

# Air NZ formulates Virgin exit

■ Sean Smith

Air New Zealand's surprise move to likely offload its 25.9 per cent stake in Virgin Australia has put Australia's second biggest airline up for grabs.

Yesterday's announcement by Air NZ came just a week after Virgin tapped the carrier and its three other major shareholders, Etihad (24 per cent), Singapore Airlines (22.8 per cent) and Virgin Group (10 per cent) for a one-year, \$425 million loan facility

ahead of a capital review.

The sudden decision, coming on the heels of the loan, fuelled suggestions Air NZ had lost patience with Virgin, which has invested heavily to reposition itself from a discount carrier to a full-service airline under chief executive John Borghetti.

"Eventually, there's a point when investors start to question if you're throwing too much money at an airline," Oliver Lamb, managing director of Ailevon Pacific Aviation

Consulting, told Bloomberg. Air NZ, however, said it supported Virgin's transformation but saw other opportunities for the capital locked up in Virgin.

"Air NZ does not want a large minority equity position in Virgin Australia as it focuses on its own growth opportunities," it said.

"We look forward to continuing our partnership on the Tasman alliance."

Air NZ has retained investment banks First NZ Capital and

Credit Suisse to examine options for its shareholding, including the sale of all or part of the stake.

The process will be co-ordinated with the broader review of its capital position launched by Virgin last week.

Air NZ chief executive Ian Luxon has resigned from the Virgin board with immediate effect.

At Virgin's close of 35¢ yesterday, down 3.5¢, the Air NZ stake is valued at \$310.5 million. Add its share of the loan, and the air-

line has about \$420 million committed to Virgin.

Interested buyers in its shares will likely include both Etihad and Singapore, given the opportunity Air NZ's potential exit offers both to acquire near majority control of Virgin.

Having returned to the black in the December half year, Virgin is expected to end a string of three annual losses this financial year. The turnaround has been helped by the dramatic fall in fuel prices and higher fares.



Remarkable: In a State with precious few profitable base metals operations, Sandfire Resources' millionth tonne is something to celebrate.

## Sandfire celebrates one million from DeGrussa

■ Peter Klinger

It's a statistic that gets lost among the bulk commodities dominating the Pilbara.

But the crew at Sandfire Resources' DeGrussa copper-gold mine, 100km north of Meeukharra, yesterday had their own reason to celebrate as they waved off the one millionth tonne of concentrate.

Four years since mining start-

ed at DeGrussa, which alongside Sirius Resources' Nova nickel-copper find remains the best base metals discovery in WA in several decades, Sandfire has seen off more than 8000 truck loads of copper and gold headed for export through the Port Hedland and Geraldton ports.

Along the way it has generated more than \$US1.5 billion in sales revenue.

In context, at least one million

tonnes of iron ore was loaded on to ships in Port Hedland over the past 24 hours.

But for a State with precious few profitable base metals operations — nickel miners are struggling and the Nova project, nowadays owned by Independence Group, remains in construction — DeGrussa remains a good news story that has also sparked a flurry of exploration activity in the Doolgunna area

as everyone including Sandfire seeks the next copper-gold lode.

The most promising results have come from a Sandfire-run exploration program at Talisman Mining's Springfield project, close to DeGrussa.

A maiden resource estimate for the Monty prospect, where drilling has intersected massive sulphides and high grades of copper and gold, is imminent as the venture terms are finalised.

**Lithium plans get up**  
Interest in the area around Pilbara Minerals' Pilgangoora lithium project has gained momentum, with Sayona Mining yesterday picking up two more tenements in the area, south of Port Hedland. Sayona said it expected to begin field exploration shortly. Coincidentally, Metalicity said assays from first pass field work at the Stannum prospect, part of its Pilgangoora South asset, had returned grades of up to 2.45 per cent lithium oxide. Pilbara Minerals has emerged a leader of the lithium hopeful pack with plans for its Pilgangoora project to be in construction early next year.

### Yellowcake for Vimy

Vimy Resources has declared a maiden ore reserve at its Mulga Rock uranium project north-east of Kalgoorlie-Boulder as it tries to prepare to be development ready the second the long-expected price recovery comes for the nuclear fuel. The reserve is 15.2 million tonnes grading 660 parts per million for a total metal content of 22.1 million pounds of U<sub>3</sub>O<sub>8</sub>. The reserve is within Mulga Rock's total resource estimate of 76mlb. Vimy is targeting an annual production rate of three million pounds.

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## Edge plots high-rise appeal

■ Marissa Lague

Real estate developer Edge Visionary Living will appeal a Supreme Court decision in February which scuppered its plans for a high-rise apartment project in South Perth and forced the development industry to recalibrate the residential and commercial mix of future South Perth developments.

Justice John Chaney found the decision by a joint development assessment panel to approve the project at 74 Mill Point Road should be set aside because planning regulations in the special control area in South Perth did not allow for mostly residential buildings.

The successful legal challenge, the first time a WA court



Impression: Edge Visionary Living's Lumiere in South Perth

has set aside a decision by one of the expert panels, was launched by South Perth lawyer Karol Nairn and Ric Haw-

ley, who live in apartments opposite the proposed tower.

Paul Plowman, a spokesman for pro-high-rise group Better South Perth said the appeal would examine the residential and commercial mix in South Perth developments.

Edge Visionary Living directors David Hillam and Gavin Hawkins in May last year received development approval from a JDAP for the 29-storey Lumiere tower, with 91 apartments and 18 commercial tenancies. Since, 62 apartments have been sold.

Edge Visionary Living's new application, for a 44-storey building with 85 apartments and 147 serviced apartments, is expected to be heard by a JDAP in April. An appeal date has not been set.