By **BARRY FitzGERALD**

CHINA'S state-owned Minmetals has secured approval from a home-town central planning authority to acquire $US1.2 billion ($A1.59 billion) in mining assets from OZ Minerals.

There was no surprise in the approval from the National Development and Reform Commission as an independent expert appointed by OZ had previously found that the Chinese were getting a bargain under cover of the global financial crisis.

In its independent expert report on the deal, Grant Samuel said the Minmetals deal was in OZ's best interests even if the sale price was as much as $US400 million short of "underlying value". It was said to be in shareholders' best interests because it would break the grip on OZ by its banking syndicate, which is owed $A1 billion in debt — $A600 million less than the funds to be raised from the Minmetals deal.

After first extracting $A95 million in refinancing fees since the start of the year, the banking syndicate has only recently agreed to "binding" extensions to OZ's debt to allow the Minmetals deal to proceed.

OZ yesterday repeated earlier advice that the deal with Minmetals was the "best available outcome". OZ recommends that shareholders vote in favour at a meeting on June 11.

The deal with Minmetals was cleared by the Federal Government after OZ's new Prominent Hill copper/gold mine was excluded because its location on the Woomera rocket range in South Australia raised national security issues.

BHP Billiton's Olympic Dam copper/uranium/gold mine is in the same neighbourhood but is not on the rocket range. There has been speculation that BHP could be interested in acquiring Prominent Hill. BHP has hosed down that talk by arguing that Prominent Hill is not what it calls a "tier one" asset.

But Prominent Hill does represent BHP's best short-term fix to Olympic Dam's inability to keep its surface processing facilities fully supplied. Longer term, BHP plans a $20 billion expansion of Olympic Dam.

The reporter owns BHP shares.

B&B continues fire sale

By **DANNY JOHN**

THE wind-down of Babcock & Brown's assets is continuing with the sale of its stake in the unlisted North American infrastructure fund it launched 18 months ago and the management rights it had over the business.

The deal has seen the B&B management team that ran the fund move over to the new operators, John Hancock Life Insurance, which backed what was in effect a buy-out of the existing arrangement.

Offered to investors in October 2007, B&B Infrastructure Fund North America raised almost $2 billion from institutional backers, pension funds and insurance companies by the time B&B closed the cash-raising exercise a year later.

That coincided with B&B's fall from grace on the Australian sharemarket, ending with the group calling in administrators in March.

B&B's 4.7 per cent shareholding and its 10-year management rights deal were put up for sale as part of the investment group's desperate move to pay back the debt it owes its lenders. Its next payment of $150 million is due in five months.

The proceeds from yesterday's sale will go to B&B International (BBIPL), which owns B&B's assets and is running down its remaining businesses under the guidance of the company's bankers.

Neither BBIPL nor John Hancock, which has been a co-investor in the infrastructure fund from the beginning, would disclose the price paid.

Call for Allco wind-up

FAILED investment house Allco Finance Group should be wound up, its administrators have recommended.

Anthony McGrath and Joseph Hayes of McGrathNicol say it is in the best interests of creditors to vote for Allco and its subsidiaries to be put into liquidation.

"That is based on our analysis that the companies are insolvent and no acceptable deed of company arrangement has been proposed," they said in a report to creditors released on Monday.

"Accordingly, it is our opinion that it is in the interests of creditors of each company to vote in favour of winding up each of the companies . . ."

The next meeting is on May 26.

Allco owes creditors about $1.145 billion. The report did not give an update on the administrators' probe into more than $400 million of director-related transactions.

Allco's banks are looking to recover about $640 million in secured loans, which their receivers, Steve Sharman and Peter Gothard of Ferrier Hodgson, hope to recoup through asset sales.

While the banks are acting as secured lenders, that was the result of deals done in the six months before the administrators took over. Under corporations law, if Allco is placed in liquidation, the liquidator could reverse the security granted over some of the assets.

The remaining creditors, including former employees of Allco, are seeking the repayment of $505 million of unsecured and subordinated loans. AAP

RESOURCES

Comet Ridge raises $7.5m

PERTH-BASED explorer Comet Ridge has raised $7.5 million and announced plans to raise a further $13.8 million to advance its coal seam gas projects. The junior explorer said institutional investors had snapped up 22 million shares at 34¢ each.

Next is a non-renounceable share offer that will give shareholders the opportunity to acquire one new share for every five they hold on May 27.

The issue price will be 27¢ and the offer will be fully underwritten by Wilson HTM.

Comet Ridge said: "On completion, Comet Ridge will have approximately $28 million in cash, which will be used primarily to fund the exploration and appraisal of the key coal seam gas projects . . . the Galilee Basin and the Mahalo block in Queensland and the Greymouth project in New Zealand."

In February the unlisted Chartwell Energy said it would merge its New Zealand CSG prospects with Comet Ridge's areas.

Comet Ridge shares fell 1¢ to 44¢.

INSURANCE

AIG looks for more funds

THE Australian life insurance arm of American International Group will be included among the assets of the troubled US insurer.

AIG is trying to repay tens of billions of dollars in US Government loans. It has appointed the Blackstone Group to advise on the Hong Kong-based initial public offering of American International Assurance Co, largely made up of life insurance assets.

The public offering, first flagged by AIG in March, will result in a separate board of directors and management team for American International Assurance.

While AIG is struggling in its home market after underwriting high-risk equity instruments, its Asian assets were relatively unscathed by the financial market turmoil.

AIG has had four US government bail-outs totalling $US180 billion ($241.2 billion).

At the same time, British life giant Aviva is also considering offloading Australian life assets, although interest among key rivals is said to be lukewarm.

TRANSPORT

Petrol prices set to rise

MOTORISTS face higher costs at the bowser over the next two weeks as the world's oil price continues to strengthen on an improving global economic outlook.

CommSec economist Savanth Sebastian expects pump prices to jump 5-7¢ a litre after Australia's benchmark price, Singapore unleaded, surged 25 per cent in the past fortnight.

The Australian Institute of Petroleum's weekly petrol prices report shows the national average rose 1.5¢ to 116.9¢ a litre over the past week. Mr Sebastian said the average price had ranged between $1.15 and $1.20 a litre over the past few months.

"Unfortunately for motorists, the marginal rise in petrol prices will continue to gain traction over coming weeks and is likely to see the national average petrol price break through the upper end of the trading band," Mr Sebastian said. "Not even the sharp gain in the Aussie dollar has been able to significantly buffer the impact that will be felt by motorists."