

709 NEWS

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The Western Star – Corner Brook, NL

June 21, 2008

Refinery project may be in trouble

By **ROB ANTLE**

TRANSCONTINENTAL MEDIA

ST. JOHN'S — A planned multi-billion-dollar refinery for the province is in jeopardy, with its proponent seeking creditor protection while fending off an array of allegations filed in court documents by its engineering firm.

BAE-Newplan Group Ltd. claims that Newfoundland and Labrador Refining Corp. (NLRC) owes the company more than \$20 million for engineering and design services for the proposed Placentia Bay facility.

The company further alleges that NLRC is looking to sell the project without “independent oversight, review and approval” by unsecured creditors, and made a questionable security arrangement with a related company.

BAE-Newplan wants Newfoundland Supreme Court to declare NLRC bankrupt. NLRC announced Friday it is seeking a stay of proceedings against any actions by its creditors.

None of BAE-Newplan's allegations have been proven in court. But an affidavit filed by company vice-president and general manager Albert Williams outlines BAE-Newplan's assertions against NLRC.

BAE-Newplan — a wholly-owned

subsidiary of SNC-Lavalin — said in court documents filed Thursday it has been doing work for NLRC since mid-2006. The documents allege that payments stopped in January 2008, and NLRC has been in default since Feb. 23.

In May and June, BAE-Newplan and NLRC exchanged correspondence about the default, but could not come to an agreement on repayment terms. BAE-Newplan said it wanted a \$10-million partial payment or it would proceed “with all legal remedies available to us.”

But NLRC replied that would not happen. According to the affidavit, NLRC president Brian Dalton informed the company that “if you choose to proceed it will in all likelihood spell the end of the project.”

BAE-Newplan alleges that correspondence with NLRC made it clear the company “is in the process of selling the project as the only possible means to satisfy the debts of its creditors ... without any independent oversight, review and approval by the significant unsecured creditors.”

When contacted late Friday, Brian Dalton, president of both Altius and NLRC, said he would not discuss the legal matters.

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Company's stock price plummets

ST. JOHN'S — Investors in one Newfoundland and Labrador company lost more than \$158 million on the stock market Friday.

Altius Minerals Corporation's stock took the loss after news broke that a company it partially owns is seeking protection from one of its creditors. Altius owns 39.6 per cent of Newfoundland and Labrador Refining Corporation (NLRC).

On Thursday, BAE-Newplan Group Ltd. filed a court action to have NLRC declared bankrupt after the refining company failed to pay for environmental and engineering work.

Altius shares closed at \$12.37

Thursday, but opened significantly lower on Friday at \$7.50 a share. By the time the markets closed for the weekend Friday, that amount had dropped to \$7.25.

"It's very disappointing news and unfortunate, as well, because we feel this project is a very good one," said Natural Resources Minister Kathy Dunderdale, from Qatar. "...Part of what we are doing over here is looking for new investments and we'll be promoting the refinery in terms of attracting a partner, so hopefully this project's going to continue."