

9 February 2010

**MELBOURNE**

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DX 125 Melbourne

**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 31 DECEMBER 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 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.

#### ***Undiscounted Dividend Forecast as at 31 December 2009***

Estimated further dividends (cents in the dollar)		
Worst Case	Mid Case	Best Case
2.1	3.1	3.8

#### ***Discounted Dividend Forecast as at 31 December 2009***

Nominal Discount Rate	Estimated further dividends (cents in the dollar)		
	Worst Case	Mid Case	Best Case
8%	1.9	2.8	3.6
10%	1.9	2.7	3.6
12%	1.8	2.7	3.4

As indicated above, our current estimate of the further dividends that may be payable to creditors on a mid case scenario is 3.1 cents, which would bring the final total dividend to unsecured creditors to 22.8 cents in the dollar (undiscounted).

You will note that, in our forecasts prepared as at 30 September 2009, it was estimated that future dividends on a mid case scenario would be 3.2 cents and final total dividends to unsecured creditors were estimated at 22.9 cents in the dollar (undiscounted).

The overall decrease in this estimate of 0.1 cents to 22.8 cents in the dollar (undiscounted) can be attributed primarily to a decrease in interest recoveries due to the proposed dividend distribution of 1 cent in the dollar being brought forward for payment to Q2 2010.



## 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 4.5% 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 31 December 2009 and have been discounted back to this date.

Should you have any queries in this regard, please contact Mr Paul Harlond of this office (telephone +613 9604 5112).

Yours faithfully

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

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