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ANNEXURE 1

**STATEMENT SETTING OUT DETAILS OF THE
DEEDS OF COMPANY ARRANGEMENT
AND OTHER RESTRUCTURE DOCUMENTS**

Statement setting out details of the Deeds and the other Restructure Documents for the purposes of s439A(4)(c) of the Corporations Act

This Statement has been prepared exclusively for the use of creditors of the Pasmenco Limited Group pursuant to the Corporations Act. The Statement does not constitute an offer to issue or to sell or the solicitation of an offer to acquire or to buy any securities in any jurisdiction, including the United States.

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1. Background

A Deed in respect of each company in the Group under administration will be executed if the creditors of that company so resolve.

Documents including the Conditional Deed, the Loan Rationalisation Deeds, the Budel Loan Rationalisation Deed, the Security Trust Deed, the Summit Facility, the PPT Lease Transfer and Waiver Deed, the Mine Fleet Assets Transaction Waiver and Consent Deed, the Accommodation Village Transaction Waiver and Consent Deed, the Newcastle Ship Loader Transaction Waiver and Consent Deed, the Contract Novation Deed and the Assumption Deed have been or will be entered into for the purpose of implementing and effecting the restructure contemplated under the Deeds.

There may also be a 'Transitional Services Agreement' under which the Ongoing Group and the Residual Group will agree to provide certain services to each other after the float.

This is a statement setting out the details of the Deeds. This Statement also describes aspects of the other Restructure Documents so far as they are relevant to those details.

It is important to note that, as a consequence of developments in the Restructure proposal leading up to the meeting, to the extent permitted under section 439C(a) of the Act, the Deeds and the other Restructure Documents may differ from the details of them contained in this Statement. All material differences between the details of the Deeds and other Restructure Documents contained in this Statement and the Deeds will be disclosed.

An overview of the proposed Restructure is contained in sections 4 to 6 of the Administrators' first report dated 1 July 2002 and section 3 of the Administrators' second report to which this Statement is annexed.

Terms defined in this Statement have the meanings given in **Section 61**.

2. Float of Ongoing Group

Capital Raising Direction

The Conditional Deed confers on the Deed Administrators, either directly or through their control of certain of the Deed Companies, the power to require Newco to:

- (a) purchase all or some of the companies in the Group for nominal consideration;
- (b) purchase the debt payable by all or some of the companies in the Group to other companies in the Group for the Rationalised Face Value of the debt; and
- (c) once steps (a) and (b) have been completed, then:
 - (i) if the Capital Raising is to proceed by way of an offer by Newco of shares in Newco for issue (**Issue Raising**), transfer the Net Proceeds and issue the Creditor Shares to or as directed by Pasmenco Limited; or
 - (ii) if the Capital Raising is to proceed by way of an offer by or on behalf of Holdings of shares in Newco for sale (**Sale Raising**), issue the Consideration Shares to or as directed by Holdings,

(in each case, **Capital Raising Direction**).

If the Capital Raising Direction is given

If the Deed Administrators require it to do so and Newco:

- (a) purchases the companies in the Group and the debt it is required to purchase; and
- (b) either:

- (i) in the case of an Issue Raising, transfers the Net Proceeds and issues the Creditor Shares to or as directed by Pasmenco Limited; or
- (ii) in the case of a Sale Raising, issues the Consideration Shares to or as directed by Holdings,

then, on the terms set out in this Statement:

- (a) the companies in the Ongoing Group will be released from all Claims against them and Newco will have acquired the Ongoing Group essentially free of debt other than the debt Newco itself has acquired;
- (b) the Residual Group will be liquidated; and
- (c) the Net Proceeds and the Creditor Shares and the proceeds from the liquidation of the Residual Group will be distributed to creditors in settlement of their Claims.

If the Capital Raising Direction is not given

If Newco does not purchase the Ongoing Group and its debt and the Capital Raising Direction is not given, then a further meeting of creditors will be convened and creditors will be asked to approve a winding up or liquidation of the Group or an alternative restructure for the Group on the terms set out in this Statement below.

Discretion in relation to the Capital Raising

Under the terms of the relevant Restructure Documents, the Deed Administrators have absolute discretion to determine whether or not the Capital Raising is to proceed by way of an Issue Raising or a Sale Raising.

3. Requirement to give the Capital Raising Direction

When requirement arises

The Deeds will have the effect of requiring the Deed Administrators to give the Capital Raising Direction if and only if, on or before 31 March 2003 or a later date determined by the Deed Administrators with the approval of the Pricing Committee by resolution of that committee:

- (a) FIRB approval of the acquisition by Deed Creditors of the Creditor Shares is obtained;
- (b) all other necessary regulatory approvals are obtained and requirements are met;
- (c) Newco has been required to purchase certain of the companies in the Group as specified in the Conditional Deed and certain of the debt owed by those companies to other companies in the Group also as specified in the Conditional Deed;
- (d) the Assumption Deed is executed by all the parties to it;
- (e) the Contract Novation Deed is executed by all the parties to it;
- (f) the Loan Rationalisation Deeds have been executed by all the parties to them;
- (g) the Budel Loan Rationalisation Deed is executed by all the parties to it;
- (h) other of the Restructure Documents as specified in the Deeds including the PPT Lease Transfer and Waiver Deed, the Mine Fleet Assets Transaction Waiver and Consent Deed, the Newcastle Ship Loader Transaction Waiver and Consent Deed and the Accommodation Village Transaction Waiver and Consent Deed are executed by all of the parties to them or the waiver, consents and other matters the subject of those documents have otherwise become binding as a consequence of the proposed parties to those agreements voting in favour of the relevant Deeds being executed or the Court so ordering;

- (i) valid applications have been received for shares in Newco under the Capital Raising the aggregate issue or sale price in respect of which equals or exceeds the amount approved by the Pricing Committee by resolution of that committee;
- (j) the number of shares in Newco in respect of which valid applications have been received and are proposed to be accepted does not exceed the percentage approved by the Pricing Committee of the Consideration Shares;
- (k) the Deed Administrators are satisfied on reasonable grounds that the shares issued or sold under the Capital Raising will be admitted to quotation on the financial market of ASX within the period prescribed in section 723(3)(b) of the Act; and
- (l) the Deed Administrators are satisfied:
 - (i) section 723(3)(d) of the Act does not apply in relation to the Capital Raising;
 - (ii) either:
 - (A) section 724(2) of the Act does not apply in relation to the Capital Raising; or
 - (B) section 724(2) of the Act does apply in relation to the Capital Raising and:
 - (I) one month has elapsed expiring on or before 31 March 2003 or the later date determined by the Deed Administrators with the approval of the Pricing Committee; and
 - (II) the amount of withdrawals of applications has not resulted in there being valid applications for less than the minimum amount as provided above;
 - (iii) there is no order in force under section 739(1) or (3) of the Act in respect of the Capital Raising; and
 - (iv) there is no reason known to them why an order under section 739(1) or (3) of the Act may be made in the future in relation to the Capital Raising.

Waiver of certain requirements

The Deed Administrators may with the approval of the Pricing Committee by resolution of that committee give the Capital Raising Direction even if any or all of the requirements under (d) to (h) above have not been satisfied.

Deed Administrators not liable

The Deed Administrators will not be liable for any loss incurred by any person bound by the Deeds which results in any way directly or indirectly from the Deed Administrators giving or not giving the Capital Raising Direction.

Capital Raising pricing meeting

The Deed Administrators may put proposals to the Pricing Committee as to the amount referred to in Section 3(i) above and the percentage referred to in Section 3(j) above (**Pricing Proposals**).

4. If the Capital Raising Direction is given

Capital Raising Direction

If the Deed Administrators give the Capital Raising Direction, the Conditional Deed will require Newco to:

- (a) acquire all or some of the companies in the Ongoing Group as required by the Deed Administrators;

- (b) acquire the debt payable by all or some of the companies in the Ongoing Group to companies in the Residual Group as required by the Deed Administrators; and
- (c) after steps (a) and (b) have been completed, then:
 - (i) in the case of an Issue Raising, transfer the Net Proceeds and issue the Creditor Shares to or as directed by Pasmenco Limited; or
 - (ii) in the case of a Sale Raising, issue the Consideration Shares to or as directed by Holdings.

Transfer of Net Proceeds, issue of Creditor Shares and sell down by Pasmenco Limited

The PL Deed will require Pasmenco Limited to:

- (a) either:
 - (i) in the case of an Issue Raising, direct Newco to transfer the Net Proceeds to Pasmenco Limited and issue:
 - (A) all or some of the Creditor Shares to the Large Participating Creditors on a pro rata basis in proportion to their Entitlements;
 - (B) if the Deed Administrators determine to proceed with the Warrant Issue, one Creditor Share to the Warrant Trustee for each warrant to be issued under the Warrant Issue as cover for the warrant; and
 - (C) the remaining Creditor Shares to Pasmenco Limited; or
 - (ii) in the case of a Sale Raising, direct Newco to issue the Consideration Shares to or as directed by Holdings whereupon Pasmenco Limited will cause Holdings to complete the Sale Raising by sale and transfer of the Sale Shares and transfer:
 - (A) all or some of the Creditor Shares to the Large Participating Creditors on a pro rata basis in proportion to their Entitlements; and
 - (B) if the Deed Administrators have determined to proceed with the Warrant Issue, one Creditor Share to the Warrant Trustee for each Warrant as cover for the warrant; and
- (b) sell its assets in accordance with the rules summarised in **Section 16**.

Release of Claims against Ongoing Group

On Newco transferring the Net Proceeds and issuing the Creditor Shares to or as directed by Pasmenco Limited or issuing the Consideration Shares to or as directed by Holdings, as the case may be, the Deeds will have the effect that each company in the Ongoing Group will be released from all Claims (other than specified contingent Claims or classes of contingent Claims and the indemnity provided by PCML in favour of QBE described below) against it and Pasmenco Limited will assume liability in respect of the Claims (other than the contingent Claims or classes of contingent Claims not released) and the creditors of that company will be entitled to prove in respect of the Claims against Pasmenco Limited under the terms of the PL Deed.

The companies in the Ongoing Group will be released from the contingent Claims and classes of contingent Claims against the Ongoing Group not otherwise released if proceedings in relation to the Claims are not brought on or before a date to be set out or determined in accordance with the Deeds.

Sell down by Residual Group

Each company in the Residual Group other than Pasmenco Limited will (and the Deed Creditors will be taken to have agreed that each company in the Residual Group other than Pasmenco Limited will) (unless ownership of the share capital of the company or any holding company of the company is sold or is to be

sold as part of the sale process being undertaken by any holding company of that company pursuant to the Deed in respect of the holding company) be required to sell its assets (if any) in accordance with the rules summarised in **Section 16** and pay the proceeds (if any) to or as directed by Pasminco Limited.

Release of Claims against Residual Group

On:

- (a) ownership of the share capital of a company in the Residual Group or any holding company of the company being sold as part of the sale procedure being undertaken by any holding company of that company pursuant to the Deed in respect of the holding company; or
- (b) the company in the Residual Group paying the proceeds (if any) from the sale of its assets (if any) to or as directed by Pasminco Limited or the Deed Administrators confirming in writing that there are no proceeds for distribution,

the company in the Residual Group will be released from all Claims against it and Pasminco Limited will assume liability in respect of the Claims and the creditors of the Company will be entitled to prove in respect of the Claims against Pasminco Limited under the terms of the PL Deed.

Distribution to Deed Creditors

The PL Deed will require Pasminco Limited to receive and hold:

- (a) the Net Proceeds from the Capital Raising (received from Holdings if the Capital Raising has proceeded as a Sale Raising);
- (b) any Creditor Shares issued to Pasminco Limited or Holdings by Newco;
- (c) the proceeds from the sale of Pasminco Limited's assets; and
- (d) any distribution received by Pasminco Limited from the companies in the Residual Group,

for its own benefit and then distribute to each Participating Creditor its Entitlement out of that property in accordance with the procedure set out in **Section 13**.

Release of Claims against Pasminco Limited

On a Participating Creditor being issued the number of Creditor Shares Pasminco Limited directs Newco to issue to it or being transferred Creditor Shares by Holdings or the shares being issued or transferred to the Warrant Trustee if there is a Warrant Issue and Pasminco Limited distributing the Participating Creditor's Entitlement to it in accordance with the procedure set out in **Section 13**, the Participating Creditor will release Pasminco Limited from all Claims against it.

Deed may be pleaded in absolute bar

On release of Claims, a Deed may be pleaded in absolute bar of any action, counterclaim, cross-claim, set-off, proceeding or suit which may otherwise have been brought, prosecuted or relied on by a Deed Creditor against the Deed Company in respect of its Claims.

Repayment of Summit Facility and the VA Facility

Mechanisms will also be included in the Restructure Documents under which the Net Proceeds will be used to repay the Summit Facility and the VA Facility.

PCML indemnity and Pasminco Limited guarantee in favour of QBE

Under an agreement between PCML, Pasminco Limited and QBE relating to the PPT Lease, PCML has provided an indemnity and Pasminco Limited has provided a guarantee in favour of QBE in respect of an amount relating to the PPT Lease.

Conditional on QBE providing various waivers and consents in relation to the PPT Lease:

- the Deeds will have the effect that the indemnity by PCML will not be compromised under the Deeds; and

- an agreement will be entered into between Pasminco Limited, Newco and QBE under which the guarantee by Pasminco Limited in favour of QBE will be replaced by a guarantee by Newco in favour of QBE.

Possible variations to structure

The Deeds will allow for possible variations to the structure for the Capital Raising. For example, if the Capital Raising is to proceed by way of a Sale Raising (offer by or on behalf of Holdings or another entity of shares in Newco for sale), Newco may issue the Consideration Shares to Pasminco Finance (and/or another company in the Group) rather than to Holdings. The Sale Shares could then be transferred to Holdings or the other entity by Pasminco Finance for Holdings to complete the Capital Raising by sale and transfer of the Sale Shares to successful applicants under the Capital Raising. Holdings could pay Pasminco Finance the proceeds received by Holdings from the Capital Raising in consideration for the Sale Shares.

The Deeds will also allow for the structure to be varied to involve an existing group company such as PCML instead of Newco acquiring the Ongoing Group and the debt payable by the Ongoing Group to the Residual Group. Holdings or another company in the Group could then offer shares in PCML or the other company for sale under a capital raising.

The acquisition of the Ongoing Group and the debt by PCML or the other company could occur as a pre-capital raising restructure. That is, those steps could occur prior to any 'Capital Raising Direction' being given or even prior to shares in PCML or the other company being offered to investors under a capital raising. It is possible that PCML or another company could become the holding company of the Ongoing Group as a further option for consideration by creditors in addition to the other options described in **Sections 5, 6, 7 and 8**.

5. If the Capital Raising Direction is not given

If the Deed Administrators form the view that they will not give the Capital Raising Direction within the required time frame as varied from time to time, the Deeds will require them to convene a meeting of Deed Creditors as soon as is practicable having regard to the circumstances.

The notice of the meeting must set out the following resolutions (modified as appropriate, as the Deed Administrators determine) to be voted on by Deed Creditors at the meeting:

Resolution 1 - Equity option, Pasminco Limited structure

That, subject to FIRB approval of the acquisition by creditors of the Pasminco Limited Shares having been obtained, the Pasminco Limited Shares be issued (see **Section 6**).

Resolution 2 - Disposal of assets and distribution of proceeds under Deeds

That the Group's assets be sold or otherwise realised and the proceeds distributed pursuant to the Deeds.

Resolution 3 - Formal winding up under the Act

That the Group be wound up under the Act.

Resolutions 1 to 3 will be expressed so that they are mutually exclusive.

The notice of meeting may also set out any other resolutions that the Deed Administrators propose that the Deed Creditors vote on at the meeting.

6. If resolution 1 is passed - Equity option, Pasminco Limited structure

Issue of Pasminco Limited Shares

If resolution 1 is passed the PL Deed will require Pasminco Limited to (and the Deed Creditors will be taken to have agreed that Pasminco Limited will):

- (a) issue the Pasminco Limited Shares to the Large Participating Creditors on a pro rata basis in proportion to their Entitlements on the dates determined by the Deed Administrators in their absolute discretion;
- (b) pay Small Participating Creditors 50 cents for each \$1 to which they are Entitled; and
- (c) take all reasonable steps to have the Pasminco Limited Shares quoted and the existing shares in Pasminco Limited reinstated to quotation on a financial market conducted by ASX.

Release of Claims against Pasminco Limited

On Pasminco Limited issuing the Pasminco Limited Shares and paying the Small Participating Creditors, each Deed Company will be released from all Claims against it.

Deed may be pleaded in absolute bar

On release of Claims, a Deed may be pleaded in absolute bar of any action, counterclaim, cross-claim, set-off, proceeding or suit which may have been brought, prosecuted or relied on by a Deed Creditor against the Deed Company in respect of its Claims.

7. If resolution 2 is passed or Deed Creditors otherwise resolve that the Group's assets are to be sold or otherwise realised and the proceeds distributed pursuant to the Deeds

Sell down and payment to Pasminco Limited

If resolution 2 is passed or Deed Creditors otherwise resolve that the Group's assets are to be sold or otherwise realised and the proceeds distributed pursuant to the Deeds, the Deed Companies will (and the Deed Creditors will be taken to have agreed that the Deed Companies will) (unless ownership of the share capital of the company or any holding company of the company is sold or is to be sold as part of the sale process being undertaken by any holding company of that company pursuant to the Deed in respect of the holding company) sell their assets (if any) in accordance with the rules summarised in **Section 16** and pay the proceeds (if any) to or as directed by Pasminco Limited.

Pasminco Limited will in turn also sell its own assets.

Release of Claims against Deed Companies

On:

- (a) ownership of the share capital of each Deed Company or any holding company of the company being transferred as part of the sale process being undertaken by any holding company of that company pursuant to the Deed in respect of the holding company; or
- (b) the company paying the proceeds (if any) from the sale of its assets (if any) to or as directed by Pasminco Limited or the Deed Administrators confirming in writing that there are no proceeds for distribution,

the company will be released from all Claims against it and Pasminco Limited will assume liability in respect of the Claims and the creditors of the Company will be entitled to prove in respect of the Claims against Pasminco Limited under the terms of the PL Deed.

Distribution to Deed Creditors

The PL Deed will require Pasminco Limited to receive and hold:

- (a) the proceeds from the sale of Pasminco Limited's assets; and
- (b) any distribution received by Pasminco Limited from the other companies in the Group,

for its own benefit and then distribute to each Participating Creditor its Entitlement out of that property in accordance with the procedure set out in **Section 13**.

Release of Claims against Pasmenco Limited

On Pasmenco Limited distributing the Participating Creditor's Entitlement to it in accordance with the procedure set out in **Section 13**, the Participating Creditor will release Pasmenco Limited from all Claims against it.

Deed may be pleaded in absolute bar

On release of Claims, a Deed may be pleaded in absolute bar of any action, counterclaim, cross-claim, set-off, proceeding or suit which may otherwise have been brought, prosecuted or relied on by a Deed Creditor against the Deed Company in respect of its Claims.

8. If resolution 3 is passed - Formal winding up under the Act

If resolution 3 is passed or Deed Creditors otherwise decide that the Group be wound up under the Act, the Deeds will terminate effective on the resolution being passed and the Deed Companies will be wound up in accordance with the Act.

Deed Creditors agree that if the Deeds terminate and the Deed Companies are to be wound up in accordance with the Act, the Deed Administrators and Voluntary Administrators may, without prejudice to the effect of any existing order of the Court, seek a further order from the Court as required:

- deeming claims of the Voluntary Administrators and Deed Administrators under the cross indemnity described in **Section 43** to rank equally with claims under section 556(1)(a) of the Act for the purposes of the winding up; and/or
- confirming that the Voluntary Administrators and Deed Administrators have an equitable lien over all of the assets of the Group to secure their personal liability to third parties and their costs and expenses.

Deed Creditors agree they will not oppose any such application before the Court.

Deed Creditors also agree that the Deed Administrators may secure their rights under the Deeds and otherwise as described above as a charge over the assets of each company in the Group. This charge would be in lieu of the security arrangements currently contemplated under the Security Trust Deed to be provided in favour of the Voluntary Administrators and the Deed Administrators.

9. Certificates of release of Claims

If a Deed Creditor's Claims are released under a Deed:

- (a) the Deed Creditor must, if called on to do so, execute and deliver a written release of their Claims in any form required; and
- (b) a certificate signed by the Deed Administrators that the Deed Creditor's Claims are released will, in the absence of manifest error, be final and conclusive and binding on the Deed Creditor.

On a Deed Company being released and completely discharged from all Claims and all Claims being extinguished, the Deed Administrators may certify to that effect in writing and lodge with ASIC a notice of termination of the Deed.

10. Acknowledgments in respect of releases of Claims

Deed Creditors in respect of the companies in the Group other than Pasmenco Limited acknowledge and agree under the Deeds that the assets of the Deed Companies are not available to pay Claims, however, Deed Creditors (other than a Deed Creditor which a company in the Group) may prove in respect of its Claim against Pasmenco Limited under the terms of the PL Deed.

11. Ascertainment of Entitlements

The rules for determining Entitlements will be the rules prescribed by the Act and the Regulations for proof of debts or claims on a winding up of a company.

12. Reduction of Entitlements

On a PL Deed Creditor being issued or transferred Creditor Shares and on Creditor Shares being issued or transferred to the Warrant Trustee on behalf of a PL Deed Creditor:

- (a) Pasminco Limited shall be deemed to have paid the PL Deed Creditor in respect of the PL Deed Creditor's Entitlement; and
- (b) the PL Deed Creditor's Entitlement is reduced by,

an amount per Creditor Share issued or transferred to the PL Deed Creditor equal to the highest issue or sale price per Creditor Share under the Capital Raising.

13. Distribution of Entitlements

The PL Deed contains rules for distributing Entitlements to Deed Creditors.

If Pasminco Limited is required to distribute to each Participating Creditor the Participating Creditor's Entitlement, Pasminco Limited must apply the property for distribution in payment to the Voluntary Administrators, the Deed Administrators and the Participating Creditors as follows:

- (a) first, but only to the extent of the cash component of the property, in accordance with the priorities set out in the Security Trust Deed;
- (b) secondly, the Small Participating Creditors must be paid 50 cents cash for each \$1 they are Entitled to; and
- (c) thirdly, the Large Participating Creditors their Entitlements on a pro rata basis,

in such instalments and on the dates determined by the Deed Administrators in their absolute discretion.

Any Deed Creditor which receives an amount in excess of its Entitlement must repay the amount to Pasminco Limited within seven days after becoming aware that the excess has been paid to it.

The Entitlement of any Deed Creditor which remains unclaimed after a reasonable period of time (to be determined by the Deed Administrators), may be cancelled by the Deed Administrators and remitted to ASIC to be dealt with under Part 9.7 of the Act.

14. Warrant Issue

The Deed Administrators are given the power under the PL Deed to require creditors as nominated by them to authorise the issue of warrants over Creditor Shares to which they become entitled following a Capital Raising Direction (**Warrant Issue**).

If the Deed Administrators decide to proceed with the Warrants Issue, the PL Deed will:

- (a) allow the Deed Administrators to direct Newco to issue or to or cause Holdings to transfer some of the Creditor Shares to a trustee as cover for the warrants (**Warrant Trustee**);
- (b) if required by the Deed Administrators, require the nominated creditors to appoint one of the finance creditors (**Issuer**) (who is an approved warrant issuer under the ASX business rules and who has issued warrants before 11 March 2002 so that transitional relief from the FSR disclosure requirements can be obtained) to offer and issue warrants to investors applying for shares in Newco under the Capital Raising. The Deed Administrators may nominate an issuer that is not a

finance creditor, including, by way of example, Newco, even if such transitional relief does not apply;

- (c) contain an authority for the Issuer to issue an offering circular or Product Disclosure Statement relating to the Warrant Issue complying with the Act, the Regulations and the rules for the warrants so that it is able to be given to investors at the same time as the prospectus or prospectuses for the Capital Raising; and
- (d) authorises the Deed Administrators and/or Newco to prepare the offering circular on behalf of the nominated creditors and to give it to ASX.

The PL Deed will contain other provisions facilitating or expediting any Warrant Issue that might take place in the context of the restructure.

15. Creditor Shares and Pasminco Limited Shares

Large Participating Creditors agree:

- (a) to accept any Creditor Shares or Pasminco Limited Shares issued or transferred to them; and
- (b) if they are issued with Creditor Shares or Pasminco Limited Shares or if Creditor Shares or Pasminco Limited Shares are transferred to them:
 - (i) to become a member of Newco or Pasminco Limited; and
 - (ii) to be bound by Newco's or Pasminco Limited's constitution, as the case may be.

16. Realisation of assets

Where a Deed Company is required under a Deed to sell its assets the Deed Administrators must endeavour to sell or otherwise realise all assets of the Deed Company for the best price that is reasonably obtainable having regard to the circumstances existing when those assets are sold.

The Deed Company and each person bound by the Deed must do all things and sign all documents required by the Deed Administrators to effect, ratify and perfect any transfer of assets and liabilities of the Deed Company.

17. The security structure

Guarantee and charge

At the present time, it is contemplated that each Deed Company, Newco and Holdings will provide security to the Security Trustee under the Security Trust Deed in the form of a fixed and floating charge over all of its assets to secure its obligations in respect of:

- (a) fees and costs of the Security Trustee;
- (b) the indemnities provided by the Deed Companies to the Voluntary Administrators and the Deed Administrators for personal liabilities incurred in their capacities as administrators of the Deed Companies (described in **Section 43** below);
- (c) the VA Facility;
- (d) the Summit Facility (described in **Section 24** below) and any Replacement Facility;
- (e) arrears owing in respect of the PPT Lease and the Newcastle Ship Loader Transaction and the provision of services in accordance with the Mine Fleet Assets Transaction and the Accommodation Village Transaction (capped at an amount equal to one rental payment or service

payment, as applicable under each transaction) (The operating lease payments and service payments referred to are those which have accrued in accordance with the terms of the relevant operating lease or service agreement but have not been paid. However, in the case of the PPT Lease, as the rent is paid 6 monthly, the amount secured will be pro-rated for the period of use of the PPT Assets prior to any enforcement of the security.);

- (f) employee entitlements; and
- (g) the cross-guarantee and indemnity granted by each Deed Company and Newco and Holdings in favour of the Security Trustee, guaranteeing the obligations of the other guarantors in respect of the obligations described at (a) to (f) above.

Newco and Holdings will not incur any liabilities under the guarantee and charge until a Capital Raising Direction is given in respect of a Capital Raising and Newco purchases the companies in the Ongoing Group.

Once a Capital Raising Direction is given and Newco acquires the companies in the Ongoing Group, the Security Trust Deed operates to:

- (a) release Pasmenco Limited and the companies in the Residual Group in respect of obligations listed at (a) to (e) and (g) above owed by Newco and the companies in the Ongoing Group and in respect of the obligations listed at (f); and
- (b) release Newco and the companies in the Ongoing Group in respect of obligations listed at (a) to (e) and (g) above owed by Pasmenco Limited and the companies in the Residual Group.

Security Trust Deed

At the present time, it is contemplated that the Security Trustee will hold the benefit of the guarantee and the charge for each of the following beneficiaries under the Security Trust Deed:

- (a) the Security Trustee;
- (b) the agent (if any) under the VA Facility, the Summit Facility or any Replacement Facility;
- (c) the Voluntary Administrators;
- (d) each financier under the VA Facility, the Summit Facility or any Replacement Facility;
- (e) the Deed Administrators;
- (f) the persons entitled to the payments described in paragraph (e) above under the heading 'Guarantee and Charge'; and
- (g) a trustee for the employees.

The Security Trustee is obliged to act in accordance with the instructions of the majority of financiers and/or the Voluntary Administrators and the Deed Administrators in enforcing the security. The detailed arrangements for giving these instructions are being finalised with the Summit Facility financiers.

Priorities

The Security Trust Deed contains rules for distributing the proceeds of enforcement of the security to the beneficiaries after a default. At the present time, it is contemplated that proceeds of enforcement will be distributed in the following order of priority:

- (a) In respect of PCML's assets, as follows:
 - (i) first, in respect of:
 - (A) all liabilities of the Voluntary Administrators under section 443A of Act (**Section 443A Liabilities**) across the Group (including debts owing under the VA Facility) including the Voluntary Administrators' liability for intercompany borrowings which have been made in accordance with the order of Court dated 10 October

- 2001 during the Voluntary Administration Period (but excluding any liability arising under the indemnity given by Pasminco Limited to the directors of foreign subsidiaries); and
- (B) the Voluntary Administrators and the Deed Administrators' remuneration and costs as described in **Section 42**;
- (ii) secondly, in respect of:
- (A) the Summit Facility;
 - (B) all other liabilities of the Voluntary Administrators, provided that where the liabilities arise in respect of a Group entity other than PCML and the assets available in that entity are inadequate to meet the liability, then the Voluntary Administrators may have recourse to and indemnify themselves from the assets of PCML up to a maximum sum of \$25 million in respect of all such liabilities;
 - (C) one operating lease or service payment in respect of the Group's operating leases and service agreements described in paragraph (e) above under the heading 'Guarantee and Charge'. (The operating lease payments and service payments referred to are those which have accrued in accordance with the terms of the relevant operating lease or service agreement but have not been paid. However, in the case of the PPT Lease, as the rent is paid 6 monthly, the amount secured will be pro-rated for the period of use of the PPT Assets prior to any enforcement of the security.) Nothing in this priority alters the capacity or obligation of the Voluntary Administrators to meet a lease payment for which they have personal liability under section 443A of the Act. This priority is only to cover the default scenario where a company in the Group fails to make the relevant payment and it is not otherwise discharged by the Voluntary Administrators in accordance with section 443A of the Act;
- (iii) thirdly, in respect of all other or remaining liabilities of the Voluntary Administrators incurred in connection with the voluntary administration of the Group without limitation other than those described under **paragraphs 17(a)(i) and 17(a)(ii)(B)** above;
- (iv) fourthly, all liabilities (if any) incurred by the Deed Administrators in relation to their administration of or their acting as Deed Administrators of the Deeds other than the Deed Administrators' remuneration and costs as described in **Section 42**; and
- (v) fifthly, in respect of employee Claims.
- (b) In respect of all other entities in the Group, as follows:
- (i) first, in respect of:
 - (A) all Section 443A Liabilities of the Voluntary Administrators across the Group (including debts owing under the VA Facility), including the Voluntary Administrators' liability for intercompany borrowings which have been made in accordance with the order of Court dated 10 October 2001 during the Voluntary Administration Period, all other liabilities of the Voluntary Administrators incurred in connection with the voluntary administration of the Group without limitation; and
 - (B) the Voluntary Administrators and the Deed Administrators' remuneration and costs as described in **Section 42**;
 - (ii) secondly, in respect of the Summit Facility;

- (iii) thirdly, in respect of all expenses incurred by the Deed Administrators in relation to their administration of or their acting as Deed Administrators of the Deeds other than the Deed Administrators' remuneration and costs as described in **Section 42**; and
- (iv) fourthly, in respect of employee Claims.

Within this structure liabilities of Group entities other than PCML will be paid in the first instance from the entities other than PCML. In circumstances where there are insufficient assets in a particular entity other than to meet the liabilities of that entity, there is to be a limited right to claim against the assets of PCML (ie up to \$25 million). If the Voluntary Administrators are personally liable in other Group entities apart from PCML, the Voluntary Administrators will also have recourse against other Group entities apart from PCML to meet those liabilities on an unlimited basis.

The liabilities within a particular category will rank *pari passu*. The Summit Financiers share in the Voluntary Administrators' priority in respect of the debts owing under the VA Facility which remains undischarged. However, the continuation of that priority is strictly on the basis that it is non recourse to the Voluntary Administrators.

As between themselves, employee Claims will be satisfied in order of their respective priority under s556 of the Act. Subject to agreement with Rio Tinto, amounts owing in accordance with certain indemnity arrangements with certain companies in the Rio Tinto group of companies may share in the security granted to the employee Claims at the same level as injury compensation Claims.

The final priority allocation will be driven by the outcome of the negotiations currently occurring in relation to the Summit Facility.

The agreed priority regime will also be followed in the distribution of Entitlements to Deed Creditors (as described in **Section 13** above).

18. The Assumption Deed

The Assumption Deed will provide that from the date Newco transfers the Net Proceeds and issues the Creditor Shares to or as directed by Pasmenco Limited (if the Capital Raising proceeds as an Issue Raising) or issues the Consideration Shares to or as directed by Holdings (if the Capital Raising proceeds as a Sale Raising), Newco will assume the obligations of Pasmenco Limited and other entities in the Residual Group under certain specified liabilities set out in the Assumption Deed so that Pasmenco Limited and the other entities in the Residual Group will be released and discharged from those obligations and Newco will undertake to perform and observe those obligations in substitution for Pasmenco Limited and the other entities in the Residual Group.

The beneficiaries of the obligations under the specified liabilities will consent in the Assumption Deed to the assumption of those obligations by Newco and agree to the release and discharge of Pasmenco Limited and the other entities in the Residual Group.

19. The Contract Novation Deed

The Contract Novation Deed will provide for the novation of specified contracts as set out in the deed from Pasmenco Limited and other entities in the Residual Group to Newco from the date Newco transfers the Net Proceeds and issues the Creditor Shares, to or as directed by Pasmenco Limited (if the Capital Raising proceeds as an Issue Raising) or issues the Consideration Shares to or as directed by Holdings (if the Capital Raising proceeds as a Sale Raising).

Pasmenco Limited and the other entities in the Residual Group will be released and discharged from the specified contracts and Newco will undertake to perform and observe the terms and obligations of the specified contracts in substitution for Pasmenco Limited and the other entities in the Residual Group.

The parties entitled to the benefit of the specified contracts will release and discharge Pasmaenco Limited and the other entities in the Residual Group from all claims under the specified contracts and Pasmaenco Limited and the other entities in the Residual Group will release and discharge those persons from any liability to them under the specified contracts.

Newco will indemnify the parties entitled to the benefit of the specified contracts for any claim (other than Claims) any of them may have against Pasmaenco Limited and the other entities in the Residual Group as at the date of operation of the deed and Pasmaenco Limited and the other entities in the Residual Group will indemnify Newco against all such liabilities for which the parties entitled to the benefit of the specified contracts make a claim against Newco.

20. PPT Lease Transfer and Waiver Deed

The PPT Lease Transfer and Waiver Deed will provide for the waiver of events of default and consent to the arrangements contemplated by the relevant Deeds under the PPT Transaction Documents and a transfer of Pasmaenco Finance's interest in the leasing partnership to Newco. Subject to agreement with the PPT transaction parties, the deed also contemplates granting PCML a right to acquire the PPT Assets on expiry of the term of the PPT leases.

21. Mine Fleet Assets Transaction Waiver and Consent Deed

The Mine Fleet Assets Transaction Waiver and Consent Deed will provide for the waiver of events of default and consent to the arrangements contemplated by the relevant Deeds under the Mine Fleet Assets Transaction Documents in favour of PCML.

22. Accommodation Village Transaction Waiver and Consent Deed

The Accommodation Transaction Waiver and Consent Deed will provide for the waiver of events of default and consent to the arrangements contemplated by the relevant Deeds under the Accommodation Village Transaction Documents in favour of PCML.

23. Newcastle Ship Loader Transaction Waiver and Consent Deed

The Newcastle Ship Loader Waiver and Consent Deed will provide for the waiver of events of default and consent to the arrangements contemplated by the relevant Deeds under the Newcastle Ship Loader Transaction Documents.

24. Summit Facility and the VA Facility

Summit Facility

It is proposed that PCML will borrow money from a group of financiers (each of whom is a Deed Creditor) under a short-term revolving facility to, among other things:

- (a) refinance the Standstill Debt;
- (b) pay PPT Lease arrears;
- (c) provide immediate working capital; and
- (d) cash collateralise transactional banking liabilities,

during the period in which the Deed Companies are subject to the Deeds.

If a Capital Raising Direction is given, the proceeds of the Capital Raising will be used to pay out the Summit Facility, among other things.

The Summit Facility will contain standard representations and warranties, undertakings and events of defaults for a facility of this nature.

Amounts owing under the Summit Facility may be accelerated after an event of default. In addition, it is contemplated that a review event will occur in the following circumstances:

- (a) if the Pricing Committee fails to approve any of the pricing proposals put forward by the Deed Administrators;
- (b) if the majority of financiers are not satisfied, acting reasonably, that the Capital Raising will occur by 31 March 2003; and
- (c) if the Deed Administrators decide not to proceed with the Capital Raising.

It is anticipated there will also be review events based on the failure to achieve certain financial covenants by the Group. These are yet to be agreed with the Summit Facility financiers.

If a review event occurs, all amounts owing under the Summit Facility may be accelerated and the Summit Facility will be cancelled.

The exact terms of the Summit Facility are subject to final agreement with the Summit Facility financiers. Majority of the financiers in this context is intended to be a majority in value, not number.

VA Facility

It is proposed that the VA Facility will be varied so that it is on similar terms and conditions to the Summit Facility, and that participations in the VA Facility will be sold to the Summit Facility financiers on a pro rata basis in accordance with their commitments under the Summit Facility. If a Capital Raising Direction is given, the proceeds of the Capital Raising will be used to pay out the VA Facility, among other things.

25. The Loan Rationalisation Deeds

The Loan Rationalisation Deeds provide for a number of set offs and assignments of debt between members of the Group which will have the effect of significantly reducing the number of debts outstanding between the various members of the Group.

The Deeds also ensure that after completion of the set offs and assignments and certain releases effected the total debt owing by any member of the Ongoing Group to the members of the Residual Group does not exceed the fair value of the net assets of the member of the Ongoing Group (adjusted by removing from the calculation any indebtedness between the member of the Ongoing Group and any member of the Residual group, obligations arising under the ASIC Deed of Cross Guarantee and contingent obligations)

26. Budel Loan Rationalisation Deed

The Budel Loan Rationalisation Deed provides for the discharge of certain debts owed by Budel Zink B.V. to members of the Group and of certain debts owed by members of the Group to Budel Zink B.V. No net amount will be left owing.

The deed also provides that no party will demand payment or discharge of any such debt except as provided for in the deed.

27. Commencement and execution

Each Deed will take effect on the date it has been executed by all parties to it.

Each Deed will be executed by the Deed Company, each other entity in the Group and the Deed Administrators in their capacities as the Deed Administrators and the Voluntary Administrators of the Deed Company.

28. Interim effect

If a person would be bound by a Deed if the Deed had already been executed, at any time from the time the resolution to execute the Deed is passed to the earlier of:

- (a) the time the Deed is executed; and
- (b) the end of the period in which section 444B(2) of the Act requires the Deed Company to execute the Deed,

the person must not:

- (c) do anything inconsistent with the Deed except with the leave of the Court; or
- (d) do any of the following:
 - (i) make or proceed with an application for an order to wind up the Deed Company or take or concur in taking any step to wind up the Deed Company;
 - (ii) make an application to have a court approved receiver or a provisional liquidator appointed to the Deed Company or any of the Deed Company's assets;
 - (iii) begin or proceed with a proceeding against the Deed Company or in relation to any of its assets except with the leave of the Court and in accordance with such terms (if any) as the Court imposes; or
 - (iv) begin or proceed with any enforcement process in relation to assets of the Deed Company except with the leave of the Court and in accordance with such terms (if any) as the Court imposes.

29. Termination

Each Deed will terminate on whichever of the following occurs first:

- (a) the Court makes an order under section 445D of the Act in respect of the Deed;
- (b) the Deed Creditors resolve to terminate the Deed at a meeting called under the Deed of Deed Creditors in accordance with section 445C(b) of the Act;
- (c) the Deed Creditors of certain Deed Companies as specified in the Deeds do not resolve those companies execute a Deed;
- (d) the Deed Administrators determine that it is in the best interests of Deed Creditors that the Deed Company be wound up in accordance with the Act and give notice in writing of their determination to Deed Creditors; and
- (e) the Deed Administrators lodging with ASIC a notice of termination of the Deed as contemplated in **Section 9**.

The termination of a Deed will not affect its previous operation.

30. Winding up

Each Deed will have the effect that the Deed Company will be wound up under the Act on termination of the Deed if:

- (a) the event summarised in **Section 29(c)** above occurs;
- (b) the event summarised in **Section 29(d)** above occurs; or
- (c) the Deed Creditors resolve at a meeting of Deed Creditors that the Deed Company is to be wound up.

31. Non-execution of Security Trust Deed and Summit Facility

If the Security Trust Deed and Summit Facility are not executed by all the parties to them on or before the Commencement Date, the Deeds will require the Deed Administrators to convene a meeting of Deed Creditors as soon as is practicable having regard to the circumstances.

At the meeting, Deed Creditors will be asked to consider, among other things, whether the Group's assets should be sold or otherwise realised and the proceeds distributed pursuant to the Deeds as described in **Section 7** or whether the Group should be wound up in accordance with the Act as described in **Section 8**.

32. Representations and warranties

Certain minimal representations and warranties are given to Newco under the Conditional Deed in relation to the companies and debt Newco can be required to acquire.

The Deed Administrators are not liable for any liabilities Newco suffers or incurs by reason of any representation or warranty being untrue or inaccurate.

The representations and warranties are subject to and are qualified by various matters specified in the Conditional Deed.

Liability for a representation or warranty being untrue or inaccurate is limited under the Conditional Deed.

Certain obligations are imposed on Newco in relation to making claims against the representations or warranties.

33. Prescribed provisions

Subject to **Section 40(g)**, the Deeds do not include the provisions in Schedule 8A to the Regulations.

34. Inconsistency with Act or Regulations

If there is any inconsistency between the provisions of a Deed and the Act or Regulations, the Deed will prevail to the extent permitted by law.

35. Failure of arrangements

Notwithstanding anything else in each Deed, if the Deed Administrators determine that it is no longer practicable or desirable either to continue to carry on the business of the Deed Company or to implement the Deed, the Deed Administrators:

- (a) may cease to carry on the business of the Deed Company except so far as is necessary in their opinion for the orderly winding up of the Deed Company; and
- (b) must summon a meeting of Deed Creditors for the purpose of considering a resolution to terminate the Deed.

36. Moratorium

Deeds bind all persons

Subject to the rights of any owner or lessor pursuant to section 444D(3) of the Act, each Deed binds:

- (a) in accordance with section 444D(1) of the Act, all Deed Creditors;

- (b) in accordance with section 444G of the Act, the Deed Company, its officers and members and the Deed Administrators;
- (c) any owner or lessor who voted in favour of the resolution of Deed Creditors that the Company executed the Deed; and
- (d) any secured creditor who voted in favour of the resolution of Deed Creditors that the Company executed the Deed.

Restrictions on persons bound

While a Deed is in force, without the Deed Administrators' prior written consent or, where section 444E of the Act applies, the leave of the Court, a Deed Creditor must not in relation to its Claim under a Deed:

- (a) make or proceed with an application for an order to wind up the Deed Company or take or concur in taking any step to wind up the Deed Company;
- (b) appoint a court approved receiver or a provisional liquidator to the Deed Company or over any of the assets of the Deed Company;
- (c) begin or continue any proceeding against the Deed Company or in relation to any of its assets except with the leave of the Court and in accordance with such terms (if any) as the Court imposes;
- (d) begin or continue with any enforcement process in relation to the assets of the Deed Company except with leave of the Court and in accordance with such terms (if any) as the Court imposes;
- (e) take or continue any action whatsoever to seek to recover any part of its Claim other than pursuant to the Deed; or
- (f) commence or take any further step in any arbitration against the Deed Company or to which the Company is a party.

Deed Administrators not liable

The Deed Administrators are not liable in an action for damages in respect of a refusal to give an approval or consent for the purposes of the moratorium.

No termination event

The Deeds also provide that if events including:

- (a) the appointment of the Voluntary Administrators;
- (b) the execution or performance of a Deed; or
- (c) any transaction contemplated under a Deed,

would entitle a person or cause the person to be entitled to any remedy or to take any action under or to terminate, repudiate or rescind any agreement, arrangement or the like (**Trigger Event**) and:

- (d) the person voted in favour of the resolution that the Deed be executed; or
- (e) the Court so orders,

the person is absolutely barred from exercising the remedy, taking the action, or terminating, repudiating or rescinding the agreement, arrangement or the like.

The Deeds also provide that if:

- (a) the execution or performance of the Conditional Deed by the person or any other person; or
- (b) any transaction contemplated under the Conditional Deed, including without limitation Newco being required under the Conditional Deed to purchase and purchasing the share capital of SPC,

would constitute or cause, directly or indirectly, a Trigger Event and:

- (c) the person voted in favour of the resolution that the Deed be executed; or
- (d) the Court so orders,

the person is absolutely barred from exercising the remedy, taking the action, or terminating, repudiating or rescinding the agreement, arrangement or the like.

Pirie Silver

The Deeds also provide that if:

- (a) Pirie Silver voted in favour of the resolution that the Deed be executed; or
- (b) the Court so orders,

Pirie Silver confirms and agrees that the Silver Sale Agreement and the Sales Agency Agreement have been terminated and are of no further force or effect and that Pirie Silver has no legal, beneficial or other proprietary interest in silver dore plate or silver under the Silver Sale Agreement or the Sales Agency Agreement or on any other basis what ever.

PPT Lease waivers

The Deeds also provide that if the PPT Lease Transfer and Waiver Deed is not entered into on or before the Commencement Date and:

- (a) the PPT Parties voted in favour of the resolution that the Deed be executed; or
- (b) the Court so orders,

then the waivers and transfer contemplated under the PPT Lease Transfer and Waiver Deed will be effected under the Deeds to the extent possible.

Other such waivers

The Deeds will contain clauses with similar effect to the above in respect of other leasing and joint venture arrangements involving companies in the Ongoing Group, including, without limitation, the Mine Fleet Assets Transaction, the Newcastle Ship Loader Transaction and the Accommodation Village Transaction. The clauses will contemplate documentation similar to the PPT Lease Transfer and Waiver Deed being entered in respect of the relevant arrangements.

No release

A Deed does not release the Deed Company from any Claims, except to the extent expressly provided in the Deed.

37. Transfer of certain rights of action

The Deeds will have the effect that all claims which companies in the Ongoing Group may have against certain persons including, without limitation, current or former officers, auditors and advisers of the Company, will be transferred to Pasma Limited effective immediately but conditional on the Claims against the companies in the Ongoing Group being released on Newco complying with a Capital Raising Direction.

Pasma Limited will then be entitled to bring actions in respect of those claims and to defend any counter claims brought against the companies in the Ongoing Group.

38. Members Bound by Deed

By virtue of section 444G(b) of the Act, members of each Deed Company are bound by the Deed.

The members appoint the Deed Administrators as their proxies or attorneys (with power to appoint proxies) to vote and pass resolutions to give effect to the terms of the Deed.

The members agree that they will not, unless requested by the Deed Administrators, request or call a general meeting of the Deed Company (whether under section 249D or 249F of the Act or otherwise) or pass any resolution including a resolution that the Deed Company be wound up.

The PL Deed will have the effect that members of Pasmenco Limited may not transfer and Pasmenco Limited may not register any transfer of shares in the company while the PL Deed remains on foot without the prior written consent of the Deed Administrators. This prohibition does not apply if the Deed Administrators consent in writing to the re-commencement of official quotation of shares in Pasmenco Limited on a financial market of ASX.

39. Role of the Deed Administrators

General role

The Deed Administrators:

- (a) will retain day-to-day management and control of the Deed Company until the Termination Date to the exclusion of the Deed Company's directors;
- (b) have control of the Deed Company's business, assets and affairs;
- (c) may carry on that business and manage those assets and those affairs;
- (d) may terminate or dispose of all or part of that business and may dispose of any of those assets;
- (e) may perform any function and exercise any power that the Deed Company or any of its officers could perform or exercise if the Deed Company were not subject to the Deed;
- (f) may issue, sell or dispose of shares in the Deed Company on such terms and conditions and with such rights and restrictions as they think fit; and
- (g) may transfer assets or novate liabilities (or both) to or from the Deed Company (or both).

Deed Administrators act as Company's agent

In performing their functions under each Deed, the Deed Administrators are acting as the agents on behalf of the Deed Company.

To the maximum extent permitted by law, they will not be personally liable and accept no personal liability for any acts, matters or omissions relating to things done or not done in that capacity.

Deed Administrators may investigate affairs

The Deed Administrators may investigate the Deed Company's business, assets, affairs and financial circumstances and may report the results of their investigations to ASIC and/or the Deed Creditors.

Deed Administrator's rights to Company's books

A person bound by a Deed is not entitled as against the Deed Administrators:

- (a) to obtain possession of books or records of the Deed Company; or
- (b) to claim or enforce a lien on such books or records, but such a lien is not otherwise prejudiced.

40. Powers of the Deed Administrators

General powers

The Deed Administrators will be entitled in their capacity as Deed Administrators to exercise all the rights, powers, privileges, authorities and discretions which are conferred by the Deed Company's constitution or otherwise by law on the Deed Company's directors to the exclusion of the Deed Company's directors.

Specific powers

Without limiting the above, the Deed Administrators will have the following powers to the maximum extent permitted by the Act:

- (a) the power to remove from office a director of the Deed Company;
- (b) the power to appoint a person as a director of the Deed Company, whether to fill a vacancy or not;
- (c) the power to execute a document, bring or defend proceedings, or do anything else in the Deed Company's name and on its behalf;
- (d) without in any way limiting the power of either or both of the Deed Administrators under Part 5.9 of the Act, the power to apply to the Court or any other court for a summons for examination pursuant to Division 1 of Part 5.9 of the Act or to apply to the Court or any other court for an order pursuant to Division 2 of Part 5.9 of the Act;
- (e) the powers conferred on the members of the Deed Company to the exclusion of those members;
- (f) the powers conferred on the directors of the Deed Company to the exclusion of the directors of the Deed Company;
- (g) all of the powers set out in paragraph 2 of Schedule 8A to the Regulations;
- (h) the power to alter share capital of the Deed Company;
- (i) the power to issue shares in the Deed Company on such terms and conditions and with such rights or restrictions as they think fit;
- (j) the power to offer for sale and to transfer shares held by the Deed Company;
- (k) the power to vary or cancel class rights attaching to shares;
- (l) the power to change the Deed Company's name;
- (m) the power to reduce the Deed Company's capital;
- (n) the power to alter the Deed Company's constitution;
- (o) the power to convene meetings of members of the Deed Company;
- (p) the power to resolve any dispute of any nature commercially;
- (q) in relation to the assets of the Deed Company, all the powers of a natural person who is the absolute and beneficial owner of such assets, including (without limitation) the power to sell or otherwise realise any such assets pursuant to a sale process conducted by the Deed Administrators;
- (r) the power to assign and transfer assets and novate liabilities, of the Deed Company to another company in the Group or any other person;
- (s) the power to accept and take an assignment or transfer of assets and to accept novation of liabilities from another company in the Group or any other person;
- (t) the power to control the Deed Company's business, assets and affairs;
- (u) the power to carry on that business and manage those assets and those affairs;
- (v) the power to terminate or dispose of all or part of that business and dispose of any of those assets;
- (w) the power to perform any function and exercise any power that the Deed Company or any of its officers could perform or exercise if the Deed Company were not subject to the Deed or subject to voluntary administration;
- (x) the power to cause the Company to enter into hedging agreements (any derivative contracts including commodity, currency and interest rate risk management products including but not

limited to commodity, currency and interest rate swaps, forwards, futures and options and any combination of them);

- (y) the power to cause the Company to pay amounts under the PPT Transaction Documents;
- (z) the power to grant a security over any or all of the assets of the Deed Company for any period and on such terms as the Deed Administrators think fit and whether in substitution for any existing security or otherwise;
- (aa) the power to cause a Deed Company to register or join in the registration of a company; and
- (bb) the power to incur or agree to incur and treat a payment obligation arising during or before the period the Deed is in force in relation to the administration of the Deed including for services rendered, goods bought or property hired, leased, used or occupied by or on behalf of, or in the possession of, the Deed Company.

Power to engage lawyers and consultants

The Deed Administrators will also have power to engage lawyers, stockbrokers, investment banks, financial advisers, accountants, auditors and other consultants, and the Deed Company must pay all costs of any lawyers, stockbrokers, investment banks, financial advisers, accountants, auditors and other consultants engaged by the Deed Administrators.

Power to engage the Deed Administrators' Firm

The Deed Administrators may engage the Deed Administrators' Firm and any member or employee of the firm.

41. Powers of other officers suspended

While a Deed Company is subject to a Deed, a person (other than the Deed Administrators) cannot perform or exercise and must not purport to perform or exercise a function or power as an officer of the Deed Company except with the Deed Administrators' prior written approval.

42. Administrators' remuneration and costs

The Voluntary Administrators and Deed Administrators will be:

- (a) remunerated in respect of:
 - (i) any work done by the Voluntary Administrators, and any partner of the Voluntary Administrators or employee of the Voluntary Administrators' Firm acting on behalf of the Voluntary Administrators, in connection with the conduct of the Voluntary Administrators under the Act and the performance of their duties as administrators of the Deed Companies; and
 - (ii) any work done by the Deed Administrators, and any partner of the Deed Administrators or employee of the Deed Administrators' Firm acting on behalf of the Deed Administrators, in connection with the administration of the Deeds and the performance of their duties under the Deeds,

at the scale of rates charged from time to time by the Voluntary Administrators' Firm for the work done by the Voluntary Administrators and the Deed Administrators' Firm as applicable for the work done by the Deed Administrators, such remuneration to be approved from time to time by the Deed Creditors; and

- (b) reimbursed in respect of all:
 - (i) costs, fees and expenses incurred in connection with the performance of their duties as administrators of the Deed Companies; and

- (ii) costs, fees, expenses, taxes, levies or charges incurred in connection with the performance of their duties, obligations and responsibilities under the Deeds,

including without limitation in respect of all payments to any lawyers, stockbrokers, investment banks, financial advisers, accountants, auditors and other consultants engaged by them.

The Deed Administrators may pay amounts out of the Deed Companies funds to remunerate and reimburse the Voluntary Administrators and the Deed Administrators in accordance with the above.

43. Voluntary and Deed Administrators' cross indemnity

Indemnity

Each Deed Company jointly with every other Deed Company and severally indemnifies the Voluntary Administrators and the Deed Administrators as a continuing indemnity for:

- (a) all loss and damage suffered by them as a consequence of or arising out of the Deed Company failing to comply with its obligations to remunerate the Deed Administrators and pay their costs as summarised above;
- (b) all loss and damage suffered by them as a consequence of or arising out of any other Deed Company failing to comply with its obligations to remunerate the Voluntary Administrators and Deed Administrators and pay their costs as summarised above;
- (c) all debts payable, liabilities incurred by and claims against the Voluntary Administrators in relation to the administration of all or any one or more of the Deed Companies, including any amounts payable by the Voluntary Administrators by virtue of section 443A of the Act or by virtue of them having agreed to treat a payment obligation as if it were a debt arising under section 443A of the Act;
- (d) all debts payable, liabilities incurred by and claims against the Deed Administrators in relation to the administration of all or any one or more of the Deeds or their acting as deed administrators of all or any one or more of the Deeds, including any amounts agreed or accepted by the Deed Administrators or held by a court as payable for services rendered, goods bought or property hired, leased used or occupied by or on behalf of, or in the possession of, the Deed Companies;
- (e) all costs, expenses, losses and liabilities incurred or suffered by them in any way directly or indirectly arising from the Deed Administrators giving or not giving the Capital Raising Direction under the Conditional Deed;
- (f) to the extent permitted by law, any cost, expense, loss or liability incurred or suffered by them in connection with the Capital Raising, including, without limitation, in connection with the preparation and lodgment of the prospectus or prospectuses or supplementary or replacement prospectus or prospectuses and any offer of shares under the Capital Raising; and
- (g) all other costs, expenses, losses and liabilities incurred or suffered by them in performing any of their functions, duties or obligations, or exercising any of their powers, under or in accordance with the Act, any other applicable law, or the Deed in connection with their administration of all or any one or more of the Deed Companies or the administration of all or any one or more of the Deeds.

In the case of companies in the Ongoing Group, the above indemnity will not apply after the Capital Raising has completed. The joint and several cross indemnities will continue to apply in the case of companies in the Residual Group after the Capital Raising has completed and the indemnities given by those companies will continue despite termination of the Deeds. The Voluntary Administrators and Deed Administrators will continue to be fully cross indemnified by the Residual Group in respect of all of the matters described above notwithstanding that the cross indemnities given by the Ongoing Group cease to apply after completion of the Capital Raising.

The Deed Administrators may pay amounts out of the Deed Company's funds to recover or satisfy amounts payable to the Voluntary Administrators and the Deed Administrators under the above indemnity.

Indemnity not affected

The indemnity will not affect or prejudice any rights that the Voluntary Administrators or Deed Administrators may have against the Deed Company or any other person to be indemnified against the costs, charges, expenses and liabilities incurred by the Voluntary Administrators or the Deed Administrators on or incidental to the exercise or performance of any of the powers or authorities conferred on the Voluntary Administrators or the Deed Administrators by the Act, at law, in equity, by the Deed or otherwise.

Continuing indemnity

The indemnity is a continuing indemnity and will enure for the benefit of the Voluntary Administrators and the Deed Administrators' legal personal representatives notwithstanding:

- (a) cessation of the voluntary administration of the Deed Company or termination of the Deed;
- (b) the termination of the Deed for any reason whatsoever; or
- (c) removal of the Deed Administrators and appointment of a new administrator of the Deed,

and will not be affected or limited in any way by any defect or invalidity in the appointment of either the Voluntary Administrators or the Deed Administrators.

44. Priority of rights of Voluntary and Deed Administrators

The rights of the Voluntary Administrators and the Deed Administrators summarised in **Sections 42 and 43** will be given first priority ahead of the Claims and certain other liabilities of the Deed Company in accordance with and subject to the Security Trust Deed.

45. Limitation on Administrators' liability

To the extent permissible by law, the Voluntary Administrators and the Deed Administrators will not be personally liable for:

- (a) any debt payable by or liabilities incurred by the Deed Administrators being debts or liabilities payable or incurred on behalf of the Deed Company in relation to the administration of the Deed Company or the administration of the Deed;
- (b) any debt payable by or liabilities incurred by the Deed Administrators being debts or liabilities payable or incurred on behalf of the Deed Company pursuant to the Deed;
- (c) any loss or damage caused by any act, default or omission by the Voluntary Administrators or on behalf of the Voluntary Administrators in the performance of their powers, functions and duties as administrators of the Deed Company or administrators of the Deed; or
- (d) any loss or damage caused by any act, default or omission by the Deed Administrators or on behalf of the Deed Administrators in the performance of the Deed Administrators' powers, functions, and duties under the Deed.

46. Creditors Committee

Composition of Creditors Committee

There will be a committee:

- (a) under the PL Deed comprising those persons elected by the PL Deed Creditors; and

- (b) under each other Deed comprising the members of the committee under the PL Deed (**Creditors Committee**).

Function

The function of the Creditors Committee will be:

- (a) to consult with the Deed Administrators about matters relating to, dealt with or contemplated by the Deeds; and
- (b) to receive and consider reports by the Deed Administrators.

No directions to Deed Administrators

The Creditors Committee cannot give and must not purport to give directions to the Deed Administrators.

Rules

The following rules apply to the Creditors Committee:

- (a) each member of the Creditors Committee must be a Deed Creditor, an attorney of a Deed Creditor or a person otherwise authorised in writing by a Deed Creditor to be a member of the Creditors Committee;
- (b) a Deed Creditor is not entitled to have more than one representative (including the Deed Creditor himself or herself, if a natural person) on the committee;
- (c) if the minutes (if any) of a meeting purport to be signed by the chairman of the meeting, the minutes are prima facie evidence of the matters contained in them;
- (d) unless the contrary is proved, the meeting is taken to have been properly convened and all proceedings taken at the meeting are taken to have been duly passed and taken;
- (e) a corporation (being otherwise qualified for membership of the Creditors Committee) is entitled to be a member and may appoint a person to represent it on the Creditors Committee; and
- (f) if required by the Deed Administrators, each member of the Creditors Committee must enter into a deed of confidentiality in favour of the Deed Company and the Deed Administrators in a form reasonably required by the Deed Administrators.

No remuneration for members of the Creditors Committee

A member of the Creditors Committee may be entitled to be reimbursed for the reasonable out of pocket expenses incurred by him or her in attending meetings of the Creditors Committee, as may be approved from time to time by the Creditors Committee and the Deed Administrators, but is not otherwise entitled to claim or receive from the Deed Company, the Deed Administrators or the Deed Creditors any remuneration for acting as a member of the Creditors Committee and such reimbursement must form part of the Deed Administrators' costs and expenses.

47. Pricing Committee

47.1 Composition of Pricing Committee

There will be a committee under the PL Deed comprising those persons with Claims of \$5 million or more who consent in writing to their appointment (**Pricing Committee**).

Each member of the Pricing Committee must be a PL Deed Creditor, an attorney of a PL Deed Creditor or a person otherwise authorised in writing by a PL Deed Creditor to be a member of the Pricing Committee.

A PL Deed Creditor is not entitled to have more than one representative (including the PL Deed Creditor himself or herself, if a natural person) on the Pricing Committee.

A corporation (being otherwise qualified for membership of the Pricing Committee) is entitled to be a member and may appoint a person to represent it on the Pricing Committee.

Function

The sole functions of the Pricing Committee will be to:

- (a) receive and approve or reject Pricing Proposals by the Deed Administrators;
- (b) approve or not approve the Deed Administrators giving the Capital Raising Direction under circumstances where any or all of the requirements described in sub-paragraphs **(d)** to **(h)** in **Section 3** have not been satisfied; and
- (c) approve or reject a later date determined by the Deed Administrators mentioned in **Section 3**.

Rules

Unless otherwise provided in or inconstant with the relevant Deed, sections 549, 550 and 551 of the Act and Regulations 5.6.12 to 5.6.36A inclusive (other than Regulations 5.6.14A and 5.6.27) apply, with such modifications as the Deed Administrators determine in their absolute discretion are necessary or expedient, to a Pricing Committee established under a Deed, as if references to 'committee of inspection' were references to the Pricing Committee, references to 'liquidator' were references to the Deed Administrators and the references to 'contributories' were deleted.

The Deeds will allow notices of meetings and other materials relating to the Pricing Committee to be sent to members of the committee by electronic communication.

Confidentiality

If required by the Deed Administrators, each member of the Pricing Committee must enter into a deed of confidentiality in favour of the Deed Company and the Deed Administrators in a form reasonably required by the Deed Administrators.

No remuneration for members of the Pricing Committee

A member of the Pricing Committee may be entitled to be reimbursed for the reasonable out of pocket expenses incurred by him or her in attending meetings of the Pricing Committee, as may be approved from time to time by the Pricing Committee and the Deed Administrators, but must not otherwise be entitled to claim or receive from the Deed Company, the Deed Administrators or the Deed Creditors (other than, where applicable, the member's appointer) any remuneration for acting as a member of the Pricing Committee and such reimbursement must form part of the Deed Administrators' costs and expenses.

48. Acknowledgments and agreements of Owners and Lessors

Acknowledgments

Each Owner and Lessor bound by a Deed acknowledges and agrees that:

- (a) the Voluntary Administrators have not, during the Voluntary Administration Period or prior to or as at the Commencement Date, adopted, ratified or become liable to the Lessors under any lease with the Lessors;
- (b) the Deed Administrators will not adopt, ratify or become liable to the Lessors under any lease with the Lessors; and
- (c) it will use its best endeavours to mitigate any loss and damage suffered by it.

Voluntary Administrators not personally bound

The Voluntary Administrators have not ratified, adopted or in any other manner become bound under, or become liable to, any Lessor under any lease by virtue of:

- (a) any discussions or correspondence they may have had or entered into with any Lessor; or
- (b) the use, occupation or possession of any premises or equipment by the Deed Company, during the Voluntary Administration Period or prior to or as at the Commencement Date.

Nothing above is intended to avoid the Voluntary Administrators' liability under section 443A or 443B of the Act for the payment of rent or other amounts payable in respect of a lease.

Owners and Lessors

A Deed does not affect a right that an Owner or Lessor of real property has in relation to that real property except so far as:

- (a) the Court grants any equitable relief;
- (b) the Deed so provides in relation to that Owner or Lessor who voted in favour of the resolution of Deed Creditors that the Company execute the Deed; or
- (c) the Court orders under section 444F(4) of the Act or otherwise.

Deed Administrators' rights not limited

Nothing in the Deeds affects or limits in any way or at any time the rights of the Deed Administrators to:

- (a) oppose any attempt by an Owner or Lessor to enforce, realise or otherwise deal with its real property or property as the case may be, at common law or under the Act; or
- (b) to seek relief from the Court pursuant to section 444F or otherwise.

49. Meetings of Deed Creditors

The rules governing meetings of Deed Creditors will be as prescribed in the Act and the Regulations. Meetings of Deed Creditors of Deed Companies may be held concurrently.

50. Records and inspection of premises of companies in the Ongoing Group

Each company in the Ongoing Group agrees that each company in the Residual Group and its representatives including its professional advisers and the Deed Administrators may, during the period following termination of the Deed in respect of the company in the Ongoing Group and while the Deed in respect of the Residual Group company remains on foot, inspect and copy all records of the company in the Ongoing Group relating to the period until termination of the Deed in respect of the company in the Ongoing Group.

The company in the Residual Group must give reasonable notice before inspecting and copying documents and the inspection and copying must be done during business hours and for the purpose of the administration of the Deed in respect of the company in the Residual Group.

The relevant company in the Residual Group will be liable for disbursements incurred by the company in the Ongoing Group in relation to inspecting and copying the records. Where the records are subject to legal professional privilege or subject to obligations of confidentiality, the company in the Residual Group must take all reasonable precautions to ensure the privilege is not lost and the confidentiality is maintained.

The Ongoing Group's obligations under this provision will continue despite termination of the relevant Deeds.

51. Termination of ASIC Deed of Cross Guarantee

Provision will be made in the Deeds and other Restructure Documents for termination of the ASIC Deed of Cross Guarantee or the cessation of its operation in relation to members of the Ongoing Group. It is possible that the cessation of the operation of the ASIC Deed of Cross Guarantee in relation to members of the Ongoing Group will not take effect until some time after the Capital Raising has completed. If this transpires, it would be proposed that the Residual Group would indemnify the Ongoing Group against any claims against the Ongoing Group in reliance of the ASIC Deed of Cross Guarantee. The Ongoing Group would also indemnify the Residual Group against any claims against the Residual Group in reliance on the ASIC Deed of Cross Guarantee where the company primarily liable in respect of the claim is a company in the Ongoing Group.

52. Creditors agree to Loan Rationalisations

As explained in **Sections 25 and 26**, the Loan Rationalisation Deeds and the Budel Loan Rationalisation Deed provide for a number of set offs, assignments and discharges of debt between members of the Group, and between Budel Zink B.V. and members of the Group, which will have the effect of significantly reducing the number of debts outstanding.

The Deeds will contain an acknowledgment by Deed Creditors that the above will be occurring and is necessary for the purposes of the restructure.

53. Goods and services tax

A GST clause is included in each Deed. The clause has been broadly drafted and allows any person bound by the Deed to recover an amount on account of GST for any taxable supply that it makes. As most transactions involve the transfer of shares or debt, it is unlikely that a GST liability will arise for entities in the Group (noting that a GST Group currently exists, meaning that intra-Group transactions are disregarded for GST purposes). The clauses allow the Voluntary and Deed Administrators to recover an amount on account of GST in relation to their services.

54. Jurisdiction

Proceedings concerning each Deed may only be brought in the Court, unless otherwise agreed in writing by the Deed Administrators or unless the Court does not have jurisdiction to deal with the proceedings.

55. Governing Law

Each Deed will be governed by and construed in accordance with the laws of Victoria.

56. Reporting

Except as required by law, the Deed Administrators will not be required to report to the Deed Creditors. However, the Deed Administrators may report to the Deed Creditors at such times as the Deed Administrators consider appropriate.

57. Further assurances

Each person bound by a Deed must do all things reasonably required to give full effect to the provisions of the Deed.

58. Deed Administrators' discretion

Any power exercisable by the Deed Administrators under Deeds is exercisable by them in their absolute discretion unless expressly stated otherwise.

59. Power of attorney

The Deed Companies appoint the Deed Administrators their attorney to the exclusion of all other persons to exercise the Deed Companies' rights and powers in relation to their assets.

60. Company not to Prosecute

The Deed Companies agree not to prosecute any action which in any way relates directly or indirectly to the assets of the Deed Company without the prior consent of the Deed Administrators.

61. Definitions

In this Statement unless the contrary intention appears:

Accommodation Village Transaction means the transaction documented in the Accommodation Village Transaction Documents.

Accommodation Village Transaction Documents means each of the transaction documents (as defined in the Equipment Lease dated 14 August 1998 between National Australia Bank Ltd ACN 004 004 937 and Northern Accommodation Management Pty Ltd ACN 082 396 638).

Accommodation Village Transaction Waiver and Consent Deed means the deed summarised in **Section 22** of this Statement.

Act means the Corporations Act 2001 (Cth).

Appointment Date means the date the Voluntary Administrators were appointed as administrators of the companies in the Group under administration under Part 5.3A of the Act, being 19 September 2001.

ASIC means the Australian Securities and Investments Commission.

ASIC Deed of Cross Guarantee means the deed of cross guarantee in the form of ASIC Pro-Forma 24 dated 23 April 1997 entered into by certain companies in the Group as varied by the assumption deed dated 10 December 1997 and the assumption deed dated 3 June 1999.

Assumption Deed means the deed summarised in **Section 18** of this Statement.

ASX means Australian Stock Exchange Limited ACN 008 624 691.

Budel Loan Rationalisation Deed means the deed so called the effect of which is summarised in **Section 26**.

Capital Raising means the proposed offer of shares in Newco for issue by Newco or offer of shares in Newco for sale by Holdings.

Capital Raising Direction means the Deed Administrators' power to require Newco to transfer the Net Proceeds and issue the Creditor Shares or issue the Consideration Shares as summarised in **Section 2**.

Claim means, in respect of a Deed Company, a claim against the Deed Company the circumstances giving rise to which occurred on or before the Appointment Date that would be admissible to proof against the Company in accordance with Division 6 of Part 5.6 of the Act as if the Company were to be wound up.

Commencement Date means, in respect of a Deed, the date the Deed has been executed by all parties to it.

Conditional Deed means the deed summarised in **Sections 2, 4, and 32** of this Statement.

Consideration Shares means the shares in Newco issued to or as directed by Holdings where the Capital Raising proceeds as a Sale Raising.

Contract Novation Deed means the deed summarised in **Section 19** of this Statement.

Court means the Federal Court of Australia.

Creditor Shares means the shares in Newco to be distributed to Deed Creditors and the Warrant Trustee following the Capital Raising.

Deed means, in respect of a company in the Group, the deed of company arrangement it is proposed that company execute.

Deed Administrators means, in respect of the Deeds, the administrators of the Deeds and, in respect of a Deed, the administrators of the Deed.

Deed Administrators' Firm means Ferrier Hodgson, Melbourne and includes interstate and overseas affiliated firms.

Deed Company means a company in the Group it is proposed will be subject to a Deed.

Deed Creditor means a person with a Claim under a Deed.

Entitlement means the amount a Participating Creditor is entitled to be paid under the PL Deed in settlement of its Claims as calculated in accordance with the procedure summarised in **Section 11**.

Excluded Creditors means any Deed Creditor to the extent they have been paid or their Claim has been satisfied during or after the Voluntary Administration Period or under the Deed.

FIRB means the Foreign Investment Review Board.

Group means Pasminco Limited and its controlled entities comprising the Ongoing Group and the Residual Group.

Group Creditor means a Deed Creditor that is a company in the Group.

Holdings means a public company that, as at the date of the Deeds, will be a wholly owned subsidiary of Pasminco Limited and includes such a company acting as trustee.

Issue Raising has the meaning given in **Section 2**.

Issuer has the meaning given in **Section 14**.

Large Participating Creditor means a Participating Creditor with an Entitlement of more than \$10,000.

Lessor means any person other than the Deed Company which is the legal or beneficial owner of, or holds a leasehold or security interest in, property that is used or occupied by or in the possession of the Deed Company or in relation to which the Deed Company is liable as at the Appointment Date to pay any amount in connection with occupation of the property.

Loan Rationalisation Deeds means the deeds so called the effect of which is summarised in **Section 25**.

Mine means Pasminco Century Mine, in Gregory, Queensland.

Mine Fleet Assets Transaction means the transaction documented in the Mine Fleet Assets Transaction Documents.

Mine Fleet Assets Transaction Documents means each of the transaction documents (as defined in the Participation Agreement dated 12 August 1998 between, among others, Roche Bros Pty Ltd ACN 004 142 223, Eltin Surface Mining ACN 062 450 113 and ANZ Leasing (Vic) Pty Ltd ACN 006 362 474).

Mine Fleet Assets Transaction Waiver and Consent Deed means the deed summarised in **Section 21** of this Statement.

Net Proceeds means the total funds raised under the Capital Raising less the sum of the costs of the Capital Raising.

Newcastle Ship Loader Transaction means the transaction documented in the Newcastle Ship Loader Transaction Documents.

Newcastle Ship Loader Transaction Documents means the transaction documented in the lease, licence and services agreement between the Maritime Services Board of New South Wales and Electrolytic Zinc Company of Australasia Ltd and the Equipment Lease, and Site Lease and both dated 12 November 1982 between Leveraged Lease Packaging Pty Ltd and Electrolytic Zinc Company of Australasia Ltd.

Newcastle Ship Loader Transaction Waiver and Consent Deed means the deed summarised in **Section 23** of this Statement.

Newco means a public company that, as at the date of the Deeds, will be a wholly owned subsidiary of Pasminco Limited.

Notice of Meeting means the notice of meeting which accompanied the Administrators' first report.

Ongoing Group means the entities in the Group Newco is required to purchase under the Conditional Deed.

Owner means any person other than the Deed Company which is the legal or beneficial owner of, or the holder of a security interest in, property used or occupied by or on behalf of or in the possession of the Deed Company at the Appointment Date.

PAL means Pasminco Australia Limited (Administrators Appointed) ACN 004 074 962.

Participating Creditor means a Deed Creditor under the PL Deed other than Small Claim Recipients, Group Creditors and Excluded Creditors.

Pasminco Finance means Pasminco Finance Limited (Administrators Appointed) ACN 007 289 296.

Pasminco Limited means Pasminco Limited (Administrators Appointed) ACN 004 368 674.

Pasminco Limited Shares means the number of fully paid ordinary shares in Pasminco Limited which the Deed Administrators determine in their absolute discretion.

Pasminco Port Pirie means Pasminco Port Pirie Smelter Pty Ltd (Administrators Appointed) ACN 008 046 428.

PBHM means Pasminco Broken Hill Mine Pty Ltd (Administrators Appointed) ACN 000 005 774.

PCML means Pasminco Century Mine Limited (Administrators Appointed) ACN 006 670 300.

Pipeline means the concentrate pipeline which transports mineral slurry produced at Pasminco Century Mine, in Gregory, Queensland to Karumba Port.

Pirie Silver means Pirie Silver Company Pty Ltd (Administrators Appointed) ACN 087 600 897.

PL Deed means the form of deed of company arrangement proposed Pasminco Limited entered into.

PL Deed Administrators means the administrators of the PL Deed.

PL Deed Creditor means a person with a Claim under the PL Deed.

PPT Assets means each item of equipment and other property the subject of the Operating Leases and the Finance Leases (as defined in the Common Provisions Agreement - PPT Assets dated 23 August 1999 between, among others, Pasminco Limited, PCML and Commonwealth Bank of Australia as agent), including a pipeline, port facilities and a transfer vessel.

PPT Lease means each of the operating leases dated 24 August 1999 between PPTV Pty Limited (as lessor) and PCML (as lessee) relating to:

- certain fixtures at Karumba Port;

- that part of the Pipeline located on the Mine;
- that part of the Pipeline not located on the Mine or at Karumba Port;
- those facilities at Karumba Port which are chattles used for receiving, storing and dewatering mineral concentrate slurries, storage, loading and unloading of mineral concentrates, and receiving, loading and unloading products and materials; and
- the motor vessel "MV WUNMA" registered under the Australian flag.

PPT Lease Transfer and Waiver Deed means the deed summarised in **Section 20** of this Statement.

PPT Transaction Documents means each of the transaction documents (as defined in the Common Provisions Agreement - PPT Assets dated 23 August 1999 between, among others, Pasminco Limited, PCML and Commonwealth Bank of Australia as agent).

Pricing Committee has the meaning given in **Section 47.1**.

Pricing Proposal has the meaning given in **Section 3**.

QBE means QBE Insurance Limited ACN 000 157 899.

Rationalised Face Value in respect of debt payable by a company in the Ongoing Group to a company in the Residual Group means the face value of the debt as rationalised under the relevant Loan Rationalisation Deeds between those companies.

Regulations means the Corporations Regulations 2001 (Cth).

Replacement Facility means any facility which replaces the Summit Facility after the Capital Raising.

Residual Group means the entities in the Group Newco is not required to purchase under the Conditional Deed.

Restructure means the restructure contemplated under the Restructure Documents as explained in this Statement.

Restructure Documents means the Deeds and the other documents for the purposes of the Restructure including the Conditional Deed, the Loan Rationalisation Deeds, the Budel Loan Rationalisation Deed, the Security Trust Deed, the Summit Facility, the PPT Transfer and Waiver Deed, the Mine Fleet Assets Transaction Waiver and Consent Deed, the Accommodation Village Transaction Waiver and Consent Deed, the Newcastle Ship Loader Transaction Waiver and Consent Deed, the Assumption Deed and the Contract Novation Deed.

Sales Agency Agreement means the sales agency agreement dated 26 May 1999 between Pirie Silver Company Pty Ltd ACN 087 600 897 and Pasminco Metals Pty Ltd ACN 005 565 284.

Sale Raising has the meaning given in **Section 2**.

Sale Shares means shares in Newco offered for sale (if any) under the Capital Raising.

Savage EHM means Savage EHM Pty Ltd (Administrators Appointed) ACN 071 375 114.

Section means a section in this Statement.

Section 439A(4)(c) Statement means this statement setting out details of the Deeds for the purposes of section 439A(4)(c) of the Act.

Security Trust Deed means the deed summarised in **Section 17** of this Statement.

Security Trustee means the security trustee under the Security Trust Deed.

Silver Sale Agreement means the agreement so called between Pasminco Port Pirie and Pirie Silver on the terms which Pasminco Port Pirie offered silver on 26 May 1999.

Small Claim Recipient means a Deed Creditor with an Entitlement of less than \$25.

Small Participating Creditor means a Participating Creditor with an Entitlement of \$10,000 or less.

SPC means SPC (Nominees) Pty Ltd ACN 083 405 556.

Standstill Debt means the funding provided by six financiers from 3 July 2001 until 19 September 2001, excluding any accommodation provided pursuant to the securitisation program arranged by Capel Court.

Summit Facility means the facility summarised in **Section 24** of this Statement.

Termination Date in respect of a Deed means the date the Deed terminates.

VA Facility means each facility under which financial accommodation has been provided to the Voluntary Administrators during the course of their appointment and any restatement of such facility.

Voluntary Administrators means the Deed Administrators in their capacity as voluntary administrators of the companies listed in the Notice of Meeting.

Voluntary Administrators' Firm means Ferrier Hodgson, Melbourne and includes interstate and overseas affiliated firms.

Voluntary Administration Period means the period of time commencing on the Appointment Date and concluding on the Commencement Date.

Warrant Issue means the possible warrant issue mentioned in **Section 14**.

Warrant Trustee has the meaning given in **Section 14**.