

Altius Cites Credit Difficulty as Partly Owned Refiner Files Bankruptcy Protection

By Jennifer MacMillan
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HALIFAX (CP) -- A company planning to build a C\$4.6-billion oil refinery in Newfoundland is seeking bankruptcy protection, citing difficulty finding financing for the project due to slumping North American lending markets.

St. John's, N.L.-based Altius Minerals Corp. [TSX:[ALS](#)] said Friday that Newfoundland and Labrador Refining Corp. - a firm it partly owns - is seeking court protection from a major creditor while it comes up with a proposal under the Bankruptcy and Insolvency Act.

SNC-Lavalin of Montreal, which provided environmental and engineering services to the company, has filed with the Supreme Court of Newfoundland and Labrador to have the refining corporation declared bankrupt.

"Management is currently working with its advisers to determine the optimum method of restructuring, which may include the sale of its assets," NLRC said in a statement.

Shares in Altius plunged C\$5.16 or about 42% to C\$7.21 on the Toronto Stock Exchange after the news broke on Friday morning, with over three million shares traded.

Altius has a 39.6% ownership of the refinery company, a C\$52.2-million investment that includes C\$22.1 million in equity and a C\$30.1-million convertible demand debenture.

Altius says it's assessing if the value of its investment will be adjusted and says there's no assurance that all or any of its investment will be recovered.

However, Altius says it "remains encouraged" that the project's economic fundamentals - including a strategic location close to European and North American markets - are sound and will help to attract new partners.

The refining company says that with the exception of its dispute with SNC-Lavalin, it's been in "productive discussions" with its creditors to resolve and restructure its debt.

The proposed refinery near Placentia Bay, N.L., was projected to produce 300,000 barrels of oil per day.

SNC-Lavalin carried out a feasibility study for the project in 2006. The study said the refinery would rank among the largest and most advanced crude oil processing plants in the world.

The provincial and federal governments both signed off on the environmental impact study for the facility earlier this year.

Meanwhile, the company has been open about its problems finding financing.

In March, Altius warned that its inability to find enough credit for the project would push back the start date for production at the plant from 2011 to 2012.

Constructing the refinery would require 3,000 workers and upon completion the refinery would bring 750 jobs to the nearby community of Arnold's Cove, N.L.

Mayor Tom Osborne said he's disappointed by the turn of events.

"Any time you get a project like this being developed, it's an opportunity to attract young people that are off to university and post-secondary education," he said.

"To get them to come back and live in the area - that's pretty important for us."

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