
Adanac Molybdenum to evaluate strategic alternatives under CCAA protection

Sunday, 21 Dec, 2008

Adanac Molybdenum Corporation announced that it has obtained creditor protection under the Companies' Creditors Arrangement Act pursuant to an initial order granted on December 19th 2008 by the Supreme Court of British Columbia. The Company's Board of Directors authorized the Company to take this action as the best alternative for the long-term interests of the Company, its employees, creditors and other stakeholders.

Adanac has sought protection under the CCAA as its current cash in hand would not allow it to meet its current obligations. CCAA protection will stay creditors, suppliers and others from enforcing any rights against the Company and will afford the Company the opportunity to restructure its affairs. The Court has granted CCAA protection for an initial period of 28 days expiring January 16th 2009, to be extended thereafter as the Court deems appropriate. If by January 16th 2009 Adanac has not filed a Plan of Arrangement or obtained an extension of the CCAA protection, creditors and others will no longer be stayed from enforcing their rights. Adanac will provide a further news release on or before January 16th 2009 which will provide an update.

While under CCAA protection, Adanac's management remains responsible for the day to day operations of the Company, under the supervision of KPMG Inc who is the Court-appointed Monitor, and who will be responsible for reviewing Adanac's ongoing operations, assisting with the development and filing of the Plan, liaising with creditors and other stakeholders and reporting to the Court.

Although CCAA protection enables Adanac to continue with its day-to-day operations until its CCAA status changes, the implications for Adanac's shareholders are less clear. Adanac continues to explore a number of alternatives, a sale of Adanac or its assets. However, the Plan must be approved by the requisite number and value of the affected creditors, as required by law, as well as by the Court. At the end of the restructuring process, the value of what is left for shareholders will depend upon the terms of the Plan approved by the affected creditors. If the Plan is not so approved it is possible that Adanac would be placed into receivership or bankruptcy. Every effort will be made to ensure that all stakeholders of Adanac are kept informed of developments as they occur.

Adanac Molybdenum Corporation is listed on the TSX and Frankfurt exchanges and owns the Ruby Creek Project in northern British Columbia. The Company has advanced the project through feasibility studies, a production decision and has previously ordered long-lead equipment, completed permitting for construction, constructed a road to the site and secured USD 80 million in bridge financing.

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