

OIL AND GAS

Plans for Altius-backed Placentia Bay refinery back on track

NORVAL SCOTT
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CALGARY -- A plan to build a new \$4.6-billion refinery in Newfoundland and Labrador is still alive, after the company behind the new facility was yesterday granted protection from creditors by the province's Supreme Court.

Newfoundland and Labrador Refining Corp. (NLRC), a joint venture between mining firm **Altius Minerals Corp.**, based in St. John's, and a group of European investors, is seeking to build a new 300,000 barrel a day refinery in Placentia Bay to supply the northeastern United States, but has been unable to raise the necessary financing for the project because of the global credit crunch.

Last week, engineering firm SNC-Lavalin Group Inc. tried to have NLRC declared bankrupt. However, the Supreme Court of Newfoundland and Labrador instead gave the company protection from its creditors. The decision means it will now be able to put in place a restructuring plan that could involve bringing in a partner or selling assets.

"We can now pick up where we were before and look to attract a partner or financing," said managing director Brian Dalton in an interview. "We are talking to a broad range of potential participants, including those who could contribute financially or strategically."

Print Edition - Section Front



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Newfoundland already has one refinery, Harvest Energy Trust's 105,000 b/d Come-by-Chance facility. But with oil prices skyrocketing, in part because of a shortage of refinery capacity to meet demand for petroleum products, companies are keen to build new refineries on Canada's sparsely populated East Coast so they can supply the lucrative New York and Boston markets.

NLRC is now in talks with potential investors in the Middle East and India, and is still keen to pursue the refinery, which could take three years to build once sufficient financing has been found and whose location is well suited to supplying jet and diesel to Europe, as well as to North America, Mr. Dalton said. "We still believe the project makes a lot of sense."

Altius's partners in NLRC include Irish billionaire Dermot Desmond, the founder of Dublin-based International Investment and Underwriting and a director of association football club Celtic F.C. Harry Dobson, a mining entrepreneur and one of Scotland's richest men, and British private venture capitalist Stephen Posford also own substantial stakes in the venture.

Aside from NLRC, closely held Irving Oil is seeking to build a new \$7-billion refinery in Saint John, N.B., in partnership with U.K.-based BP PLC.

ALTIUS (ALS)

Close: \$9.26, up \$1.72

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