

M.J. PORK PACKERS

Pork plant
to reopen
MondayBy RON WALTER
Saskatchewan News Network

MOOSE JAW — Employees and suppliers will wear two hats when the doors open Monday at the restructured pork processing plant in Moose Jaw.

Through an employee-owned venture capital fund, members of the Retail Wholesale Department Store Union (RWD-SU) will be a significant shareholder in the new company, known as Moose Jaw Pork Packers Ltd.

Hog suppliers will be the largest shareholder. The operation closed last May when hog producers, owed \$3 million, refused to deliver any more pigs to World Wide Pork.

The new ownership structure was hammered out during the last eight months while the company was under court-ordered creditor protection.

"This opening is happening because of the support of the provincial government, the City of Moose Jaw, the employees of Moose Jaw Pork Packers Ltd., the Retail Wholesale Department Store Union and private investors, all of whom would not give up," chief executive officer Don Fancourt told the grand opening Wednesday.

"We have many people to thank for sticking with us, believing in this plant and believing in the restructuring. It was so very close to opening so many times, but something always happened to delay or threatened to derail the entire process."

With total investment of about \$3 million, the province injected \$1.5 million in loans, creditors swapped debt for shares, employees participated and private investors put up cash.

The City of Moose Jaw approved a long-term tax abatement.

Creditor John Kleinsasser of the Rose Valley Hutterite Colony near Assiniboia says restructuring was the only way to go.

"We'll never get our money back, only through shares," he said. "It's better than nothing. We did have an alternative. The employees didn't. Nobody wants to have to move away from their family. That was our biggest concern."

Agriculture Minister Mark Wartman, whose government stepped in a month ago with funding, said the commitment to restructure was incredible.

"I'm thrilled that this plant is up and running again in this next week," he said. "Make no mistake, the investment here is well worthwhile."

Private investors provided the bulk of investment, said Wartman, who had held off funding until private sources were committed.

"We are prepared to continue supporting companies and individuals who want to build plants here," said Wartman.

RWD-SU lawyer Larry Kowalchuk said the new operation involved "a lot of blood sweat and tears, too much actually."

He said the plant could have opened in December.

Lawyer negotiator Rick Van Beselaere of Regina also ended up investing in the company, a first for the bankruptcy specialist.

"I believe in what this plant can do; given the structure that has been put in place ... the employees will help drive the bottom-line efficiencies," he said.

Hutterite colonies from Saskatchewan, Alberta and Manitoba have agreed to supply hogs once existing supply contracts run out, along with other suppliers.

Colonies in other provinces will benefit by having an alternate market, said Fancourt. "We are confident that our suppliers will prosper with this relationship."

The benefit for Kleinsasser is clear: \$1,200 per week freight savings to Brandon that "goes to the net profit."

Finding markets is the next step as 100 employees return, with 160 possible in a few months, said Fancourt.

Moose Jaw Times-Herald

HYBRID-VEHICLE DISPLAY



ROY ANTAL/Leader-Post

Lisa Adam of Agriculture and Agri-Food Canada checks out the hybrid vehicles parked Wednesday on the 1800 block of Hamilton Street. The vehicles were on display to promote Environment Week, and people were able to check out the three Toyota Hybrids, a Ford Escape Hybrid and a Smart Car.

DAY-TRADING SCHOOL

Cease-trading
order extendedBy COLLEEN SILVERTHORN
Leader-Post

Saskatchewan's Financial Services Commission (SFSC) has extended a temporary cease-trade order against a convicted fraudster and three Regina men while it investigates their involvement in a day-trading school in the city.

The extension gives the commission more time to investigate the day-trading school Fernando Honorate Fagundes, a Portuguese citizen, illegal immigrant and convicted fraudster, allegedly operated at 323 Lorne St.

According to securities commission documents, Fagundes, who also went by the names Shane Silver, Shane Silverman, Shane Silva, Fernando Silva, and Fernando Fagender, obtained money from people and invested it on their behalf without being registered to trade securities in Saskatchewan.

He also, allegedly, taught classes in day trading.

Barbara Shourounis, director of the SFSC securities division, said some of those investors lost a lot of money following Fagundes' advice.

"We're thinking probably a hundred thousand dollars in total, but it's early days. We haven't tracked down all the investors yet," she said.

The commission first issued the temporary cease trade order May 24 after receiving complaints about the "school."

Also named in the order are Allan D. Kowalchuk, Kim John Kowalchuk and Reginald Allen Goebel.

The school's operator, Fagundes, was convicted of fraud and income tax evasion in the United States in 1997

and 1998, according to the commission. In 1999 he was deported to Portugal.

By 2003, he was living illegally in Regina, according to the SFSC.

Shourounis said the extension will give the commission more time to follow up leads and prepare for an eventual hearing into the allegations.

If a hearing finds the men did operate against the commission's regulations, they each face a maximum fine of \$100,000.

Because Fagundes was in Canada illegally, the commission is investigating if they helped him obtain the documents, such as a social insurance number, required to operate a business in the province.

In past interviews, Allan Kowalchuk, who refused to comment when reached by the *Leader-Post* for this story, said his only involvement with Fagundes was selling him computer parts.

For his part, Goebel was disappointed to learn the SFSC had extended the cease-trade order.

"If they're doing that, they're just stopping me from doing what I do to make money," Goebel said.

"I was kind of hoping it would be over and I would start working again," he said.

Last year he took day-trading lessons from Fagundes and quit his former job to trade full-time.

The cease-trade order has prevented him from earning a living, Goebel said.

He maintained he never took money from other investors or traded for anyone other than himself.

Neither Kim Kowalchuk nor Fagundes could be reached for comment.

ENERGY

Enthusiasm,
caution urged
on ethanol plansBy BRUCE JOHNSTONE
Leader-Post

Canada's renewable fuels industry is welcoming the announcement of two new ethanol plants in Saskatchewan, saying there's room for many more.

However, industry spokesmen cautioned that many biofuels plants will be announced, but not all of them will be built.

On Tuesday, Terra Grain Fuels Inc. announced plans to build a 150-million-litre-a-year ethanol plant at Belle Plaine at a cost of \$115 million to \$130 million.

Financing is said to be in place, contracts have been signed and construction is set for July or August, with production slated to begin in the fourth quarter of 2007.

The same day, International Debranning Inc. (IDD) of Guelph, Ont., broke ground at a proposed \$200-million wheat and barley debranning plant near Rosthern that could eventually produce 300 million litres of ethanol annually.

Kory Teneycke, executive director of the Canadian Renewable Fuels Association, said the announcements were "very good news for Saskatchewan."

But Teneycke added ethanol plant announcements are not the same as ethanol plants in the ground.

"On any given day, there are 5,000 people who are very serious about building a biofuels facility in the country. But — let's put it this way — there certainly aren't 5,000 projects that are at that stage of development."

Still, Teneycke said he was impressed with the Terra Grain Fuels project. "I think it's a very serious project. I think they've done their homework."

"They're very far down the line in doing the types of things you need to do in order to proceed — arranging for financing, getting a technology provider lined up, getting a construction company lined up."

Teneycke said plants of 150 million litres are "very typical" of North American ethanol plants. "When you look at the economies of scale for ethanol plants, ... once you're in the 120-to-150 million (litre) range, right up to 200-million litres, you're kind of in the sweet spot in terms of return on investment."

And Teneycke said Canada could build another 10 or 12 plants of that size just to meet the federal government's renewable fuel standard (RFS) of five per cent by 2010.

While current Canadian capacity (including plants under construction) is 750 million litres a year, the five-per-cent RFS will require production of two-billion litres of ethanol annually.

"That's without looking at selling any ethanol into the U.S. ... So there's a lot of market for ethanol right now and it's at a very good price," Teneycke said.

"There's enough market there for many projects to go ahead."

Lionel LaBelle, president of the Saskatchewan Ethanol Development Council, said many of these plants can and should be built in Saskatchewan.

"We want to be the largest producer of ethanol in Canada," said LaBelle, adding the council wants to see Saskatchewan eventually producing one to three billion litres a year.

But even LaBelle is concerned that the credibility of the industry could be hurt by so many announcements of ethanol plants. "Quite frankly, we've had so many announcements, I worry that some of it is (bunk)."

With Tuesday's announcements, there are now 31 groups proposing to build ethanol plants in the province, LaBelle said. "How many are real? I don't know the answer."

Tom Lemon, reeve of the RM of Pense, where the proposed Terra Grain Fuels project is located, said he was pleased with the announcement, but is taking a wait-and-see attitude.

"We don't have high expectations, but we're looking forward to it," Lemon said.

Lemon said the RM has been "burned before," referring to the abortive Broe project, which saw Broe Companies president Pat Broe and Premier Lorne Calvert participate in a ground-breaking ceremony in 2002.

"We went through this before with the Broe deal. We went to the sod-turning and then nothing happened."

MINING

Diamonds sought
in prime farm landBy MURRAY LYONS
Saskatchewan News Network

SASKATOON — A Montreal-based junior resource player will be the first company working in Saskatchewan to look for diamonds south of the Saskatchewan River in prime farm country.

Forest Gate Resources Inc. expects to have a "fast" drill rig on site, drilling 10 test holes, each to a depth of about 300 metres into farmland between the Melfort and Star City area. The area is about 40 kilometres southeast of Shore Gold's Star kimberlite project, which is just north of the river.

Robert Kramberger, a spokesman for Forest Gate, says people shouldn't be surprised that there are likely kimberlites south of the Saskatchewan River outside the forest area.

"The river is a very modern feature of the landscape of Saskatchewan," he said. "The kimberlites in Fort a la Corne were there millions of years ago."

"People have assumed that the Star kimberlite was the most southerly of the kimberlites in Saskatchewan. But there's nothing to say that it stops there."

Kramberger says the land that Forest Gate is drilling into has about 10 spots that gave off electromagnetic signatures similar to the Star kimberlite. Forest Gate paid to have an airborne survey of the property done in April 2005. He says the company has made arrangements with private landowners for permission to put the drill rigs onto the farm land in the area.

Kramberger says the company is hoping the electromagnetic signature demonstrates that the land being drilled is part of a geological trend line extending southeast from Fort a la Corne.

Kramberger says Forest Gate isn't the only company speculating the trend continues as Shore Gold has also staked out a lot of land surrounding the Forest Gate position in the Melfort-Star City area. Forest Gate itself has 52,000 hectares staked out.

According to Forest Gate's staff geologist, Steve Roebuck, the goal is to drill the entire 10 holes within a month. "At this early stage of exploration we will measure success with the discovery of kimberlite," he stated in a press release.

CanWest News Service

PULSE CROPS

SaskCan Pulse buys
share in Horizon SeedBy MURRAY LYONS
Saskatchewan News Network

SASKATOON — The lentil processing and exporting firm which was Saskatchewan's ABEX Business of the Year in 2004 is expanding its reach across Saskatchewan.

SaskCan Pulse Trading Inc. of Regina is buying a 55-per-cent interest in Horizon Seed Processors of Aberdeen, located 30 kilometres northeast of Saskatoon.

Murad Al-Katib, SaskCan's president, says the acquisition will broaden SaskCan's reach into the midsection of the province's grainbelt and increase the company's capacity to export red lentils, its main product. It will also add to the company's processing capacity in field peas.

Horizon was founded 10 years ago by six Aberdeen-area producers and the company has become known for cleaning and selling pedigreed seed for pulse crops as well as doing "toll processing" for other companies, according to plant manager Merlin Shields.

The Aberdeen facility has a staff of seven.

Al-Katib says the cost of buying into the company will not be revealed, but

he says SaskCan is prepared to spend substantial dollars on colour sorting to improve the Aberdeen facility's export capacity to meet European standards. It also plans to do lentil splitting in Aberdeen within a year.

"We've already procured some equipment; so we'll be doing a processing plant upgrade immediately and then we are starting design on the splitting phase," he said.

SaskCan sells split red lentils to Turkey and other Mediterranean countries. Its main processing plant in Regina uses proprietary equipment imported from Turkey to split and oil the red lentils before export. SaskCan's Regina plant was built with equity from Al-Katib's partners in Turkey.

Speaking from Washington, D.C., where he was attending meetings aimed at seeing how the U.S. Farm Bill might affect the future direction of pulse crop prices, Al-Katib says the company is better positioned now to buy crops from pulse producers from the central part of the province's grainbelt, or the "north of Davidson" area as Al-Katib describes it, referencing the town in which he grew up.

CanWest News Service