profit targets are achieved by the acquired business during the period April 1, 2004 to June 30, 2009 and will be recorded as additional goodwill when the amount and outcome of the consideration become determinable. No contingent consideration was payable as at December 31, 2004. Distribution A&L is included in the manufacturing and distribution operations segment.

The purchase price allocation is as follows:

	\$
Net assets acquired	
Non-cash working capital	296
Property, plant and equipment	165
Goodwill	89
Intangible assets - finite life	200
Future income tax liability	(72)
Debt and other liabilities	(178)
	<u>500</u>
Consideration given	
Cash paid on closing	<u>500</u>

Distribution A&L specializes in the distribution of specialty abrasive and related products. Distribution A&L focuses on smaller markets currently not serviced by the Company via its network of selling professionals specializing in the industrial, automotive and pool filtration industries.

b) Virginia Materials and International Materials

In 2001, the Company acquired Virginia Materials and 51% of International Materials for total consideration of \$5,544, including debt assumed and deferred purchase consideration. Under the terms of these acquisitions, the Company also agreed to pay the vendor contingent consideration equivalent to 50% of the pre-tax profit generated by these businesses for a two-year period from the date of acquisition. In December 2002, the Company reached an agreement with the vendor to fix this contingent consideration for the period from January 1, 2003 to October 31, 2003 at US\$500. Total contingent consideration paid on the acquisition was \$2,304, and an equal amount was added to goodwill.

Virginia Materials is a supplier of abrasives to the shipbuilding and bridge repair industry. International Materials produces industrial garnets as a by-product from a mining operation and processes these garnets for sale to the water filtration, water jet cutting and abrasives markets.

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

3 Inventories

	2004 \$	2003 \$
Raw materials	5,092	4,100
Finished goods	3,981	4,235
	<u>9,073</u>	<u>8,335</u>

4 Assets held for sale

Included in assets held for sale at December 31, 2003 are the land and building situated at the Company's former production facility in Hamilton, Ontario. This land and building were sold for proceeds of \$1,325 during 2004.

5 Property, plant and equipment

	<u>2004</u>		
	Cost \$	Accumulated amortization \$	Net \$
Land and buildings	6,906	793	6,113
Machinery and equipment	9,785	4,976	4,809
Office furniture and equipment	1,515	973	542
	<u>18,206</u>	<u>6,742</u>	<u>11,464</u>
	<u>2003</u>		
	Cost \$	Accumulated amortization \$	Net \$
Land and buildings	5,980	1,292	4,688
Machinery and equipment	8,489	3,533	4,956
Office furniture and equipment	1,456	793	663
	<u>15,925</u>	<u>5,618</u>	<u>10,307</u>

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

6 Goodwill and intangible assets

	2004 \$	2003 \$
Goodwill	7,634	7,963
Intangible assets, finite life - at cost, less accumulated amortization of \$106 (2003 - \$70)	207	34
	<u>7,841</u>	<u>7,997</u>

7 Transactions with related parties

	2004 \$	2003 \$
Accounting, management and administrative services provided by SunOpta	360	421
Interest expense owing to related parties	384	556

8 Due to parent and affiliates

	2004 \$	2003 \$
Demand promissory note payable (unsecured) to SunOpta, denominated in U.S. dollars (US\$1,950), with quarterly principal payments. Interest based on SunOpta's external term bank debt rate plus 0.50% (2004 - 4.20%; 2003 - 2.70%)	2,344	2,784
Term promissory note payable (unsecured), due on demand, denominated in U.S. dollars (US\$3,000), to SunOpta bearing interest at 8.75%, interest payable semi-annually, due 2010	3,606	3,890
Other amounts due to parent and affiliates (unsecured), due on demand, non-interest bearing	9,754	9,842
	<u>15,704</u>	<u>16,516</u>

The Company is currently economically dependent on its parent for financing. Following the completion of the offering described in note 14, the terms of the amounts due to parent and affiliates were restructured. The Company repaid \$5,000 on February 17, 2005 from the proceeds of the offering with the remainder due in four equal annual instalments. In addition, the Company will use 25% of any net proceeds raised upon the exercise of the warrants to further repay the amounts due to parent and affiliates. The amounts due to parent and affiliates remain due on demand, will bear interest at prime rate plus 1% (interest payable quarterly) and can be repaid at any time.

Opta Minerals Group
Notes to Combined Financial Statements
December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

9 Long-term debt

Long-term debt consists of the following:

	2004	2003
	\$	\$
Capital lease obligations due in monthly payments of \$2 through 2007 with a weighted average interest rate of 9%	38	9
Note payable with annual payments of \$150, interest at 5% payable annually, uncollateralized	150	300
	<hr/>	<hr/>
	188	309
Less: Current portion	173	159
	<hr/>	<hr/>
	15	150
	<hr/>	<hr/>

The long-term debt detailed above requires payments as follows:

	2004
	\$
2005	173
2006	15
	<hr/>
	188
	<hr/>

The fair value of the Company's long-term debt is not materially different from its carrying value.

10 Preference shares

	2004	2003
	\$	\$
105,834 (2003 - 175,834) second preference shares (a)	91	149
46,412 (2003 - 54,788) H preference shares (b)	46	57
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	137	206
Less: Current portion of preference shares	109	115
	<hr/>	<hr/>
	28	91
	<hr/>	<hr/>

a) First and second preference shares

In 1995, SunOpta issued first and second preference shares through a newly created subsidiary, 1108176, as part of a business acquisition. The first preference shares were fully redeemed in 2003 at \$1 per share. Dividends calculated at 5% per annum on the first preference shares were \$nil in 2004 (2003 - \$5).

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

The second preference shares of 1108176 with a stated value of \$1 per share are non-dividend bearing and are redeemable monthly at the rate of 5,833 shares (\$6) per month until fully redeemed. As a result of the fixed repayment requirements, the second preference shares have been discounted at an imputed rate of 8%. During the year, 70,000 (2003 - 70,000) second preference shares were redeemed. Imputed interest on the second preference shares during the year amounted to \$12 (2003 - \$15).

b) H preference shares

The Company is required to redeem the H preference shares issued by Temisca, its subsidiary, plus unpaid interest thereon calculated at 3% if certain financial ratios are achieved by Temisca. Upon acquisition of Temisca on October 31, 2000, the Company assigned a fair value of \$427 to all outstanding H preference shares based on the Company's anticipated date of redemption at a discount rate of 8%. Since the acquisition of Temisca, the Company has redeemed 380,260 H preference shares at prices ranging from \$0.33 to \$1.00 per share. During the year, 8,376 (2003 - nil) H preference shares were redeemed by the Company for a cost of \$11, and a loss of \$3 (2003 - \$nil) was recorded during the year.

- c) The fair values of the second preference shares and the H preference shares are not materially different from their carrying amounts.

11 Income taxes

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

	2004 %	2003 %
Canadian statutory income tax rates	36.1	34.3
Permanent differences	4.2	(1.8)
Statutory rate differences in other jurisdictions	-	1.7
Changes in substantively enacted rates	-	3.0
Other	2.4	-
	<hr/> 42.7	<hr/> 37.2

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

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

	2004	2003
	\$	\$
Differences in property, plant and equipment basis	(845)	(530)
Differences in goodwill and intangible assets basis	(390)	(230)
Other	67	130
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Valuation allowance	(1,168)	(630)
	(24)	(22)
	<hr/>	<hr/>
	(1,192)	(652)
	<hr/>	<hr/>
	2004	2003
	\$	\$
Future income tax assets - current	178	44
Future income tax liabilities - long-term	(1,370)	(696)
	<hr/>	<hr/>
	(1,192)	(652)
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A valuation allowance of \$24 (2003 - \$22) has been recorded to reduce the net benefit recorded in the financial statements related to capital loss carry-forwards. The valuation allowance is deemed necessary as a result of the uncertainty associated with the ultimate realization of these capital losses.

Opta Minerals Group

Notes to Combined Financial Statements December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

12 Segmented information

Industry segments

The Company operates two segments: manufacturing and distribution operations and St. Bruno de Guigues quarry operations. The manufacturing and distribution operations segment processes, distributes and recycles silica-free abrasives and other industrial minerals for the foundry, steel, marine/bridge cleaning and water filtration industries. This segment includes the Company's manufacturing operations in Ontario, Virginia, New York and Louisiana and distribution operations in Quebec. The St. Bruno de Guigues quarry operations segment extracts, processes and distributes high-quality sands used for golf bunkers, construction and water filtration.

	2004		
	Manufacturing and distribution operations \$	St. Bruno de Guigues quarry operations \$	Total \$
External revenue by market			
Canada	22,904	1,799	24,703
U.S.	16,501	304	16,805
Other	172	-	172
Total revenue from external customers	<u>39,577</u>	<u>2,103</u>	<u>41,680</u>
Segment net earnings before interest expense and income taxes	4,196	421	4,617
Interest expense			413
Provision for income taxes			<u>1,797</u>
Net earnings			<u>2,407</u>
Total assets as at December 31, 2004	<u>32,411</u>	<u>3,615</u>	<u>36,026</u>
Amortization	<u>1,175</u>	<u>238</u>	<u>1,413</u>
Goodwill and intangible assets as at December 31, 2004	<u>7,841</u>	<u>-</u>	<u>7,841</u>
Expenditures on property, plant and equipment	<u>2,655</u>	<u>74</u>	<u>2,729</u>

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

	2003		
	Manufacturing and distribution operations \$	St. Bruno de Guigues quarry operations \$	Total \$
External revenue by market			
Canada	19,702	1,574	21,276
U.S.	12,926	323	13,249
Other	256	-	256
Total revenue from external customers	<u>32,884</u>	<u>1,897</u>	<u>34,781</u>
Segment net earnings before interest expense and income taxes	3,009	423	3,432
Interest expense			591
Provision for income taxes			<u>1,058</u>
Net earnings			<u>1,783</u>
Total assets as at December 31, 2003	<u>31,233</u>	<u>3,112</u>	<u>34,345</u>
Amortization	<u>1,126</u>	<u>208</u>	<u>1,334</u>
Goodwill and intangible assets as at December 31, 2003	<u>7,997</u>	<u>-</u>	<u>7,997</u>
Expenditures on property, plant and equipment	<u>1,088</u>	<u>26</u>	<u>1,114</u>

Opta Minerals Group
Notes to Combined Financial Statements
December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

Geographic segments

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

	2004		
	Canada	U.S.	Total
	\$	\$	\$
Property, plant and equipment	7,744	3,720	11,464
Goodwill and intangible assets	2,860	4,981	7,841
Total assets	21,832	14,194	36,026
	2003		
	Canada	U.S.	Total
	\$	\$	\$
Property, plant and equipment	8,282	2,025	10,307
Goodwill and intangible assets	2,596	5,401	7,997
Total assets	21,342	13,003	34,345

13 Commitments and contingencies

a) California action

In June 2004, the Company and one of its subsidiaries were named as defendants in five substantially identical lawsuits in California initiated by, in aggregate, 82 individual plaintiffs against approximately 120 companies in the abrasives industry. The plaintiffs allege that they contracted silicosis as a result of exposure to silica-based products, or through the use of machinery used in connection with such products, distributed by the defendants. Acute silicosis lung inflammation is caused by intense short-term exposure to silica dusts, whereas chronic silicosis is slowly progressive lung scarring, nodules and inflammation resulting from long-term exposure. The disease occurs mainly in people who work in sandblasting, as well as mining, quarrying, grinding and those who work in foundries. The quantum of damages sought by the plaintiffs is not specified in the statement of claim. To the knowledge of the Company, neither the Company nor its named subsidiaries have ever distributed silica-based materials or other products used in connection therewith in the State of California. As such, management of the Company believes the claim against the Company and its named subsidiaries is without merit.

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

New Jersey action

In June 2004, Virginia Materials, a U.S. subsidiary of the Company, and six other companies were named as defendants in a lawsuit in New Jersey initiated by a single plaintiff. The plaintiff claims that he contracted silicosis as a result of the use of silica-based materials sold by the defendants to the plaintiff's employer. The quantum of damages sought by the plaintiff is not specified in the statement of claim. At the time of the alleged incidents giving rise to the claim, Virginia Materials did not exist. Virginia Materials was incorporated in September 2001 for the purpose of acquiring certain assets of an unrelated third party. To the knowledge of the Company, Virginia Materials has never distributed silica-based materials to the plaintiff's employer. As such, management of the Company believes the claim against Virginia Materials is without merit.

Olivine contamination

In February 2004, the Company's olivine supply was accidentally contaminated with vermiculite while being stored at a storage facility rented by the Company from a non-related party that also stores other products on its site for other customers. Upon receipt of a complaint from a customer in respect of the olivine supplied to it, Company representatives attended at the warehouse facility and observed vermiculite surrounding and on top of the Company's olivine pile. Upon further testing of the pile, the Company determined that pieces of vermiculite were located throughout the pile.

Upon learning of the contamination, the Company immediately quarantined all olivine at its warehouse locations. The Company then informed all of its customers who had potentially purchased the contaminated olivine and had them return all unused olivine for quarantine. To the knowledge of the Company, only four of the Company's customers used the contaminated olivine in their systems and experienced casting defects as a result thereof.

To date, litigation proceedings have not been commenced against the Company in respect of the sale of contaminated olivine. The four customers that used the contaminated olivine have requested reimbursement from the Company for damages arising from its use, which, in the aggregate, total approximately \$480. There may be future claims for reimbursement arising from the contaminated olivine that are not known to the Company at this time. The Company has notified its insurance carrier who is pursuing the matter with representatives of the instigating party and the claimants identified above. The Company does not believe it will be liable beyond payment of its deductible, which has been fully accrued in the combined financial statements as at December 31, 2004.

Various other claims or potential claims arising in the normal course of business are pending against the Company. It is the opinion of management that these claims or potential claims are without merit and the amount of potential liability, if any, to the Company is not determinable. Management believes the final determination of these claims or potential claims will not materially affect the financial position or results of the Company.

- b) The Company believes, with respect to both its operations and real property, that it is in material compliance with current environmental laws. Based on known existing conditions and the Company's experience in complying with emerging environmental issues, the Company is of the view that future costs relating to environmental compliance will not have a material adverse effect on its financial position, but

Opta Minerals Group
Notes to Combined Financial Statements
December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

there can be no assurance that unforeseen changes in the laws or enforcement policies of relevant governmental bodies, the discovery of changed conditions on the Company's real property or in its operations, or changes in use of such properties and any related site restoration requirements, will not result in the incurrence of significant costs. No provision has been made in these combined financial statements for these future costs since such costs, if any, are not determinable at this time.

c) Letters of credit

- i) An irrevocable letter of credit for \$750 has been placed with the Ontario Ministry of Environment as a security deposit for the Certificate of Approval granted to the Company for certain recycling activities. This letter of credit must remain in place indefinitely as a condition of the Certificate of Approval.
 - ii) An irrevocable letter of credit for \$242 has been placed with the Commonwealth of Virginia Department of Environmental Qualities as a security deposit for the Certificate of Approval granted to the Company for certain recycling activities. This letter of credit must remain in place indefinitely as a condition of the Certificate of Approval.
 - iii) Additional letters of credit totalling \$90 have been placed with third parties as security on transactions occurring in the ordinary course of operations.
- d)** A first priority charge against substantially all of the assets of the Company has been provided to certain creditors of SunOpta. Upon completion of the offering described in note 14, this security will be released.
- e)** Future commitments under operating leases, principally for distribution centres, warehouse and equipment, are as follows:

	\$
2005	719
2006	619
2007	591
2008	556
2009	521
Thereafter	704
	3,710

14 Subsequent events

a) Initial public offering

On February 7, 2005, Opta Minerals Inc. filed a prospectus to issue 4,500,000 units, each consisting of one common share and one-half of a common share purchase warrant, as part of an initial public offering. Immediately prior to the completion of the offering, the net assets and businesses constituting the Company were transferred to Opta Minerals Inc. (a wholly owned subsidiary of SunOpta). Net proceeds

Opta Minerals Group

Notes to Combined Financial Statements

December 31, 2004 and 2003

(expressed in thousands of Canadian dollars)

after deducting underwriters' commissions were \$15,320. SunOpta will continue to be the parent of Opta Minerals Inc.; however, its ownership, as a result of the offering, will be 72.7%. Should an over-allotment option granted to the underwriters be exercised, SunOpta's ownership will be decreased to 70.8%.

Included in prepaid expenses and other current assets is \$852 relating to share issuance costs, which have been deferred. These costs will be netted against proceeds on the offering and will be included in divisional equity upon completion of the transaction.

Included in other expense (income) for the year ended December 31, 2004 are costs related to the initial public offering amounting to \$334.

As part of the initial public offering, Opta Minerals has also received a term sheet with a Canadian chartered bank that has committed to provide them with an operating facility of up to CAN\$5,000 and a term facility of up to CAN\$7,000. These facilities will be collateralized by a first priority security interest against substantially all of Opta Minerals' assets.

b) Stock option and Employee Stock Purchase plans

As part of the initial public offering described above, the Company has reserved 750,000 common shares for issuance under the Company's stock option plan to officers, directors, employees and consultants of the Company, subject to approval by its Board of Directors. The options will be granted at the discretion of the Board of Directors and vest 20% immediately and 20% per annum over a four-year period. The options will expire ten years following the date of grant.

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

Opta Minerals Inc.

Consolidated Financial Statements

March 31, 2005 and December 31, 2004

(Unaudited)

(expressed in thousands of Canadian dollars)

April 27, 2005

Review Engagement Report

To the Shareholders of Opta Minerals Inc.

We have reviewed the consolidated balance sheet of **Opta Minerals Inc.** as at March 31, 2005 and the consolidated statements of earnings, retained earnings and cash flows for the three-month period then ended. These financial statements are the responsibility of the Company's management.

We performed our review in accordance with generally accepted standards for a review of interim financial statements by an entity's auditor in Canada. Such an interim review consists principally of applying analytical procedures to financial data, and making enquiries of, and having discussions with, persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit, whose objective is the expression of an opinion regarding the financial statements; accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our review, we are not aware of any material modification that needs to be made for these interim consolidated financial statements to be in accordance with generally accepted accounting principles in Canada.

This report is solely for the use of the Audit Committee of **Opta Minerals Inc.** to assist it in discharging its regulatory obligation to review these financial statements, and should not be used for any other purpose. Any use that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants

Opta Minerals Inc.
Consolidated Balance Sheets
(Unaudited)

(expressed in thousands of Canadian dollars)

	March 31, 2005	December 31, 2004
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	12,624	448
Accounts receivable	6,183	5,845
Inventories	9,495	9,073
Prepaid expenses and other current assets	453	1,177
	<hr/>	<hr/>
	28,755	16,543
Property, plant and equipment - net	11,402	11,464
Goodwill and intangible assets - net	7,904	7,841
	<hr/>	<hr/>
	48,061	35,848
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,144	3,850
Due to affiliates (note 4)	3,162	15,704
Current portion of long-term debt	169	173
Current portion of preference shares	104	109
Income taxes payable	299	-
	<hr/>	<hr/>
	6,878	19,836
Long-term portion of due to affiliates (note 4)	7,307	-
Long-term debt	13	15
Long-term portion of preference shares	19	28
Future income taxes (note 5)	44	1,192
	<hr/>	<hr/>
	14,261	21,071
Shareholders' Equity		
Capital stock (notes 2 and 8)		
Authorized		
Unlimited number of common shares and preference shares without par value		
Issued		
16,950,000 (December 31, 2004 - 100) common shares	18,248	-
Contributed surplus (notes 5 and 7)	786	-
Retained earnings	15,914	15,806
Currency translation adjustment	(1,148)	(1,029)
	<hr/>	<hr/>
	33,800	14,777
	<hr/>	<hr/>
	48,061	35,848
Commitments and contingencies (note 11)		
Approved by the Board of Directors		

(Signed) Jeremy Kendall Director

(Signed) Joseph Riz Director

See accompanying notes to consolidated financial statements.

Opta Minerals Inc.

Consolidated Statements of Earnings

(Unaudited)

For the three-month periods ended March 31, 2005 and 2004

(expressed in thousands of Canadian dollars, except per share amounts)

	2005	2004
	\$	\$
Revenue	9,494	8,728
Cost of goods sold	7,402	7,248
Gross profit	2,092	1,480
Selling, general and administrative expenses	1,246	886
Earnings before the following	846	594
Interest expense - net	93	93
Stock compensation expense (note 7)	406	-
Other income	(6)	(6)
Foreign exchange gain	(69)	-
Earnings before income taxes	422	507
Provision for income taxes (note 5)	314	192
Net earnings for the period	108	315
Earnings per share for the period (note 9)		
Basic and diluted	0.01	0.03

See accompanying notes to consolidated financial statements.

Opta Minerals Inc.

Consolidated Statements of Retained Earnings
(Unaudited)

For the three-month periods ended March 31, 2005 and 2004

(expressed in thousands of Canadian dollars)

	2005	2004
	\$	\$
Retained earnings - Beginning of period	15,806	13,399
Net earnings for the period	108	315
Retained earnings - End of period	<u>15,914</u>	<u>13,714</u>

See accompanying notes to consolidated financial statements.

Opta Minerals Inc.

Consolidated Statements of Cash Flows

(Unaudited)

For the three-month periods ended March 31, 2005 and 2004

(expressed in thousands of Canadian dollars)

	2005 \$	2004 \$
Cash provided by (used in)		
Operating activities		
Net earnings for the period	108	315
Items not affecting cash		
Amortization	352	343
Stock-based compensation expense	406	-
Imputed interest on preference shares	3	3
Future income taxes	(12)	-
Gain on disposals of property, plant and equipment and assets held for sale - net	-	(9)
	857	652
Changes in non-cash working capital		
Accounts receivable	(333)	(543)
Inventories	(395)	975
Prepaid expenses and other current assets	724	(102)
Accounts payable and accrued liabilities	(730)	(50)
Income taxes payable	299	-
	422	932
Investing activities		
Acquisition of property, plant and equipment	(233)	(288)
Proceeds from sale of property, plant and equipment and assets held for sale	-	1,337
Repayment of deferred purchase consideration	-	(130)
	(233)	919
Financing activities		
Issuance of common shares - net of issuance costs	17,496	-
Repayment of long-term debt	(6)	(4)
Change in due from affiliates	(5,482)	(1,997)
Purchase and redemption of preference shares of subsidiary companies	(17)	(18)
	11,991	(2,019)
Foreign exchange loss on cash held in foreign currency	(4)	(3)
Increase (decrease) in cash and cash equivalents during the period	12,176	(171)
Cash and cash equivalents - Beginning of period	448	536
Cash and cash equivalents - End of period	12,624	365
Supplemental cash flow information		
Interest paid	32	92
Income taxes paid	4	-

See accompanying notes to consolidated financial statements.

Opta Minerals Inc.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2005 and December 31, 2004

(expressed in thousands of Canadian 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. 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, 2005 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2005. Except as follows, the accounting policies followed by the Company are the same as those disclosed in the Company's combined financial statements, and notes thereto, for the year ended December 31, 2004.

Earnings per share

Basic earnings per share are computed by dividing the earnings available for common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed using the treasury stock method whereby the weighted average number of common shares used in the basic earnings per share calculation is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued at the beginning of the period.

2 Basis of presentation

The consolidated financial statements include the accounts of the Company and its subsidiaries, Opta Minerals (USA) Inc., Virginia Materials Inc. (Virginia Materials), International Materials & Supplies Inc. (International Materials), Temisca Inc. (Temisca), Distribution A&L, 9017-0382 Québec Inc. (Distribution A&L) and 1108176 Ontario Limited (1108176). All significant intercompany accounts and transactions have been eliminated on consolidation.

On July 8, 2004, SunOpta Inc. (SunOpta) incorporated Opta Minerals Inc. under the laws of Canada and on November 19, 2004 incorporated Opta Minerals (USA) Inc. under the laws of the State of Delaware. On February 7, 2005, Opta Minerals Inc. filed a prospectus to issue 4,500,000 units, each consisting of one common share and one-half of a common share purchase warrant, as part of an initial public offering. Gross proceeds were \$18,000. Immediately prior to the completion of the offering on February 17, 2005, the net assets and businesses constituting the Company (along with certain additional tax assets) were transferred to Opta Minerals Inc. (a wholly owned subsidiary of SunOpta) in exchange for 11,999,900 common shares of the Company with a nominal value for accounting purposes. On March 16, 2005, an over-allotment option granted to the underwriter was exercised. Gross proceeds from the over-allotment exercised were \$1,800. Total share issuance costs of \$2,387 (\$1,635 after tax) have been netted against proceeds on the offering and included in capital stock. SunOpta will continue to be the parent of Opta Minerals Inc.; however, its ownership, as a result of the offering, the over-allotment option exercised and the gifting of certain common shares of the Company (note 7), has been decreased to 70.4%.

Opta Minerals Inc.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2005 and December 31, 2004

(expressed in thousands of Canadian dollars, except per share amounts)

The historic combined financial position, results of operations and cash flows present the Company as if it had operated as a stand-alone entity subject to SunOpta's control. As a result, the combined statement of earnings for the three-month period ended March 31, 2004 may not be necessarily indicative of the operating results that would have been generated had the Company operated as a stand-alone entity during the period presented.

3 Transactions with related parties

	Three-month period ended March 31, 2005 \$	Three-month period ended March 31, 2004 \$
Accounting, management and administrative services provided by SunOpta	12	100
Interest expense related parties	91	92

4 Due to affiliates

	March 31, 2005 \$	December 31, 2004 \$
Demand promissory note payable (unsecured), denominated in Canadian dollars, to SunOpta bearing interest at prime rate plus 1%, interest payable quarterly. Balance repayable in four equal instalments on February 28, 2006, 2007, 2008 and 2009	10,469	-
Demand promissory note payable (unsecured) to SunOpta, denominated in U.S. dollars (US\$1,950). Interest based on SunOpta's external term bank debt rate plus 0.50% (2004 - 4.20%)	-	2,344
Term promissory note payable (unsecured), denominated in U.S. dollars (US\$3,000), to SunOpta bearing interest at 8.75%	-	3,606
Other amounts due to parent and affiliates (unsecured), non-interest bearing	-	9,754
	<hr/>	<hr/>
	10,469	15,704
Less: Current portion	3,162	15,704
	<hr/>	<hr/>
	7,307	-

Following the completion of the Company's initial public offering, the terms of the amounts due to affiliates were restructured. The Company repaid \$5,000 on February 17, 2005 from the proceeds of the offering and will repay an additional \$500 from the proceeds of the over-allotment. The remainder is due in four equal annual instalments. In addition, the Company will use 25% of any net proceeds raised on the exercise of the outstanding warrants to further repay the amounts due to affiliates.

Opta Minerals Inc.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2005 and December 31, 2004

(expressed in thousands of Canadian dollars, except per share amounts)

5 Income taxes

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

	Three-month period ended March 31, 2005 %	Three-month period ended March 31, 2004 %
Canadian statutory income tax rates	36.1	35.0
Non-deductible stock compensation expense	36.5	-
Statutory rate differences in other jurisdictions	1.8	1.2
Changes in substantively enacted rates	-	1.7
	<hr/>	<hr/>
	74.4	37.9
	<hr/>	<hr/>

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

	March 31, 2005 \$	December 31, 2004 \$
Differences in property, plant and equipment basis	(364)	(845)
Differences in goodwill and intangible assets basis	(420)	(390)
Share issuance costs	752	-
Other	12	67
	<hr/>	<hr/>
	(20)	(1,168)
Less: Valuation allowance	(24)	(24)
	<hr/>	<hr/>
	(44)	(1,192)
	<hr/>	<hr/>

A valuation allowance of \$24 (December 31, 2004 - \$24) has been recorded to reduce the net benefit recorded in the consolidated financial statements related to capital loss carry-forwards. The valuation allowance is deemed necessary as a result of the uncertainty associated with the ultimate realization of these capital losses.

The historical combined financial statements included future tax assets and liabilities recorded as though the Company was a separate tax paying entity. Upon transfer of the net assets of the Company to Opta Minerals Inc. on February 17, 2005 (as described in note 2), SunOpta also contributed additional tax assets of \$380. The contribution of these additional tax assets has been accounted for as an increase in contributed surplus in the consolidated financial statements.

Opta Minerals Inc.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2005 and December 31, 2004

(expressed in thousands of Canadian dollars, except per share amounts)

6 Segmented information

Industry segments

The Company operates two segments: manufacturing and distribution operations and St. Bruno de Guigues quarry operations. The manufacturing and distribution operations segment processes, distributes and recycles silica-free abrasives and other industrial minerals for the foundry, steel, marine/bridge cleaning and water filtration industries. This segment includes the Company's manufacturing operations in Ontario, Virginia, New York, South Carolina and Louisiana and distribution operations in Québec. The St. Bruno de Guigues quarry operations segment extracts, processes and distributes high-quality sands used for golf bunkers, construction and water filtration.

	March 31, 2005		
	Manufacturing and distribution operations \$	St. Bruno de Guigues quarry operations \$	Total \$
External revenue by market			
Canada	5,312	293	5,605
U.S.	3,820	56	3,876
Other	13	-	13
Total revenue from external customers	<u>9,145</u>	<u>349</u>	<u>9,494</u>
Segment net earnings (loss) before interest expense and income taxes	553	(38)	515
Interest expense			93
Provision for income taxes			314
Net earnings			<u>108</u>
Total assets as at March 31, 2005	<u>44,550</u>	<u>3,511</u>	<u>48,061</u>
Amortization	<u>312</u>	<u>40</u>	<u>352</u>
Goodwill and intangible assets as at March 31, 2005	<u>7,904</u>	<u>-</u>	<u>7,904</u>
Expenditures on property, plant and equipment	<u>230</u>	<u>3</u>	<u>233</u>

Opta Minerals Inc.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2005 and December 31, 2004

(expressed in thousands of Canadian dollars, except per share amounts)

	March 31, 2004		
	Manufacturing and distribution operations \$	St. Bruno de Guigues quarry operations \$	Total \$
External revenue by market			
Canada	2,865	404	3,269
U.S.	5,290	40	5,330
Other	129	-	129
Total revenue from external customers	<u>8,284</u>	<u>444</u>	<u>8,728</u>
Segment net earnings before interest expense and income taxes	563	37	600
Interest expense	-	-	93
Provision for income taxes	-	-	192
Net earnings	<u>-</u>	<u>-</u>	<u>315</u>
Total assets as at December 31, 2004	<u>32,233</u>	<u>3,615</u>	<u>35,848</u>
Amortization	<u>298</u>	<u>45</u>	<u>343</u>
Goodwill and intangible assets as at December 31, 2004	<u>7,841</u>	<u>-</u>	<u>7,841</u>
Expenditures on property, plant and equipment	<u>270</u>	<u>18</u>	<u>288</u>

Opta Minerals Inc.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2005 and December 31, 2004

(expressed in thousands of Canadian dollars, except per share amounts)

Geographic segments

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

	March 31, 2005		
	Canada \$	U.S. \$	Total \$
Property, plant and equipment	7,614	3,788	11,402
Goodwill and intangible assets	2,892	5,012	7,904
Total assets	31,875	16,186	48,061

	December 31, 2004		
	Canada \$	U.S. \$	Total \$
Property, plant and equipment	7,744	3,720	11,464
Goodwill and intangible assets	2,860	4,981	7,841
Total assets	21,654	14,194	35,848

7 Stock-based compensation expense

- a) Concurrent with the Company's initial public offering, the Company's parent, SunOpta, gifted 75,000 common shares of the Company to officers, directors and employees of the Company in recognition of their service and dedication to the organization. While the costs of the gifted shares were borne entirely by SunOpta, given that a benefit was realized by the employees of Opta Minerals Inc., a company under SunOpta's control, shareholder compensation expense has been recorded in the Company's financial statements. Compensation costs related to the gifted shares were determined using the fair value method and \$288 was recognized as stock-based compensation expense during the period ended March 31, 2005 and an equivalent amount was applied to contributed surplus.
- b) As part of the initial public offering, the Company reserved 750,000 common shares for issuance under the Company's stock option plan to officers, directors, employees and consultants of the Company. 340,000 options were granted at the discretion of the Board of Directors on February 3, 2005 and vest 20% immediately and 20% per annum over a four-year period. The options expire ten years following the date of grant.

Opta Minerals Inc.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2005 and December 31, 2004

(expressed in thousands of Canadian dollars, except per share amounts)

The Company recorded compensation expense using the fair value method. Fair value is determined using the Black-Scholes option pricing model. Compensation costs are recognized over the vesting period as an increase to stock-based compensation expense and contributed surplus. For the three-month period ended March 31, 2005, \$118 was recognized in stock-based compensation expense relating to vested options. When options are exercised, the proceeds received by the Company together with the fair value amount in contributed surplus are credited to capital stock. As at March 31, 2005, no options have been exercised.

Details of changes in employee/director stock options are as follows:

	Number
Outstanding - December 31, 2004	-
Granted	340,000
Exercised	-
Retracted	-
	<hr/>
Outstanding options - March 31, 2005	<u>340,000</u>
Exercisable options as at March 31, 2005	<u>68,000</u>
Weighted average fair value of options granted during the period	<u>1.55</u>

Opta Minerals Inc.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2005 and December 31, 2004

(expressed in thousands of Canadian dollars, except per share amounts)

8 Capital stock

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

	Warrants and rights		Common shares		Total
	Number	\$	Number	\$	\$
December 31, 2004	-	-	100	-	-
Issued to SunOpta (note 2)	-	-	11,999,900	-	-
February 17, 2005 public offering (a)	2,250,000	720	4,500,000	17,280	18,000
Over-allotment option exercised (b)	225,000	4	450,000	1,796	1,800
Compensation options (c)	148,500	83	-	-	83
	<u>2,623,500</u>	<u>807</u>	<u>16,950,000</u>	<u>19,076</u>	<u>19,883</u>
Share issuance costs - net of tax (note 2)					<u>(1,635)</u>
March 31, 2005					<u>18,248</u>

- On February 17, 2005, the Company issued 4,500,000 units, each consisting of one common share and one-half of a common share purchase warrant, as part of the initial public offering. Warrants are exercisable for the purchase of one common share at a price of \$5.00 and are exercisable until February 17, 2007.
- On March 16, 2005, an over-allotment option granted to the underwriter was exercised. Accordingly, 450,000 additional common shares at a market price of \$3.99 per share and 225,000 additional warrants at a price of \$0.01 per each half warrant were issued on that date. These warrants are exercisable for the purchase of one common share at a price of \$5.00 and are exercisable until February 17, 2007.
- As part of the initial public offering, the underwriters received compensation options to purchase common shares of the Company equal to 3% of the total number of common shares issued as part of the initial offering and over-allotment. These compensation options are exercisable until February 17, 2007 at an exercise price of \$4.00.

9 Earnings per share

Earnings per share are calculated using the weighted average number of shares outstanding. For purposes of computing the weighted average number of common shares outstanding, the 12,000,000 common shares of the Company held by SunOpta (all of which were issued in connection with the reorganization of the Company (see note 2)) were assumed to have been outstanding since January 1, 2004. The weighted average number of shares used in the basic earnings per share calculation was 14,230,000 (2004 - 12,000,000).

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Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2005 and December 31, 2004

(expressed in thousands of Canadian dollars, except per share amounts)

Diluted earnings per share reflect the dilutive effect on the exercise of options as disclosed in note 7. The weighted average number of shares used in the diluted earnings per share calculation was 14,570,000 (2004 - 12,000,000).

Warrants, as disclosed in note 8, have been excluded from the calculation of diluted earnings per share due to their anti-dilutive effect.

10 Results of operations

The following is a summary of results of operations for the period from February 17, 2005 to March 31, 2005 (subsequent to the completion of the initial public offering), for the period from January 1, 2005 to February 16, 2005 (prior to the completion of the public offering) and for the period from January 1, 2004 to March 31, 2004:

			2005	2004
	Period from February 17, 2005 to March 31, 2005 \$	Period from January 1, 2005 to February 16, 2005 \$	Total \$	Total \$
Revenue	4,536	4,958	9,494	8,728
Cost of goods sold	3,537	3,865	7,402	7,248
Gross profit	999	1,093	2,092	1,480
Selling, general and administrative expenses	595	651	1,246	886
Earnings before the following	404	442	846	594
Interest expense - net	59	34	93	93
Stock compensation expense (note 7)	13	393	406	-
Other income	(3)	(3)	(6)	(6)
Foreign exchange gain	(33)	(36)	(69)	-
Earnings before income taxes	368	54	422	507
Provision for income taxes (note 5)	86	228	314	192
Net earnings (loss) for the period	282	(174)	108	315
Basic and diluted earnings per share (note 9)	0.02	(0.01)	0.01	0.03

Opta Minerals Inc.

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(Unaudited)

March 31, 2005 and December 31, 2004

(expressed in thousands of Canadian dollars, except per share amounts)

11 Commitments and contingencies

Significant changes in commitments and contingencies since December 31, 2004 are as follows:

- a) Additional letters of credit totalling \$31 have been placed with third parties as security on transactions occurring in the ordinary course of operations. Total letters of credit outstanding at December 31, 2004 amounted to \$1,082.
- b) A first priority charge against substantially all of the assets of the Company provided to certain creditors of SunOpta was released upon completion of the initial public offering.
- c) Future commitments under operating leases, principally for distribution centres, warehouse and equipment, are as follows:

	\$
2005	784
2006	772
2007	743
2008	683
2009	605
Thereafter	<u>428</u>
	<u>4,015</u>