

17 August 2007

**TO THE CREDITOR AS ADDRESSED**

Dear Sir/Madam

**RE: PASMINGO LIMITED  
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)  
ACN 004 368 674  
AND ITS WHOLLY OWNED AUSTRALIAN SUBSIDIARIES (“PASMINGO”)**

**DIVIDEND ESTIMATES AS AT 30 JUNE 2007**

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 quantum 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.

The worst and best case scenarios we consider are extremes and, in our view, dividends are unlikely to materialise at these levels. At the present time, the mid case scenario represents our best estimate of further dividends to creditors.

**Disclaimer**

The process of estimating future dividends that may be payable to the unsecured creditors of Pasmingo 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.

When replying please quote:

Our Ref: SM:B9

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qtr june 2007\letter to creditors re dividend estimates june 2007.doc

**MELBOURNE**

Level 29 600 Bourke Street  
Melbourne VIC 3000 Australia  
PO Box 290 Collins Street West  
Melbourne VIC 3007  
phone +61 3 9600 4922  
fax +61 3 9642 5887  
email fhmelb@melb.fh.com.au  
www.ferrierhodgson.com  
DX 125 Melbourne

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

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

### Summary of Dividend Estimates

To date, dividends have been paid to unsecured creditors of 12.5 cents, 1.3 cents, 2.4 and 1.5 cents paid in mid July 2007, totalling 17.7 cents in the dollar. As the attached forecast has been prepared as at 30 June 2007, please note that the estimate below for future dividends includes the amount of 1.5 cents in the dollar that was paid in mid July 2007.

Shown below are two schedules relating to our estimate of **further** dividends (including the fourth dividend of 1.5 cents in the dollar already paid), on an undiscounted and discounted basis respectively.

#### *Undiscounted Dividend Forecast as at 30 June 2007*

Estimated further dividends (cents in the dollar)		
Worst Case	Mid Case	Best Case
6.6	8.4	9.4

#### *Discounted Dividend Forecast as at 30 June 2007*

Nominal Discount Rate	Estimated further dividends (cents in the dollar)		
	Worst Case	Mid Case	Best Case
8%	4.9	6.2	6.9
10%	4.6	5.8	6.5
12%	4.4	5.4	6.1

As indicated above, our current estimate of the further dividends that may be payable to creditors on a mid case scenario is 8.4 cents, which would bring the final total dividend to unsecured creditors to 24.6 cents in the dollar (undiscounted).

You will note that, in our forecasts prepared as at 31 March 2007, it was estimated that future dividends on a mid case scenario would be 8.2 cents and final total dividends to unsecured creditors were estimated at 24.4 cents in the dollar (undiscounted).

The overall increase in this estimate to 24.6 cents in the dollar (undiscounted) can be attributed to, amongst other things:

- Greater interest being earned on funds held on term deposit due to improved interest rates.
- Favourable outcomes in relation to workers compensation issues.

### **General Assumptions**

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

- An average interest receivable rate of 5.59% on deposit account funds has been applied, except for those amounts locked in 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 \$2,645 million.
- Discount rates used are nominal rates.
- Estimates are based as at 30 June 2007 and have been discounted back to this date.

Should you have any queries in this regard, please contact Mr Richard Bastow of this office (telephone +613 9600 4922).

Yours faithfully



**PETER McCLUSKEY**  
**DEED ADMINISTRATOR**

Encl.