

19 May 2010

MELBOURNE

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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 31 MARCH 2010

ADELAIDE
BRISBANE
PERTH
SYDNEY
HONG KONG
JAKARTA
KUALA LUMPUR
MANILA
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 a 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.

When replying please quote:

Our Ref: SM:B9

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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 totalling 19.7 cents in the dollar.

Shown below are two schedules relating to our estimates at 31 March 2010 of **further** dividends, on an undiscounted and discounted basis respectively. (Please note the further dividend estimates below **include** the dividend of 1 cent in the dollar that was paid to creditors on 1 April 2010).

Undiscounted Dividend Forecast as at 31 March 2010

Estimated further dividends (cents in the dollar)		
Worst Case	Mid Case	Best Case
2.8	3.5	4.4

Note: Due to the modelling structure adopted in these calculations, please note that cash flows that occur beyond 2015, have been discounted back to 2015. In relation to all cash flows up to 2015, these remain undiscounted.

Discounted Dividend Forecast as at 31 March 2010

Nominal Discount Rate	Estimated further dividends (cents in the dollar)		
	Worst Case	Mid Case	Best Case
8%	2.3	2.9	3.4
10%	2.2	2.8	3.2
12%	2.1	2.7	3.0

As indicated above, our estimate of the further dividends at 31 March 2010 that may be payable to creditors on a mid case scenario is 3.5 cents, which would bring the final total dividend to unsecured creditors to 23.2 cents in the dollar (undiscounted).



You will note that, in our forecasts prepared as at 31 December 2009, it was estimated that future dividends on a mid case scenario would be 3.1 cents and final total dividends to unsecured creditors were estimated at 22.8 cents in the dollar (undiscounted).

The overall increase in this estimate of 0.4 cents to 23.2 cents in the dollar (undiscounted) can be attributed primarily to the following factors, including:

- Amendments made to land and property values and development cost categories per the ongoing reassessment by the Deed Administrators and their Project Managers.
- Revised assumptions relating to the timings of estimated future workers' compensation liabilities and release of monies held by NSW WorkCover.
- An incremental extension of the dividend forecast model reflecting the long term nature of the Administration process.
- Funds being managed and invested on term deposits for additional periods. Due to recent increases in interest rates, our assumed future interest revenue has increased.

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 5.0% 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 March 2010 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