

MEDIA RELEASE

Wednesday, 21st November 2007

O'CONNOR AIRLINES PLACED IN VOLUNTARY ADMINISTRATION

O'Connor Airlines – a regional airline servicing flights from Adelaide to Mount Gambier and Port Augusta in South Australia and Mildura in Victoria – has been placed in Voluntary Administration at the request of the Company's Directors.

Mr Sam Davies and Mr Colin Nicol of McGrathNicol have been appointed as Voluntary administrators to O'Connor Air Services Pty Ltd and a number of other companies which operate as O'Connor Airlines based out of Mount Gambier, South Australia.

Mr Davies, partner of the Adelaide office of McGrathNicol, said "his immediate priority was to identify and secure all assets of O'Connor Airlines for the benefit of creditors and assess whether the airline can viably continue its current operations."

"We are seeking urgent expressions of interest from other regional operators to acquire the whole O'Connor Airlines business and are hopeful of a going concern sale," Mr Davies said.

"The airline's operations will continue in the short term subject to securing the consent of the aviation regulator, CASA, he said"

O'Connor Airlines – which has been providing regional airline services for 34 years - operates flights under an exclusive licence from Adelaide to Port Augusta as well as servicing the Mildura and Mount Gambier routes.

Mr Davies said he understood that the collapse of the airline had been caused by a number of factors, including the significant competition on some routes resulting in price discounting which had in turn caused cash losses.

"We will work closely with key stakeholders including employees, customers, creditors, CASA and the South Australian Government throughout the course of the administration in an attempt to maximise the outcomes for O'Connor Airlines creditors," he said.

A meeting of creditors will be held jointly in Mount Gambier and Adelaide on 28 November 2007.

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