MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and six months ended June 30, 2005

President's Message

Driving Growth

Year to date revenues and gross profits are 2% ahead of the first half of 2004 and we continue to show great momentum with a revenue increase of 9.5% over the twelve months ended June 30, 2005. Revenues for the three months ended June 30, 2005 were only 2% less than the record results recorded by the Company in the second quarter of 2004 despite an approximate decline in the average foreign exchange rate of $0.11. Excluding the results of the Hardeeville and Baltimore operations that were started up in 2005, the impact of this foreign exchange fluctuation impacted revenue by approximately $387,000.

The Company is continuing its active program of developing and acquiring new products and services that expand target markets, while leveraging its existing infra-structure and expertise. We continue to offer one of the broadest ranges of abrasives in the industry and can provide custom configurations to customers that provide solutions for every type of application. Through cost saving initiatives and new investments in equipment, we are able to largely offset margin pressures from external competition.

We saw a significant increase in sales to the roof shingle market as compared to last year. Much of this growth was attributable to the successful start up of our Baltimore facility and the flexibility of our Waterdown facility which was able to increase output with little cost of capital.

In May of this quarter, we acquired certain assets of the abrasive production division of Hillcrest Industries Inc. The acquisition provides the Company with two important features. First, the agreement includes a long term supply contract of high quality coal slag from a nearby coal fired generating station. The supply potential from this agreement is estimated to be 30,000 to 40,000 tons annually. Plans to upgrade the facility to produce 25,000 to 30,000 net tons per year of coal based abrasives for use in blasting and roof shingle applications are expected to be completed in the third quarter of 2005. Second, the location of the plant will allow the Company to expand its geographic coverage into Pennsylvania and Ohio. This will allow us to tap into new customers and new geographic markets. Along with the production of coal based abrasives, the facility, located in Attica, New York will initially store and distribute approximately 100 product SKUs, and is expected to expand significantly over the next two years.

In June of this year, Opta Minerals acquired a small manufacturing centre in Dannemora, New York. This facility will be dedicated to the manufacturing of Garnet and other local industrial minerals for the Water Jet cutting and the Water Filtration industry. We expect this plant to begin trial production of material in the third quarter of this year.

Profitability and the broadening of our geographic coverage continue to be top priorities. We intend to achieve this over the next several years by making a number of strategic acquisitions, continuing aggressive sales and product development, and through cost reduction programs to improve product margins, and to mitigate currency and raw material price fluctuations.

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

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

Sincerely,

(Signed) DAVID KRUSE

David Kruse
President and Chief Executive Officer.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

The following is a discussion of the consolidated financial position, results of operations and cash flows of Opta Minerals Inc. for the three months and six months ended June 30, 2005 and 2004 and should be read in conjunction with the unaudited consolidated financial statements and the accompanying notes appearing elsewhere in this report and our consolidated audited financial statements as at and for the year ended December 31, 2004. We also encourage you to read our management's discussion and analysis of the financial condition and results of operations as at and for the year ended December 31, 2004. The effective date of management's discussion and analysis is August 5, 2005.

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

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

About Opta Minerals

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

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

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

Performance Highlights

During the six months ended June 30, 2005, the Company had the following performance highlights:

- **Year to Date earnings before income taxes, interest and stock compensation expense of $2,927,000 or 13.5% of revenue.**

- **Successful completion of the Company's initial public offering.**

  Proceeds of the IPO and exercise of the underwriters over allotment option generated proceeds of $19,800,000. After underwriter's fees, and other costs of the issue, net cash of $17,496,000 was received by the Company to assist management in executing its growth strategy and for partial repayment of amounts due to SunOpta.

- **Closing the acquisition of the abrasive production division of Hillcrest Industries Inc.**

  Hillcrest manufactures coal based abrasives in Attica New York. The acquisition of certain assets relating to Hillcrest's abrasive operations provides the Company with two important features. First, the agreement includes a long term supply contract of high quality coal slag from a nearby coal fired generating station. The supply potential from this agreement is estimated to be 30,000 to 40,000 tons annually. The existing facility acquired will be upgraded to produce higher volumes, in the range of 25,000 to 30,000 net tons per year, of coal based abrasives for use in blasting and roof shingle applications. Second, the location of the plant will allow the Company to expand its geographic coverage into Pennsylvania and Ohio. This will allow us to tap into new customers and new geographic markets.

- **Opening of a new distribution facility in Brantford Ontario.**

  This 47,000 square foot facility is well positioned to better service new and existing customers while reducing overall distribution costs.

- **Purchase of a production facility in Dannemora, New York.**

  The plant, acquired late in the second quarter at auction for approximately $35,000 will expand production capacity and product offerings of garnet and other local minerals currently produced at the Keesville facility.

- **Baltimore and Hardeeville plants are operating at commercial production requirements**

  Both these plants achieved targeted production volumes for the quarter. On a combined basis they contributed $1,121,000 in sales and $474,000 in margin for the three months ended June 30, 2005.

- **Continued focus on management of expenditures, in a manner corresponding to revenues, to ensure Opta Minerals has a disciplined cost structure that supports our goal of top and bottom line growth**

Results Analysis

Selected Quarterly Data

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

(expressed in thousands of Canadian dollars)	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2005	2004	2005	2004
Income Statement Data (unaudited)				
Revenue				
Manufacturing & Distribution Operations	11,626	11,868	20,771	20,152
Temisca Quarry Operations	616	681	965	1,125
Total revenue	12,242	12,549	21,736	21,277
Gross profit	3,238	3,525	5,348	5,005
Gross margin %	26.4	28.1	24.6	23.5
Selling, general and administrative expenses	1,221	1,237	2,479	2,117
Earnings before the following:	2,017	2,288	2,869	2,888
Interest expense	139	152	232	245
Stock Compensation expense	26	-	432	-
Foreign exchange loss (gain)	11	(12)	(58)	(12)
Earnings before income taxes	1,841	2,148	2,263	2,655
Provision for income taxes	733	816	1,047	1,008
Net earnings for the period	1,108	1,332	1,216	1,647

Selected Quarterly Data – *Continued*	**For the Three Months Ended June 30**		**For the Six Months Ended June 30**	
	2005	**2004**	**2005**	**2004**
Basic Net Income per Share	0.07	0.11	0.08	0.14
Diluted Net Income per Share	0.07	0.11	0.08	0.14
Weighted average shares used in computing basic net income per share calculation	16,950,000	12,000,000	15,598,000	12,000,000
Weighted average shares used in computing diluted net income per share calculation	16,950,000	12,000,000	15,598,000	12,000,000

Balance Sheet Data (unaudited) **(expressed in thousands of Canadian dollars)**	**As at**	
	June 30, 2005	**December 31, 2004**
Cash and cash equivalents	9,434	448
Working capital (excluding current portion of amount due to parent & affiliates)	25,171	12,411
Total assets	50,576	35,848
Long-term debt & preference shares (including current portion)	277	325
Due to parent and affiliates	10,073	15,704
Equity	35,079	14,777

Three Months Ended June 30, 2005 compared to Three Months ended June 30, 2004

Revenues of $12,242,000 decreased $307,000 or 2.4% for the three month period ended June 30, 2005 compared to the same period in 2004. Revenues within the Manufacturing & Distribution Operations decreased by $242,000 or 2% to $11,626,000 compared to $11,868,000. This occurred despite a $379,000 decline in the segment's revenues as a result of unfavourable foreign exchange movement between U.S. and Canadian currency. Third party sales from our Waterdown, Lachine and Brantford locations were $1,004,000 lower this quarter than in the three months ended June 30, 2004. A substantial portion of this decline was due to lower sales volumes of Chromite than in 2004 and the impact of changes in the Foreign exchange rate on U.S. dollar sales. This decrease was offset by revenues from the new Baltimore and Hardeeville facilities for the period ended June 30, 2005 which accounted for approximately $1,121,000 of revenue during the quarter. Despite an increase in shipyard activity and sales of higher margin products in New Orleans, revenues at the Louisiana and Norfolk locations decreased by $247,000, due primarily to a $242,000 unfavourable foreign exchange movement between U.S. and Canadian currency. Revenues for all other locations remained relatively consistent to 2004. Revenues within the St. Bruno de Guigues Quarry Operations decreased by $65,000 to $616,000. The decrease in sales was due primarily to lower sales volumes of silica for the construction cement industry and approximately $10,000 related to foreign exchange movements.

Gross profit decreased by $287,000 to $3,238,000 or 26.4% of revenues for the three months ended June 30, 2005 compared to $3,525,000 or 28.1% of sales for the same period in 2004. Waterdown, Brantford, and Lachine's gross profits decreased by $904,000 principally due to lower sales volumes, and sales mix between high margin and low margin products. Our new facilities (Baltimore and Hardeeville) contributed $525,000 more to gross profits than in 2004, while gross profit at the Norfolk and Louisiana locations increased by $161,000 due to an increase in shipyard activity in the quarter and favourable changes in the mix of products sold in Louisiana. This occurred despite an unfavourable foreign exchange variance of $136,000 between the second quarter of 2005 versus the second quarter of 2004. Gross profits pertaining to the St. Bruno de Guigues Quarry Operations decreased by $68,000 mainly as a result of a decline in sales volume and product mix. Gross profit at all other locations remained relatively constant when compared to 2004.

Selling, general and administrative expenses decreased $16,000 or 1.3% compared to $1,237,000 for the three months ended June 30, 2004. Increases in the current year salary expense and public company reporting fees were substantially offset by reductions in management fees from SunOpta and consulting costs.

Earnings before interest, taxes and stock compensation expense for the three months ended June 30, 2005 was $2,006,000 compared to $2,300,000 for the quarter ended June 30, 2004. Approximately $226,000 of the difference relates to the gross margin and SG&A variances noted above. The remainder of the difference relates to foreign exchange movements and the timing of receipt of certain government grants relating to the sale of recycled materials.

The effective income tax rate for the three months ended June 30, 2005 increased 1.9% from 37.9% in 2004 to 39.8% for the comparable period in 2005. Approximately 0.53% of the increase is due to stock compensation expense recorded in the period that is not deductible for tax purposes. The remaining difference relates to an increased proportion of the Company's income being generated by U.S. operations which incur a higher statutory tax rate, and changes in the amount of other permanent differences.

Net earnings for the three months ended June 30, 2005 were $1,108,000, compared to $1,332,000 for the same period in 2004.

Earnings before interest, income taxes, depreciation and amortization ("EBITDA") [(1)] was $2,326,000 for the three months ended June 30, 2005 versus $2,581,000 for the same period ended 2004. Current period EBITDA includes $26,000 in stock compensation expense incurred as previously described. Excluding the effect of stock compensation expense, EBITDA decreased 8.9% or $229,000 as compared to the three months ended June 30, 2004.

Six Months Ended June 30, 2005 compared to Six Months ended June 30, 2004

Revenues of $21,736,000 increased $459,000 or 2.2% for the six month period ended June 30, 2005 compared to the same period in 2004. Revenues within the Manufacturing & Distribution Operations increased by $619,000 or 3.1% to $20,771,000 compared to $20,152,000. This occurred despite a $684,000 decline in the segment's revenues as a result of unfavourable foreign exchange movement between U.S. and Canadian currency. Revenues from the Company's Waterdown, Brantford and Lachine facilities declined $652,000. The decline is primarily due to lower sales volumes of Chromite and Carson premixes. Revenues from the new facilities in Baltimore and Hardeeville facilities contributed $1,499,000 for the period ended June 30, 2005. Construction at both these plants is now complete and the facilities began full operations during the quarter. Revenues at the Louisiana and Norfolk locations decreased by $694,000. Approximately $425,000 of the variance is due to a decline in the foreign exchange rate during the period. The remaining variance relates primarily to a decrease in shipyard activity during the period. Revenue at Distribution A&L increased by $514,000 primarily as a result of having a full six months in the current year period. Revenues for all other manufacturing and distribution locations remained relatively consistent to 2004. Revenues within the St. Bruno de Guigues Quarry Operations decreased by $160,000 to $965,000. The decrease in sales is due primarily to an unusually large order made in the corresponding period in 2004 and a decline in operating days as a result of severe weather at the facility in 2005.

Gross profit increased by $343,000 to $5,348,000 or 24.6% of revenues for the six months ended June 30, 2005 compared to $5,005,000 or 23.5% of sales for the same period in 2004. Waterdown, Brantford and Lachine's gross profits increased by $162,000. Gross profit in 2004 included approximately $147,000 in salaries related to personnel which were reclassified to SG&A in 2005. In the current year, purchasing functions and salary costs of executive personnel were reclassified due to the increasing requirement to service multiple locations. In addition, Waterdown's 2004 gross profit included approximately $141,000 in plant closure costs relating to the Hamilton Facility. The acquisition of Distribution A&L contributed $71,000 to gross profits, while gross profits at the Norfolk and Louisiana location decreased by $174,000 due principally to a decrease in the foreign exchange rate incurred during the comparative periods. Gross profit pertaining to the St. Bruno de Guigues Quarry Operations decreased by $166,000 mainly as a result of a decline in sales volume and a move to lower margin products. Gross profits were positively affected by the Baltimore and Hardeeville plants. For the six months ended June 30, 2005 the Baltimore and Hardeeville plants experienced a gross profit increase of $452,000 over the same period in 2004. We continue to expect these plants to achieve targeted production volumes for the remainder of 2005. Gross profits at all other locations remained relatively constant when compared to 2004.

Selling, general and administrative expenses increased $362,000 or 17.1% compared to $2,117,000 for the six months ended June 30, 2004. Approximately $147,000 in additional SG&A was incurred as a result of the acquisition of Distribution A&L. Incremental increases in audit, tax and consulting fees associated with public company reporting & communication were approximately $94,000. In preparation for the Company's initial public offering, Opta recruited several key employees late in 2004 to supplement the existing executive management team. All costs associated with executive salary and benefits were then classified to SG&A along with the staff costs of the Waterdown purchasing group. As a result of these changes, approximately $264,000 of the increase is due to salaries and benefits of members of the senior management and the purchasing group.

Earnings before interest, taxes and stock compensation expense for the six months ended June 30, 2005 was $2,927,000 compared to $2,900,000 for the six months ended June 30, 2004. Earnings before interest, taxes and stock compensation expense for the Manufacturing & Distribution Operations increased by $216,000 to $2,875,000 when compared to the same period in 2004. The St. Bruno De Guigues Quarry Operations had earnings before interest, taxes and stock compensation expense of $266,000 for the six months ended June 30, 2004 compared to $52,000 in 2005.

For the six months ended June 30, 2005 the Company recorded $432,000 in stock compensation expense. Immediately prior to the Company's initial public offering a total of 340,000 options were granted to employees, officers and directors of the Company. 20% of the grant vested immediately with the remaining portion vesting at a rate of 20% per annum over a four year period. In accordance with Canadian GAAP, the

Company has recorded compensation expense of $144,000 during the six months ended June 30, 2005 pertaining to the vested options granted. In addition, concurrent with the Company's initial public offering, the Company's parent SunOpta Inc. gifted 75,000 common shares of the Company to certain employees and officers of the Company in recognition of their service and dedication to the organization. The shares gifted to certain officers and employees were from SunOpta's holdings and while the cost of these shares were borne entirely by SunOpta, an expense equal to the fair value of those shares was recorded in Opta Minerals results. This was considered appropriate given that a benefit was realized by employees of Opta Minerals Inc., a Company under SunOpta's control. Total compensation expense related to the gifting was $288,000.

The effective income tax rate for the six months ended June 30, 2005 was 46.3% compared to 38.0% for the comparable period in 2004. Approximately 6.9% of the increase is due to stock compensation expense recorded in the period that is not deductible for tax purposes. The remaining difference relates to an increased proportion of the Company's income being generated by U.S. operations (3.2%) which incur a higher statutory tax rate, and changes in the amount of other permanent differences.

Net earnings for the six months ended June 30, 2005 were $1,216,000, compared to $1,647,000 for the same period in 2004. Current year earnings before stock compensation expense were $1,648,000 for the six months ended June 30, 2005.

Earnings before interest, income taxes, depreciation and amortization ("EBITDA") [1] was $3,193,000 for the six months ended June 30, 2005 versus $3,524,000 for the same period ended 2004. Current year EBITDA includes $432,000 in stock compensation expense incurred as previously described.

Quarterly Results of Operations

The following table sets out selected financial information for each of the eight most recent quarters ended June 30, 2005. In the opinion of management, this information has been prepared on the same basis as the audited combined financial statements for the years ended December 31, 2004 and 2003. Only normal recurring adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results.

	Quarters Ended (unaudited) (expressed in thousands of Canadian dollars)							
	June 30, 2005	**Mar 31, 2005**	**Dec 31, 2004**	**Sept 30, 2004**	**June 30, 2004**	**Mar 31, 2004**	**Dec 31, 2003**	**Sept 30, 2003**
Revenue	12,242	9,494	9,858	10,545	12,549	8,728	8,290	8,958
EBITDA(1)	2,326	867	843	1,608	2,636	943	543	1,525
Earnings before taxes and stock compensation expense	1,867	828	303	1,246	2,148	507	36	1,011
Net earnings (loss) for the period	1,108	108	(78)	838	1,332	315	21	635

The following table reconciles net earnings for the period to EBITDA (1).

	Quarters Ended							
	June 30, 2005	**Mar 31, 2005**	**Dec 31, 2004**	**Sept 30, 2004**	**June 30, 2004**	**Mar 31, 2004**	**Dec 31, 2003**	**Sept 30, 2003**
	(unaudited) (expressed in thousands of Canadian dollars)							
Net earnings (loss) for the period	**1,108**	**108**	**(78)**	**838**	**1,332**	**315**	**21**	**635**
Interest expense	139	93	103	65	152	93	196	132
Provision for income taxes	733	314	381	408	816	192	15	376
Depreciation and amortization	346	352	437	297	336	343	311	382
EBITDA(1)	**2,326**	**867**	**843**	**1,608**	**2,636**	**943**	**543**	**1,525**
Add (subtract)								
Interest expense	(139)	(93)	(103)	(65)	(152)	(93)	(196)	(132)
Depreciation and amortization	(346)	(352)	(437)	(297)	(336)	(343)	(311)	(382)
Stock Compensation Expense	26	406	-	-	-	-	-	-
Earnings before income taxes and stock compensation expense (2)	**1,867**	**828**	**303**	**1,246**	**2,148**	**507**	**36**	**1,011**

Notes:

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

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

Liquidity and Capital Resources

As at June 30, 2005 the Company had $277,000 in long-term debt and preferred shares owing to third parties. These liabilities are expected to be substantially paid off in the next two years and relate solely to debt assumed or incurred through acquisitions made by the Company. The Company historically has obtained its financing through cash from operations and advances from SunOpta and its affiliates. Prior to the Company's initial public offering, Opta participated in a consolidated treasury management system with SunOpta. Advances from affiliates and participation in SunOpta's treasury management system were terminated concurrent with the Company's IPO and replaced with a single promissory demand note to SunOpta. On May 3, 2005 the Company repaid $500,000 relating to this note. As at June 30, 2005 this note together with accrued interest totaled $10,073,000. Subsequent to June 30, 2005 the Company finalized a credit facility

agreement with the Bank of Montreal whereby a $5,000,000 revolving operating facility and a $7,000,000 revolving term facility will be available to the Company in the third quarter of 2005. Capital resources will be available from cash from the offering, cash available from the new credit facilities and cash from operations. These funds are expected to be sufficient to grow the Company internally, repay debt due to SunOpta and fund certain targeted acquisitions.

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

Working Capital

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

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

The Company has a working capital surplus of $22,553,000. A substantial portion of the cash and cash equivalents at June 30, 2005 relates to the net proceeds received on completion of the Company's IPO. The net cash proceeds received from the IPO and the exercise of the underwriters' over allotment options was $17,496,000. $5,000,000 of the proceeds were immediately paid to SunOpta to be applied against outstanding amounts due. An additional $500,000 was paid to SunOpta from the proceeds of the over allotment. Excluding the funds received from the IPO and over allotment and the repayments to SunOpta, the Company had positive working capital of $10,640,000 as at June 30, 2005.

Summary of Cash flows

(expressed in thousands of Canadian dollars)	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2005	2004	2005	2004
Net cash provided by (used in):				
Operating Activities	19	(12)	441	920
Investing Activities	(1,525)	(1,759)	(1,758)	(840)
Financing Activities	(1,690)	1,642	10,301	(377)
Foreign Exchange loss on cash held in foreign currency	6	77	2	74

Three months ended June 30, 2005 compared to Three Months Ended June 30, 2004

Cash flows from operating activities for the three months ended June 30, 2005 were $19,000 compared to a use of $12,000 in 2004. The increase was due to increased income from operations, a reduction in accounts payable and accrued liabilities, offset by investments in working capital, particularly in inventory, as compared to 2004. The Company generally invests in inventories in anticipation of its busy season in the second and third quarter of the year. In particular, the Company will import several materials in large quantities to gain savings on freight costs. A general increase in the commodity price of steel, along with supply constraints on several other specialty materials acquired in the first and second quarter in 2005 resulted in a higher landed cost of raw material inventory than incurred in 2004. All of these increases in raw material costs are factored into finished goods pricing to customers. In addition, the Company is increasing its offering of resale specialty abrasives and industrial minerals from foreign sources. The terms with these suppliers generally result in an increase in day's inventory on hand, as title to the material changes hands prior to ocean transport. For the three month period ended June 30, 2005, the investment in the Company's accounts receivable increased by $1,308,000 as compared to $1,663,000 for the same period ended 2004. The change in receivables is directly due to sales volumes experienced in the quarter. Overall the Company's days sales outstanding have remained consistent period to period.

Cash used in investing activities was $1,525,000 for the three months ended June 30, 2005 as compared to $1,759,000 in 2004. In the prior year's second quarter, the Company acquired Distribution A&L, and was making significant capital investments in start up operations at Hardeeville and Baltimore. In 2005, the Company acquired certain production assets of Hillcrest Industries Inc. and has invested in capital improvements at it Waterdown and Lachine locations.

Cash used in financing activities was $1,690,000 for the three months ended June 30, 2005. The most significant financing transactions recorded in the period included the repayment of $500,000 in long term debt owing to SunOpta Inc. and the provision of supporting funds to offset letters of credit held by SunOpta. Subsequent to the exercise of the underwriter's over allotment option on March 16, 2005, $500,000 was repaid to SunOpta on May 2, 2005. In addition, the Company forwarded SunOpta Inc. approximately $1,039,000 as supporting funds on outstanding letters of credit held by SunOpta in the Company's favour. Upon termination of SunOpta's obligations under the current letters of credit, the supporting funds will be immediately returned to the Company. Once transferred, the outstanding letters of credit will be provided for under Opta Mineral's credit facility agreement with the Bank of Montreal.

Six Months Ended June 30, 2005 compared to Six Months Ended June 30, 2004

Cash flows from operating activities for the six months ended June 30, 2005 were $441,000 compared to $920,000. The decrease was due to increased investments in working capital, particularly in inventory, as compared to 2004. The Company generally invests in inventories in anticipation of its busy season in the second and third quarter of the year. In particular, the Company will import several materials in large quantities to gain savings on freight costs. A general increase in the commodity price of steel, along with supply constraints on several other specialty materials acquired in the first and second quarter in 2005 resulted in a higher landed cost of raw material inventory than incurred in 2004. All of these increases in raw

material costs are factored into finished goods pricing to customers. In addition, the Company is increasing its offering of resale specialty abrasives and industrial minerals from foreign sources. The terms with these suppliers generally result in an increase in day's inventory on hand, as title to the material changes hands prior to ocean transport. For the six month period ended June 30, 2005, the investment in the Company's accounts receivable increased by $1,641,000 as compared to $2,206,000 for the same period ended 2004. The change in receivables is directly due to sales volumes experienced in the quarter. Overall the Company's days sales outstanding have remained consistent period to period.

Cash used in investing activities was $1,758,000 for the six months ended June 30, 2005 as compared to $840,000 in 2004. In the prior year's second quarter, the Company acquired Distribution A&L, and was making significant capital investments in start up operations at Hardeeville and Baltimore. These were offset by proceeds from the sale of property, plant and equipment relating to the Company's old Hamilton facility. In 2005, the Company acquired certain production assets of Hillcrest Industries Inc. and has invested in capital improvements at it Waterdown and Lachine locations.

Cash obtained in financing activities was $10,301,000 for the six months ended June 30, 2005. The most significant financing transactions recorded in the period pertain to receipt of proceeds from the Company's IPO and the exercise of the underwriter's over allotment option. Together these transactions generated cash of $17,496,000 after transaction costs. Using some of the proceeds from the exercise of the over allotment and the IPO, the Company the repaid $5,500,000 in long term debt owing to SunOpta Inc. In addition, the Company forwarded SunOpta Inc. approximately $1,039,000 as supporting funds on outstanding letters of credit held by SunOpta in the Company's favour. Upon termination of SunOpta's obligations under the current letters of credit, the supporting funds will be immediately returned to the Company. Once transferred, the outstanding letters of credit will be provided for under Opta Mineral's credit facility agreement with the Bank of Montreal.

Contractual Obligations and Commitments

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

	Payments Due by Period						
Contractual Obligations	**Total**	**2005**	**2006**	**2007**	**2008**	**2009**	**Thereafter**
Long Term Debt	170	155	11	4	-	-	-
Preferred Shares	107	79	28	-	-	-	-
Operating leases	4,896	499	916	864	788	659	1,170
Due to affiliates(1)	10,073	-	2,518	2,518	2,518	2,518	-

(1) The Company repaid $500,000 of the amounts due to parent and affiliates on May 2, 2005. The remaining balance will be paid in four equal installments on February 28, 2006, 2007, 2008, and 2009 except that 25% of any net proceeds received by the Company on exercise of the warrants will be paid immediately to SunOpta, to reduce the outstanding balance owing and the remaining outstanding balance due on each of the then remaining specified repayment dates will be reduced ratably.

Transactions with Related Parties

SunOpta charges management fees to the Company which include direct costs incurred by SunOpta for professional services and insurance as well as fees relating to specific accounting, treasury or other administrative services provided at fair market value. SunOpta or affiliates have also charged interest on certain debt of the Company as disclosed within notes 3 and 4 of the consolidated financial statements.

Following the completion of the Offering, the Company repaid $5,000,000 of the amounts due to SunOpta and its affiliates out of the proceeds received. A further $500,000 was repaid on May 2, 2005 out of the

proceeds of the over allotment. The remaining amounts owing to SunOpta is expected to be repaid on or before February 28, 2009. The debt owed by the Company to SunOpta will be subordinate to certain bank debt and will bear interest at market rates.

On June 30, 2005 the Company provided $1,039,000 to SunOpta as supporting funds on outstanding letters of credit held by SunOpta in the Company's favour. Upon termination of SunOpta's obligations under the current letters of credit, SunOpta will immediately return the funds to the Company at which time the letters of credit will be provided for under Opta Minerals' credit agreement with the Bank of Montreal. Management expects these letters of credit to be transferred in the third quarter of 2005.

The historical combined financial statements of the Company were recorded as though the Company were a separate tax paying entity. Upon transfer of the net assets of the Company to Opta Minerals Inc. on February 17, 2005, SunOpta also contributed additional tax assets of $380,000.

The contribution of the tax assets as well as the $288,000 pertaining to the shares gifted to employees of the Company, and compensation expense of $144,000 pertaining to vested options have been accounted for as an increase in the contributed surplus in the consolidated financial statements.

Risks and Uncertainties

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

Critical Accounting Policies and Estimates

We periodically review our financial reporting and disclosure practices and accounting policies to ensure that our financial reporting and disclosures are accurate and informative relative to the current economic and business environment. As part of this process, we have reviewed our selection, application and communication of critical accounting policies and financial disclosures. We note that we have determined that our critical accounting policies relating to our core ongoing business are primarily those disclosed below. Other important accounting policies are described in note 1 of our annual combined financial statements as at and for the year ended December 31, 2004.

Revenue Recognition

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

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

Accounts Receivable

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

Inventory

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

Estimates

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

Significant estimates include, but are not limited to, the measurement of accounts receivable and the related allowance for bad debts, measurement of inventory, measurement of goodwill and revenue recognition. In determining estimates for accounts receivable and the related allowance for bad debts, the company relies on current customer information and management's planned course of action as well as assumptions about future business and economic conditions. In determining estimates for the measurement of inventory, the Company relies on monthly physical observations, roll forward procedures and pile zero out procedures. In determining revenue and related accounts receivable, when applicable, the Company relies on assumptions supporting its revenue recognition policy. The carrying value of goodwill is compared to implied fair value of the related operation. The fair value is estimated using assumptions about future business and economic conditions.

Recent Developments in Accounting Standards

Effective January 1, 2004, the Company adopted CICA Handbook section 3870, which requires the Company to record stock compensation expense during the quarter ended March 31, 2005 on options granted to employees.

Effective January 1, 2004, the Company adopted CICA Handbook section 1100 "Generally Accepted Accounting Principles" which establishes standards for financing reporting in accordance with GAAP, defines primary sources of GAAP and requires that an entity apply every relevant primary source. Since the Company believes it was already in full compliance with these standards, this new standard did not have an impact on the Company's financial position.

Also effective January 1, 2004, the Company adopted CICA Handbook section 3110 "Asset Retirement Obligations". This standard focuses on the recognition and measurement of liabilities related to legal obligations associated with the retirement of property, plant and equipment. Under this standard, these obligations are initially measured at fair value and subsequently adjusted for the accretion of discount and any changes in the underlying cash flows. The asset retirement cost is capitalized to the related asset and amortized into earnings in a systematic and rational basis. The Company believes that the new standard has an immaterial impact on the Company's financial position.

Additional Information

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