

19 April 2006

MELBOURNE

Level 29 600 Bourke Street
Melbourne VIC 3000 Australia
PO Box 290 Collins Street West
Melbourne VIC 8007

phone +61 3 9600 4922
fax +61 3 9642 5887

email fhmelb@melb.fh.com.au
www.ferrierhodgson.com

DX 125 Melbourne

TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

**RE: PASMINGO LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
A C N 004 368 674
AND ITS WHOLLY OWNED AUSTRALIAN SUBSIDIARIES ("PASMINGO")**

ADELAIDE
BRISBANE
PERTH
SYDNEY
AUCKLAND
HONG KONG
JAKARTA
KUALA LUMPUR
SINGAPORE
TOKYO

affiliated through
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

I refer to previous correspondence regarding the administration of the Pasmingo Group.

The purpose of this correspondence is to provide creditors with an update on the administration of Pasmingo and to notify you of a forthcoming meeting.

Our report is set out as follows:

1. **DIVIDEND ESTIMATES**
2. **UPDATE ON THE COCKLE CREEK SMELTER SITE**
3. **WORKERS' COMPENSATION CLAIMS**
4. **AQUILA LITIGATION**
5. **EXAMINATIONS**
6. **STATUS OF ADMITTED CLAIMS**
7. **DEED ADMINISTRATORS' FEES**
8. **NOTICE OF MEETINGS OF CREDITORS**

When replying please quote:

Our Ref: SJ:JME:C

Your Ref:

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RESTRUCTURE & TURNAROUND

FINANCIAL ADVISORY

FORENSICS

INSOLVENCY MANAGEMENT

1. DIVIDEND ESTIMATES

As many creditors are aware, we provide regular updates to the dividend forecasts, which are published on the existing PasmaInco website at www.pasmaInco.com.au.

Our latest dividend estimate was released on 31 January 2006, which estimates that creditors may receive further distributions (on a mid case scenario) of **11.0** cents in the dollar, bringing the total return payable to unsecured creditors to **24.8** cents in the dollar.

By way of comparison, our total dividend estimate released on 19 August 2004 anticipated a mid case return of **21.0** cents in the dollar. The estimated return to creditors has continued to increase over time, due to a variety of factors, including favourable outcomes on a number of matters. These include:

- A downward revision in the estimated future workers' compensation liabilities and settlement with Rio Tinto (further details provided below).
- A reduction in the estimated value of creditor claims.
- A reduction in the actual expenditure incurred to date on various issues.
- A number of cost savings achieved in relation to the remediation of the Cockle Creek site.
- A favourable outcome on the sale /wind down of US entities.
- A deferral of expenditure on various matters, resulting in additional interest being earned on funds held.

Disclaimer

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

2. UPDATE ON THE COCKLE CREEK SMELTER SITE

The following provides an update on activities undertaken by the Deed Administrators in relation to the Pasminco Cockle Creek Smelter Site ("Site" and "PCCS Site"), including determining a strategy for its remediation and realisation.

2.1 Summary

Key achievements and activities undertaken in relation to the PCCS Site can be summarised as follows:

- Determined and implemented an agreed strategy for the Site, which in summary provides for:
 - remediation of the land; and
 - realisation of the remediated land via a staged sale process.
- Identification of a suitable party to assist in the remediation, redevelopment and realisation of the Site following the successful conclusion of a formal Expressions of Interest process.
- Sale of 20 residential properties with total realisations exceeding independent valuations.
- Demolition activities at the Site have almost been concluded.
- Addressing the requirements of the Remediation Order issued over the Site.
- Economic removal of process by-products and waste material from the Site.
- Remediation and redevelopment planning for the Site and liaison with Government bodies and other interested parties.

Further detail on these matters is provided below.

2.2 Background to Site

Attached at Annexure 1 is background information on the Site, including:

- its location and site description;
- known site condition and issues;
- current status of site activities;
- overview of contamination and remediation activities/actions; and
- overview of the planning framework and current status of planning activities.

2.3 Site Strategy

After extensive consultation with Government and other interested parties, completion of the Expressions of Interest process (refer below) the Deed Administrators have determined that the optimal strategy to be adopted in relation to the Site is to:

- remediate the land; and
- release the remediated land to the market via a staged sale process.

There are a number of options in terms of the future realisation of the land. It may be sold either undeveloped (with only basic services provided to allow for future subdivision) or it may be appropriate to undertake further planning and development activities prior to sale.

This latter realisation process may involve entering in to a development arrangement with a third party such as an appropriately experienced property developer.

As the strategy is developed more fully it will be possible to determine the impact of the remediation strategy on future dividend estimates. Notwithstanding this, we remain satisfied that sufficient funds have been retained to implement the selected remediation and realisation strategy.

2.4 Update on Site Activities

Since our previous report to creditors, the following key matters have been occurred in relation to the Site:

2.4.1 Demolition

- Having been granted demolition consent on 24 February 2005, Moltoni Adams has undertaken the progressive severance and removal of structures on the Site, pursuant to a Sale of Assets agreement.
- All material demolition activities are currently anticipated to be concluded during the second quarter of 2006.
- At that time, items of plant, machinery and other buildings not required for the ongoing maintenance, remediation and redevelopment of the Site will have been severed to slab level and removed from the Site. In effect, only the Effluent Treatment Plant, certain administration buildings and one building of heritage interest should remain.
- Further detail in this regard is included at Annexure 1.

2.4.2 Remediation Order

- In conjunction with the Fitzwalter Group (Project Managers appointed by the Deed Administrators), we have continued to address the specific requirements of the Remediation Order ("RO") issued over the Site by the New South Wales Department of Environment and Conservation ("DEC") on 1 July 2003. The Deed Administrators are moving to ensure that the remediation of the site is undertaken so as to satisfy the DEC both about what has been done and what is proposed to address the requirements of the RO. This has been and will continue to be done through a process of consultation with the DEC. It is anticipated that the DEC will shortly provide formal confirmation on the acceptability of the measures already undertaken, or otherwise proposed, to address the Significant Risk of Harm issues the subject of the RO. Monitoring to confirm their effectiveness will be undertaken until completion of the Deed Administrators' whole of site remediation process and thereafter as required by the DEC.
- To date, the following measures have been implemented in relation to the RO:
 - Slag stockpiles have been covered and watering down of the Site's roads has helped to address airborne lead dust emissions. Since closure, a 90%+ reduction of airborne emissions has been achieved.
 - Increasing the capacity of the Site's storage dams and improving the Site's water treatment processing efficiency to address surface water emissions.

- Determining a pump and treat process and monitoring methodology to address groundwater emissions. Installation of the groundwater pumps is now underway.

2.4.3 Whole of Site Remediation

- Consultants have concluded their investigative drilling and hydrogeological modelling programs on the Site with respect to contamination. This information has been used in preparing:
 - A concept design for a secure sealed on site containment cell for contaminated materials remaining on the Site and from other PCCS properties surrounding the Site (i.e. those materials which cannot be economically removed from the Site, or sourced from properties in the surrounding community) ("Containment Cell"). The Containment Cell will be constructed in a staged manner, in conjunction with the release of remediated parcels of land.
 - Measures to address surface and groundwater on and around the Containment Cell.
 - A Whole of Site Remedial Action Plan ("WoSRAP"). The WoSRAP has been reviewed and endorsed by the Site's independent auditor and will shortly be issued to the DEC and Government bodies for approval.
- The WoSRAP includes measures to address airborne lead dust depositions in the surrounding community caused by the smelter operations before closure and options for the ongoing management and ownership of the Containment Cell after the conclusion of the administration.
- We are in regular dialogue with the DEC, the Department of Planning, the New South Wales Premier's Department, the Lake Macquarie City Council ("LMCC"), the local community and other persons interested during the development of the proposed whole of site remediation and redevelopment strategy. These parties are supportive of the concept proposal.

2.4.4 Expressions of Interest ("EOI") Process

- In May 2005, a formal process was implemented by the Deed Administrators seeking third party interest in participating in the remediation, redevelopment and/or realisation of the Site.
- Interested parties were requested to consider making proposals to the Deed Administrators in relation to:
 - A conditional or outright purchase of the Site as a whole or one or more of the Site's component parts;
 - A joint venture, partnership or development agreement; and/or
 - Some other appropriate structure.
- Shortlisted parties were given additional guidance as to the Deed Administrators' objectives for the Site which were expressed, as follows:

- to optimise the financial returns to creditors;
 - to satisfy/have regard to the objectives of all stakeholders (i.e. including State and Local Government, Regulatory authorities and the like);
 - to limit exposure to any significant financial risks;
 - to limit exposure to ongoing contamination risks;
 - to ensure that the project is delivered in a timely manner;
 - to secure appropriate approvals to enable optimisation of revenue through the redevelopment and realisation of the Site; and
 - to prepare the site, including site remediation, in order to facilitate its planned and progressive redevelopment and realisation.
- The Deed Administrators undertook a formal tender process to identify agents with the appropriate skills, experience and presence to market the Site. Jones Lang LaSalle (“JLL”) were selected and engaged to advertise the Site to the market and identify a shortlist of interested parties. The Site was marketed both nationally and internationally.
 - In excess of 110 parties requested the initial EOI information pack and 22 formal proposals were ultimately received. Proposals were reviewed by the Deed Administrators in conjunction with JLL, Fitzwalter and our legal advisors. Certain parties were then invited to formally present their proposals.
 - A shortlist of parties was identified and invited to lodge detailed proposals, from those a party has been selected considered by the Deed Administrators and their advisors to have suitable experience and expertise in remediation of contamination land its development, subdivision and sale of remediated property. Initial discussions relating to the arrangements with this party are currently underway.
 - The EOI process identified that no suitable party is willing to entertain accepting any form of risk or liability in relation to the contamination on the Site. In effect, proponents were only interested in participating when the Site has been remediated and formal sign off has been given by the DEC on the adequacy of the remediation. This approach informed the Deed Administrators in determining the Site strategy as set out above.

2.4.5 Site Inventory

- Significant quantities of process by-products and waste materials remained on the Site after closure (“Inventory”). We have now achieved the economic removal of all Inventory, other than two types of process slags, referred to as ‘Black Sands’ and ‘Cockle Creek Mix’. Inventory items removed from the Site are re-used by third parties. We continue to negotiate with interested parties to facilitate the economic removal of the remaining Inventory materials. Should this not be achievable, they will be placed within the Containment Cell.
- To assist in the removal of contaminated material from Site, Management and Fitzwalter prepared a feasibility plan to operate a ‘slag jig’ process to reprocess the Black Sands, with the sale of the concentrate product to third parties. The process is currently being trialled. Its efficacy will be determined by a number of key factors, including product recovery rates, raw material throughput levels and commodity prices. An initial process review is being undertaken to determine whether the operation is economically viable (self funding) or should cease.

2.4.6 Site Planning

- We have begun a process to schedule the order in which parts of the Site and surrounding PCCS land can be remediated, redeveloped and realised. Also, we have sought the advice of specialist planning and development consultants to identify land use options and valuations for these parcels of land. In this regard, the following have been prepared and lodged with LMCC:
 - Development Application (“DA”) to subdivide a parcel of land in the north of the Site, referred to as the Cardiff West Industrial Estate, as an extension to the existing Cardiff Industrial Estate. The DA seeks to subdivide an 18 hectare parcel of land from the main Site and create two separate lots. Upon approval of this application, a rezoning of the land from “Industrial (core)” to “Industrial (light)” will also be sought.
 - Rezoning Application for a triangular land holding immediately north of the town of Boolaroo referred to as the Triangle Paddock, from “Investigation” to “Residential” and “Open Space”.
 - Rezoning Application for an area of land east of the town of Boolaroo, referred to as Boolaroo Heights, from “Conservation” to “Residential” and “Open Space”.
- Remedial Action Plans and Site Audit Statements have been completed and lodged with LMCC for both the Cardiff West Industrial Estate and the Triangle Paddock. A letter from the Site Auditor advising that Boolaroo Heights can be used for residential purposes once remediated has been provided to LMCC.
- In addition to the above, we are currently preparing applications to subdivide and rezone further portions of the main Site.
- This redevelopment planning process is considered a low cost value add to the Site and should enhance the appeal/value of the land parcels. This process will be continued as part of the broader Site strategy.

2.4.7 Operating / Care and Maintenance Activities

- There are a number of Site operating and care and maintenance activities that have been undertaken since closure, including:
 - Relocation of services
 - Monitoring of demolition activities
 - Management and treatment of surface water prior to discharge from Site
 - Operation and management of the Effluent treatment Plant
 - Removal of sediments from settling dams
 - Dust management
 - Monitoring slag stockpile covers
 - Wetting surfaces on Site
 - Environmental monitoring and reporting
 - Managing on Site investigative activities
- In conjunction with Site Management and Fitzwalter, the Deed Administrators continuously review the costs associated with these activities to ensure these are kept to a minimum level without compromising OH&S requirements.

2.5 Other Issues

2.5.1 Incitec

- Incitec owns and operates a single super-phosphate ("SSP") production plant on a separately owned 'island site' located within the PCCS Site. Incitec took ownership of the SSP facility and land from a predecessor company to PCCS in 1965.
- On 10 March 2004, PCCS issued Incitec with notices terminating easements in favour of Incitec which crossed the PCCS Site and other rights enjoyed by them ("Notices"). The continued existence of the easements and other rights is considered by Incitec as critical, providing access to its site and its operations there. In November 2004, Incitec issued proceedings against PCCS to determine the efficacy of the Notices. This matter has now been resolved to the Deed Administrators' satisfaction in a manner that will enhance the prospect of achieving the optimum outcome from the Site Strategy for creditors.

2.5.2 Residential Property Sales

- At closure, PCCS owned 40 residential properties in Boolaroo. We have undertaken a review of the portfolio and implemented a realisation strategy for these properties.
- To date, 20 properties have been sold at public auction with total realisations exceeding independent valuations. Realisations are applied towards the cost of the remediation and realisation of the Site.
- Further residential property sales will be undertaken as part of the broader site strategy to take advantage of any uplift in value from rezoning opportunities.

3. WORKERS' COMPENSATION CLAIMS

3.1 Self Insured Liability Tail / Claims Management

The Deed Administrators have obtained an updated valuation actuarial estimate of PCCS's self insured liability tail as at 30 June 2005.

As a result of Pasminco's claim management efforts, settlements achieved since the last report and reducing average claim sizes, PCCS's estimated self insured liability tail has decreased by approximately 30% in the financial year ended 30 June 2005.

3.2 Potential Rio Tinto exposure / Rio Tinto Claims

As previously advised, a number of Rio Tinto Limited ("Rio Tinto") subsidiaries lodged Proofs of Debt with the Deed Administrators totalling approximately AUD15 million. Rio Tinto had foreshadowed an increase in the value of their Proofs of Debt, which was dependent upon the outcome of proceedings brought before the Supreme Court of Victoria.

At mediation in July 2005, the matters in dispute were settled on the basis that Rio Tinto's Proofs of Debt were admitted for a sum lower than claimed, and on the basis that after receiving the amount of dividends paid to creditors generally to July 2005 (ie total dividends of 13.8 cents in the dollar), the Proofs of Debt would be withdrawn so as not to

participate in future dividends. The terms of settlement have now been effected and the proceedings brought before the Supreme Court of Victoria have been discontinued.

The settlement also quarantines a number of potential exposures which had the potential to reduce the pool of funds available to creditors and delay distributions to creditors.

4. AQUILA LITIGATION

As previously advised, Aquila Resources Limited ("Aquila") has previously lodged Formal Proofs of Debt against Pasminco, Savage Resources Limited (Subject to Deed of Company Arrangement) ("SRL") and Savage EHM Finance Pty Limited (Subject to Deed of Company Arrangement) ("SEHMF") in respect of the sale by Pasminco of its 49% interest in the Ernest Henry Mine in March 2001.

Aquila's claim is also the subject of two proceedings in the Federal Court.

4.1 Aquila's claim for damages ("TPA Proceeding")

Aquila has brought a claim for damages in respect of loss it has allegedly suffered from the sale of the Pasminco's interest in the Ernest Henry Mine to MIM (Holdings) Limited ("MIM") following the exercise of an option by MIM which pre-empted Aquila's purchase of the interest.

On the evidence available to the Deed Administrators, Aquila's claim has no merits and accordingly, it has been defended.

Because of delays in the parties' provision of their witness statements, there has been departure from the timetable set by the Court. It is not expected that the matter will be listed for trial before the middle of 2006 at the earliest. The Court has ordered that the proceeding be the subject of a mediation. This is anticipated to occur in the second quarter of 2006.

4.2 Deed of Company Arrangement Proceeding ("DOCA Proceeding")

Aquila has also brought proceedings to set aside the Deeds of Company Arrangement of SRL and SEHMF.

Aquila argues that SRL and SEHMF were not insolvent at the time the Voluntary Administrators were appointed. It alleges that SRL and SEHMF were:

- not bound by the Deed of Cross Guarantee that applied to the majority of the Pasminco Group;
- therefore, not liable for the liabilities of other companies in the Pasminco Group; and
- solvent on a 'stand-alone' basis.

All these allegations are denied by the Deed Administrators, SRL and SEHMF. Accordingly, Aquila's claim is being defended.

Aquila has filed a statement of claim. SRL and SEHMF have filed a defence. Pursuant to the orders of the Court, SRL and SEHMF have provided limited discovery. As Aquila's standing to bring the DOCA Proceeding effectively depends on it establishing its claim in the TPA Proceeding, further steps are unlikely to be taken in the DOCA Proceeding until the outcome of the TPA Proceeding is clear.

5. EXAMINATIONS

I refer to my letter dated 23 August 2005 in relation to the public examination of Ms Bronwyn Constance, a former officer of Pasminco. The public examination of Ms Constance was held on 30 August 2005 at the Federal Court of Australia, Victoria District Registry.

The purpose of the public examination, together with other enquiries, was to determine whether there was merit in continuing with a claim against Credit Suisse First Boston ("CSFB") in relation to the acquisition of Savage Resources Limited in early 1999. CSFB acted for Pasminco in connection with the takeover.

As a result of the examination and our investigations, the Deed Administrators do not intend to continue with any claim against CSFB.

6. STATUS OF ADMITTED CLAIMS

I advise that to date the following amounts have been adjudicated and admitted as Claims against Pasminco:

Claim Type	Admitted Amount AUD
Financiers (excluding SRL Creditors)	2,588,426,467
Financiers (SRL Creditors)	17,455,529
Trade and other creditors	39,636,935
Small Participating Creditors	21,097
Rio Tinto creditors	13,000,000
Total	2,658,540,028

Please note that any dividend calculations are based on the amount of Admitted Claims plus the Deed Administrators' estimate of the likely amount of the claims that are yet to be admitted. I advise as follows in relation to certain creditors:

6.1 Small Participating Creditors

Small Participating Creditors have received a first and final dividend of 50 cents in the dollar in accordance with the Deeds of Company Arrangement.

6.2 Rio Tinto Creditors

As discussed in section 3.2 above, Rio Tinto creditors have received a first and final dividend of 13.8 cents in the dollar.

6.3 Contamination Claims

Primarily, these claims relate to individuals who claim loss or damage as a result of living in close proximity to the smelter sites at Port Pirie, South Australia and Cockle Creek, New South Wales.

The Deed Administrators are required to act in accordance with their obligations under the Corporations Act in assessing proofs of debt. Accordingly, satisfactory evidence to justify a creditor's claim is required before a proof of debt can be admitted in the Administration.

We are undertaking an adjudication process in relation to these claims and are currently seeking further evidence in respect of each claim.

7. DEED ADMINISTRATORS' FEES

At previous meetings of creditors, the Deed Administrators' fees have been approved up to an interim cap of AUD 12,383,612 (plus GST).

Detailed below is a summary of the Deed Administrators' fees as at 31 March 2006. Creditors will note that the fees incurred during the Deed Administration period have now exceeded the interim cap approved by creditors.

	AUDm
Total Deed Administrators' fees approved to date by Creditors	12.38
Less:	
Fees incurred and paid (5 October 2002 – 31 August 2005)	12.27
Fees incurred but outstanding (1 September 2005 – 28 February 2006)	0.82
Fees incurred over and above approvals to date	0.71

To date, our fees as Deed Administrators have been calculated in accordance with Ferrier Hodgson's scale of rates, which has been applied since the commencement of the Voluntary Administration in 2001.

As you may be aware, the Pasminco Deeds of Company Arrangement provide that the Deed Administrators may calculate their fees in accordance with Ferrier Hodgson's scale of rates, as amended from time to time.

Although the Ferrier Hodgson rates have increased since 2001 the rates actually applied have not changed since the outset of the administration. However, given that the rates used on the Pasminco administration have now remained unchanged for approximately 4 ½ years, we propose that our remuneration with effect from 1 April 2006 be charged at Ferrier Hodgson's scale of rates set out below.

We propose that the hourly rates to be adopted from 1 April 2006 are as follows (As the majority of creditors are now US based, the proposed rates are also expressed in USD, based on a conversion rate of approximately AUD1:USD0.714):

Classification	Existing Hourly Rate	Proposed Hourly Rate	Proposed Hourly Rate
	AUD	AUD	USD
Partner	450	550	393
Director	350	400	286
Manager 1	300	375	268
Manager 2	250	300	214
Supervisor	200	230	164
Senior 1	170	200	143
Senior 2	150	160	114
Intermediate 1	120	130	93
Intermediate 2	110	115	82
Senior Secretary	105	110	79
CP Operator	100	98	70
Clerk	80	85	61
Typist	80	85	61
Junior	50	70	50

We estimate that the professional fees for the period 1 April 2006 to 31 December 2006 will be approximately AUD1.5 million.

Accordingly, at the forthcoming meeting of creditors, we will seek approval for an additional fee limit of AUD2.21 million (plus GST). This additional fee approval is broken down as follows:

	AUDm
Fees incurred but not approved (1 September 2005 – 31 March 2006) as above	0.71
Estimated fees for the period 1 April 2006 to 31 December 2006	1.50
Additional fee approval to be put to creditors	2.21

Given that the fees will be subject to a limit, we are unable to draw fees exceeding the limit. Should our fees exceed this limit, we will seek further approval from creditors at later meetings of creditors.

I note that historically, we have informed the Committee of Creditors of the level of our fees and sought their authorisation to draw fees on a periodic basis within the limit approved by the creditors. As a result of debt trading, the members of the Committee of

Creditors has reduced significantly. Accordingly, in future the Deed Administrators intend to draw fees on a periodic basis without referring to the Committee of Creditors, on the basis however that fees are not drawn in excess of the limit approved by creditors.

Obviously, we will provide an account of all fees incurred and paid in future reports to creditors.

8. NOTICE OF MEETINGS OF CREDITORS

Concurrent meetings of creditors of Pasminco will be held on 19 May 2006 pursuant to the Deeds of Company Arrangement executed for the Pasminco companies.

The purpose of the meetings will be to:

1. Provide creditors with an update in relation to the status of the Administration;
2. Provide an opportunity for questions from creditors; and
3. Seek creditors' approval for unpaid and ongoing Deed Administrators' fees in this matter.

For your information and assistance, we enclose the following:

a. Notice of Meeting (Annexure 2)

Please note that the meetings of creditors will be held on 19 May 2006 at 10.00am at the offices of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne, Australia.

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 abovenamed 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 Wednesday 17 May 2006 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 in order 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.

Creditors are requested to arrive at the meeting at least 15 minutes prior to the commencement of the meeting.

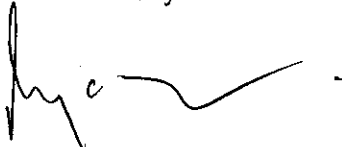
b. Proxy Form (Annexure 3)

- Proxy Forms must be completed by:
 - i. All corporate creditors who wish to be represented at the meeting (ie. if XYZ Pty Ltd is a creditor, it will need to appoint a person to act as its proxy).
 - ii. Individuals who are creditors who are not attending the meeting to vote personally.
- If the creditor wishes to direct the person appointed as their proxy as to how they wish to vote (a special proxy), the appropriate box next to the resolutions should be ticked in accordance with that direction. You must tick one box per resolution only ie. For or Against or Abstain.
- If the creditor wishes to allow the proxy appointed to vote as the proxy determines, they should not tick any of the boxes.
- Creditors must also include the amount of their pre-appointment claim prior to the 2 interim dividends declared and sign the Proxy Form in the spaces provided.

Please note that all proxy forms should be completed and returned to this office by no later than midday on Wednesday, 17 May 2006.

Should you require any further information in relation to the matters contained within this report, please do not hesitate to contact Mr Richard Bastow of this office (telephone +613 9600 4922).

Yours faithfully



P D McCLUSKEY
DEED ADMINISTRATOR

Encl

ANNEXURE 1

SITE PLANNING AND REMEDIATION PASMINCO COCKLE CREEK SMELTER

1 INTRODUCTION

Peter Damien McCluskey and John Menzies Spark of Ferrier Hodgson, Melbourne were appointed Voluntary Administrators of the Pasminco Group of companies, including Pasminco Cockle Creek Smelter Pty Ltd ('PCCS'), on 19 September 2001.

At meetings of creditors held on 4 October 2002, creditors passed resolutions requiring the Pasminco Group, including PCCS, to execute Deeds of Company Arrangement pursuant to Part 5.3A of the Corporations Act 2001. Mr McCluskey and Mr Spark were duly appointed Deed Administrators of the Deeds of Company Arrangement ('**Deed Administrators**').

PCCS appointed Fitzwalter Group Pty Limited ('**Fitzwalter**') as Development and Project Managers to manage a remediation, redevelopment and realisation strategy for its property asset known as the Pasminco Cockle Creek Smelter ('**the Site**'), Boolaroo NSW, following the closure of the smelter in September 2003.

2 BACKGROUND

Smelter operations were originally established on the Site as early as 1896. Since the Site's closure in September 2003, the Deed Administrators have been investigating a number of options regarding the Site's future land uses and remediation options. In this regard, various discussions have already occurred with government authorities, principally the Department of Planning ('**DoP**'), Lake Macquarie City Council ('**LMCC**'), the NSW Department of Environment and Conservation ('**DEC**') and adjoining land owners.

To date, a number of site assessments and investigations have been undertaken, including:

- alternative land use planning;
- a heritage impact assessment;
- site contamination characterisation (contamination type and estimates of quantities);
- groundwater monitoring and the preparation of a hydrogeological model of groundwater flows;
- an assessment of surface water flows;
- an assessment of site remediation options and development of a preferred remediation strategy; and
- the development of preliminary Significant Risk of Harm ('**SRoH**') remediation measures.

Fitzwalter is also managing the winding-up of operations and decommissioning components of the smelter plant in conjunction with the demolition of the plant and ancillary buildings being undertaken by Moltoni Adams, pursuant to a Sale of Assets agreement.

On-site activities currently being managed include:

- economic removal of re-useable materials;
- relocation of services;
- management and treatment of surface water prior to discharge from the Site;
- groundwater management and monitoring regime;
- operation and management of the Effluent Treatment Plant;
- removal of sediments from settling dams;
- management of dust;
- monitoring of slag stockpile covers;
- regular wetting down of roads within the Site; and
- continual monitoring of lead-in-air.

3 THE SITE

The Site is located 500m north of Boolaroo in the Lake Macquarie District. The Site forms part of the Cardiff/Glendale areas and is two hours north of Sydney and half an hour southwest of the regional centre of Newcastle.

The Site is located in the geographic centre of the Hunter being in easy reach of Newcastle, Maitland, Raymond Terrace and Toronto. LMCC describes the area as being '*strategically located in the Lower Hunter as a node to concentrate future growth and service provision*'. Cardiff/Glendale, relative to other areas is well serviced by public transport and contains the largest industrial estate in the Lower Hunter.

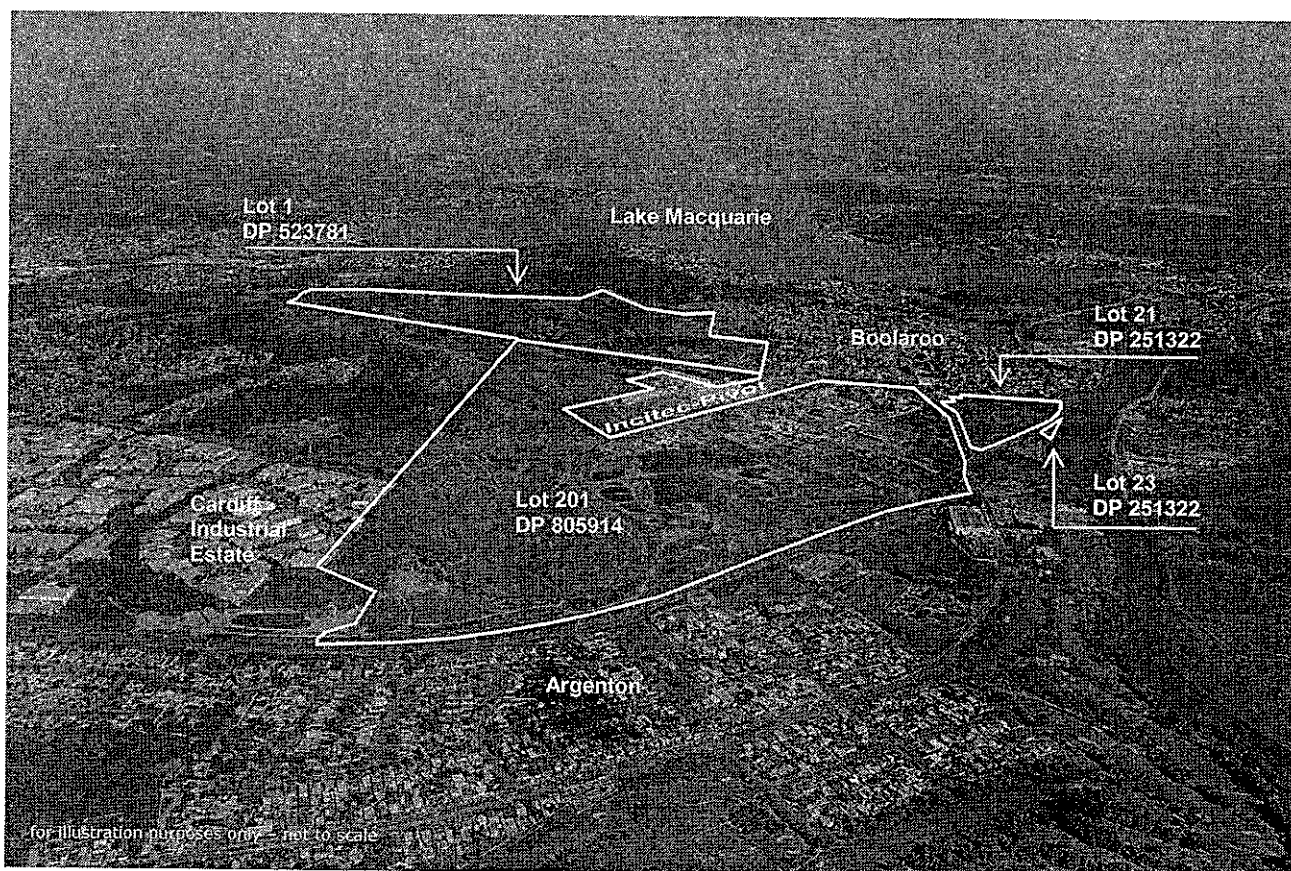
Real Property Description

The following table provides a summary of the real property description and current zonings. The total area of the site is approximately 190 hectares.

Table 1: Schedule of Areas by Title and Zoning

Common Description	Lot & DP	Current Zoning	Area
'Main Site'	Lot 201 DP 805914	4(1) Industrial (Core)	107.82 ha (approx)
		7(2) Conservation	14.58 ha (approx)
'Triangle Paddock'	Lot 21 DP 25132	10 Investigation	9.46 ha
'Boolaroo Heights'	Lot 1 DP 523781	7(2) Conservation	59.21 ha
'Pump House'	Lot 23 DP 251322	6(1) Open Space	2,078m ²

Positioned within the Site itself, but subject to separate ownership, is the Incitec-Pivot ('Incitec') site with an area of approximately 16 hectares.



Buildings and Equipment

Having been granted demolition consent on 24 February 2005, Moltoni Adams have undertaken the progressive severance and removal of structures on the site, pursuant to a Sale of Assets agreement. Demolition is scheduled to be completed in the second quarter of 2006.

A small number of buildings will remain on-site including the STS Building (currently used as the Site office), the Old Laboratory buildings on Fotheringham Road, the Effluent Treatment Plant ('ETP'), the gatehouse and a few small work sheds / switch rooms. Several buildings, which have heritage significance, are however the subject of a separate development application recently lodged by Moltoni Adams. Whether these buildings form part of the Site will be subject to the outcome of the development application.

Generally the contract is for the demolition of all plant and buildings to slab level. Concrete slabs and foundations will remain part of the Site. Moltoni Adams is also responsible for meeting heritage requirements. Underground piping and structures/footings etc. will not be removed during the demolition process and will need to be removed as part of the subsequent remediation process.

The ETP is also an important part of the Site and currently manages the treatment of surface water prior to the discharge of treated water from the Site under the terms and conditions of the Environmental Protection Licence ('EPL'). It is intended the ETP will remain on-site until such time as an alternative system is put in place for the treatment of surface and groundwater.

Known Site Conditions and Issues

Geotechnical

A complete geotechnical assessment of the entire Site has not been completed however site specific geotechnical assessments have been undertaken in relation to the subdivision and rezoning of certain portions of the Site including the proposed Cardiff West Industrial Estate, Boolaroo Heights and the Triangle Paddock. A geotechnical assessment to support the concept design of the on-site containment cell has also been undertaken.

Heritage

A Preliminary Heritage Assessment and Heritage Impact Statement has identified several buildings having a level of heritage significance. Much of the plant is also considered to have high industrial archaeology significance. The Heritage Assessment outlines a process of recording all buildings and plant which is not to be retained. This process is being carried out by PCCS and Moltoni Adams. As outlined above it is envisaged only the STS building, the Old Laboratory and a few small buildings will remain with all other structures (buildings and plant) being demolished. Heritage interpretation guidelines are also being prepared which will need to be incorporated into any future redevelopment planning of the Site.

Easements

The Site is encumbered by numerous easements.

4 CONTAMINATION AND REMEDIATION

The Site was originally established in 1896 as a conventional lead smelting operation using blast furnace technology. A number of new process operations were introduced over its years of operation with a major expansion period occurring between 1913 and 1918. The primary product from the refinery was high grade ingot lead.

Acid production was upgraded from 1923 to 1935. A whole new plant was constructed in 1960 which operated to closure. A zinc refinery was later constructed in 1968.

Plant and associated office buildings occupy approximately 30 percent of the Site area and are generally confined to the south-western corner.

The slag from the blast furnace is particularly high in metal-rich wastes including lead and zinc. Slag has been used for fill in portions of the Site and is also stored in stockpiles on the Site. The two major stockpiles (which are now covered with high density polymer liner to control dust) contain approximately 170,000 m³ and 100,000 m³ of slag respectively.

The northern part of the Site has mostly been used for storage of concentrates, coke, slag, process materials, and other waste materials. A series of water storage and sludge settlement dams are also located in this area. These collect contaminated surface water run-off for treatment in the ETP which discharges from the Site under a DEC EPL. At this stage the operational status of the ETP will be maintained in the short to medium term as it is anticipated this will form part of the Site remediation strategy.

The far northern portion of the Site includes an abandoned shallow underground coal mine and disused clay quarry.

In addition to the various distribution of waste material around the Site, the Site has also been affected by lead dust deposition from the smelter stacks and by overland flows of contaminated stormwater.

The combined result of these activities has resulted in a site with localised large stockpiles of slag and other wastes, localised deep buried waste dumps and dispersed contaminated soil of variable concentration and depth. Note that the contamination is almost completely inorganic (metallic) although there may be some minor localised potential organic content (none has yet been located).

The Site is subject to an EPL and Smelter Conditions of Consent which allows certain actions to be performed on the Site in addition to outlining various environmental, monitoring, performance and reporting measures.

The Site is also subject to a Remediation Order ('RO') to address SRoH issues. The RO was issued to PCCS by the DEC on 1 July 2003 and requires that early attention be given to managing the groundwater leaving the site so that there is no SRoH to humans or the environment. Groundwater (from both a shallow and deeper aquifer) leaves the site at three locations, namely, the South West Dam, Hawkes Dam and the Clay Pit.

In advance of the preparation of a whole-of-site remediation strategy, a (SRoH) Remedial Action Plan ('RAP') was prepared in response to the Remediation Order. The RAP, lodged in January 2004, was an initial strategy to address SRoH issues associated with groundwater emissions.

Subsequently, in September 2005 a Supplementary Report to the January 2004 RAP was submitted which outlines actions to address the SRoH issues. These documents have been endorsed by the Site Auditor and the SRoH actions are now being settled with the DEC.

Remediation activities undertaken to date by PCCS include:

- maintenance of the Site (dust and surface water);
- multiple site investigations to characterise and quantify all residue materials;
- removal of materials which can be processed or recycled;
- covering of the two large slag mounds with high density plastic liners to significantly reduce potential for material being blown from stockpiles;
- regular watering down of roads within the Site;
- development and review of remediation options and documentation of a whole-of-site remediation strategy for discussion;

- obtaining approvals from relevant Local, State and Commonwealth authorities including the DEC, DoP, and LMCC;
- the development of a staged implementation of the remediation strategies in parallel with the overall redevelopment of the Site;
- the implementation of ground and groundwater sampling and modelling program;
- management of surface water treatment investigations. The surface water catchments on Site have been mapped and modelled to identify on-site water storage requirements. The data collected is being used to progressively manage stormwater run-off within and from the Site; and
- continual monitoring of lead-in-air since closure, which indicates a greater than 90% decrease in lead-in-air in the community.

The data collected and the conclusions drawn from the extensive number of studies have been used to develop and document a number of potential strategies or methods to remediate the Site.

A review of the remediation options indicated that the material which cannot be economically removed for processing or recycling will be managed and stored on-site in a containment cell or cells. The material to be contained in the cell includes stockpiled material and excavated contaminated soil principally from around the Site, but will also include some material from other adjoining PCCS properties and also some from a number of properties in the surrounding community. It is possible that a small proportion of the cell contents will require some form of stabilisation as part of the cell construction.

The containment cell is the key to the successful remediation of the Site. It is envisaged the cell will be constructed in a staged manner in conjunction with the release of parcels of remediated land. The cell will be protected from surface and groundwater infiltration by impermeable barriers, but will also have provision for treating any leachate that may arise from the cell either during construction or operation. Current estimates suggest that the cell will occupy an area in the order of 15 ha and contain up to 1,000,000 m³ of material.

A conceptual containment cell design and management plan has been proposed and the above remediation strategy is outlined in more detail in a Whole of Site RAP ('**WoSRAP**'). The WoSRAP has been developed in consultation with the DEC, DoP and the independently appointed Site Auditor. A Site Audit Report ('**SAR**') has also been prepared which endorses the cell report and the WoSRAP.

5 PLANNING FRAMEWORK

Key Planning Provisions

Prior to 1945 there were no zoning requirements imposed by LMCC on the Site. Ordinance No.105 subsequently covered the Site from 1945 to 1960 by the Northumberland County District Planning Scheme. From 1960 to 1984 the Site was zoned 'Industrial B' (Heavy) and since 1984 to 2004 the Lake Macquarie Local Environmental Plan ('**LEP**') had been the primary zoning instrument.

A new LEP for the Lake Macquarie Local Government Area ('**LGA**') was gazetted in 2004. The new LEP does not contemplate any alternative land use(s) for the Site other than the existing 4(1) Industrial (Core), 7(2) Conservation (Secondary), and Zone 10 Investigation zones.

Pasminco Munibung Land Use Strategy

While alternative land uses were not envisaged under the new LEP, in August 2004 LMCC appointed Dickson Rothschild and URS to prepare an urban land use strategy for the Glendale SRA land (incorporating the Glendale sub-regional centre), the Site, the southern slopes of Munibung Hill and some parts of Boolaroo.

The main objective of the study was the preparation of a document to guide future possible land uses, planning and development of the Boolaroo, Argenton, and Glendale locality adjacent to and including the Site. The broad strategy is to reflect the sustainability principles that underpin the LMCC's Lifestyle 20/20 Strategy.

The strategy is intended by LMCC to ensure that:

- future development and management of lands within the study area reflects the social, economical and environmental values of the lands;
- future land uses are compatible with, and integrate with, the adjoining urban areas of Boolaroo, Argenton, Glendale and Cardiff;
- reinforce the economic opportunities in the Cardiff/Glendale/Warners Bay/Edgeworth corridor;
- provide opportunities to strengthen local centres in Boolaroo, Speers Point and Argenton; and
- maintain and enhance visual and landscape qualities of Munibung Hill.

LMCC had proposed to prepare a draft urban land use strategy and supporting documentation for public exhibition in late 2004 however only a structure plan for the Glendale area was exhibited by Council in October 2004.

Following a number of iterations of the draft Pasminco Munibung land use strategy LMCC recently prepared a series of guiding principle diagrams to guide future development of the Site noting that a definitive land use strategy is not possible at this time due to uncertainties regarding the future of Incitec-Pivot, the proposed extent and form of the on-site containment cell and the details of the site remediation strategy. These principles will ultimately provide direction to Council in dealing with applications for rezoning or development while allowing flexibility in the determination of eventual land uses for the Site.

A recommendation was adopted by LMCC on Monday, 28 November 2005 to:

- a) adopt the land use principles diagrams to guide future rezoning and development application for the Site; and for
- b) Council to note the Pasminco Munibung Hill Draft Land Use Strategy prepared by consultant's Dickson Rothschild/URS as a background report outlining constraints, opportunities and broad land use principles for the Site.

6 PCCS SITE PLANNING ACTIVITIES

Structure Planning

In lieu of the above land use strategy being prepared Fitzwalter has been progressing a number of investigations pursuant to the preparation of a structural concept plan illustrating a number of options for the future development of the Site. Site opportunities and constraints have been identified and mapped forming a basis for the broad concept planning of the Site. The preliminary structure plans have subsequently facilitated the preparation of a number of development applications for subdivision and/or to rezone parts of the Site.

Development Applications for Subdivision and Rezoning

The following table provides a summary of the development applications which have, or are currently being prepared to subdivide and/or rezone parts of the Site.

Zone	Name	Description
1	Triangle Paddock	<ul style="list-style-type: none">Proposed rezoning of Lot 21 DP 152332 from Zone 10 Investigation to Zone 2(2) Residential.
2	Cardiff West Industrial Estate	<ul style="list-style-type: none">Proposed subdivision of Lot 201 DP 251322 to create two new lots and a road reserve (part extension of Munibung Road).Includes a rezoning request under SEPP 1 from 4(1) Industrial (Core) to 4(2) Industrial (Light).
3	Boolaroo Heights	<ul style="list-style-type: none">Proposed rezoning of part Lot 1 DP 523781 from Zone 10 Recreation to Zones 2(1) and 2(2) Residential.

The Deed Administrators are also currently preparing additional development applications to subdivide and rezone parts of the PCCS site.

Part 3A EP&A Environmental Assessment Application

In parallel with the above planning activities associated with the subdivision and rezoning of the Site, PCCS has recently commenced site assessments and documentation associated with the preparation of an Environmental Assessment to seek approval under Part 3A of the EP&A Act for the construction of an on-site containment cell and to carry out associated remediation works.

The Minister for Planning has issued draft guidelines (Notice of Requirements) for the Environmental Assessment Process under Section 3A of the EP&A Act 1979.

PCCS will be seeking to obtain an approval at the earliest feasible time and is currently anticipating that the Environmental Assessment document will be completed in Q2 2006 and put on public exhibition approximately 6 weeks later. Following the exhibition and assessment period, Ministerial consent is anticipated in the second half of 2006.

**FORM 529
CORPORATIONS ACT 2001**

NOTICE OF MEETING OF CREDITORS

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

**PASMINCO INVESTMENTS HOLDINGS PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 082 291 736**

**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**

**PASMINCO PACIFIC PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 005 416 008**

**PASMINCO INTERNATIONAL PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 004 934 534**

**THE EMU BAY RAILWAY COMPANY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 475 790**

**PASMINCO INVESTMENTS PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 082 291 674**

**PASMINCO BROKEN HILL MINE PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 000 005 774**

**SAVAGE RESOURCES LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 551 624**

**RAMALA HOLDINGS PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 056 689 117**

**SAVAGE AUSTRALIAN EXPLORATION PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 071 375 169**

**SAVOX PIGMENTS PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 003 035 694**

**SAVAGE EHM PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 071 375 114**

**SAVAGE EHM FINANCE PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 071 375 221**

NOTICE is given that a meeting of the creditors of the abovenamed companies will be held at the offices of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne on Friday, 19 May 2006 at 10.00am.

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 unpaid and ongoing Deed Administrators' fees in this matter; 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 Wednesday, 17 May 2006. **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 abovenamed 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.

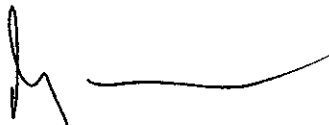
In accordance with Corporations Regulations 5.6.13A, creditors should note that telephone conference facilities will be available for creditors to attend the meeting via telephone.

Any person who wishes to participate in the meeting via telephone must contact Mr Richard Bastow in writing no later than midday on Wednesday 17 May 2006 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 19 day of April 2006



P D McCLUSKEY
DEED ADMINISTRATOR

