



FERRIER HODGSON

15 November 2001

*When replying please quote:
Our Ref: NG:JM:A1.5*

Dear Shareholder

**RE: PASMINGO LIMITED
(ADMINISTRATORS APPOINTED) ("PASMINGO")**

Shareholders will know that John Spark and Peter McCluskey of Ferrier Hodgson were appointed as Administrators of Pasmingo on 19 September 2001.

As Administrators, we are required by the Corporations Act to investigate the affairs of the company and recommend a course of action to creditors in relation to its future. In this regard, we expect that a proposal will be put to creditors for the restructure of Pasmingo.

Our report will be presented to a meeting of creditors no later than 14 January 2002. Ultimately, it is the creditors who will decide the future of Pasmingo by either accepting or rejecting the proposal made to them.

While we are continuing to review the affairs of Pasmingo, it is too early for us to advise shareholders on the possible proposal that will be put forward to creditors. There are, however, a number of courses of action that can be followed including:

- Creditors entering into a Deed of Company Arrangement that may allow Pasmingo to continue trading:
 - For a limited time to permit the orderly sale of the assets for payment of liabilities; or
 - Indefinitely in a new form while either some cashflow from operations and/or funds from the sale of assets are used to reduce debt; or
- That Pasmingo be liquidated.

Pasmingo is continuing to operate its mines and smelters in Australia and overseas while we work with management to determine the most appropriate way forward. Pasmingo is being supported financially by a \$300 million finance facility provided by a number of Pasmingo's lenders to us as Administrators, which ranks ahead of the company's other debts.

The sale process for the Century mine in Queensland and the Broken Hill mine in New South Wales is continuing and, at a challenging point in the economic and commodity price cycle, we are working to realise acceptable prices for those assets.

However, Pasmingo remains in a precarious financial position. This is principally as a consequence of a number of key issues, including:

- The appointment of Administrators has crystallised the position of the major part of Pasmingo's existing currency hedging position. It gave parties to the hedging contracts the right to convert exchange losses to debt. To date, 70% percent of these contracts have been converted and this has increased Pasmingo's debt by about \$650 million.

We expect that should the remainder of the contracts be converted, this debt will be increased further given the current value of the Australian dollar to the US dollar.

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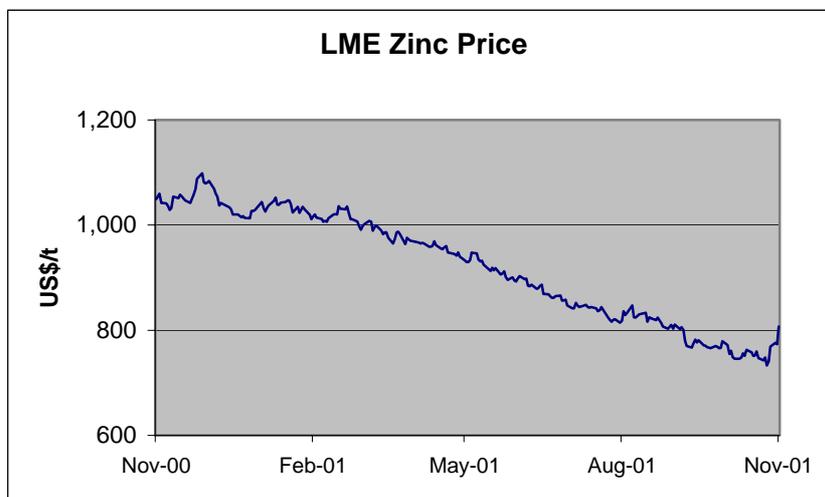
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- The world market for zinc continues to be depressed. On 14 November 2001, the zinc price was US\$807 per tonne compared to US\$1,049 per tonne at the same time last year. The following graph shows movements in the zinc price over this period. The effect of these sustained low prices has been to depress sales revenue and the value of Pasmaenco's assets.



The effect of Pasmaenco's current financial position is to fully erode the capital of shareholders in the company. This means that even if all of the available Pasmaenco assets were sold, the proceeds are unlikely to be sufficient to repay the total debt.

Regrettably, there now appears to be no realistic prospect of any funds becoming available for shareholders. As a result, it is also unlikely that Pasmaenco as it currently exists will trade again on the ASX.

We are presently focused on the completion of our review of Pasmaenco's affairs and the formulation of a proposal to be put forward to creditors.

Shareholders should also be aware that a 2001 annual report will not be made available to shareholders at this stage. This decision was based on the view that the status of Pasmaenco had changed dramatically since 30 June 2001 and it would be impractical, due to the difficulty in attributing appropriate carrying values to major assets, to distribute a meaningful report to shareholders. In addition, it was agreed with ASIC that an annual general meeting would not be convened at least until after the meeting of creditors which is expected to be held no later than 14 January 2002.

This letter to shareholders is being sent as a condition of ASIC's support of the decision of the Administrators to delay reporting to shareholders and to the postponement of the annual general meeting until after the meeting of creditors which is to be held by 14 January 2002.

However, we will continue to keep you informed of any key developments during the coming months and will advise you of the proposal we put forward to creditors and the outcome from the meeting of creditors. Major announcements and information will be posted on the Pasmaenco web site at www.pasmaenco.com.au while any specific questions can be referred to Pasmaenco on 1800 812 548.

Yours faithfully

JOHN SPARK
ADMINISTRATOR

PETER McCLUSKEY
ADMINISTRATOR