



# FERRIER HODGSON

21 September 2001

*When replying please quote:  
Our Ref: BT:AF:A1/B9  
Your Ref:*

## TO CREDITORS/SUPPLIERS

Dear Sir/Madam

**RE: PASMINCO LIMITED  
(ADMINISTRATORS APPOINTED) ("PASMINCO")  
ACN 004 368 674**

---

### 1. APPOINTMENT OF ADMINISTRATORS

John Menzies Spark and I were appointed joint and several Administrators of Pasmenco and all wholly owned Australian subsidiaries (see listing attached) (referred to collectively as "Pasmenco") on 19 September 2001 pursuant to Section 436A of the Corporations Law. **The overseas subsidiaries are not subject to the Voluntary Administration.**

We have taken control of the operations of Pasmenco. The directors of Pasmenco will be requested to prepare a Report as to Affairs as at the date of our appointment and to furnish information to our office with respect to the business, property and affairs of Pasmenco.

### 2. ONGOING TRADING ARRANGEMENTS

**Please note that Pasmenco's Australian businesses are continuing to trade under our control. I reiterate that it is "business as usual". I confirm all outstanding trade/operating (ie. non finance) creditor liabilities will be paid in accordance with their normal trade terms. As such, there will not be a requirement to assert a retention of title in this case.**

We will be in contact with Pasmenco's key suppliers to confirm ongoing trading arrangements during the administration period.

In the meantime, we have commenced an urgent assessment of the financial position of Pasmenco. In simple terms, a Voluntary Administration provides "breathing space" to a company whilst a full and thorough assessment of its financial position is undertaken, and a plan is put together which provides the best prospects for the future of the business.

During the course of the Voluntary Administration, we will be:

- Keeping the business operating as usual during this review period.
- Looking to restructure the business where appropriate.
- Considering the possibility of selling the whole or part of the business as going concerns.

FERRIER HODGSON (VIC)  
LEVEL 25 140 WILLIAM STREET  
MELBOURNE VIC 3000  
TELEPHONE 03 9600 4922  
FACSIMILE 03 9642 5887  
EMAIL fhmelb@melb.fh.com.au  
PO BOX 290 COLLINS STREET WEST  
MELBOURNE VIC 8007  
DX 125 MELBOURNE

PARTNERS  
JOHN SPARK  
PETER VINCE  
PETER McCLUSKEY  
GREG MEREDITH  
JAMES STEWART  
ROD SUTTON  
GEORGE GEORGES  
JOHN LINDHOLM

DIRECTORS  
SIMON NELSON  
ROSS BLAKELEY  
CRAIG HUNTER  
SIMON JENNINGS  
CONSULTANTS  
TONY HODGSON  
ANDREW CORNELL

GROUP OFFICES  
ADELAIDE MELBOURNE  
BRISBANE PERTH  
CANBERRA SYDNEY  
DANDENONG  
website: [www.fh.com.au](http://www.fh.com.au)

INTERNATIONAL OFFICES  
NEW ZEALAND MALAYSIA  
THAILAND INDONESIA  
HONG KONG  
INTERNATIONAL AFFILIATES  
CANADA LINDQUIST AVEY  
UK BUCHLER PHILLIPS  
USA KAHN CONSULTING INC

We are working closely with the management of Pasminco to preserve the business whilst the future strategy for Pasminco is determined.

In the event that a tax invoice is not provided where required by Pasminco, we will be obliged by law to deduct 48.5% from any payment due and pass this amount on to the Australian Taxation Office.

In respect of orders that have already been placed by Pasminco, or new orders that are placed with you, these will be approved internally by Pasminco staff in the normal existing manner and do not need to be approved by the Administrators, unless advised to the contrary.

All trade/operating liabilities that are owing to creditors as at 19 September 2001 will be paid in full in accordance with your normal trading terms.

Similarly, the Administrators accept liability for all ongoing goods and services ordered by Pasminco from today, and these will be paid in accordance with your normal trading terms.

Please open a new account styled "Pasminco Limited (Administrators Appointed)", and charge future authorised orders to that account. All invoices should continue to be sent to Pasminco as normal.

### 3. MEETING OF CREDITORS

We are required to call a meeting of creditors ("the first meeting") within 5 business days of our appointment pursuant to Section 436E of the Corporations Law. The purpose of this meeting is to provide creditors with an opportunity to:-

- appoint a Committee of Creditors; and
- appoint an alternative Administrator, if they so desire.

In this regard, we enclose the following:

1. Notice of Meeting of Creditors.

**Please note that the meeting will be held at Dallas Brooks Convention & Function Centre Auditorium, 300 Albert Street, East Melbourne on Wednesday 26 September 2001 at 11.00am.**

2. Informal Claim Form for Voting Purposes.

All creditors are requested to furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured.

3. Instrument of Proxy. Please find attached detailed instructions and guidance notes for the completion of the proxy.

Although Proxy forms may be submitted at any time prior to the meeting of creditors, it would be appreciated if creditors would submit their Proxy forms by 12.00 noon, Tuesday 25 September 2001.

4. A copy of "The Creditor" guidance notes for the first meeting.

5. A publication of the Insolvency Practitioners Association of Australia and the Australian Securities and Investments Commission concerning the Administrators' rights and obligations and other matters.

6. Schedule of remuneration rates for administration of a company.

A full listing of known creditors of Pasminco is available for review at this office.

Please note that it is imperative that creditors correctly complete the Proof of Debt and Proxy forms, clearly identifying which company you are a creditor of.

Please also note that the creditors meeting is a concurrent meeting for all companies. Creditors will only be able to vote on any resolutions at the meeting which specifically relate to the company to which they are a creditor.

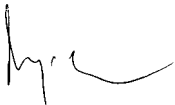
Further instructions shall be provided to creditors at the forthcoming meeting.

I suggest that creditors attend the venue in sufficient time to allow for registration prior to the meeting. In this regard, registration will be possible from 9.30am.

A second meeting of creditors (the "Proposal Meeting") to determine the future of Pasminco is normally held within 28 days. Please note that given the large and complex nature of Pasminco's business activities, we expect that we will apply to the Court to extend the period to convene the Proposal Meeting.

Should you have any further queries in this matter, please contact Joanne Diep or Christine Bertolotti of this office.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P D McCluskey', written in a cursive style.

P D McCLUSKEY  
ADMINISTRATOR

Encl



PASMINCO GROUP COMPANIES IN VOLUNTARY ADMINISTRATION

- Pasminco Limited A C N 004 368 674
- Pasminco Investment Holdings Pty Limited A C N 082 291 736
- Pasminco Century Mine Limited A C N 006 670 300
- Pasminco Cockle Creek Smelter Pty Limited A C N 000 083 670
- Pasminco Metals Pty. Limited A C N 005 565 284
- Pasminco Finance Limited A C N 007 289 296
- Pasminco Pacific Pty. Limited A C N 005 416 008
- Pasminco Australia Limited A C N 004 074 962
- Pasminco Port Pirie Smelter Pty Limited A C N 008 046 428
- Pasminco International Pty. Limited A C N 004 934 534
- Pasminco International (Holdings) Pty Limited A C N 066 088 159
- The Emu Bay Railway Company Limited A C N 009 475 790
- Pasminco Investments Pty Limited A C N 082 291 674
- PCML SPC Pty Ltd A C N 083 652 500
- Pasminco Broken Hill Mine Pty Limited A C N 000 005 774
- Pasminco Global Trading Pty Ltd A C N 082 932 116
- Savage Resources Limited A C N 009 551 624
- Ramala Holdings Pty Limited A C N 056 689 117
- Savage Australian Exploration Pty Ltd A C N 071 375 169
- Savox Pigments Pty Ltd A C N 003 035 694
- Savage EHM Pty Ltd A C N 071 375 114
- Savage EHM Finance Pty Ltd A C N 071 375 221

Ref: A1/B9

**COMPANIES FORM 529A  
CORPORATIONS ACT 2001**

Paragraph 5.6.12(2)(aa)

**NOTICE OF FIRST MEETING OF  
CREDITORS OF COMPANY UNDER ADMINISTRATION**

**PASMINCO LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 004 368 674**

**PASMINCO INVESTMENT HOLDINGS PTY LIMITED  
(ADMINISTRATORS APPOINTED)**

**A C N 082 291 736**

**PASMINCO CENTURY MINE LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 006 670 300**

**PASMINCO COCKLE CREEK SMELTER PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 000 083 670**

**PASMINCO METALS PTY. LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 005 565 284**

**PASMINCO FINANCE LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 007 289 296**

**PASMINCO PACIFIC PTY. LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 005 416 008**

**PASMINCO AUSTRALIA LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 004 074 962**

**PASMINCO PORT PIRIE SMELTER PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 008 046 428**

**PASMINCO INTERNATIONAL PTY. LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 004 934 534**

**PASMINCO INTERNATIONAL (HOLDINGS) PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 066 088 159**

**THE EMU BAY RAILWAY COMPANY LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 009 475 790**

**PASMINCO INVESTMENTS PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 082 291 674**

**PCML SPC PTY LTD  
(ADMINISTRATORS APPOINTED)  
A C N 083 652 500**

**PASMINCO BROKEN HILL MINE PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 000 005 774**

**PASMINCO GLOBAL TRADING PTY LTD  
(ADMINISTRATORS APPOINTED)  
A C N 082 932 116**

**SAVAGE RESOURCES LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 009 551 624**

**RAMALA HOLDINGS PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
A C N 056 689 117**

**SAVAGE AUSTRALIAN EXPLORATION PTY LTD  
(ADMINISTRATORS APPOINTED)  
A C N 071 375 169**

**SAVOX PIGMENTS PTY LTD  
(ADMINISTRATORS APPOINTED)  
A C N 003 035 694**

**SAVAGE EHM PTY LTD  
(ADMINISTRATORS APPOINTED)  
A C N 071 375 114**

**SAVAGE EHM FINANCE PTY LTD  
(ADMINISTRATORS APPOINTED)  
A C N 071 375 221**

1. Notice is given that on 19 September 2001, the above mentioned companies, under Section 436A, appointed John Menzies Spark and Peter Damien McCluskey of Ferrier Hodgson, Level 25, 140 William Street, Melbourne as the joint and several Administrators of the respective companies.
2. Notice also is given that a joint meeting of the creditors of the companies will be held at the Dallas Brooks Convention & Function Centre Auditorium, 300 Albert Street, East Melbourne on 26 September 2001 at 11.00am.
3. The purpose of the meeting is to determine:
  - 3.1 whether to appoint a committee of creditors; and
  - 3.2 if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
  - 4.1 remove the Administrator from office; and
  - 4.2 appoint someone else as Administrator of the company.

DATED this 20<sup>th</sup> day of September 2001



J M SPARK  
ADMINISTRATOR

**INFORMAL PROOF OF DEBT FORM**

Regulation 5.6.47

**COMPANY:** \_\_\_\_\_  
**(ADMINISTRATOR APPOINTED)**

**ACN:** \_\_\_\_\_

Name of creditor:

Amount of debt claimed: (see note)

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc:

Balance, if any, after deducting value of security (see note):

.....  
Creditor (or person authorised by creditor)

---

NOTE:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his claim has been admitted, wholly or in part, by the Administrator; or
- b. he has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrator.



COMPANIES FORM 532  
CORPORATIONS ACT 2001

Regulation 5.6.29

APPOINTMENT OF PROXY  
CREDITORS MEETING

COMPANY: \_\_\_\_\_  
(ADMINISTRATORS APPOINTED)

ACN: \_\_\_\_\_

I/We

of

a creditor of the above named company appoint<sup>1</sup>

or in his absence

as \*my/our \*general/special proxy<sup>2</sup> to vote at the meeting of creditors to be held on 26 September 2001, or at any adjournment of that meeting, to vote on each of the following kinds of resolution:

- |   | <b>For</b>               | <b>Against</b>           | <b>Abstain</b>           |
|---|--------------------------|--------------------------|--------------------------|
| a. that in the event that an Administrator is proposed, that the existing Administrator be replaced and _____ ( <i>Alternative Appointee</i> ) be appointed in his stead. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. that a committee of creditors be appointed.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

DATED this \_\_\_\_\_ day of \_\_\_\_\_

.....  
Signature of Individual or person<sup>3</sup>  
authorised by corporate resolution  
to represent the corporation.

OR The Common Seal<sup>4</sup> of \_\_\_\_\_  
was hereunto affixed in the presence of:

.....  
Director

.....  
Secretary

Strike out if inapplicable

<sup>1</sup> Insert the name, ACN, address and description of the person appointed.

<sup>2</sup> If a special proxy, add the words "to vote for" or the words "to vote against" and specify the particular resolution.

<sup>3</sup> The signature of the is not to be attested by the person nominated as proxy.

<sup>4</sup> Note that a corporation may by resolution of its directors provide standing authority for a person to represent it at members meetings and appoint proxies (Section 249(3)&(5)). Copy of authority to be annexed.



FERRIER HODGSON  
—  
CHARTERED ACCOUNTANTS

# CREDITOR

T H E

Guidance from Australia's Largest Specialist Insolvency Group

## the first meeting convened by an administrator

This first meeting is held within 5 business days after the administration begins. It has a limited agenda. Creditors are to decide

- » whether to appoint a committee of creditors to assist the administrator, and if so which persons are to be on that committee, and
- » whether the administrator should be removed and replaced by another registered liquidator, who has consented to act

A subsequent "proposal" meeting will be held to decide the company's future, and when convening that "proposal" meeting, the administrator must report to you on the options available. The proposal meeting itself may be adjourned if further information or deliberations are required.

That report is required to state whether creditors will be better served by a proposed deed of company arrangement (if any) offered by the company, or by liquidation. Amongst other things, this will require the administrator to investigate recoveries that might be available in liquidation, but would otherwise not be available.

If you wish to vote at a creditors meeting you should complete the attached statement of claim / formal proof.

The proxy form attached nominating a person to vote on your behalf **must** be completed by:

- i. all corporate creditors who wish to be represented at the meeting, even when it is a director who will be attending the meeting;

or

- ii. individuals who are unable to attend the meeting personally but wish to appoint someone to represent them.

The administrator will chair the meeting, and a resolution may be passed by the voices. However any two creditors present and entitled to vote may demand a poll to be taken. To be successful a resolution requires a simple majority in number and value of those creditors present in person or by proxy and voting on the issue.

The chairman may exercise a "casting vote" to break a deadlock if there is a majority in value / number but a minority in number / value.

Creditors who are directors or related entities are not excluded from the voting. Secured creditors may vote in respect of the whole of their debt or claim, without deducting the value of their security.

ADMINISTRATION

SEC.436E

FIRST MEETING



## INFORMATION FOR CREDITORS

If a company is having trouble paying its debts on time, its directors, shareholders, creditors (those who are owed money) or the Court can put the company's business under the control of an outside person who can be

- an administrator,
- a receiver or a receiver and manager (also known as a controller or a managing controller), or
- a liquidator.

This leaflet, from the Insolvency Practitioners' Association of Australia ("IPAA") and the Australian Securities Commission ("ASC"), is a general guide only and creditors should seek their own advice about specific circumstances. This leaflet outlines:

- the rights and duties of administrators, receivers, liquidators and creditors, and
- the role of the ASC and the Court.

### Administrator's rights and obligations

An administrator is appointed by a company's directors, a liquidator or a provisional liquidator or by a creditor holding security over the whole or substantially the whole of the assets of the company.

The administrator is an agent of the company, with all the powers of the company and its directors. The powers of the directors and company officers are suspended while a company is under external administration.

The administrator is required to hold a first meeting of creditors within 5 days of appointment. The main purpose of this meeting is to allow creditors to approve the appointment of the administrator, or vote to replace the administrator.

The initial period for an administration may run for 28 days. The administrator will take control of the company and its assets, impose a freeze (moratorium) on all unsecured creditors and certain secured creditors, and investigate the company's situation.

At the end of the initial period, the administrator will report back to creditors at a meeting about what is in their best interests. Creditors are then able to decide the company's future at this meeting. They can:

- end the external administration;
- approve a deed of arrangement through which

- the company will pay all or part of its debts; or
- wind up the company.

### Receiver's or receiver and manager's rights and obligations

A receiver is appointed by a secured creditor or in special circumstances by the Court. [A secured creditor is someone to whom the company has given a "charge" (such as a mortgage) over all or part of its assets in return for money. Anyone can see if a charge exists by checking company records at an ASC Business Centre]. The receiver must collect and look after the company assets over which the secured creditor has a charge, and obtain money for them. The money will:

1. first pay certain priority claims, including employee entitlements (such as wages, superannuation contributions and leave payments);
2. secondly, pay the secured creditor; and
3. thirdly, if there are any funds left over, pay the company or its liquidator if one has been appointed.

The receiver owes no duty to unsecured creditors other than a general duty of care.

The receiver must report to the ASC on any matter which may be irregular and which could cause the ASC to look into the conduct of anyone involved with the company's management or control.

The receiver is usually paid from the money raised by selling the company's assets. The charge documents should authorise such payments. It is usual for a receiver to be paid according to a guide to rates published by the IPAA.

### Liquidator's rights and obligations

A liquidator may be appointed by the Court following an application, usually from creditors, to wind up the company. Or the company's directors may resolve to wind up the company and call a meeting of creditors to appoint a liquidator under a creditors' voluntary winding up. The liquidator's duty is to all the company's creditors.

The liquidator must:

1. collect, preserve and obtain money for the company's assets (including any surplus arising from a receivership);
2. pay the cost of winding up and certain priority claims including employee entitlements;
3. enquire into the conduct of the company's affairs and report to the ASC;
4. distribute available funds to creditors; and
5. complete the winding up, and apply for deregistration of the company if appropriate.

A liquidator need not spend time and money (except for lodging documents and reports as required under the Corporations Law) unless there are enough assets from which to pay for his/her costs and expenses. However, creditors may agree to cover a liquidator for costs and expenses if they believe the liquidator can recover further assets for their benefit. If there are insufficient assets, the liquidator remains unpaid unless covered by the creditors. The liquidator is paid at a rate set by the creditors, the committee of inspection or by the Court.

#### Creditor's rights

A secured creditor holds a charge over a part or all of the company's assets. The rights of the secured creditor are set out in a document called a "mortgage debenture document". (You can obtain a copy from any ASC Business Centre.) One right is the power to appoint a receiver when the company fails to meet its obligations under the debenture. This right exists even if the company is being wound up.

Unsecured creditors have no legal right to obtain payment from a receiver. They should deal with the liquidator if there is one. If there is no liquidator, unsecured creditors should deal with the company. If unsecured creditors are not paid, they may apply to the Court to wind up the company. A liquidator would then be appointed.

Unsecured creditors (eg. employees, suppliers) have a number of rights when a company is being wound up. These include the right to:

1. share in any available funds after priority payments and secured creditors have been paid;
2. choose the liquidator unless one is appointed by the Court;
3. attend and vote at meetings of creditors on various matters, including the fixing of the liquidator's remuneration;
4. take part in the appointment of a committee of inspection; and
5. receive information about the winding up of the company including the sale of its assets and the way in which the proceeds are distributed.

In limited circumstances, a creditor may sue a director for the company's losses if the company kept trading while unable to pay its debts on time.

A committee of inspection has a number of duties and powers, including approving the liquidator's remuneration and advising or consulting with the liquidator on various matters.

At the first meeting of creditors required to be held within 5 days of appointment of an administrator, creditors may approve the administrator's appointment or vote to replace the administrator at this meeting. Once there is an administrator, debts which arose beforehand cannot be paid until the creditors have decided whether the company will continue in business, execute a deed of arrangement or be wound up.

Unsecured creditors should attend meetings called by the liquidator or administrator. This is the best chance to ask questions and learn about the company's affairs. Creditors may also obtain a copy of the receiver's or liquidator's six monthly statement of receipts and payments from any ASC Business Centre.

#### The role of the ASC

The ASC may investigate complaints against companies, their officers and professionals registered with the ASC.

The ASC may look into matters concerning an administrator, receiver or liquidator. However, the ASC will usually not become involved in matters of commercial judgement. Creditors should attempt to resolve such matters with the administrator, receiver or liquidator concerned and only come to the ASC if this fails.

#### The role of the Court

The Court will decide on matters referred to it by administrators, receivers, liquidators, creditors, the ASC or other parties, and make any orders it thinks fit. Such matters include:

- an application to have questions decided or powers exercised in a winding up,
- an application to hold up or prevent the winding up, and
- an appeal from a person who has a complaint about any act, omission or decision of an administrator, receiver or liquidator.

Creditors should attempt to resolve such matters with the administrator, receiver or liquidator concerned and only go to Court if this fails.

Issued December 1993

## SCHEDULE

### REMUNERATION OF ADMINISTRATOR OF COMPANY

	<b>FH RATE</b> <b>\$</b>
Partner	450
Director	350
Manager 1	300
Manager 2	250
Supervisor/HRM	200
Senior 1	170
Senior 2	150
Intermediate 1	120
Intermediate 2	110
Secretary/WPO	105
CP Operator	100
Clerk	80
Typist	80
Junior	50

Note:

1. The resolution of creditors for approval of remuneration will set out the basis of charging of the fees and will include a specified amount. Where remuneration is sought to be approved by creditors prospectively, an upper limit will be included in the resolution.
2. The hourly rates set out in this schedule are exclusive of GST.