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15 May 2008

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 MARCH 2008

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

Affiliated through
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 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

g:\rjs\pasm ltd.dca\dividend calculations\hold back cashflows and dividends\various scenarios and npvs\16-qtr march 2008\letter to creditors re dividend estimates mar 2008.doc

CORPORATE ADVISORY 
FORENSICS 
CORPORATE RECOVERY 

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 totalling 17.7 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 March 2008

Estimated further dividends (cents in the dollar)		
Worst Case	Mid Case	Best Case
4.8	6.6	7.6

Discounted Dividend Forecast as at 31 March 2008

Nominal Discount Rate	Estimated further dividends (cents in the dollar)		
	Worst Case	Mid Case	Best Case
8%	3.6	4.8	5.4
10%	3.3	4.4	5.0
12%	3.1	4.1	4.7

As indicated above, our current estimate of the further dividends that may be payable to creditors on a mid case scenario is 6.6 cents, which would bring the final total dividend to unsecured creditors to 24.3 cents in the dollar (undiscounted).

You will note that, in our forecasts prepared as at 31 December 2007, it was estimated that future dividends on a mid case scenario would be 6.4 cents (This includes the dividend of 1 cent in the dollar due to be paid on 28 May 2008) and final total dividends to unsecured creditors were estimated at 24.1 cents in the dollar (undiscounted).

The overall increase in this estimate of 0.02 cents to 24.3 cents in the dollar (undiscounted) can be attributed primarily to the increase in the average interest rate we use in our calculations. Due to the recent interest rate increases introduced by the Reserve Bank of Australia the forecast interest receivable rate in our model has been increased from 5.59% to 6.38% to better reflect current interest rates.

Please note that the proposed settlement of the Lumberman's litigation, per my letter to creditors dated 9 May 2008 will have no material affect on the future dividend forecasts. The mid case scenario adopted in this dividend forecast is calculated on the basis that the settlement with Lumberman's (per the resolution) will be achieved.


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:

- As mentioned above, an average interest receivable rate of 6.38% 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 31 March 2008 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



PETER McCLUSKEY
DEED ADMINISTRATOR

Encl.