

22 January 2013

TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

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

Dividend Estimates as at 31 December 2012

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

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

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

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

Creditors should note that future dividend returns are predominantly based on the amount of future development work undertaken at the Cockle Creek Site. Following completion of the remediation works creditors will be provided with the options available to them. (These options are discussed in our detailed Creditors report dated 22 January 2013).

The completion of the remediation will also correspond with the completion of onsite infrastructure works (construction of a roundabout and a portion of Munibung Road) which we are determined to complete by December 2013.

Annexure 1 Dividend forecast report Dec 2012
B09:18571

SYDNEY
MELBOURNE
ADELAIDE
BRISBANE
PERTH
KUALA LUMPUR
SINGAPORE
TOKYO

Affiliated through:
Zolfo Cooper
CARIBBEAN
UNITED KINGDOM
UNITED STATES
KLC Kennic Lui & Co.
CHINA
HONG KONG

Disclaimer

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

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

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

Dividend Forecast

Despite the positive financial benefits of the Incitec arrangement at the Cockle Creek Site, you will note that the forecast returns in this forecast have fallen slightly.

The fall in returns follows a recent review conducted by our property consulting experts Hill PDA who advised that land values and most specifically demand for sites such as Cockle Creek have continued to deteriorate in the Lake Macquarie area throughout 2012.

Furthermore since June 2012 interest rates in Australia have continued to fall which results in lower returns on held back funds.

These changes have been updated and reflected within our forecasts.

Summary of Dividend Estimates

Dividends paid to date total 21.2 cents in the dollar.

Shown below are two schedules relating to our estimates at 31 December 2012 on an undiscounted and discounted basis respectively.

Undiscounted Dividend Forecast as at 31 December 2012

Estimate further dividends (cents in the dollar)		
Worst Case	Mid Case	Best Case
0.8	1.8	2.9

Discounted Dividend Forecast as at 31 December 2012

Estimated further dividends (cents in the dollar)			
Nominal Discount Rate	Worst Case	Mid Case	Best Case
8%	0.6	1.0	1.7
10%	0.6	0.9	1.4
12%	0.5	0.8	1.3

As indicated above, our estimate of the further dividends at 31 December 2012 payable to creditors on a mid case scenario is 1.8 cents, a decrease since our June 2012 forecast, which would bring the final total dividend to unsecured creditors to 23.0 cents in the dollar (undiscounted).

General Assumptions

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

- A reduced average interest receivable rate of 4.50% (against 5% in June 2012) on deposit account funds has been applied, except for those amounts locked in a term deposit with a fixed rate of interest. Interest in respect of those funds not held in term deposit accrues on the average mid period cash balance.
- Creditor claims are estimated to amount to \$2,611 million.
- Discount rates used are nominal rates.
- Estimates are based as at 31 December 2012 and have been discounted back to the end of the 2012 calendar year.

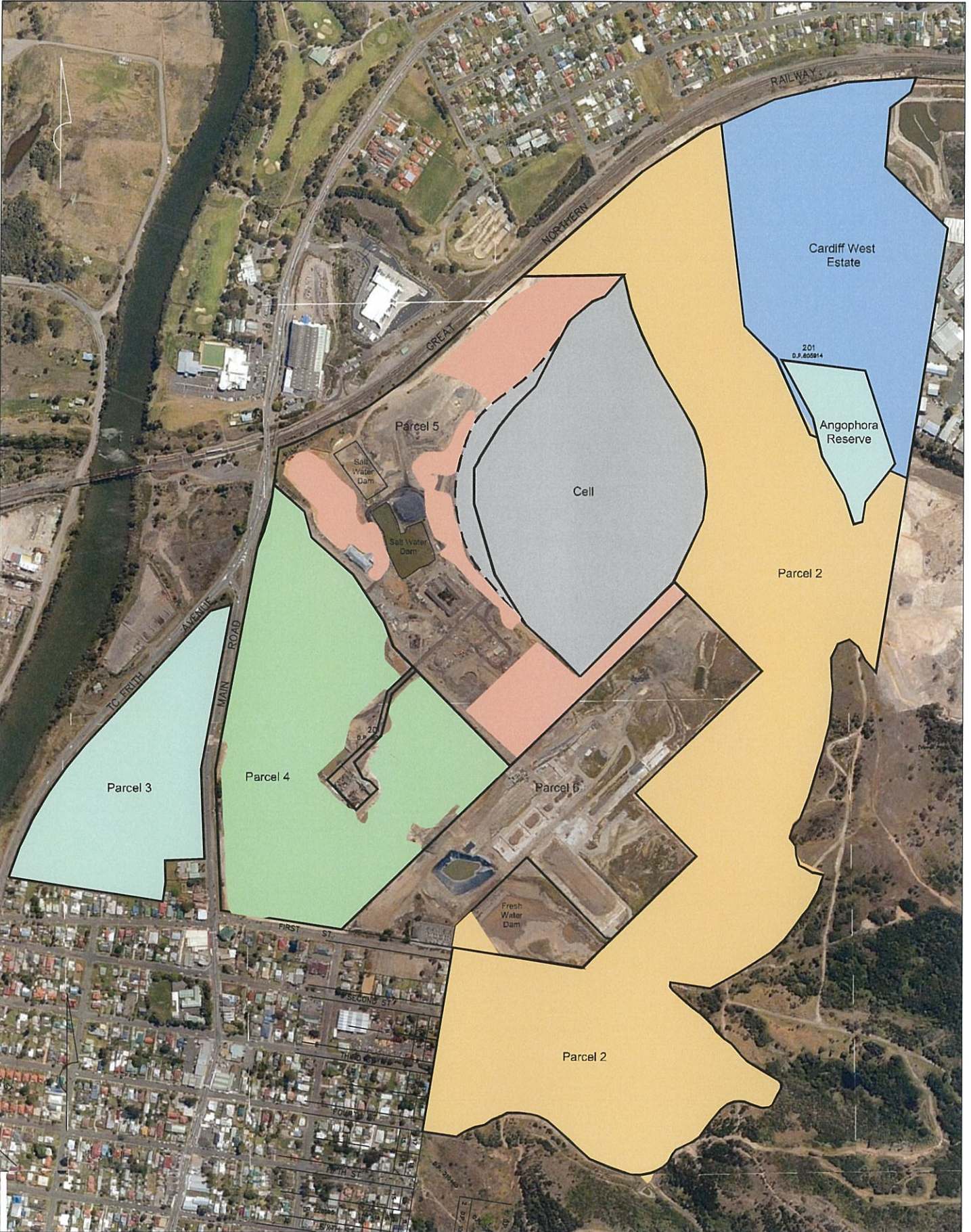
Should you have any queries in this regard, please contact Mr Richard Bastow of this office.

Yours faithfully

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

Peter McCluskey
Deed Administrator

CDT-DWG-ASV-001/1



LEGEND

- Parcel 2
Soil remediation and validation complete
- Parcel 3
Soil remediation and validation complete
- Parcel 4
Soil remediation and validation complete
- Parcel 5
Soil remediation and validation complete
- Cardiff West Estate
Soil remediation and validation complete
- Angophora Reserve
Soil remediation and validation complete

NOTE: Drawing adapted from plan supplied by Monteath & Powys Pty Ltd
Ref No 04/026 Rev D, Dated 15/9/08

0 100 200 300
metres

RCA AUSTRALIA
GEOTECHNICAL • ENVIRONMENTAL

REMEDATION STATUS
DECEMBER 2012
PCCS, BOOLAROO

CLIENT	PCCS Services	RCA Ref	5542m-413/0
DRAWN BY	KN	SCALE	1 : 6000 (A3)
APPROVED BY	GM	DATE	18/12/2012
		DRAWING No	1
		REV	6
		OFFICE	NEWCASTLE



Our reference: DOC12/22386
 Your reference: ARS:DRM 30-3562050
 Contact: Sarah Sutton (02) 9995 5729

Mr Duncan McGregor
 Partner
 Minter Ellison
 GPO Box 521
 Sydney, NSW, 2001

STANDARD AND ELECTRONIC POST

Dear Mr McGregor

Pasminco Cockle Creek Smelter – confirmation of Waste levy

I refer to your correspondence received by the Environment Protection Authority ("EPA") on 1 June 2012 advising of the proposed action to amalgamate two Environment Protection Licences ("EPL") and the implications of this on the requirement to pay the NSW waste and environment levy ("the levy").

You have advised that you intend to apply to the EPA to undertake an amalgamation of the Incitec Fertilizers Pty limited ("IFL") site, EPL no. 208 and Pasminco Cockle Creek Smelter Pty limited (subject to Deed of company Arrangements ("PCCS") site EPL no.5042. You have requested the EPA confirms that by undertaking this action, waste movements on-site will not trigger the requirement to pay the levy.

Please note that any material that is already on the existing IFL and PCCS site at the time the amalgamation takes place will not trigger the requirement to pay the levy. Any material moved within the newly amalgamated site, that is, waste taken from the IFL site to be placed into the containment cell constructed on the PCCS site once the amalgamation has taken place will not trigger the requirement to pay the levy.

Any material received onto the IFL site or the PCCS site from off those sites after the amalgamation will trigger the requirement to pay the levy.

If you have any queries in relation to this matter please contact Ms Sarah Sutton on 02 9995 5729.

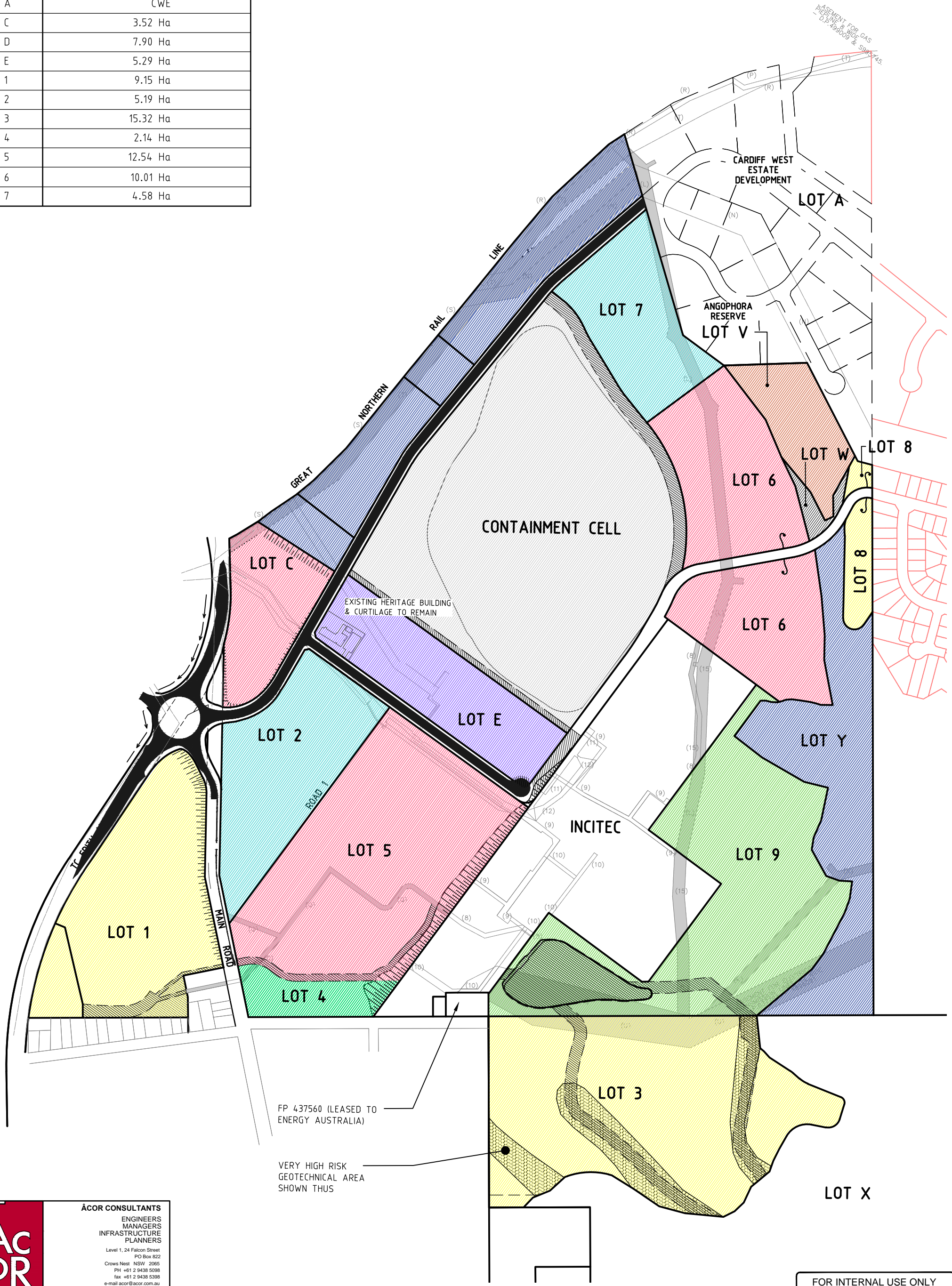
Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris McElwain'.

8 JUNE 2012

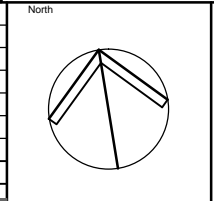
CHRIS McELWAIN
Manager Waste and Resource Strategy
Environment Protection Authority

LOT	TOTAL LOT SIZE
A	CWE
C	3.52 Ha
D	7.90 Ha
E	5.29 Ha
1	9.15 Ha
2	5.19 Ha
3	15.32 Ha
4	2.14 Ha
5	12.54 Ha
6	10.01 Ha
7	4.58 Ha



ACOR CONSULTANTS
AcOR
 ENGINEERS
 MANAGERS
 INFRASTRUCTURE
 PLANNERS
 Level 1, 24 Falcon Street
 PO Box 822
 Crows Nest NSW 2065
 PH +61 2 9438 5098
 fax +61 2 9438 5398
 e-mail acor@acor.com.au
 www.acor.com.au

Issue	Description	Date	Drawn	Chkd
L	ISSUE FOR INFORMATION	21.10.11	BHJ	BHJ
K	ISSUE FOR INFORMATION	20.10.11	BHJ	BHJ
J	ISSUE FOR INFORMATION	17.10.11	AM	BHJ
H	ISSUE FOR INFORMATION	12.04.11	JSW	BHJ
G	ISSUE FOR INFORMATION	18.03.11	JSW	BHJ
F	ISSUE FOR INFORMATION	16.03.11	JSW	BHJ
E	ISSUE FOR INFORMATION	03.03.11	JRC	BHJ



Client
PASMINCO COCKLE CREEK
 (UNDER DEED OF COMPANY ARRANGEMENT)
 C/- LEVEL 1, 41 McLAREN ST
 NORTH SYDNEY, NSW 2060
 PHONE : 8925 6701
 FAX : 8925 6798

Architect
FITZWALTER GROUP
 LEVEL 1, 41 McLAREN ST
 NORTH SYDNEY, NSW 2060
 PHONE : 8925 6701
 FAX : 8925 6798

Project
BUNDERRA DEVELOPMENT STAGE 1 & 2
 LAKE ROAD,
 BOOLAROO, NSW 2284

Drawing Title
SUPERLOT SUBDIVISION PLAN - HILL PDA

Drawn	Date	Scale	A1	G.A. Check	Date
JSW	FEB 2011	1:3000	- A3		
Designed	Project No.	Dwg. No.	Issue		
CO	SY080685	SKC100.00	L		

FOR INTERNAL USE ONLY

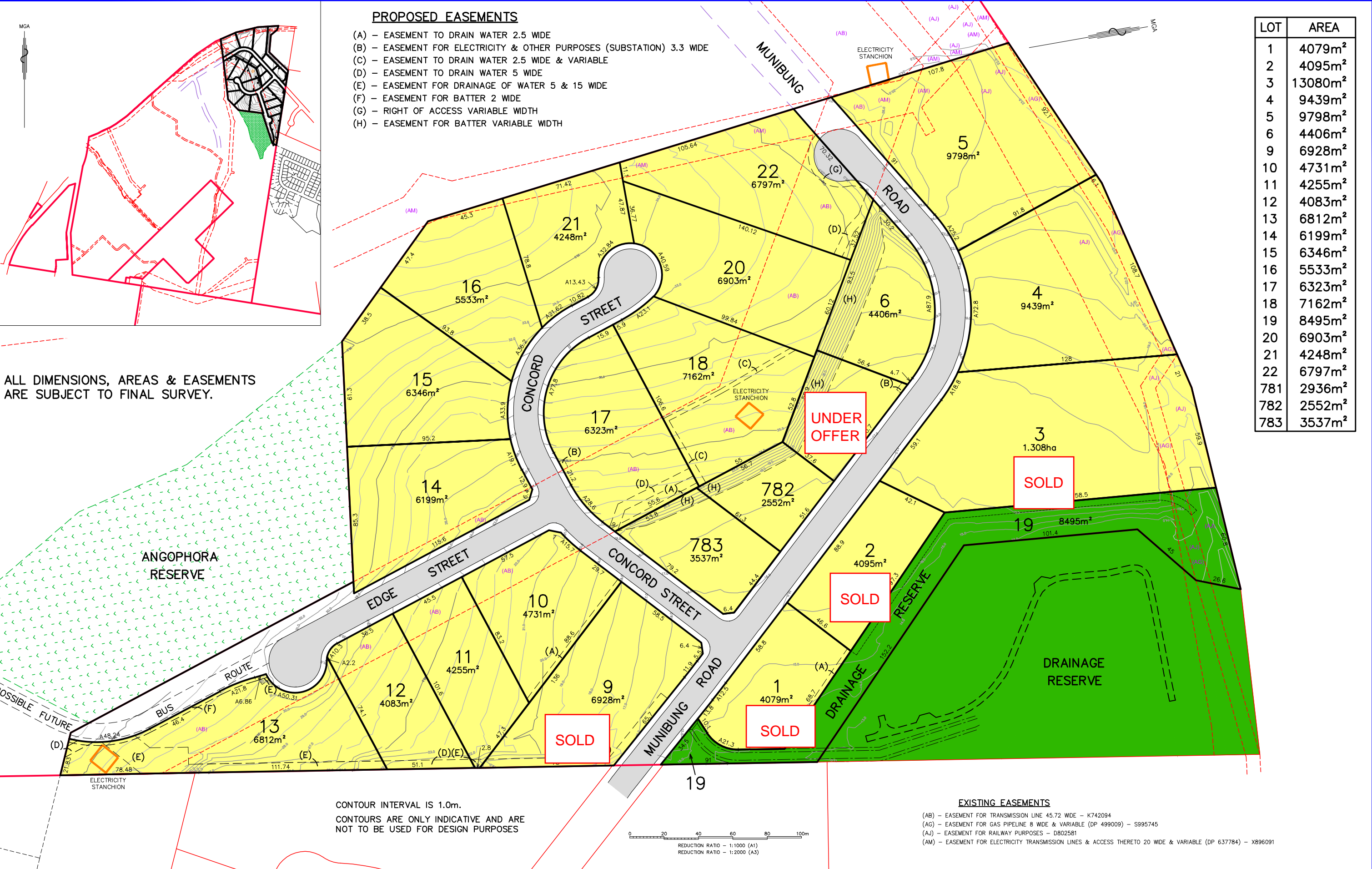
PCCS - Superlot Layout/development plan					
Current Lot	Name	Previously known as	Developable Area (Ha)	Yield	Superlot Stage
1 & 2	Tripad	Lot 1 & Lot 101	6	93	1A
3	Bunnings/Lot 3	Lot C	4	N/A	1B
4	Lot 4	Lot 2	6	78	1B
5	Drainage reserve	Lot 102	-	-	1B
6 (A)	Old lots 4 & 5	Lot 4 & 5 (First Street)	14	150	1C
6 (B)	WHQ	Part Lot E	-	-	1C
6 (C)	Mixed use	Balance Lot E	4.75 (excluding WHQ)	?	1C
6 (D)	Top of 1st Street	Lot 3/Boolaroo Heights	2-6	30 - 80	1C
6 (E)	Back of cell	Lot 6/Munibung Slopes	9	90	Future
6 (F)	CWE 2	Lot 7/CWE 2	4	30	Future
6 (G)	Back of Incitec	Lot 9	10	N/A	Future
6 (H)	Incitec	Incitec	8	80	Rezoning
6 (I)	Residual balance	Lots 8, W, REZ, Y	?	?	Future
Cardiff Central	CWE	Lot A	21 lots	21	Complete

PROPOSED EASEMENTS

- (A) - EASEMENT TO DRAIN WATER 2.5 WIDE
- (B) - EASEMENT FOR ELECTRICITY & OTHER PURPOSES (SUBSTATION) 3.3 WIDE
- (C) - EASEMENT TO DRAIN WATER 2.5 WIDE & VARIABLE
- (D) - EASEMENT TO DRAIN WATER 5 WIDE
- (E) - EASEMENT FOR DRAINAGE OF WATER 5 & 15 WIDE
- (F) - EASEMENT FOR BATTER 2 WIDE
- (G) - RIGHT OF ACCESS VARIABLE WIDTH
- (H) - EASEMENT FOR BATTER VARIABLE WIDTH

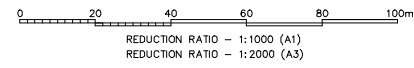


ALL DIMENSIONS, AREAS & EASEMENTS ARE SUBJECT TO FINAL SURVEY.



LOT	AREA
1	4079m ²
2	4095m ²
3	13080m ²
4	9439m ²
5	9798m ²
6	4406m ²
9	6928m ²
10	4731m ²
11	4255m ²
12	4083m ²
13	6812m ²
14	6199m ²
15	6346m ²
16	5533m ²
17	6323m ²
18	7162m ²
19	8495m ²
20	6903m ²
21	4248m ²
22	6797m ²
781	2936m ²
782	2552m ²
783	3537m ²

CONTOUR INTERVAL IS 1.0m.
CONTOURS ARE ONLY INDICATIVE AND ARE NOT TO BE USED FOR DESIGN PURPOSES



- EXISTING EASEMENTS**
- (AB) - EASEMENT FOR TRANSMISSION LINE 45.72 WIDE - K742094
 - (AG) - EASEMENT FOR GAS PIPELINE 8 WIDE & VARIABLE (DP 499009) - S995745
 - (AJ) - EASEMENT FOR RAILWAY PURPOSES - D802581
 - (AM) - EASEMENT FOR ELECTRICITY TRANSMISSION LINES & ACCESS THERETO 20 WIDE & VARIABLE (DP 637784) - X896091

REVISIONS	No	Revision	Check	Drawn	Date
9	LOT 7, 8 CHANGED TO LOT 781, 782, 783		RJM	DCG	15/08/2012
8	LOTS 20 DELETED - LOT 23 CHANGED TO LOT 20		RB	MAK	03/11/2011
7	LOTS 13, 17, 18, 19, 20, 21 & 22 CHANGED - CONTOURS ADDED		RB	MAK	26/10/2011
6	LOTS 6, 7, 8 & 9 SUBDIVIDED INTO 3 LOTS 6, 7 & 8 - LOT RENUMBERED - EASEMENT 'H' ADDED			MAK	25/10/2010
5	LOTS 6, 7 & 8 SUBDIVIDED INTO 4 LOTS 6, 7, 8 & 9 - LOT RENUMBERED			MAK	25/10/2010

Monteath & Powys Pty Ltd
 SURVEYING PLANNING ENGINEERING DESIGN PROJECT MANAGEMENT
 ACN 000 861 110
 125 Bull Street Newcastle NSW 2300
 PO Box 726 Newcastle NSW 2300
 T 61 2 4926 1388 F 61 2 4929 3475
 E survey@monteathpowys.com.au
 W www.monteathpowys.com.au

Surveyed	Drafted	Checked	Client	PASMINGO COCKLE CREEK SMELTER Pty Ltd	Sheet No.
	MAK	RJM			1
REGISTERED SURVEYOR			Title	PROPOSED SALE PLAN CARDIFF WEST ESTATE BUNDERRA, BOOLAROO	Revision
Scale @A1: 1:1000 @A3: 1:2000	Original Size				9
DO NOT SCALE			A1	CAD File: 04026HM_09	Ref No: 04/026
				Date: 09/06/2010	

Lot 19: 15982012 - MAK



ABN 52 003 963 755
3rd Floor 234 George Street Sydney
GPO Box 2748 Sydney NSW 2001
t. +61 2 9252 8777
f. +61 2 9252 6077
e. sydney@hillpda.com
w. www.hillpda.com

17 January, 2013

Richard Bastow
Ferrier Hodgson
Level 29, 600 Bourke Street
Melbourne VIC 3000

Dear Richard,

Re: Market Update (Jan 2013)

Hill PDA has been instructed by Ferrier Hodgson to provide an overview and market update on Industrial, Commercial and Residential developments in NSW. Given that the market for subdivided lots is a fundamental driver underpinning the market for development/englobo sites, commentary is also provided in this respect. This report is an update to our commentary piece in January 2012.

Following the change in NSW state government in May 2011, a comprehensive review and overhaul of the planning system was instituted. Anticipated to take approximately 18 months over three stages it will conclude with the release of the White Paper in early 2013. In July 2012 the Green Paper was released, outlining the key areas which were to be the subject of reform. One of the key areas is an increased focus on strategic planning upfront, to guide growth and development.

As previously discussed although not intended, an upshot of this planning review has been developer/investor uncertainty concerning the planning system, the repeal of Part 3A of the *Environmental Planning and Assessment Act 1979* also a contributing factor.

In the repeal of Part 3A, a new system was created for assessing projects of State significance and projects previously dealt with under Part 3A to be classified as either State significant development or State significant infrastructure. Under this new system, some projects previously classified as State significant to be assessed by the Minister for Planning as consent authority have been returned to local government for assessment under local planning instruments. This has accordingly resulted in delays to the development process and increases in the costs to develop for some major projects.

1.1 Draft Lake Macquarie LEP (2012)

In the second half of 2012 Lake Macquarie City Council placed its draft Local Environmental Plan and draft Development Control Plan on exhibition in response to the standard LEP template rolled out across NSW since 2006.

The draft LEP was developed in conjunction with the draft Lifestyle Plan 2030 (draft Strategy), which provides a long term strategic focus for the Lake Macquarie region. The Draft Strategy is similar to its predecessor the Lifestyle Plan 2020 and reaffirms the core values of sustainability, equity, efficiency and liveability and will continue to guide future development in the region.

The draft Strategy identifies a hierarchy of urban centres in the region identifying Glendale as an emerging regional centre, along with Cardiff as a local town centre. Furthermore, the draft Strategy identifies the need for more employment (industrial) land especially to the east of the LGA, and specifically identifies the Pasmenco Cockle Creek Site as a key strategic site with the potential to provide employment lands outside the traditional areas of Cardiff.

1.2 Demographic Profile

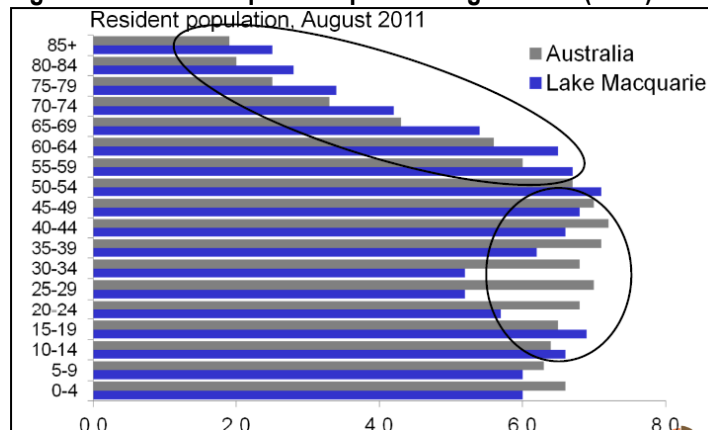
In the second half of 2012 the Australian Bureau of Statistics released the Census data collected in 2011 which provides a useful snapshot of the Lake Macquarie LGA (the LGA).

Population Growth and Age Distribution

Between 2006 and 2011 the growth in population across the Lake Macquarie LGA was 3.3% (average 0.7% per annum), compared with only 1.4% between 2001 and 2006. While growth has increased it is still comparatively low compared with the both NSW (5.6%) and the rest of NSW at 3.85% over the same period.

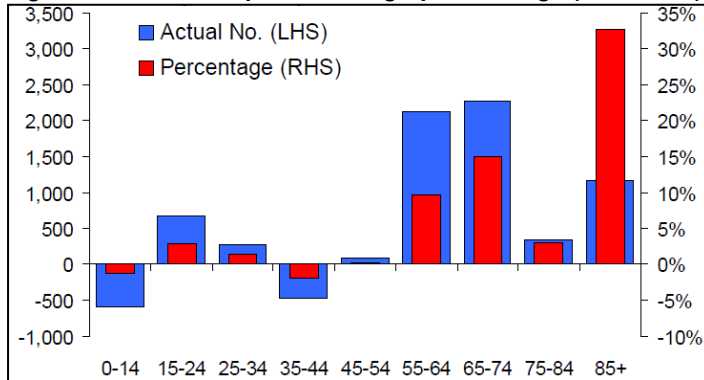
There are some obvious trends observed in the LGA compared with Australia: the LGA appears to have a comparatively low proportion of persons in the 20-45 age cohorts denoted by the circle in Figure 1. These age brackets essentially represent the ages of household formation. Conversely there can be observed a high proportion of persons aged above 55, denoted by oval in Figure 1.

Figure 1 - Lake Macquarie Population Age Profile (2011)



Source: Abs Census 2011 & Hunter Valley Research Foundation

The comparatively older population appears to be a structural trend with a significant increase in persons over 55 living in the Lake Macquarie LGA between 2006 and 2011.

Figure 2 - Lake Macquarie Demographic Change (2006-2011)

Source: Abs Census 2011 & Hunter Valley Research Foundation

The chart above shows the percentage change of various age brackets within the LGA, the number of persons over 55 in clear increase between 2006 and 2011.

Jobs, Employment and Incomes

There appears to have been a shift between 2006 and 2011 in the predominant employing industries; manufacturing industry further declining in significance from 2006 with education, health and tourism which are emerging as the dominant industry employers in 2011.

Households in the LGA tend to have a smaller household weekly income compared to the rest of NSW: 31% of households in Lake Macquarie LGA having a weekly income under \$599 whereas 27.2% of households in NSW have weekly incomes below \$599.

Looking at the Hunter region as a whole, household incomes appear clearly weighted towards resource-rich local government areas, e.g. Singleton and Muswellbrook. The LGAs of Newcastle and Lake Macquarie lag behind, with higher proportion of residents falling within lower income brackets and only a small proportion of households earning more than \$3,000 per week.

Housing

Dwelling structures in the LGA are heavily weighted toward detached dwellings with 86.1% of all dwellings comprising separate houses. This is significantly higher than for NSW (79.5%). There has been a slight decrease in the number of detached dwellings between 2006 and 2011 and is accounted for, by an increase of 0.5% in the number of semi-detached and townhouses over the same period.

1.3 Residential Land Uses

Data for residential dwelling approvals in the Hunter Region indicate a volatility and vulnerability to cyclical and market conditions. Notwithstanding, long term growth patterns are observed, indicative of strong underlying demand.

The Hunter Region's residential property market along with the Sydney market performed strongly through 2010 on the back of government housing stimulus and incentives. However performance was somewhat

thwarted by consecutive interest rate rises through 2010 and 2011, demonstrated by a marked fall in purchaser sentiment. Purchaser interest is noted to have improved somewhat amid falling interest rates through 2012.

Selling agents have commented that residential product aimed at the mass market rather than the luxury end of the market is generally well received, with purchasers weighing up the price of a house and land package, not just the price of a block alone. Blocks priced below \$190,000 have been noted to be within an affordable price bracket, these blocks having the most market appeal.

Cameron Park

Located to the south of the Newcastle Link Road to the north west of the Pasminco site, major estates within Cameron Park include North Lakes Estate, Northridge Estate and Cameron Grove Estate.

The North Lakes Estate is an ongoing project proposing over 1,000 lots when complete. Sale prices have ranged between \$150,000 and \$180,000 (500-700sqm) and between \$180,000 and \$220,000 (700sqm-900sqm). The slope/topography of the blocks have a direct impact on price and marketability.

The Northridge Estate is ongoing and on a smaller scale. Sale rates are noted to be steady, with block sizes ranging from 450sqm to 800sqm.

Selling agents in both the estates note that first home buyers have been deterred by interest rate rises as well as difficulties in obtaining finance. Activity by second home buyers is observed to be more prevalent.

The Cameron Grove Estate is proposed to contain 1,200 lots when completed. Sales have been strong since the launch in 2007. The blocks are competitively priced, selling at prices from \$145,000. Purchasers are understood to be mainly first home buyers and speculative investors.

Fletcher

Fletcher is located further to the north and close to entries to the Newcastle F3 Freeway. The three major Greenfield estates being developed are Sanctuary, Hidden Waters and The Outlook. Whilst some of these developments are located outside the Study Area, they are included for context.

Sanctuary is developed by Landcom, the entire estate when fully developed proposed to contain 800 lots. The estate is priced in the upper end of the range compared to the other estates in Fletcher. Approximately 170 lots are understood to have been sold, with approximately six years forecast for completion. Sales have occurred generally between \$200,000 and \$240,000 (500sqm-700sqm) and starting at \$260,000 for larger sites (700sqm-800sqm). Purchasers are noted to originate from within the Lower Hunter with some from as far as Sydney. Purchasers have been observed to be second home buyers and downsizers, rather than first home buyers mainly due to the higher price point. More recently a surge in the number of investor activity has been noted.

Hidden Waters when completed will accommodate 271 lots over nine stages. Stage 6 is currently for sale off-the-plan with the selling agent indicating sales have been moderate since their release. The lots range in size

from 600sqm to 800sqm and have sold for between \$180,000 and \$250,000. Overall interest is noted to have slowed after the multiple interest rate rises, with sales moderately improving in 2012.

The Outlook is located along Minmi Road and proposes around 500 lots on completion. When launched in late 2009 lots were priced between \$195,000 and \$250,000. It is understood that construction and sales have recommenced after a brief interruption.

Historical Take-up Rates

Informal discussions with selling agents indicate that the market is highly sensitive to interest rate movements. A marked dip was felt in the first half of 2010, with improvements through the latter half of 2010 and 2011, partly due to investor activity brought about by stamp duty exemptions and concessions.

Market response is observed to be highly cyclical, take-up rates can be unstable, varying from month-to-month. Take-up rates of blocks have been observed to range between 4 and 10 a month, depending on project.

The comparative price of purchasing an established home also has an impact on take-up rates. Purchasers consider the total package cost of house and land before committing funds to a purchase. Applying the principle of substitution, the prices of completed houses contribute to setting ceilings to the sale values for subdivided residential blocks.

General Outlook

The NSW residential property market while still relatively soft has shown some resurgence in the second half of 2012. Clearance rates, particularly for well positioned inner city locations have improved with many agents predicting this trend to continue during 2013. This has been less prevalent in more regional locations where the market is still considered a 'buyer's market'. However favourable locations such as the established beachside suburbs of Newcastle have had robust growth even in these conditions.

Building approvals in NSW were up in October 2012 for the second consecutive month in a row at 3,926 the highest recorded level of building approvals since August 2011¹.

1 October 2012 saw a major readjustment to the first home buyers grant scheme that redirects first home buyers towards new housing. Under the new system first home buyers will only be eligible if purchasing new dwellings under \$650,000, they also benefit from a doubling of the grant to \$15,000 and the continuation of the stamp duty concession especially for first home buyers.

In the longer term, more structural drivers of housing demand over the next 20 years are expected to be centred around the characteristics of household formation (shaped by population growth, ageing of the population and household composition) and include²:

¹ ABS Building Approval Catalogue October 2012

² National Housing Supply Council, State of Supply Report, 2011

- Declining household size with households of lone persons and couples without children increasing more rapidly than those of families with children.
- Greater relative increase in demand for multi-dwelling units than for detached houses due to affordability.
- Underlying demand for public housing and affordable private rental accommodation is likely to increase as population ages.
- Australian born residents are more likely to own their own home than immigrants, the latter tending to move from rental accommodation to owner occupation over time.

The key drivers to the Hunter's residential market are not dissimilar to those of the Sydney region. With most regional areas of the state, there is a general market resistance to attached housing (including multi-dwelling units) and a clear preference for detached housing. However as the issue of housing affordability continues to plague most housing markets, developers are responding by providing more housing choice in terms of lot sizes and built product and can be witnessed in the slight increase in semi-detached dwellings between census periods 2006 to 2011 for Lake Macquarie LGA.

As also discussed in our Market Update 2012, the general residential market in Newcastle remains benign but functional with house prices flat recording only 0.52% capital growth to September 2012³. The median house price was \$400,500 during the September 2012 quarter while the rental yield was strong at 5.47%. The rental yield had experienced a 9.8% increase on the previous 12 months, demonstrating there is a strong underlying demand for rental accommodation.

1.4 Employment Lands

The regional economic context of the Hunter region is characterised by different labour and investment markets. The ongoing global demand for resources has resulted in the continued strengthening of a narrow range of sectors (i.e. resources and supporting infrastructure) while a combination of other factors, e.g. the strong Australian dollar, lack of credit availability and weak business confidence has seen non-mining business investment remaining soft.

Traditionally unemployment levels in the Hunter have been several percentage points higher than NSW. However growth in recent years has seen the rate better the state average. Unemployment rates in the Hunter region in March 2012 mirrored the rest of the state at 4.9%⁴ however they were at 3.5% in December 2011 compared to 5.5% in the rest of the state.

Since the closure of BHP's Newcastle steelworks in 1999, the Hunter Region's economy experienced structural change and has since been on a path to diversification. The dominance of primary and secondary industries (mining, agriculture and manufacturing) has been shifting for growth of the tertiary or services

³ Residex, Market Research Report, September 2012

⁴ Australian Bureau of Statistics, Monthly Labour Force Survey

sector⁵. Despite this shift the Lower Hunter region still has a higher proportion of workers in mining and manufacturing compared to the NSW average.

There are a number of industrial estates in the vicinity that are already serviced and subdivided for purchase or waiting pre-lease, while a number of industrial subdivisions in the Region have been deferred. Discussions with selling agents reveal that take-up of serviced lots are still flat. Many purchasers are continuing to find issues of procuring finance a challenge and hence hampering transactional activity.

Table 1 - Hunter Industrial Estates Absorption

Industrial Estate	Sold (ha)	Sell down period (years)	Rate of Sale per annum
Hunter Industrial Park, Tomago	15	4	3.75ha
Steel River Estate, Mayfield	50	9	5.56ha
Beresfield Industrial Estate	70	13	5.38ha
Thornton Industrial Estate	75	12	6.25ha
Rutherford Industrial Estate	80	12	6.67ha
Cameron Park Industrial Estate	34	9	3.8ha

Source: Knight Frank research 2012

Each of the above estates has different attributes attracting different business profiles. Steel River is closest to Newcastle and is surrounded by residential lands providing a labour supply, while Beresfield at the northern end of the F3 Freeway attracts businesses directly benefiting from the highway network.

As discussed in 2012, the development supply pipeline remains constrained by credit pricing and availability, this coupled with prevailing low rents and soft yields making large scale commercial development not as yet viable. It is acknowledged that rents and capital values are generally below that of replacement cost⁶.

Hunter Region Economy

The Hunter Region's economy has diversified in recent years, building on traditional strengths while also focusing on new industries such as health, education and tourism this broader based economy is more resilient to external factors⁷. Recent economic and employment data shows the increasingly divergent local economies in the Hunter Region, focused around mining activity and those that are not.

The market for industrial and commercial space in the Cockle Creek landholding is very much a local market, demand generally confined to local business, hence market sensitivity to interest rates and business sentiment. In addition to existing industrial estates, there are a variety of new industrial areas planned, many to be managed by the Hunter Development Corporation.

Notwithstanding the current challenges of land development as discussed above, development activity is expected to be flat at least until existing subdivided lots are absorbed by the market.

⁵ Hunter Valley Research Foundation, Diversification of the Hunter Economy - post BHP

⁶ BIS Shrapnel, Real Estate Market Report, April 2011

⁷ Hunter Valley Research Foundation, Diversification of the Hunter Economy - post BHP, 2011

1.5 Development Forecasts

Apart from constrained funding markets, a significant concern within the development market are the low yields which result from environmentally constrained lands, often a legacy of former mining sites. Biodiversity offset requirements have become a major impediment to development, the time and cost to procure suitable land for meeting offset ratios (as high as 6:1) adding to the cost and risk of development. Additionally, coordination between government agencies can result in long lead-in times for rezoning and development consent (between 5 and 10 years), all of which have cost implications which undermine feasibility.

Given the price-sensitivity of the market, many developments have not proceeded on the back of concerns that market take-up and realisation would be insufficient to justify the costs and lead-in time.

Hill PDA has in the past advised that an orderly release of lots was necessary (both for englobo and subdivided lots) to avoid a flooding of the market. Based on the experience of ongoing residential subdivisions in the region, sales take-up is expected to range between 50 and 60 lots per annum, or slightly higher when development occurs on several fronts.

Should a sale approach of englobo sites in-one-line be taken in the target exit period 2014, there is a risk of flooding the market with development sites, conceivably causing purchasers to acquire and hold with a view to future development or additionally require a higher margin for immediate development. Under current conditions the market for development/englobo land is characterised by "wholesale pricing" with the application of significant discounting to land prices likely. Discounts (25%) have been applied to the prices of lands in the Low Case to reflect this likelihood; sites not currently accessible or serviced with road infrastructure are assumed to unlikely be realised in the short term.

The Mid Case envisages a limited development scenario with several lots developed, while the remaining lots will be sold englobo. The High Case assumes development of all the lots, premised on a holistic approach including masterplanning and appropriate staging. While offering attractive development profit over the term, there is commensurate development risk attached thereto.

Should you have any questions please do not hesitate to contact the undersigned.

Yours sincerely,

Esther Cheong AAPI MISM MCI Arb
Principal
Hill PDA

File Name: C13117 - Market Update (Jan 2013)

Date Printed: 17/01/2013 4:40:00 PM

CORPORATIONS ACT 2001

Section 449E

**PASMINCO LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT) (“THE COMPANY”)
ACN 004 368 674**

AND ITS WHOLLY OWNED AUSTRALIAN SUBSIDIARIES (“PASMINCO”)

REMUNERATION REPORT

The Deed Administrators’ Remuneration Report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format.

Part A

- A1 Schedule of hourly rates and general guide to staff experience
- A2 Tasks undertaken by the Deed Administrators and remuneration calculation for the period 1 December 2011 to 31 December 2012.
- A3 Schedule of the Deed Administrators’ anticipated tasks and remuneration estimate for the period 1 January 2013 to 31 December 2013. The tasks can be broadly divided into six categories, namely:
- Assets
 - Creditors
 - Employees
 - Investigation
 - Dividends
 - Administration
- A4 Remuneration approved and drawn to date
- A5 Resolutions to be put to creditors at the meeting convened for 7 February 2013.

Part B

- B1 Deed Administrators’ disbursements
- B2 Other creditor information on remuneration

The Remuneration Report must be read in conjunction with the report to creditors dated 22 January 2013.

PART A

A1 SCHEDULE OF PROPOSED HOURLY RATES (TO APPLY IN THE PERIOD 1 JANUARY 2013 TO 31 DECEMBER 2013) & GENERAL GUIDE TO STAFF EXPERIENCE

These rates were approved by creditors in April 2009 and we do not propose a fee increase at this time.

Title	Rate (\$)	Experience
Partner/Principal/ Appointee	595	The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com
Director	495	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	445	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager	375	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	310	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	285	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	250	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	220	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 1 ⁴	190	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	190	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks.
Professional Staff Junior	135	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes directions from senior staff in completing administrative tasks.
Senior Secretary	170	Appropriate skills including machine usage.
Computer Operator	120	Appropriate skills including machine usage.
Clerk	135	Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.
Typist	90	Appropriate skills including machine usage.
Office Assistant	75	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

Notes:

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Intermediate 1 rate has been applied to the LAS at a discounted rate of \$190/hr since January 2011 and this will continue until the conclusion of the LAS.

A2. Tasks undertaken by the Deed Administrators and remuneration calculation for the period 1 December 2011 to 31 December 2012.

<p style="text-align: center;">Assets - Pasminco Cockle Creek Smelter Pty Limited Remediation and Development requirements</p> <p style="text-align: center;">Anticipated AUD1,557,826</p> <p style="text-align: center;">Actual AUD1,505,458</p>	<p>Management of remediation redevelopment and realisation of Cockle Creek smelter site</p>	<ul style="list-style-type: none"> ▪ Onsite superintendent to review project works, assess areas of savings and report to the Administrators on a regular basis regarding progress ▪ Site visits ▪ Contract negotiations regarding developed parcels of land (ie. Cardiff Central, Lots 1, 2 & 3) ▪ Undertaking the remediation civil works phase of the project ▪ Stakeholder negotiation and preparatory works regarding the containment cell construction ▪ Negotiating and implementing contractual arrangements to sell and/or remove certain process materials present on the Site ▪ Site master planning and detailed development design planning. ▪ Demolition ▪ Litigation with Incitec regarding cross contamination of the Site ▪ Liaising with Incitec regarding alliance and settlement of litigation and execution of a Deed of Settlement and Release ▪ Working with Incitec, Environment Protection Authority (“EPA”) and Department of Planning (“DoP”) to submit relevant documentation in order to obtain approvals for works to commence on Incitec site. ▪ Working with consultants regarding compatibility of Incitec site contaminants and design changes and requirements for expanded PCCS containment cell ▪ Contamination cell civil works and project management ▪ Managing the Site’s surface and groundwater systems including the continued operation of the Effluent Treatment Plant ▪ Installation of new Leachate treatment plant to service containment cell post construction ▪ Site security ▪ Ongoing negotiation with the EPA regarding the revision/removal of licences and approvals to ensure these remain in line with the progressive remediation of the Site ▪ Managing inquiries from the community ▪ Managing the company’s rental property book ▪ Managing service and utility supplies to the Site ▪ Provision of regular authority reports under the Environment Protection Licence including on and off site monitoring ▪ Site personnel management and servicing of onsite remediation activities ▪ Bushfire and vegetation management ▪ Civil works tender process and operations management ▪ Site contractor and consultant management ▪ Liaising with suppliers ▪ Liaising with management and staff ▪ Authorising purchase orders ▪ Maintaining purchase order registers ▪ Preparing and authorising receipt vouchers ▪ Preparing and authorising payment vouchers
	<p>Sale of real property</p>	<ul style="list-style-type: none"> ▪ Liaising with valuers, agents ▪ Attendance at auctions
	<p>Debtors</p>	<ul style="list-style-type: none"> ▪ Correspondence with debtors
	<p>Other assets</p>	<ul style="list-style-type: none"> ▪ Tasks associated with realising other assets

	Processing receipts and payments	<ul style="list-style-type: none"> ▪ Entering receipt and payments into accounting system and maintaining registers. ▪ Month end account reconciliations
	Budgeting & financial reporting	<ul style="list-style-type: none"> ▪ Reviewing remediation and development budgets and financial statements ▪ Preparing budgets ▪ Meetings to discuss trading position and accounts
Creditors Anticipated AUD80,961 Actual AUD86,838	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with financiers regarding debt trades ▪ Maintaining register of current holders of unsecured debt and maintaining records.
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing circular to creditors providing updates on case progress and general reporting to creditors.
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's ▪ Dealing with litigation claims including admitting and rejecting POD's
	Shareholder enquires	<ul style="list-style-type: none"> ▪ Responding to any shareholder queries and potential legal action
Employees - Workers Compensation Issues Anticipated AUD35,441 Actual AUD47,051	Employee enquiries	<ul style="list-style-type: none"> ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ General reporting on employee issues
	Litigation	<ul style="list-style-type: none"> ▪ Managing and progressing ongoing legal matters.
	Employee dividend	<ul style="list-style-type: none"> ▪ Receipting POD's ▪ Adjudicating POD's ▪ Ensuring PAYG is remitted to ATO
	Workers compensation claims	<ul style="list-style-type: none"> ▪ Review insurance policies ▪ Receipt of claim ▪ Liaising with claimant ▪ Liaising with insurers and solicitors regarding claims ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Willis regarding initial and ongoing workers compensation insurance requirements ▪ Completing receipts and payments relating to Workers Compensation issues. ▪ Liaising with Zinifex in negotiating management of claims.
Investigation Anticipated AUD37,727 Actual AUD87,631	Conducting investigation/Discovery	<ul style="list-style-type: none"> ▪ Maintaining and reviewing company books and records ▪ Conducting and summarising statutory searches
	Litigation / Recoveries	<ul style="list-style-type: none"> ▪ Internal meetings to discuss status of litigation ▪ Preparing brief to solicitors ▪ Liaising with solicitors regarding recovery actions ▪ Attending to negotiations ▪ Attending to settlement matters
	ASIC reporting	<ul style="list-style-type: none"> ▪ Liaising with ASIC
Dividend Anticipated AUD58,874 Actual AUD47,927	Processing proofs of debt and Dividend Procedures.	<ul style="list-style-type: none"> ▪ Liaising with Financiers to confirm holdings of unsecured debt. ▪ Preparing Bank TT's ▪ Preparing payment vouchers ▪ Preparing payment schedules and reconciliations of holdings ▪ Working with banks to ensure funds correctly deposited ▪ Preparing dividend schedules ▪ Preparing quarterly dividend forecast model updates
Administration	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file	<ul style="list-style-type: none"> ▪ Filing of documents

Anticipated AUD805,766 Actual AUD1,284,370	review/checklist	<ul style="list-style-type: none"> ▪ File reviews ▪ Updating checklists 	
	Insurance	<ul style="list-style-type: none"> ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Marsh regarding ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with lawyers regarding insurance issues ▪ Sourcing Environmental Impairment insurance cover for PCCS site 	
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Maintaining and reinvesting funds in various Term Deposit accounts. ▪ Liaising with major banks in order to maximise investments ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers 	
	ASIC Lodgements	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms. ▪ Correspondence with ASIC regarding statutory forms 	
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Preparing BAS' ▪ Completing group certificates 	
	Finalisation/ Deregistration procedures	<ul style="list-style-type: none"> ▪ Notifying ATO of finalisation ▪ Reviewing Balance sheets ▪ Completing debt forgiveness forms 245-90's ▪ Obtaining clearances from ASIC ▪ Reviewing DOCA/ Deed of Cross Assumption of Claims/ Revocation Deed and other matters. ▪ Advertising requirements ▪ Cancelling ABN / GST / PAYG registration ▪ Completing checklists 	
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status of administration 	
	Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage 	
	Lead Abatement Strategy	Consultation	<ul style="list-style-type: none"> • Correspondence with Lake Macquarie City Council • Correspondence with EPA • Preparation of educational material regarding the LAS • Various written correspondence with residents within the LAS grid • Telephone correspondence with residents within the LAS grid • Telephone correspondence with other parties • Prepare reports for various stakeholders
		Sampling Phase	<ul style="list-style-type: none"> • Review sampling results • Prepare sampling reports • Correspondence with certifier • Various correspondence with residents • Communication of results to LAS participants • Correspondence with Lake Macquarie City Council • Correspondence with EPA • Attend LAS grid area to meet with various stakeholders. • Enter sampling data in to the LAS

			<p>Management Tool</p> <ul style="list-style-type: none"> • Prepare reports for various stakeholders
		Implementation Phase	<ul style="list-style-type: none"> • Sourced and appointed appropriate contractors to complete abatement works
		Other	<ul style="list-style-type: none"> • Liaising with residents within the LAS grid who wish to dispose of contaminated soil outside the LAS program • Respond to media enquiries • Internal planning and strategy meetings • Various administration activities

A2 (cont) Tasks undertaken by the Deed Administrators and remuneration calculation for the period 1 December 2011 to 31 December 2012.

Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area					
				Assets hrs (\$)	Creditors hrs (\$)	Employees hrs (\$)	Investigation hrs (\$)	Dividend hrs (\$)	Administration hrs (\$)
Partner	595	349	206,199	196.6 116,905	4.6 2,683	73.8 42,435	1.4 833	0.8 460	72.2 42,883
Director	495	1,396	691,642	1,295.5 641,533	0.8 396	- -	14.0 7,490	- -	85.3 42,224
Manager 1	445	1,649	733,805	1,159.6 519,449	99.6 45,034	4.7 2,092	158.0 70,310	24.1 11,437	192.1 85,485
Manager 2	375	947	355,200	54.1 20,288	48.6 18,225	- -	- -	3.9 1,463	840.6 315,225
Supervisor	310	146	43,890	142.1 42,630	- -	- -	- -	- -	4.2 1,260
Senior 1	285	577	164,445	- -	0.2 57	- -	20.3 5,786	- -	556.5 158,603
Senior 2	250	1,798	449,400	213.5 53,375	0.3 75	- -	3.6 900	26.3 6,575	1,553.9 388,475
Intermediate 1	220	482	106,040	315.1 69,322	19.0 4,180	10.8 2,376	3.6 792	2.1 462	131.4 28,908
Intermediate 1 LAS*	190	13	2,508	- -	- -	- -	- -	- -	13.2 2,508
Intermediate 2	190	1,472	279,642	155.4 29,526	85.2 16,188	0.6 114	8.0 1,520	144.9 27,531	1,077.7 204,763
Senior Secretary	170	35	6,018	- -	- -	0.2 34	- -	- -	35.2 5,984
CP Operator	120	130	15,624	103.6 12,432	- -	- -	- -	- -	26.6 3,192
Typist	90	0.1	9	- -	- -	- -	- -	- -	0.1 9
Professional Junior Staff	135	29	3,915	- -	- -	- -	- -	- -	29.0 3,915
Office Assistant	75	13	938	- -	- -	- -	- -	- -	12.5 938
TOTAL		9,036	3,059,274	3,635.5 1,505,458	258.3 86,838	90.1 47,051	208.9 87,631	202.1 47,927	4,630.5 1,284,370
	GST		305,927	150,546	8,684	4,705	8,763	4,793	128,437
	TOTAL (including GST)		3,365,201	1,656,004	95,522	51,756	96,394	52,720	1,412,807
	Average hourly rate		339	414	336	522	419	237	277

*Intermediate 1 rate has been applied to the LAS at a discounted rate of \$190/hr

A3 Schedule of anticipated tasks and Administrators' estimated prospective remuneration for the Period 1 January 2013 to 31 December 2013.

Based on the following anticipated tasks, I estimate the Administrators' fees for the above period:

<p>Assets - Pasminco Cockle Creek Smelter Pty Limited Remediation and Development requirements</p> <p>Anticipated AUD1,220,536.88*</p>	<p>Management of remediation redevelopment and realisation of Cockle Creek smelter site and extended parcel 6 (formerly known as the Incitec site)</p>	<ul style="list-style-type: none"> ▪ Onsite superintendent appointed to undertake the following tasks: <ul style="list-style-type: none"> ○ Oversee site operations and report to the Administrators on a regular basis regarding progress ○ Provide direction, management, technical and operational experience to the Site Team, Contractors and Consultants ○ Promote continuous improvement in quality, safety, environment, risk management and productivity ○ Identify and realise opportunities to improve the outcome of the project ○ Improve efficiency and seek out cost savings on site ○ Contractual management with site contractors ○ Assistance with site forecasts, and timing for project delivery ▪ Site visits ▪ Contract negotiations ▪ Undertaking the remediation civil works phase of the project ▪ Negotiating and implementing contractual arrangements to sell and/or remove certain process materials present on the Site ▪ Site master planning and detailed development design planning. ▪ Demolition and concentrate crushing ▪ Remediation of Incitec site ▪ Organising Insurance for Incitec site ▪ Expanding OH&S schedules and reports for Incitec site ▪ Liaising with Incitec regarding works program and invoicing ▪ Management (Care and maintenance) of Incitec water treatment plant ▪ Contamination cell expansion to accommodate Incitec contaminants and civil works project management ▪ Managing the Site's surface and groundwater systems including the continued operation of the Effluent Treatment Plant ▪ Commissioning of new Leachate treatment plant to manage containment cell water ▪ Site security ▪ Ongoing negotiation with the EPA regarding the revision/removal of licences and approvals to ensure these remain in line with the progressive remediation of the Site ▪ Managing inquiries from the community ▪ Managing the company's rental property book ▪ Managing service and utility supplies to the Site ▪ Provision of regular authority reports under the Environment Protection Licence including on and off site monitoring
--	--	--

		<ul style="list-style-type: none"> ▪ Site personnel management and servicing of onsite remediation activities ▪ Bushfire and vegetation management ▪ Conduct of civil/remediation works utilising plant and equipment owned/hired by PCCS and its personnel ▪ Civil works tender process and operations management ▪ Managing tender process and construction of major roundabout at Main Road ▪ Managing tender process and construction of southern portion of Munibung Road ▪ Managing all consultants involved in development works ▪ Site contractor and consultant management ▪ Liaising with suppliers ▪ Liaising with management and staff ▪ Authorising purchase orders ▪ Maintaining purchase order registers ▪ Preparing and authorising receipt vouchers ▪ Preparing and authorising payment vouchers
	Debtors	<ul style="list-style-type: none"> ▪ Correspondence with debtors
	Other assets	<ul style="list-style-type: none"> ▪ Tasks associated with realising other assets
	Processing receipts and payments	<ul style="list-style-type: none"> ▪ Entering receipt and payments into accounting system and maintaining registers. ▪ Month end account reconciliations
	Budgeting & financial reporting	<ul style="list-style-type: none"> ▪ Reviewing remediation and development budgets and financial statements ▪ Preparing budgets ▪ Meetings to discuss trading position and accounts
Creditors Anticipated AUD75,000*	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with financiers regarding debt trades ▪ Maintaining register of current holders of unsecured debt and maintaining records.
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing circular to creditors providing updates on case progress and general reporting to creditors.
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's ▪ Dealing with litigation claims including admitting and rejecting POD's
	Shareholder enquires	<ul style="list-style-type: none"> ▪ Responding to any shareholder queries and potential legal action
Employees - Workers Compensation Issues Anticipated AUD80,000*	Employee enquiries	<ul style="list-style-type: none"> ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ General reporting on employee issues
	Employee dividend	<ul style="list-style-type: none"> ▪ Receipting POD's ▪ Adjudicating POD's ▪ Ensuring PAYG is remitted to ATO
	Workers compensation claims	<ul style="list-style-type: none"> ▪ Review insurance policies ▪ Receipt of claim ▪ Liaising with claimant ▪ Liaising with insurers and solicitors regarding claims ▪ Identification of potential issues requiring attention of insurance specialists

		<ul style="list-style-type: none"> ▪ Correspondence with Willis regarding initial and ongoing workers compensation insurance requirements ▪ Completing receipts and payments relating to Workers Compensation issues. ▪ Liaising with Zinifex in negotiating management of claims.
	Conducting investigation/Discovery	<ul style="list-style-type: none"> ▪ Maintaining and reviewing company books and records ▪ Conducting and summarising statutory searches
Investigation Anticipated AUD40,000*	Litigation / Recoveries	<ul style="list-style-type: none"> ▪ Internal meetings to discuss status of litigation ▪ Preparing brief to solicitors ▪ Liaising with solicitors regarding recovery actions ▪ Attending to negotiations ▪ Attending to settlement matters
	ASIC reporting	<ul style="list-style-type: none"> ▪ Liaising with ASIC
Dividend Anticipated AUD30,000*	Processing proofs of debt and Dividend Procedures.	<ul style="list-style-type: none"> ▪ Liaising with Financiers to confirm holdings of unsecured debt. ▪ Preparing dividend forecast model updates
Administration Anticipated AUD450,000*	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Marsh regarding ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with lawyers regarding insurance issues
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Maintaining and reinvesting funds in various Term Deposit accounts. ▪ Liaising with major banks in order to maximise investments ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers
	ASIC Lodgements	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms. ▪ Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Preparing BAS' ▪ Completing group certificates
	Finalisation/ Deregistration procedures	<ul style="list-style-type: none"> ▪ Notifying ATO of finalisation ▪ Reviewing Balance sheets ▪ Completing debt forgiveness forms 245-90's ▪ Obtaining clearances from ASIC ▪ Reviewing DOCA/ Deed of Cross Assumption of Claims/ Revocation Deed and other matters. ▪ Advertising requirements ▪ Cancelling ABN / GST / PAYG registration ▪ Completing checklists
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status of administration
	Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage
	Lead Abatement Strategy	Post

		completion	relevant authorities <ul style="list-style-type: none"> ▪ Responding to queries and correspondence from Lake Macquarie City Council ▪ Correspondence with EPA ▪ Respond to media enquiries
--	--	------------	---

*Please note that the above allocated costs in each of the six categories are based on our estimations. Due to the complexity of the work involved in the Administration and the variety of day to day issues that arise, the costs allocated per section may vary considerably. Creditors should refer to the report to Creditors dated 22 January 2013 which provides an explanation of the prospective work and contingencies which may result in costs greater than those estimated above.

The remuneration estimate may be summarised as follows:

Total	Assets	Creditors	Employees	Investigation	Dividend	Administration
\$1,895,536.88	\$1,220,536.88	\$75,000	\$80,000	\$40,000	\$30,000	\$450,000

A3 Remuneration approved and drawn to date

FEE SUMMARY		
Total Deed Fees Approved	Period of Approval	\$
Fees approved on 30 August 2002	5 October 2002 – 31 January 2003	3,400,000.00
Fees approved on 28 March 2003	1 February 2003 – 30 September 2003	3,300,000.00
Fees approved on 9 December 2003	1 October 2003 – 15 September 2004	3,300,000.00
Fees approved on 5 October 2004	16 September 2004 – 31 August 2005	2,383,612.00
Fees approved on 19 May 2006	1 September 2005 – 15 January 2007	2,208,748.90
Fees approved on 01 May 2007	16 January 2007 – 31 January 2008	2,194,565.00
Fees approved on 18 March 2008	1 February 2008 - 31 March 2009	2,356,130.00
Fees approved on 12 June 2009	1 April 2009 – 31 December 2009	2,022,220.00
Fees approved on 17 February 2010	1 January 2010 – 31 December 2010	3,354,691.00
Fees approved on 4 March 2011	17 December 2010 – 30 November 2011	3,065,677.85
Fees approved on 15 February 2012	1 December 2011 – 31 December 2012	2,486,806.63
		30,072,451.38
Fees Incurred and Paid		
Period		
5 October 2002 – 31 October 2012		-30,065,968.00
Balance of approved limit remaining		6,483.38

A4 Resolutions to be put to creditors at the meeting convened for 7 February 2013.

At the meeting of creditors convened for 11:00am Australian Eastern Daylight Savings Time on 7 February 2013, creditors will be asked to consider the following resolution:

*"That the future remuneration of the Administrators of the Deed of Company Arrangement, as set out in the Administrators' remuneration report dated 22 January 2013 be approved up to the sum of **AUD2,370,922** plus any applicable GST but subject to upward revision by resolution of creditors and that the Administrators of the Deed of Company Arrangement be authorised to make periodic payments on account of such accruing remuneration."*

PART B

B1 Administrators' Disbursements

Disbursements are divided into three types **D1**, **D2** and **D3**.

- D1 Disbursements are all externally provided professional services and are recovered at cost. An example of a D1 disbursement is legal fees.
- D2 Disbursements are externally provided non professional costs such as travel, accommodation and search fees. D2 disbursements are recovered at cost.
- D3 Disbursements are internally provided non professional costs such as photocopying and document storage. D3 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs. The relevant rates are set out below.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	\$0.20 cents per copy
Facsimile	At cost
File Set Up	At cost
Advertising	At cost
Storage – Per Box	At cost
Storage – Per File	At cost
Couriers	At cost

Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.

B2 Other creditor information on remuneration

The partners of Ferrier Hodgson, Victoria are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice. A copy of the Code of Professional Practice may be found on the IPA website at www.ipaa.com.au

An information sheet concerning approval of remuneration in external administrations can also be obtained from the IPA website.

Queries regarding remuneration should be directed to Richard Bastow of this office.

Dated this 22ND day of January 2013.



Peter McCluskey
Deed Administrator

**FORM 529
CORPORATIONS ACT 2001**

NOTICE OF MEETING OF CREDITORS

**PASMINCO LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 004 368 674**

**PASMINCO COCKLE CREEK SMELTER PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 000 083 670**

**PASMINCO FINANCE LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 007 289 296**

NOTICE is given that a meeting of the creditors of the above named companies will be held at the offices of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne on 7 February 2013 at 11.00am.

AGENDA

1. Provide creditors with an update in relation to the status of the Administration;
2. Provide an opportunity for questions from creditors;
3. Seek creditors' approval for the Deed Administrators' fees; and
4. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Deed Administrators by midday on 6 February 2013. **A corporate creditor may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A or by a representative appointed under Section 250D of the Corporations Act.**

In accordance with Corporations Regulation 5.6.23(1), creditors will not be entitled to vote at the meeting unless they have previously lodged particulars of their claims against the above named companies with the Administrators and the claim is or has been admitted in whole or in part for the purposes of voting pursuant to Corporations Regulation 5.6.26.

In accordance with Corporations Regulations 5.6.13A, creditors should note that telephone conference facilities will be available for creditors to attend the meeting via telephone.

Any person who wishes to participate in the meeting via telephone must contact Mr Richard Bastow in writing no later than midday on 6 February 2013 providing a written statement setting out, the name of the person and of the proxy or attorney, an address and or facsimile number to which notices to the person, proxy or attorney may be sent; and a telephone number at which the person, proxy or attorney may be contacted.

Following receipt of the above details Mr Richard Bastow will contact you and provide you with a specific telephone number and a password to enable you to attend the creditors meeting via our conference telephone facilities.

Consequently the person, proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred in participating the meeting and is not entitled to be reimbursed for those costs from the assets of the company.

DATED this 22nd day of January 2013

A handwritten signature in black ink, appearing to read 'Peter McCluskey', with a stylized flourish at the end.

Peter McCluskey
Deed Administrator

Ferrier Hodgson,
Level 29, 600 Bourke Street
MELBOURNE VIC 3000

CORPORATIONS ACT 2001
APPOINTMENT OF PROXY

Form 7a

PASMINCO LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 004 368 674
AND ITS WHOLLY OWNED AUSTRALIAN SUBSIDIARIES
(SUBJECT TO DEEDS OF COMPANY ARRANGEMENT) ("THE COMPANIES")

*I/*We(creditor name)
of(creditor address)
a primary creditor of.....(Pasminco company name)
appoint(proxy appointed)
or in their absence(proxy alternate)

as *my/our *(i) general OR *(ii) special proxy to vote at the meeting of creditors to be held on 7 February 2013 at 11:00am,
or at any adjournment of that meeting, to vote
(i) on all matters arising at the meeting; OR
(ii) on each of the following kinds of resolution in the manner specified:

Table with 3 columns: For, Against, Abstain. Row 1: That the future remuneration of the Administrators of the Deed of Company Arrangement, as set out in the Administrators' remuneration report dated 22 January 2013 be approved up to the sum of AUD2,370,922 plus any applicable GST but subject to upward revision by resolution of creditors and that the Administrators of the Deed of Company Arrangement be authorised to make periodic payments on account of such accruing remuneration. All three columns have empty checkboxes.

I am an unsecured creditor and the total amount owed to me is \$

OR

I am a secured creditor and the total amount owed to me is \$

DATED this day of 2013

Signature2 of individual or person3 authorised by corporate resolution to represent the corporation

OR The Common Seal of1 was hereunto affixed in the presence of
Director

FOR OFFICE USE ONLY
Proxy Valid: Yes/No
Cross Deed Creditor: Yes/No
Amount admitted for voting:
\$.....

Secretary

1 The method of affixing the Common Seal should be prescribed by the creditor corporation's articles. See Note (2).
2 The signature of the creditor is not to be attested by the person nominated as proxy.
3 Note that a corporation may by resolution of its directors provide standing authority for a person to represent it at members meeting and appoint proxies. Copy of authority to be annexed.