

3 February 2010

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”)**

We refer to previous correspondence regarding the administration of the Pasmingo Group.

The purpose of this correspondence is to provide creditors with an update on the administration of Pasmingo and to notify you of a forthcoming meeting.

Our report is set out as follows:

1. **EXECUTIVE SUMMARY**
2. **DIVIDEND ESTIMATES**
3. **DIVIDEND DISTRIBUTIONS**
4. **UPDATE ON THE COCKLE CREEK SMELTER SITE**
5. **WORKERS’ COMPENSATION CLAIMS**
6. **WINDING UP AND DEREGISTRATION PROCESS**
7. **STATUS OF ADMITTED CLAIMS**
8. **DEED ADMINISTRATORS’ FEES**
9. **NOTICE OF MEETINGS OF CREDITORS**

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1. EXECUTIVE SUMMARY

Set out below is a brief summary of the main points discussed in the report:

- Creditors may receive further distributions (on a mid case scenario) of 3.2 cents in the dollar, bringing the total return payable to unsecured creditors to 22.9 cents in the dollar. By way of comparison, our total dividend estimate released on 19 August 2004 anticipated a mid case return of 21.0 cents in the dollar i.e. An improvement of 1.9 cents in the dollar which equates to an improvement of approximately AUD50 million.
- A 7th interim dividend of 1 cent in the dollar is proposed for Q2 of 2010, bringing the total distributions to creditors to 20.7 cents in the dollar.

1.1 Update On the Cockle Creek Smelter Site

- Activities in relation to the Site have primarily been focused on:
 - Progress in the remediation works phase of the project;
 - Continuing construction of the containment cell by an external Contractor;
 - Ongoing review and administering of the cell contract design and method of construction which has identified significant cost containment and savings opportunities to date;
 - Following lodgement of the development Master Plan with Lake Macquarie City Council ("LMCC") we are formulating a response to LMCC's preliminary review of LES-2 (Local Environmental Study). The LES is the form required for a change in zoning (land use). It is primarily based on the Master Plan. The LES-2 application was lodged in October to change the land uses from heavy industrial to residential and light industrial;
 - Achieving excision of Cardiff West Estate from the Remediation Order over the Site and obtained subdivision approval from LMCC.
 - Commencement of infrastructure development works on the Cardiff West Estate.
 - Submitting additional requested information to LMCC in support of detailed development planning associated with a 21 lot industrial subdivision.
 - Progressing the superlot subdivision and infrastructure strategy across the whole Site; and
 - Ongoing negotiations with third party stakeholders to progress the planning and development outcomes adopted for the Site.
- The Deed Administrators are continuing to implement various Site remediation works in accordance with requirements of stakeholder Authorities and the Site Auditor as required by the Part 3A Conditions of Consent for remediation of the Site provided to PCCS by the NSW Minister for Planning on 27 February 2007.



- The development Master Plan for the Site previously adopted by the Deed Administrators is being progressed and land uses are being formalised with the rezoning of the Site via two successive amendments (LES-1 and LES-2) to the Lake Macquarie City Local Environmental Plan 2004 (LEP 2004). It is anticipated that rezoning of the whole site will be completed by late 2010.
- The main variance between anticipated returns in today's economic climate against last year is the revised estimated returns from land sales. Operating and remediation costs have been controlled and some certainty has been achieved in regard to Government levies following discussions with various State and Local Government Bodies. Costs associated with the construction of the containment cell are being tightly managed and it is anticipated that some further savings may be achieved, for example by excess material (clay capping) supply from the Site.
- Whilst we are unable to provide creditors with specific details regarding the estimated revenues and costs for the project (as this information is sensitive and could adversely impact on ongoing project negotiations) we remain confident that we will ultimately be in a position to return to creditors a proportion of the funds held back to remediate the Site.

1.2 Workers' Compensation Claims

- Pasminco experienced a small uplift in new claim numbers during the period for which liability has been denied.
- As the balance of the estimated self insured liability tail relates mainly to new and reopened claims and given their recurring nature, the self insured liability tail is likely to fall at a slower rate into the future.
- The remittance of the balance of funds returned from NSW Workcover will depend on the movement in outstanding workers compensation claims as assessed by an actuary.

1.3 Winding Up and Deregistration Process

Since last reporting to creditors we have continued to progress the wind down and deregistration of Pasminco's Residual Group companies in accordance with the Pasminco Group's DOCA's.

1.4 Deed Administrators' Fees

- Creditors previously approved an increase in our fee limit to cover the Deed Administrators fees to a limit of AUD2,022,220. As at 31 December 2009, a balance of AUD19,562 remained from our approved fee limit. We estimate our professional fees for the period 1 January 2010 to 31 December 2010 (i.e. a 12 month period) will be approximately AUD3,374,253.
- At the forthcoming meeting of creditors, we will seek approval for an additional fee limit of AUD3,354,691 (plus GST) estimated to cover a 12 month period to 31 December 2010.
- Given that the fees are subject to a capped amount, we are unable to draw fees exceeding that amount.



- Naturally, we will provide an account of all fees incurred and paid in future reports to creditors.

2. DIVIDEND ESTIMATES

As many creditors are aware, we provide regular updates to the dividend forecasts, which are published on the existing Pasmenco website at www.pasmenco.com.au and on our Ferrier Hodgson website at www.ferrierhodgson.com.au, under the section, "Creditors Information / Current Administrations / Pasmenco Limited".

Our latest dividend estimate report to 30 September 2009 estimated that creditors may receive further distributions (on a mid case scenario) of 3.2 cents in the dollar, bringing the total return payable to unsecured creditors to 22.9 cents in the dollar. Our next dividend estimate report to 31 December 2009 will be issued within the next week. Please note that we do not anticipate there to be any material alterations in our estimated returns to creditors.

By way of comparison, our total dividend estimate released on 19 August 2004 anticipated a mid case return of 21.0 cents in the dollar. This represents an improvement of 1.9 cents or in dollar terms which equates to an improvement of approximately AUD50 million. The estimated return to creditors has increased over time due to a variety of factors, including favourable outcomes on a number of matters. These include:

- Revised assumptions relating to estimated future workers' compensation liabilities and release of monies held by NSW WorkCover.
- A favourable settlement of the Aquila Litigation.
- A reduction in the estimated value of creditor claims.
- A permanent reduction in the actual expenditure incurred to date on various issues.
- Cost savings and revenue improvements achieved and anticipated in relation to the remediation and realisation of the Cackle Creek Site.
- A favourable outcome on the sale /wind down of US entities.
- Settlement of Rio Tinto litigation and creditor claim
- Settlement the Kemper litigation and creditor claim
- A deferral of expenditure on various matters, resulting in additional interest being earned on funds held.

However, despite the improved estimated return to creditors since appointment, the forecast returns have deteriorated marginally in the last 12 months reflecting the decrease in property values caused by the volatile economic climate. By way of comparison the total forecast returns as at 30 September 2008 was 24.6 cents in the dollar and as mentioned above 22.9 cents in the dollar at 30 September 2009.

2.1 Disclaimer

The process of estimating future dividends that may be payable to the unsecured creditors of Pasmenco 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 assumptions 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 the uncertainties and the contingencies that may affect the ultimate realisation, 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.

3. DIVIDEND DISTRIBUTIONS

Following the successful resolution of various residual group matters a sixth interim dividend distribution of 1.0 cent in the dollar was paid in August 2009. Unsecured creditors have now received a total of 19.7 cents in the dollar since April 2004.

In this regard, I am pleased to advise that I propose to pay a 7th interim dividend distribution to the unsecured creditors of 1.0 cent in the dollar in Q2 of 2010. These funds can be released given the greater clarity of future costs in relation to the PCCS site and the Administration generally.

In order to minimise the delay in paying the dividend, I will write to each finance creditor individually utilising the provisions of clause 24 of the Pasminco Limited Deed of Company Arrangement. Financiers will be required to confirm the balance of debt held at a specific date and withhold from making any further debt trades until the dividend is paid.

Non financier creditors who have admitted unsecured claims will receive payment in the usual manner. No further action is required by this class of creditor.

4. UPDATE ON THE COCKLE CREEK SMELTER SITE

The following provides an update on activities undertaken by the Deed Administrators in relation to the Pasminco Cockle Creek Smelter Site ("Site" and "PCCS Site") since the last report to you on 15 May 2009.

4.1 Demolition

Following the completion of all major plant and structure demolition activities, the second phase of concrete demolition works were commenced in Q2 2009 in Parcel 4. A contract has been let for crushing this concrete for placement into the containment cell as hardstand and for use in haul roads whenever possible.



4.2 Whole of Site Remediation

4.2.1 Part 3A Consent

As previously reported, consent to the Part 3A application in accordance with the Environmental Planning and Assessment Act 1979 for the whole of Site remediation plan was provided to PCCS by the NSW Minister for Planning on terms acceptable to the Deed Administrators.

The Part 3A consent contains many conditions including the requirement for further ongoing approvals that need to be satisfied before, during and after each stage of the remediation works. Details of the Part 3A consent conditions and the remediation and cell design plan approved by the Minister can be obtained by visiting www.planning.nsw.gov.au under Development Assessments/Notices of Determination/Major Projects 2006-2009.

The Deed Administrators continue to progress these matters through extensive ongoing negotiation with the Department of Environment and Climate Change and Water ("DECCW") and other stakeholder bodies including the NSW Departments of Planning and Health and Lake Macquarie City Council (together, "Authorities").

The various staged approvals are being progressively achieved in a satisfactory and timely manner.

4.2.2 Site Remediation Works

To date approximately 35% of the whole Site has been remediated. The status of remediation of the specific stages is set out below.

The indicative remediation staging plan for the Site ("Staging Plan") is included with this report at **Annexure 1**.

There are currently five separate remediation areas (plus the containment cell) in the Staging Plan. For each of these, it is necessary to obtain prior approval for the remediation plans and designs (Remedial Action Works Plan – RAWP), firstly from the Site Auditor and then the Authorities. Monitoring and reporting is required during and after remediation. After the remediation is complete, it is necessary to secure a Validation Report signed off by the Site Auditor as a pre-condition to future development.

Area 1

Remediation has been completed and Validation reports provided to DECCW and the Department of Planning ("DoP"). Excision of the Area 1 (Cardiff West Estate – 16 ha area) portion from the Remediation Order has now been approved by DECCW. Approval of the subdivision of this land from the larger Site has also been approved by Lake Macquarie Council. Following formalisation of the rezoning, the site can be redeveloped for more intensive industrial purposes.

Area 2

Remediation of Area 2 (Munibung Hills – 52 ha area) is approximately 50% complete. Remediation works will be completed in stages by the end of Q1 2010, in accordance with approved RAWP documents signed off by DECCW and DoP.



Area 3

Remediation of Area 3 (Tripad – 10 ha area) commenced in Q3 2009. All approvals are currently in place from Site Auditor and Authorities. Contaminated soil from this area is being delivered to the containment cell contractor. Remediation is expected to be completed in Q1 2010.

Area 4

Remediation of Area 4 (Old Plant Area – 24 ha area) has commenced, following concrete removal from some areas. Approvals for this work have been signed off by the Site Auditor, DECCW and DoP. This area is approximately 15% remediated.

Area 5

As previously reported substantial remediation of Area 5 (Cell Surrounds - 20 ha area) will commence immediately after Area 4 – likely in Q3 2010 after concrete is removed and crushed and Area 4 is remediated in full. RAWP documentation has been signed off by the Site Auditor and DECCW. Sign off by DoP is currently being pursued.

The Deed Administrators continue to review the most appropriate and cost effective method to expedite the remediation and cell construction works and ensure that remediation is properly undertaken to the satisfaction of the Authorities.

4.2.3 Containment Cell Design and Construction

The Deed Administrators awarded the construction contract for the containment cell construction to Ward Civil and Environmental Engineering Pty Limited (“Ward”). This contract includes the operation and maintenance phase for a 2 year period following satisfactory completion.

Works on the construction of the containment cell have progressed in accordance with the contract document, and are on schedule to be completed by late Q2 2011.

Works have been programmed to be completed in a staged sequence, and are required to be co-ordinated with PCCS which is supplying the contaminated materials from the remediation areas. This has been assessed to be the most cost effective way to conduct the works, and this will be continually monitored to ensure this remains the case. Ward has completed Stage A of the cell, including upgradient of drains, leachate collection systems, filling with waste and capping. Stage B1 infrastructure has also been completed and filling with waste has commenced.

Given the level of civil works involved in the containment cell construction and remediation and the substantial ramp up of other civil works at the Site, it was considered necessary that we engage a dedicated civil project manager to oversee the various civil works operations to ensure OH&S, heavy plant movement and other procedures are properly adhered to.

In addition the Supervisor will review and administer the civil works contracts to identify opportunities to minimise costs and generally review Site staffing levels and budgets. In this respect substantial savings associated with the remediation have already been achieved by the Deed Administrators through the delivery by PCCS of substitute cell construction materials located on the Site and establishing grounds to renegotiate contracted materials and transport prices.



4.2.4 Sale of Process Materials on Site

In Q2 2008, the Deed Administrators entered into an agreement for the processing and removal of 5 large stockpiles of former smelter process materials after the contracting party achieved a Commonwealth Government approval to export the processed material for sale and reuse in China. PCCS received royalties based on the gross sales proceeds achieved on the sale of process materials. Removal of the material concluded at the end of June 2009 in line with contractual terms with the balance of the material being placed directly into the containment cell.

Two other former process materials have been subject to extensive onsite treatment by an expert third party (Veolia) and immobilisation approval has now been received from the DECCW. These materials will be incorporated into the existing cell that being the most cost effective manner to dispose of these materials.

4.2.5 Ongoing Site Monitoring

In accordance with the Part 3A consent conditions, monitoring will continue until the Site as a whole has been remediated and thereafter as required by the DECCW to confirm the effectiveness of the measures taken in addressing discharge from the Site. These ongoing requirements were previously set out in the Remediation Order issued over the Site by the DECCW in 2003.

Negotiation regarding the requirements and procedures for DECCW to lift the Significant Risk of Harm (SRoH) (Remediation Order) notation from remediated areas prior to the conclusion of ongoing monitoring requirements have been successfully concluded for Area 1. An acceptable outcome to these ongoing negotiations was key to enabling the progressive development and realisation of the remaining remediated Site areas.

4.3 Incitec Site

In January 2009, Incitec Pivot Limited ceased production of Single Super Phosphate (SSP) at its "island site" located within the PCCS Site. The sheds at the site will continue to be used as an SSP storage and distribution facility until no later than February 2010.

Incitec Pivot has now lodged their Part 3A application to the Department of Planning for the demolition and remediation of their site. It is expected remediation works will commence in mid 2010.

Pursuant to the cooperation agreement entered into between Incitec and PCCS, Incitec provided input into the final Master Plan lodged with the LMCC in relation to the rezoning of the PCCS and Incitec Site as a whole (refer below) and contributed to its cost of preparation.

The Deed Administrators continue to work with representatives of Incitec in relation to the ongoing remediation and redevelopment of the Sites to enhance their end values.

4.4 Site Development and Master Planning

As previously reported, a number of alternative options for the ultimate realisation of the Site are being considered once the Site is remediated. These options include:

- Sell 'as-is' (i.e. undeveloped with minimal or no infrastructure);



- Sell serviced Superlots (i.e. large development parcels with potential for further subdivision with connections to essential services); and/or
- Sell fully developed lots (i.e. a fully serviced residential or industrial subdivision).

Subject to the prevailing market conditions and having regard to overall project timing and risk exposure, a mixture of the above options may be pursued during the project's life cycle.

The ongoing financial modelling undertaken by the Deed Administrators and their advisors on the various land use options supports the Site having a balanced but predominantly residential land use particularly with current market conditions seeing a reduction in industrial land values and the market for residential property under AUD500,000 remaining buoyant.

4.4.1 Detailed Site Master Plan

Following consideration by Council of the development Masterplan of which the key elements are identified below PCCS lodged a formal rezoning proposal in August 2009 based on the Masterplan for the remainder of the site. The key elements of the Masterplan are:

- Approximately 800 additional dwellings based on an overall density of 15 dwelling units per hectare;
- 2,750 additional residents based on 2.5 persons per dwelling;
- Potential for 1,600 jobs in a variety of industries;
- Additional passive regional open space on Munibung Hill and the containment cell linking with surrounding open space systems; and
- Integration with the existing urban fabric of the locality.

Creditors can also obtain other useful information in relation to the site at www.bunderra.com.au.

To give statutory effect to the proposed land uses under the Master Plan the 1st amendment to the Lake Macquarie Local Environmental Plan was endorsed by Council in February 2009 ("LES 1") which commenced the rezoning process for the site to a mixture of employment, residential and open space uses.

Also in March 2008 Council resolved to commence the rezoning process for the remainder of the PCCS site (including Incitec site). Late last year Local Environmental Study-2 ("LES-2") was lodged with LMCC. The study is expected to be adopted by Q4 2010, allowing the remainder of the site to be rezoned. LMCC has reviewed LES-2 and provided feedback. An appropriate response to LMCC's review of LES-2 is presently being formulated.

A draft Voluntary Planning Agreement (VPA), seeking to offset levies by LMCC for the construction of community infrastructure arising from the development of the site, was presented to Council with the above Master Plan. Negotiations continue with LMCC in relation to the VPA. A separate Planning Agreement is presently being discussed with LMCC in relation to infrastructure improvements that the Deed Administrators consider will benefit the greater community.



4.4.2 Development

As previously reported, the Deed Administrators are proceeding with the light industrial subdivision of approximately 16 hectares in the northern part of the Site (the Cardiff West Estate). A Development Approval for this subdivision was issued by LMCC in late May 2009. Detailed design for the final subdivision and servicing works, including a comprehensive geotechnical report have since been completed, and a Construction Certificate has been issued by LMCC.

A tender process was undertaken by the Deed Administrators with four reputable contractors in late November 2009 in relation to the Cardiff West Estate. Following contract negotiations, a construction contract was executed between the Deed Administrators and Ward in late December 2009. Work on Site commenced in January 2010, and it is anticipated that works will be completed in early Q3 2010.

The Deed Administrators have engaged Jones Lang LaSalle and Raine and Horne as Joint marketing and sales agents in respect of the CWE. Pre marketing will begin in Q2 2010 with anticipated land sales expected to settle from Q4 2010 onwards.

Development options for the remaining Superlots will continue to be considered by the Deed Administrators on a site-by-site basis with due consideration to the outcome of the above industrial subdivision, prevailing and forecast market conditions and status of the remediation project.

4.5 Project Returns

The main variance between anticipated returns in today's economic climate against last year is the revised estimated returns from land sales. Operating and remediation costs have been controlled and some certainty has been achieved in regard to Government levies following discussions with various State and Local Government Bodies. Costs associated with the construction of the containment cell are being tightly managed and it is anticipated that some further savings may be achieved, for example by excess material (clay capping) supply from the Site.

Whilst we are unable to provide creditors with specific details regarding the estimated revenues and costs for the project (as this information is sensitive and could adversely impact on ongoing project negotiations) we remain confident that we will ultimately be in a position to return to creditors a proportion of the funds held back to deal with the Site.

4.6 Other

4.6.1 Lead Abatement Strategy

As previously reported, a condition of the Part 3A consent requires that PCCS develops and implements a strategy to address lead dust deposition from the previous smelter operations at residential properties surrounding the Site ("Lead Abatement Strategy").

The Deed Administrators have designed a practical Lead Abatement Strategy that adopts a moderate and economic approach to address the requirements of Authorities. This strategy has been reviewed by the DECCW throughout its evolution and in January 2008, DECCW provided a letter confirming their formal agreement to its contents. A similar letter has also been received from the DoP.



Implementation of the Lead Abatement Strategy is subject to the Deed Administrators receiving formal confirmation that certain key development re-zonings previously made in relation to the Site are approved by the NSW Government on acceptable terms and conditions. It is anticipated that this confirmation will be received in Q1 2010.

The Deed Administrators are undertaking the necessary preliminary work required ahead of any formal commencement to the LAS program so that a prompt start can be made.

4.6.2 Operating/Care and Maintenance Activities

In addition to the matters outlined above, the Deed Administrators continue to undertake Site operating and care and maintenance activities.

Further activities that are attended to on the site include:

- Site contractor and consultant management
- Conduct of civil/remediation works utilising plant and equipment owned/hired by PCCS and its personnel
- Civil works tender process and operations management
- Managing the Site's surface and groundwater systems including the continued operation of the Effluent Treatment Plant
- Site security
- Ongoing negotiation with the DECCW regarding the revision/removal of Licences and Approvals to ensure these remain in line with the progressive remediation of the Site
- Managing inquiries from the community
- Managing the company's rental property book
- Managing service and utility supplies to the Site
- Provision of regular Authority reports under the Environment Protection Licence including on and off site monitoring
- Site Personnel management and servicing of onsite remediation activities
- Bushfire and vegetation management

The Deed Administrators continue to review the staffing of operations at the Site. With the automation of the Effluent Treatment Plant, the cessation of processing operations at the Site and progress in other areas of the Site remediation, a further review of Site personnel has been undertaken. One additional person was released in October 2009 with a rationalisation of tasks for remaining personnel.

As the Site is progressively remediated, the requirement for certain of these activities will either reduce or cease.



5. WORKERS' COMPENSATION CLAIMS

5.1 Self Insured Liability Tail / Claims Management

Between March 2009 and November 2009, Pasminco experienced a small uplift in new claim numbers. Pasminco has denied liability in respect of those claims and is awaiting a further response from the claimant's legal advisors.

The balance of the estimated self insured liability tail relates mainly to new and reopened claims. These claims, given their recurring nature, are likely to endure for an extended period into the future, which will mean the self insured liability tail is likely to fall at a slower rate into the future.

The Deed Administrators are continuing to explore options for the future management of the self insurance tail. Legislative arrangements in NSW may require the Deed Administrators to manage the tail for an extended period.

5.2 Monies held by NSW WorkCover

Pasminco's claims administration operated by the Deed Administrators has allowed for the disbursement of part of the funds retained by NSW WorkCover.

At present there are cash funds of approximately AUD16 million earning interest deposited with the New South Wales WorkCover Authority. The funds are held in support of Pasminco's New South Wales self insurance obligations in respect of Workers Compensation.

NSW WorkCover has commenced remitting interest on those funds as earned on a six monthly basis.

Remittance of the balance of the funds will depend on the movement in outstanding workers compensation claims liabilities as assessed by an actuary.

6. WINDING UP AND DEREGISTRATION PROCESS

Since last reporting to creditors, we have continued to progress on the wind down and deregistration of Pasminco's Residual Group companies in accordance with the Pasminco Group's DOCAs.

The Australian Corporations Act 2001 ("Act") requirements for a company to be eligible for deregistration are as follows:

- All members of the company agree to the deregistration;
- The company is not carrying on business;
- The company's assets are worth less than \$1,000;
- The company has paid all fees and penalties payable under the this Act;
- The company has no outstanding liabilities; and
- The company is not party to any legal proceedings.

The deregistration process in relation to the following companies has recently completed:

- Pasminco Pacific Pty Limited;



- Savox Pigments Pty Limited and;
- Pasmenco International Pty Limited.

In addition a number of other Residual Group companies are nearing commencement of the deregistration process once the following issues have been addressed;

- Intercompany debt forgiveness.
- Deed of Cross Guarantee releases.
- Security Trust Deed releases.
- Deed of Cross Assumption of Claims releases.
- Separation, Transitional and Shared Services Deed obligations.
- Taxation obligations.
- Legal sign off.

Following receipt of the necessary approvals and sign offs required above we will continue the deregistration process throughout 2010, thus reducing the amount of statutory lodgements and costs.

7. STATUS OF ADMITTED CLAIMS

To date, the following amounts have been adjudicated and admitted as claims against Pasmenco and are eligible to receive future dividends:

Claim Type	Admitted Amounts for Future Dividends AUD
Financiers (including former SRL Creditors)	2,605,881,998
Trade and other creditors	5,492,238
Total	2,611,374,236

Please note that the dividend calculations are based on the amount of admitted claims plus the Deed Administrators' estimate of the likely amount of claims that are yet to be admitted. I advise as follows in relation to certain creditors:

7.1 Financiers including former SRL Creditors

At a creditors meeting held on 5 October 2004, creditors resolved that, once the outstanding Aquila litigation was settled, a "catch up" dividend would be paid to the creditors of SRL. In addition, it was resolved that a further amount, determined by the Deed Administrators, would be paid to creditors to equal the approximate interest which occurred on the creditors "catch up" dividend.

Consequently, a "catch up" dividend of 13.8 cents in the dollar plus accrued interest calculated at a weighted average rate of 5.49% was paid to the SRL creditors on 12 July 2006.

Following the distribution, SRL creditors were advised that their admitted unsecured claims would now rank equally alongside all other unsecured creditors of Pasmenco.



These creditors have since participated in dividend distributions equally along with other unsecured creditors.

7.2 Trade and other creditors

Trade creditors represent general creditors whose claims against Pasminco are in excess of AUD10,000. Also incorporated within this figure are creditors' claims that have been or still are subject to litigation.

Following a creditors meeting held on 19 May 2008, creditors approved a settlement of an ongoing litigation matter between Pasminco and Lumberman's Mutual Casualty Company (trading as Kemper Insurance Companies) "Kemper". As part of the settlement, Kemper withdrew their proof of debt amounting to AUD33.6 million and returned to the Administration dividends previously received by them. Per the terms of the settlement Kemper are now prevented from participating in any future dividends.

In addition, contamination claims have been included in this creditor group. Primarily, these claims relate to individuals who claim loss or damage as a result of living in close proximity to the smelter sites at Port Pirie, South Australia and Cockle Creek, New South Wales.

The Deed Administrators are required to act in accordance with their obligations under the Act in assessing proofs of debt. Accordingly, satisfactory evidence to justify a creditor's claim is required before a proof of debt can be admitted in the Administration.

7.3 Small Participating Creditors

Small Participating Creditors (creditors claiming less than AUD10,000) have received a first and final dividend of 50 cents in the dollar in accordance with the Deeds of Company Arrangement.

7.4 Aquila Resources Limited.

As previously reported, Aquila Resources Limited has received a first and final dividend of 13.8 cents in the dollar based on their admitted claim.

7.5 Rio Tinto Creditors

As previously reported, Rio Tinto creditors have received a first and final dividend of 13.8 cents in the dollar.

8. DEED ADMINISTRATORS' FEES

At the previous meeting of creditors, held on 12 June 2009, creditors approved the Deed Administrators fees' up to a cap of AUD 2,022,222 (plus GST).



Detailed below is a summary of the Deed Administrators' fees as at 31 December 2009.

	AUDm
Deed Administrators' fees approved by creditors on 12 June 2009 (For period 1 April 2009 onwards)	2.02
Previously undrawn fees at 31 March 2009	0.05
Less:	
Fees incurred and paid 1 April 2009 to 31 December 2009	(2.05)
Fees still available to draw	0.02

Our current fees as Deed Administrators have been calculated in accordance with Ferrier Hodgson's schedule of hourly rates, which were applied on 1 April 2009.

As you may be aware, the Pasmenco Deeds of Company Arrangement provide that the Deed Administrators may calculate their fees in accordance with Ferrier Hodgson's schedule of hourly rates.

We estimate our projected professional fees for the 12 month period 1 January 2010 to 31 December 2010 to be AUD3,374,253. (Please note that our hourly rates remain unchanged since the rates applied in April 2009).

As mentioned above, at 1 January 2010 fee capacity of AUD19,562 remained available to be drawn. Accordingly, at the forthcoming meeting of creditors we will seek approval for an additional fee limit of AUD3,354,691 (plus GST) as detailed below. Attached at **Annexure 2** is a remuneration report that includes details of the work we anticipate carrying out over the next 12 months:

	AUDm
Estimated fees for the period 1 January 2010 to 31 December 2010	3.37
Less: Surplus fees not yet drawn	(0.02)
Additional fee approval to be put to creditors	3.35

In respect of the above, I would note that the average monthly fees have increased by approximately AUD55,000 per month due primarily to projected increased work activity on the Site particularly in respect of the cell, development of Cardiff West and the planned implementation of the LAS.

Given that the fees will be subject to a limit, we are unable to draw fees exceeding the limit. Should our fees exceed this limit, we will seek further approval from creditors at a later meeting of creditors.

I note that historically we have informed the Committee of Creditors of the level of our fees and sought their authorisation to draw fees on a periodic basis within the limit approved by the creditors. As a result of debt trading, no members remain on the Committee of Creditors. Accordingly the Deed Administrators draw fees on a periodic basis ensuring that fees are not drawn in excess of the limit approved by creditors.



Naturally, we will provide an account of all fees incurred and paid in future reports to creditors.

9. NOTICE OF MEETINGS OF CREDITORS

Concurrent meetings of the creditors of Pasminco will be held at 11:00am (Australian Eastern Standard Time) on 17 February 2010 pursuant to the Deeds of Company Arrangement executed for the Pasminco Group companies.

The purpose of the meetings will be to:

1. Provide creditors with an update in relation to the status of the Administration;
2. Provide an opportunity for questions from creditors; and
3. Seek creditors' approval for unpaid and ongoing Deed Administrators' fees in this matter.

For your information and assistance, we enclose the following:

9.1 Notice of Meeting (Annexure 3)

Please note that the meetings of creditors will be held on 17 February 2010 at 11.00am (Australian Eastern Standard Time) at the offices of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne, Australia.

In accordance with Corporations Regulation 5.6.23(1), creditors will not be entitled to vote at the meeting unless they have previously lodged particulars of their claims against the abovenamed companies with the Administrators and the claim is or has been admitted in whole or in part for the purposes of voting pursuant to Corporations Regulation 5.6.26.

In accordance with Corporations Regulations 5.6.13A, creditors should note that telephone conference facilities will be available for creditors to attend the meeting via telephone.

Any person who wishes to participate in the meeting via telephone must contact Mr Paul Harlond in writing no later than midday (Australian Eastern Standard Time) on 16 February 2010 providing a written statement setting out:

- the name of the person and of the proxy or attorney attending the meeting;
- an address and or facsimile number to which notices to the person, proxy or attorney may be sent; and
- a telephone number at which the person, proxy or attorney may be contacted.

Following receipt of the above details, Mr Paul Harlond will contact you and provide you with a specific telephone number and a password to enable you to attend the creditors meeting via our conference telephone facilities.

Consequently the person, proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred in attending the meeting and is not entitled to be reimbursed for those costs from the assets of the Company.



Please note that the Deed Administrator will be happy to answer any questions relating to the administration at the meeting. Should a creditor however have specific questions that they wish to raise at the meeting, which may not have been covered within this report, please forward your questions to Mr Paul Harlond in advance of the meeting and we can then ensure that your questions are appropriately answered.

Creditors attending in person are requested to arrive at the meeting at least 15 minutes prior to the commencement of the meeting.

9.2 Proxy Form (Annexure 4)

- Proxy Forms must be completed by:
 - i. All corporate creditors who wish to be represented at the meeting (ie. if XYZ Pty Ltd is a creditor, it will need to appoint a person to act as its proxy).
 - ii. Individuals who are creditors who are not attending the meeting to vote personally.
- If the creditor wishes to direct the person appointed as their proxy as to how they wish to vote (a special proxy), the appropriate box next to the resolutions should be ticked in accordance with that direction. You must tick one box per resolution only ie. For or Against or Abstain.
- If the creditor wishes to allow the proxy appointed to vote as the proxy determines, they should not tick any of the boxes.
- Creditors must also include the amount of their pre-appointment claim prior to the distribution of any previous dividends and sign the Proxy Form in the spaces provided.

Please note that all proxy forms should be completed and returned to this office by no later than midday (Australian Eastern Standard Time) on 16 February 2010.

Should you require any further information in relation to the matters contained within this report, please do not hesitate to contact Mr Paul Harlond of this office (telephone +613 9604 5112).

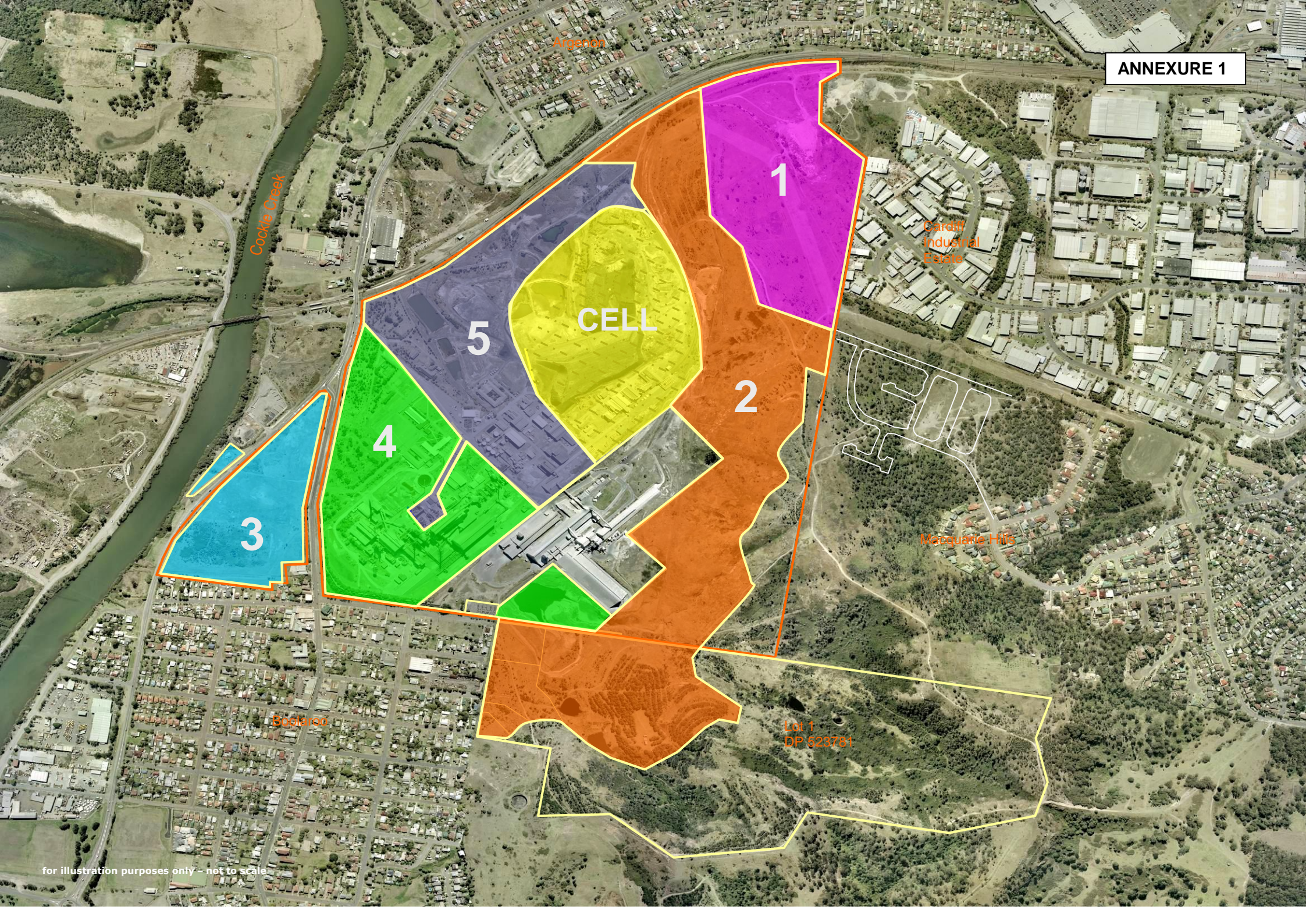
Yours faithfully

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

PETER McCLUSKEY
DEED ADMINISTRATOR

Encl.

ANNEXURE 1



3

4

5

CELL

2

1

Argenton

Argenton

Cardiff Industrial Estate

Macquarie Hills

Lot 1
DP 523781

ANNEXURE 2

CORPORATIONS ACT 2001

Section 449E

PASMINCO LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT) (“THE COMPANY”)
ACN 004 368 674

AND ITS WHOLLY OWNED AUSTRALIAN SUBSIDIARIES (“PASMINCO”)

REMUNERATION REPORT

The Deed Administrators’ Remuneration Report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format.

Part A

- A1 Schedule of hourly rates and general guide to staff experience
- A2 Tasks undertaken by the Deed Administrators and remuneration calculation for the period 1 April 2009 to 31 December 2009.
- A3 Schedule of the Deed Administrators’ anticipated tasks and remuneration estimate for the period 1 January 2010 to 31 December 2010. The tasks can be broadly divided into six categories, namely:
- Assets
 - Creditors
 - Employees
 - Investigation
 - Dividends
 - Administration
- A4 Remuneration approved and drawn to date
- A5 Resolutions to be put to creditors at the meeting convened for 17 February 2010

Part B

- B1 Deed Administrators’ disbursements
- B2 Other creditor information on remuneration

The Remuneration Report must be read in conjunction with the report to creditors dated 3 February 2010.

PART A

A1 SCHEDULE OF PROPOSED HOURLY RATES (TO APPLY IN THE PERIOD 1 JANUARY 2010 TO 31 December 2010) & GENERAL GUIDE TO STAFF EXPERIENCE

Title	Rate (\$)	Experience
Partner/Principal/ Appointee	595	The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com
Director	495	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	445	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager	375	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	310	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	285	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	250	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	220	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	190	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks.
Professional Staff Junior	135	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes directions from senior staff in completing administrative tasks.
Senior Secretary	170	Appropriate skills including machine usage.
Computer Operator	120	Appropriate skills including machine usage.
Clerk	135	Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.
Typist	90	Appropriate skills including machine usage.
Office Assistant	75	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

Notes:

- The hourly rates are exclusive of GST.
- The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
- Time is recorded and charged in six-minute increments.

A2. Tasks undertaken by the Deed Administrators and remuneration calculation for the period 1 April 2009 to 31 December 2009.

<p style="text-align: center;">Assets - Pasminco Cockle Creek Smelter Pty Limited Remediation and Development requirements</p> <p style="text-align: center;">Anticipated AUD1,100,000*</p> <p style="text-align: center;">Actual AUD1,398,354</p>	<p>Management of remediation redevelopment and realisation of Cockle Creek smelter site</p>	<ul style="list-style-type: none"> ▪ Appointment of onsite superintendent to review project works, assess areas of savings and report to the Administrators on a regular basis regarding progress ▪ Site visits ▪ Contract negotiations ▪ Undertaking the remediation civil works phase of the project ▪ Stakeholder negotiation and preparatory works regarding the containment cell construction ▪ Negotiating and implementing contractual arrangements to sell and/or remove certain process materials present on the Site ▪ Site master planning and detailed development design planning. ▪ Demolition ▪ Liaising with neighbouring land owners ▪ Pre-implementation works for the lead abatement strategy ▪ Contamination cell tender process and civil works project management ▪ Managing the Site's surface and groundwater systems including the continued operation of the Effluent Treatment Plant ▪ Site security ▪ Ongoing negotiation with the DECC regarding the revision/removal of licences and approvals to ensure these remain in line with the progressive remediation of the Site ▪ Managing inquiries from the community ▪ Managing the company's rental property book ▪ Managing service and utility supplies to the Site ▪ Provision of regular authority reports under the Environment Protection Licence including on and off site monitoring ▪ Site personnel management and servicing of onsite remediation activities ▪ Bushfire and vegetation management ▪ Conduct of civil/remediation works utilising plant and equipment owned/hired by PCCS and its personnel ▪ Civil works tender process and operations management ▪ Site contractor and consultant management ▪ Liaising with suppliers ▪ Liaising with management and staff ▪ Authorising purchase orders ▪ Maintaining purchase order registers ▪ Preparing and authorising receipt vouchers ▪ Preparing and authorising payment vouchers
	<p>Sale of real property</p>	<ul style="list-style-type: none"> ▪ Liaising with valuers, agents ▪ Attendance at auctions
	<p>Debtors</p>	<ul style="list-style-type: none"> ▪ Correspondence with debtors
	<p>Other assets</p>	<ul style="list-style-type: none"> ▪ Tasks associated with realising other assets

	Processing receipts and payments	<ul style="list-style-type: none"> ▪ Entering receipt and payments into accounting system and maintaining registers. ▪ Month end account reconciliations
	Budgeting & financial reporting	<ul style="list-style-type: none"> ▪ Reviewing remediation and development budgets and financial statements ▪ Preparing budgets ▪ Meetings to discuss trading position and accounts
Creditors Anticipated AUD350,000* Actual AUD109,456	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with financiers regarding debt trades ▪ Maintaining register of current holders of unsecured debt and maintaining records.
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing circular to creditors providing updates on case progress and general reporting to creditors.
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's ▪ Dealing with litigation claims including admitting and rejecting POD's
	Shareholder enquires	<ul style="list-style-type: none"> ▪ Responding to any shareholder queries and potential legal action
Employees - Workers Compensation Issues Anticipated AUD150,000* Actual AUD31,644	Employee enquiries	<ul style="list-style-type: none"> ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ General reporting on employee issues
	Litigation	<ul style="list-style-type: none"> ▪ Managing and progressing ongoing legal matters.
	Employee dividend	<ul style="list-style-type: none"> ▪ Receipting POD's ▪ Adjudicating POD's ▪ Ensuring PAYG is remitted to ATO
	Workers compensation claims	<ul style="list-style-type: none"> ▪ Review insurance policies ▪ Receipt of claim ▪ Liaising with claimant ▪ Liaising with insurers and solicitors regarding claims ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Willis regarding initial and ongoing workers compensation insurance requirements ▪ Completing receipts and payments relating to Workers Compensation issues. ▪ Liaising with Zinifex in negotiating management of claims.
Investigation Anticipated AUD70,000* Actual AUD34,593	Conducting investigation/Discovery	<ul style="list-style-type: none"> ▪ Maintaining and reviewing company books and records ▪ Conducting and summarising statutory searches
	Litigation / Recoveries	<ul style="list-style-type: none"> ▪ Internal meetings to discuss status of litigation ▪ Preparing brief to solicitors ▪ Liaising with solicitors regarding recovery actions ▪ Attending to negotiations ▪ Attending to settlement matters
	ASIC reporting	<ul style="list-style-type: none"> ▪ Liaising with ASIC
Dividend Anticipated AUD100,000* Actual AUD57,810	Processing proofs of debt and Dividend Procedures.	<ul style="list-style-type: none"> ▪ Liaising with Financiers to confirm holdings of unsecured debt. ▪ Preparing Bank TT's ▪ Preparing payment vouchers ▪ Preparing payment schedules and reconciliations of holdings ▪ Working with banks to ensure funds correctly deposited ▪ Preparing dividend schedules ▪ Preparing quarterly dividend forecast model updates
Administration	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file	<ul style="list-style-type: none"> ▪ Filing of documents

Anticipated AUD304,671* Actual AUD418,622	review/checklist	<ul style="list-style-type: none"> ▪ File reviews ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Marsh regarding ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with lawyers regarding insurance issues
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Maintaining and reinvesting funds in various Term Deposit accounts. ▪ Liaising with major banks in order to maximise investments ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers
	ASIC Lodgements	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms. ▪ Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Preparing BAS' ▪ Completing group certificates
	Finalisation/ Deregistration procedures	<ul style="list-style-type: none"> ▪ Notifying ATO of finalisation ▪ Reviewing Balance sheets ▪ Completing debt forgiveness forms 245-90's ▪ Obtaining clearances from ASIC ▪ Reviewing DOCA/ Deed of Cross Assumption of Claims/ Revocation Deed and other matters. ▪ Advertising requirements ▪ Cancelling ABN / GST / PAYG registration ▪ Completing checklists
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status of administration
	Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage



A2 (cont) Tasks undertaken by the Deed Administrators and remuneration calculation for the period 1 April 2009 to 31 December 2009

Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area						
				Assets hrs (\$)	Creditors hrs (\$)	Employees hrs (\$)	Investigation hrs (\$)	Dividend hrs (\$)	Administration hrs (\$)	
Partner	595	210.1	125,010	3.9 2,321	9.4 5,593	0 0	3.4 2,023	0.8 476	192.6 114,597	
Director	575	66.4	38,180	0 0	5.4 3,105	54.2 31,165	0 0	3.4 1,955	3.4 1,955	
Director	495	2292.8	1,134,936	2,285 1,131,026	0 0	0 0	0 0	3.9 1,931	4 1,980	
Manager 1	445	53.1	23,630	1.1 490	0 0	0 0	0 0	0 0	52 23,140	
Manager 2	375	1032.9	387,338	100.2 37,575	125.1 46,913	0.7 263	79.1 29,663	135.4 50,775	592 222,150	
Supervisor	310	126.5	39,215	52.3 16,213	54 16,740	0 0	0 0	0 0	20.2 6,262	
Senior 1	285	620.4	176,814	475.1 135,404	121.3 34,571	0 0	10.2 2,907	0.9 257	12.9 3,676	
Senior 2	250	7.9	1,975	7.9 1,975	0 0	0 0	0 0	0 0	0 0	
Intermediate 1	220	300.9	66,198	226 49,676	1.5 330	0 0	0 0	0 0	73.6 16,192	
Intermediate 2	190	15.5	2,945	0 0	4 760	0 0	0 0	5.9 1,121	5.6 1,064	
Senior Secretary	170	44.2	7,514	0 0	0 0	0 0	0 0	0 0	44.2 7,514	
Professional Junior Staff	135	298.5	40,298	144.8 19,548	10.7 1,445	1.6 216	0 0	9.6 1,296	131.8 17,793	
CP Operator	120	46.2	5,544	34.4 4,128	0 0	0 0	0 0	0 0	11.8 1,416	
Typist	90	9.8	882	0 0	0 0	0 0	0 0	0 0	9.8 882	
TOTAL		5125.2	2,050,477	3,330 1,398,354	331 109,456	57 31,644	93 34,593	160 57,810	1,154 418,622	
			GST	205,048						
			TOTAL (including GST)	2,255,525						
			<i>Average hourly rate</i>	400	420	330	560	373	362	363

A3 Schedule of anticipated tasks and Administrators' estimated prospective remuneration for the Period 1 January 2010 to 31 December 2010.

Based on the following anticipated tasks, I estimate the Administrators' fees for the above period:

<p>Assets - Pasmenco Cockle Creek Smelter Pty Limited Remediation and Development requirements</p> <p>Anticipated AUD2,327,311*</p>	<p>Management of remediation redevelopment and realisation of Cockle Creek smelter site</p>	<ul style="list-style-type: none"> ▪ Onsite superintendent appointed to undertake the following tasks: <ul style="list-style-type: none"> ○ Oversee site operations and report to the Administrators on a regular basis regarding progress ○ Provide direction, management, technical and operational experience to the Site Team, Contractors and Consultants ○ Promote continuous improvement in quality, safety, environment, risk management and productivity ○ Identify and realise opportunities to improve the outcome of the project ○ Improve efficiency and seek out cost savings on site ○ Contractual management with site contractors ○ Assistance with site forecasts, and timing for project delivery ▪ Site visits ▪ Contract negotiations ▪ Undertaking the remediation civil works phase of the project ▪ Negotiating and implementing contractual arrangements to sell and/or remove certain process materials present on the Site ▪ Site master planning and detailed development design planning. ▪ Demolition and concentrate crushing ▪ Liaising with neighbouring land owners ▪ Pre-implementation works for the lead abatement strategy ▪ Contamination cell tender process and civil works project management ▪ Managing the Site's surface and groundwater systems including the continued operation of the Effluent Treatment Plant ▪ Site security ▪ Ongoing negotiation with the DECC regarding the revision/removal of licences and approvals to ensure these remain in line with the progressive remediation of the Site ▪ Managing inquiries from the community ▪ Managing the company's rental property book ▪ Managing service and utility supplies to the Site ▪ Provision of regular authority reports under the Environment Protection Licence including on and off site monitoring ▪ Site personnel management and servicing of onsite remediation activities ▪ Bushfire and vegetation management ▪ Conduct of civil/remediation works utilising plant and equipment owned/hired by PCCS and its personnel ▪ Civil works tender process and operations management ▪ Site contractor and consultant management ▪ Liaising with suppliers
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		<ul style="list-style-type: none"> ▪ Liaising with management and staff ▪ Authorising purchase orders ▪ Maintaining purchase order registers ▪ Preparing and authorising receipt vouchers ▪ Preparing and authorising payment vouchers
	Debtors	<ul style="list-style-type: none"> ▪ Correspondence with debtors
	Other assets	<ul style="list-style-type: none"> ▪ Tasks associated with realising other assets
	Processing receipts and payments	<ul style="list-style-type: none"> ▪ Entering receipt and payments into accounting system and maintaining registers. ▪ Month end account reconciliations
	Budgeting & financial reporting	<ul style="list-style-type: none"> ▪ Reviewing remediation and development budgets and financial statements ▪ Preparing budgets ▪ Meetings to discuss trading position and accounts
Creditors Anticipated AUD182,170*	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with financiers regarding debt trades ▪ Maintaining register of current holders of unsecured debt and maintaining records.
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing circular to creditors providing updates on case progress and general reporting to creditors.
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's ▪ Dealing with litigation claims including admitting and rejecting POD's
	Shareholder enquires	<ul style="list-style-type: none"> ▪ Responding to any shareholder queries and potential legal action
Employees - Workers Compensation Issues Anticipated AUD52,666	Employee enquiries	<ul style="list-style-type: none"> ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ General reporting on employee issues
	Employee dividend	<ul style="list-style-type: none"> ▪ Receipting POD's ▪ Adjudicating POD's ▪ Ensuring PAYG is remitted to ATO
	Workers compensation claims	<ul style="list-style-type: none"> ▪ Review insurance policies ▪ Receipt of claim ▪ Liaising with claimant ▪ Liaising with insurers and solicitors regarding claims ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Willis regarding initial and ongoing workers compensation insurance requirements ▪ Completing receipts and payments relating to Workers Compensation issues. ▪ Liaising with Zinifex in negotiating management of claims.
	Conducting investigation/Discovery	<ul style="list-style-type: none"> ▪ Maintaining and reviewing company books and records ▪ Conducting and summarising statutory searches
Investigation Anticipated AUD57,514*	Litigation / Recoveries	<ul style="list-style-type: none"> ▪ Internal meetings to discuss status of litigation ▪ Preparing brief to solicitors ▪ Liaising with solicitors regarding recovery actions ▪ Attending to negotiations ▪ Attending to settlement matters
	ASIC reporting	<ul style="list-style-type: none"> ▪ Liaising with ASIC
Dividend Anticipated AUD57,810*	Processing proofs of debt and Dividend Procedures.	<ul style="list-style-type: none"> ▪ Liaising with Financiers to confirm holdings of unsecured debt. ▪ Preparing Bank TT's ▪ Preparing payment vouchers

		<ul style="list-style-type: none"> ▪ Preparing payment schedules and reconciliations of holdings ▪ Working with banks to ensure funds correctly deposited ▪ Preparing dividend schedules ▪ Preparing quarterly dividend forecast model updates
Administration Anticipated AUD696,722*	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Marsh regarding ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with lawyers regarding insurance issues
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Maintaining and reinvesting funds in various Term Deposit accounts. ▪ Liaising with major banks in order to maximise investments ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers
	ASIC Lodgements	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms. ▪ Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Preparing BAS' ▪ Completing group certificates
	Finalisation/ Deregistration procedures	<ul style="list-style-type: none"> ▪ Notifying ATO of finalisation ▪ Reviewing Balance sheets ▪ Completing debt forgiveness forms 245-90's ▪ Obtaining clearances from ASIC ▪ Reviewing DOCA/ Deed of Cross Assumption of Claims/ Revocation Deed and other matters. ▪ Advertising requirements ▪ Cancelling ABN / GST / PAYG registration ▪ Completing checklists
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status of administration
Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage 	



*Please note that the above allocated costs in each of the six categories are based on our estimations. Due to the complexity of the work involved in the Administration and the variety of day to day issues that arise, the costs allocated per section may vary considerably. Creditors should refer to the report to Creditors dated 3 February 2010 which provides an explanation of the prospective work and contingencies which may result in costs greater than those estimated above.

The remuneration estimate may be summarised as follows:

Total	Assets	Creditors	Employees	Investigation	Dividend	Administration
\$3,374,253	\$2,327,311	\$182,170	\$52,666	\$57,574	\$57,810	\$696,722

A3 Remuneration approved and drawn to date

FEE SUMMARY		
Total Deed Fees Approved	Period of Approval	\$
Fees approved on 30 August 2002	5 October 2002 – 31 January 2003	3,400,000.00
Fees approved on 28 March 2003	1 February 2003 – 30 September 2003	3,300,000.00
Fees approved on 9 December 2003	1 October 2003 – 15 September 2004	3,300,000.00
Fees approved on 5 October 2004	16 September 2004 – 31 August 2005	2,383,612.00
Fees approved on 19 May 2006	1 September 2005 – 15 January 2007	2,208,748.90
Fees approved on 01 May 2007	16 January 2007 – 31 January 2008	2,194,565.00
Fees approved on 18 March 2008	1 February 2008 - 31 March 2009	2,356,130.00
Fees approved on 12 June 2009	1 April 2009 – 31 December 2009	2,022,220.00
		21,165,275.90
Fees Incurred and Paid		
Period		
5 October 2002 – 31 December 2009		(21,145,713.50)
Balance of approved limit remaining		19,562.40

A4 Resolutions to be put to creditors at the meeting convened for 17 February 2010.

At the meeting of creditors convened for 11:00am AEST on 17 February 2010, creditors will be asked to consider the following resolution:

"That the future remuneration of the Administrators of the Deed of Company Arrangement, as set out in the Administrators' remuneration report dated 3 February 2010 be approved up to the sum of AUD3,354,691 plus any applicable GST but subject to upward revision by resolution of creditors and that the Administrators of the Deed of Company Arrangement be authorised to make periodic payments on account of such accruing remuneration."



PART B

B1 Administrators' Disbursements

Disbursements are divided into three types **D1**, **D2** and **D3**.

- D1 Disbursements are all externally provided professional services and are recovered at cost. An example of a D1 disbursement is legal fees.
- D2 Disbursements are externally provided non professional costs such as travel, accommodation and search fees. D2 disbursements are recovered at cost.
- D3 Disbursements are internally provided non professional costs such as photocopying and document storage. D3 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs. The relevant rates are set out below.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	50 cents per copy
Facsimile	\$3.00 per page
File Set Up	At cost
Advertising	At cost
Storage – Per Box/month	\$0.37
Couriers	At cost

Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.

B2 Other creditor information on remuneration

The partners of Ferrier Hodgson, Victoria are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice. A copy of the Code of Professional Practice may be found on the IPA website at www.ipaa.com.au

An information sheet concerning approval of remuneration in external administrations can also be obtained from the IPA website.

Queries regarding remuneration should be directed to Paul Harland of this office.

Dated this 3rd day of February 2010.

PETER MCCLUSKEY
DEED ADMINISTRATOR

ANNEXURE 3

FORM 529
CORPORATIONS ACT 2001

NOTICE OF MEETING OF CREDITORS

PASMINCO LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 004 368 674

PASMINCO INVESTMENTS HOLDINGS PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 082 291 736

PASMINCO COCKLE CREEK SMELTER PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 000 083 670

PASMINCO FINANCE LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 007 289 296

THE EMU BAY RAILWAY COMPANY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 475 790

PASMINCO INVESTMENTS PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 082 291 674

PASMINCO BROKEN HILL MINE PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 000 005 774

SAVAGE RESOURCES LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 551 624

RAMALA HOLDINGS PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 056 689 117

SAVAGE AUSTRALIAN EXPLORATION PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 071 375 169

SAVAGE EHM PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 071 375 114

SAVAGE EHM FINANCE PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 071 375 221

NOTICE is given that a meeting of the creditors of the above named companies will be held at the offices of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne on 17 February 2010 at 11.00am.

AGENDA

1. Provide creditors with an update in relation to the status of the Administration;
2. Provide an opportunity for questions from creditors;
3. Seek creditors' approval for the Deed Administrators' fees; and
4. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Deed Administrators by midday on 16 February 2010. **A corporate creditor may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A or by a representative appointed under Section 250D of the Corporations Act.**

In accordance with Corporations Regulation 5.6.23(1), creditors will not be entitled to vote at the meeting unless they have previously lodged particulars of their claims against the abovenamed companies with the Administrators and the claim is or has been admitted in whole or in part for the purposes of voting pursuant to Corporations Regulation 5.6.26.

In accordance with Corporations Regulations 5.6.13A, creditors should note that telephone conference facilities will be available for creditors to attend the meeting via telephone.

Any person who wishes to participate in the meeting via telephone must contact Mr Paul Harlond in writing no later than midday on 16 February 2010 providing a written statement setting out, the name of the person and of the proxy or attorney, an address and or facsimile number to which notices to the person, proxy or attorney may be sent; and a telephone number at which the person, proxy or attorney may be contacted.

Following receipt of the above details Mr Paul Harlond will contact you and provide you with a specific telephone number and a password to enable you to attend the creditors meeting via our conference telephone facilities.

Consequently the person, proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred in participating the meeting and is not entitled to be reimbursed for those costs from the assets of the company.

DATED this 3rd day of February 2010.



PETER McCLUSKEY
DEED ADMINISTRATOR

Ferrier Hodgson,
Level 29, 600 Bourke Street
MELBOURNE VIC 3000

ANNEXURE 4

CORPORATIONS ACT 2001
APPOINTMENT OF PROXY

Form 7a

PASMINCO LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 004 368 674
AND ITS WHOLLY OWNED AUSTRALIAN SUBSIDIARIES
(SUBJECT TO DEEDS OF COMPANY ARRANGEMENT) ("THE COMPANIES")

*I/*We(creditor name)
of(creditor address)
a primary creditor of.....(Pasminco company name)
appoint(proxy appointed)
or in their absence(proxy alternate)

as *my/our *(i) general OR *(ii) special proxy to vote at the meeting of creditors to be held on 17 February 2010 at 11:00am, or at any adjournment of that meeting, to vote
(i) on all matters arising at the meeting; OR
(ii) on each of the following kinds of resolution in the manner specified:

Table with 3 columns: For, Against, Abstain. Row 1: A resolution that the future remuneration of the Deed Administrators from 1 January 2010 be determined at a sum equal to the cost of time spent by the Deed Administrators, their partners and staff, calculated at the hourly rates detailed in the remuneration report to creditors dated 3 February 2010 to a capped amount of AUD3,354,691 exclusive of GST and that the Deed Administrators can draw the remuneration on a periodic basis or as required. (All boxes empty)

I am an unsecured creditor and the total amount owed to me is \$

OR

I am a secured creditor and the total amount owed to me is \$

DATED this day of 2010

Signature2 of individual or person3 authorised by corporate resolution to represent the corporation

OR The Common Seal of1 was hereunto affixed in the presence of
Director

FOR OFFICE USE ONLY
Proxy Valid: Yes/No
Cross Deed Creditor: Yes/No
Amount admitted for voting:
\$.....

Secretary

1 The method of affixing the Common Seal should be prescribed by the creditor corporation's articles. See Note (2).
2 The signature of the creditor is not to be attested by the person nominated as proxy.
3 Note that a corporation may by resolution of its directors provide standing authority for a person to represent it at members meeting and appoint proxies. Copy of authority to be annexed.