

3 February 2012

TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

Pasminco Limited
(Subject to Deed of Company Arrangement)
ACN 004 368 674
and its wholly owned Australian Subsidiaries (“Pasminco”)

Dividend Estimates as at 31 December 2011

As you are aware, we have held back a proportion of the proceeds from the float of Zinifex Limited in order to deal with the completion of the Deeds of Company Arrangement of the remaining companies that comprise the Residual Group. The process from here is effectively akin to a winding up.

Due to the commercial sensitivity of the issues relating to the retention, we are unable to provide you with either the amount or a specific breakdown of the quantum of the retention and how it relates to the provisioning for the outstanding Residual Group issues.

Given our present understanding of the likely cost of dealing with these issues, we have sought to provide creditors with an estimate of further dividends that may be payable based on “best case”, “mid case” and “worst case” scenarios.

As you are no doubt aware, we are continuing to experience an unstable economic climate. This places a further element of uncertainty on the forecasts that we have prepared, particularly in relation to the quantum and timing of recoveries that may be obtained from the realisation of land associated with the Cockle Creek site (“the Site”).

As previously stated, the mid case scenario represents our best estimate of further dividends to creditors.

Disclaimer

The process of estimating future dividends that may be payable to the unsecured creditors of Pasminco involves assessing a number of contingencies, risks, uncertainties and other factors, all of which are, to a large extent, beyond the control of the Deed Administrators. Actual dividend levels may be materially different from the estimates provided in this paper due to any number of factors beyond the Deed Administrators' control.

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Furthermore, many of the estimates adopted in calculating possible future dividend levels are based on information from a variety of sources, including advice received from a number of consultants as well as data available from market commentators and advisors. We have not independently verified this industry and market data or the advice received from various consultants and advisors.

Given these uncertainties and the contingencies that may affect the ultimate realisation of any of the scenarios, unsecured creditors and prospective acquirers of unsecured debt are cautioned not to place reliance upon the estimates provided in this document. You should not treat the dividend estimates as a representation or warranty by the Deed Administrators as to the likelihood of achieving the estimated dividend levels that are provided. Creditors and persons interested in acquiring unsecured debt should make their own enquiries and the Deed Administrators accept no liability for loss or damage suffered by any person relying on these estimates.

Summary of Dividend Estimates

To date, dividends have been paid to unsecured creditors totalling 20.7 cents in the dollar.

Shown below are two schedules relating to our estimates at 31 December 2011 of further dividends, on an undiscounted and discounted basis respectively.

Undiscounted Dividend Forecast as at 31 December 2011

Estimated further dividends (cents in the dollar)		
Worst Case	Mid Case	Best Case
1.2	2.4	3.5

Discounted Dividend Forecast as at 31 December 2011

Nominal Discount Rate	Estimated further dividends (cents in the dollar)		
	Worst Case	Mid Case	Best Case
8%	0.9	1.6	2.2
10%	0.9	1.4	2.0
12%	0.8	1.3	1.8

As indicated above, our estimate of the further dividends at 31 December 2011 that may be payable to creditors on a mid case scenario is 2.4 cents, which would bring the final total dividend to unsecured creditors to 23.1 cents in the dollar (undiscounted).



You will note that the forecast is consistent with our forecast prepared as at 30 September 2011.

General Assumptions

It should be noted that in calculating the estimates of the dividends under these scenarios, due to yet unknown variables, assumptions have been made as follows:

- An average interest receivable rate of 5.0% on deposit account funds has been applied, except for those amounts locked in a term deposit with a fixed rate of interest. This has been reduced from 5.5% as a result of recent interest rate reductions by the Reserve Bank of Australia.
- Interest in respect of those funds not held in term deposit accrues on the average mid period cash balance.
- Creditor claims are estimated to amount to \$2,613 million.
- Discount rates used are nominal rates.
- Estimates are based as at 31 December 2011 and have been discounted back to this date.

Should you have any queries in this regard, please contact Mr Richard Bastow or Mr Paul Harlond of this office.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter McCluskey', with a long horizontal flourish extending to the right.

Peter McCluskey
Deed Administrator