

6 November 2009

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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 SEPTEMBER 2009

ADELAIDE
BRISBANE
NEWCASTLE
PERTH
SYDNEY
HONG KONG
JAKARTA
KUALA LUMPUR
MANILA
MUMBAI
SHANGHAI
SINGAPORE
TOKYO

affiliated through
Zolfo Cooper
and
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

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 currently experiencing an extremely volatile 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.

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

Disclaimer

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

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

When replying please quote:

Our Ref: SM:B9

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CORPORATE ADVISORY

FORENSICS

CORPORATE RECOVERY



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, 1.5 cents, 1 cent and 1 cent, totalling 19.7 cents in the dollar.

Shown below are two schedules relating to our estimate of **further** dividends, on an undiscounted and discounted basis respectively. (Please note that the estimates below are after distribution of the 6th dividend paid on 14 August 2009).

Undiscounted Dividend Forecast as at 30 September 2009

Estimated further dividends (cents in the dollar)		
Worst Case	Mid Case	Best Case
2.2	3.2	4.1

Discounted Dividend Forecast as at 30 September 2009

Nominal Discount Rate	Estimated further dividends (cents in the dollar)		
	Worst Case	Mid Case	Best Case
8%	2.0	2.8	3.5
10%	1.9	2.7	3.4
12%	1.8	2.7	3.3

As indicated above, our current estimate of the further dividends that may be payable to creditors on a mid case scenario is 3.2 cents, which would bring the final total dividend to unsecured creditors to 22.9 cents in the dollar (undiscounted).

You will note that, in our forecasts prepared as at 30 June 2009, it was estimated that future dividends on a mid case scenario would be 4.5 cents (This included the dividend of 1.0 cent in the dollar paid on 14 August 2009) and final total dividends to unsecured creditors were estimated at 23.2 cents in the dollar (undiscounted).



The overall decrease in this estimate of 0.3 cents to 22.9 cents in the dollar (undiscounted) can be attributed to, amongst other things:

- Further reductions in the land and property values around the PCCS site.
- Reduction in forecast interest due to earlier than anticipated dividend distributions.
- The recent ramp up in the remediation and development costs at the site.

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 3.28% 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 \$2,613 million.
- Discount rates used are nominal rates.
- Estimates are based as at 30 September 2009 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 9604 5175).

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter McCluskey', written over a thin horizontal line.

PETER McCLUSKEY
DEED ADMINISTRATOR

Encl