

24 February 2005

TO THE CREDITOR AS ADDRESSED

MELBOURNE

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Dear Sir/Madam

**RE: PASMINGO LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 004 368 674
AND ITS WHOLLY OWNED AUSTRALIAN SUBSIDIARIES (“PASMINGO”)**

DIVIDEND ESTIMATES AS AT 31 DECEMBER 2004

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

affiliated through
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

Introduction

As you are aware, we have held back a proportion of the proceeds from the float of Zinifex Limited in order to deal with the completion of the Deeds of Company Arrangement of the remaining companies that comprise the Residual Group. The process from here is effectively akin to a winding up.

Due to the commercial sensitivity of the issues relating to the retention, we are unable to provide you with either the quantum or a specific breakdown of the quantum of the retention and how it relates to the provisioning for the outstanding Residual Group issues.

We have, in our opinion, retained sufficient funds to enable the Residual Group to meet all known actual and contingent liabilities including the following:

- Site Remediation costs
- Litigation
- Workers' Compensation claims
- Tax liabilities and indemnities
- Professional fees
- Other contingencies

Given our present understanding of the likely cost of dealing with or providing for these liabilities, we have sought to provide creditors with an estimate of further dividends that may be payable based on “best case”, “mid case” and “worst case” scenarios.

When replying please quote:
Our Ref: SM:SM:B9
Your Ref:

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dec 2004.doc

RESTRUCTURE & TURNAROUND
FINANCIAL DUE DILIGENCE
FORENSIC ACCOUNTING
INSOLVENCY MANAGEMENT

The worst and best case scenarios we consider are extremes and, in our view, dividends are unlikely to materialise at these levels. At the present time, the mid case scenario represents our best estimate of further dividends to creditors.

Disclaimer

The process of estimating future dividends that may be payable to the unsecured creditors of Pasminco 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 estimates adopted in calculating possible future dividend levels are based on information from a variety of sources, including advice received from a number of consultants as well as data available from market commentators and advisors. We have not independently verified this industry and market data or the advice received from various consultants and advisors.

Given these uncertainties and the contingencies that may affect the ultimate realisation of any of the scenarios, unsecured creditors and prospective acquirers of unsecured debt are cautioned not to place reliance upon the estimates provided in this document. You should not treat the dividend estimates as a representation or warranty by the Deed Administrators as to the likelihood of achieving the estimated dividend levels that are provided. Creditors and persons interested in acquiring unsecured debt should make their own enquiries and the Deed Administrators accept no liability for loss or damage suffered by any person relying on these estimates.

Summary of Dividend Estimates

To date, dividends have been paid to unsecured creditors of 12.5 cents and 1.3 cents, totalling 13.8 cents in the dollar.

Shown below are two schedules relating to our estimate of **further** dividends, on an undiscounted and discounted basis respectively.

Undiscounted Dividend Forecast as at 31 December 2004

Estimated further dividends (cents in the dollar)		
Worst Case	Mid Case	Best Case
2.7	8.6	11.4

Net Present Value of Dividend as at 31 December 2004

Nominal Discount Rate	Estimated further dividends (cents in the dollar)		
	Worst Case	Mid Case	Best Case
8%	1.8	6.0	8.1
10%	1.7	5.5	7.5
12%	1.5	5.1	6.9

As indicated above, our current estimate of the further dividends that may be payable to creditors on a mid case scenario is 8.6 cents, which would bring the final total dividend to unsecured creditors to 22.4 cents in the dollar.

You will note that, in our forecasts prepared as at 30 September 2004, it was estimated that future dividends on a mid case scenario would be 7.9 cents. The increase in this estimate to 8.6 cents can be attributed to, amongst other things:

- An improvement in the actuals compared to the forecasts for the period to 31 December 2004.
- A revision of assumptions made in respect of a number of Residual Group issues.
- A change in the timing and amount of forecast expenditure resulting in more interest being earned on funds held.

General Assumptions

It should be noted that in calculating the estimates of the dividends under these scenarios, due to yet unknown variables, assumptions have been made as follows:

- An average interest receivable rate of 5.59% on deposit account funds has been applied.
- Interest accrues on the average mid period cash balance.
- Creditor claims are estimated to amount to \$2,683 million.
- Discount rates used are nominal rates.
- Estimates are based as at 31 December 2004 and have been discounted back to this date.

Should you have any queries in this regard, please contact Sara Missen of this office (telephone +613 9600 4922).

Yours faithfully



P D McCLUSKEY
DEED ADMINISTRATOR