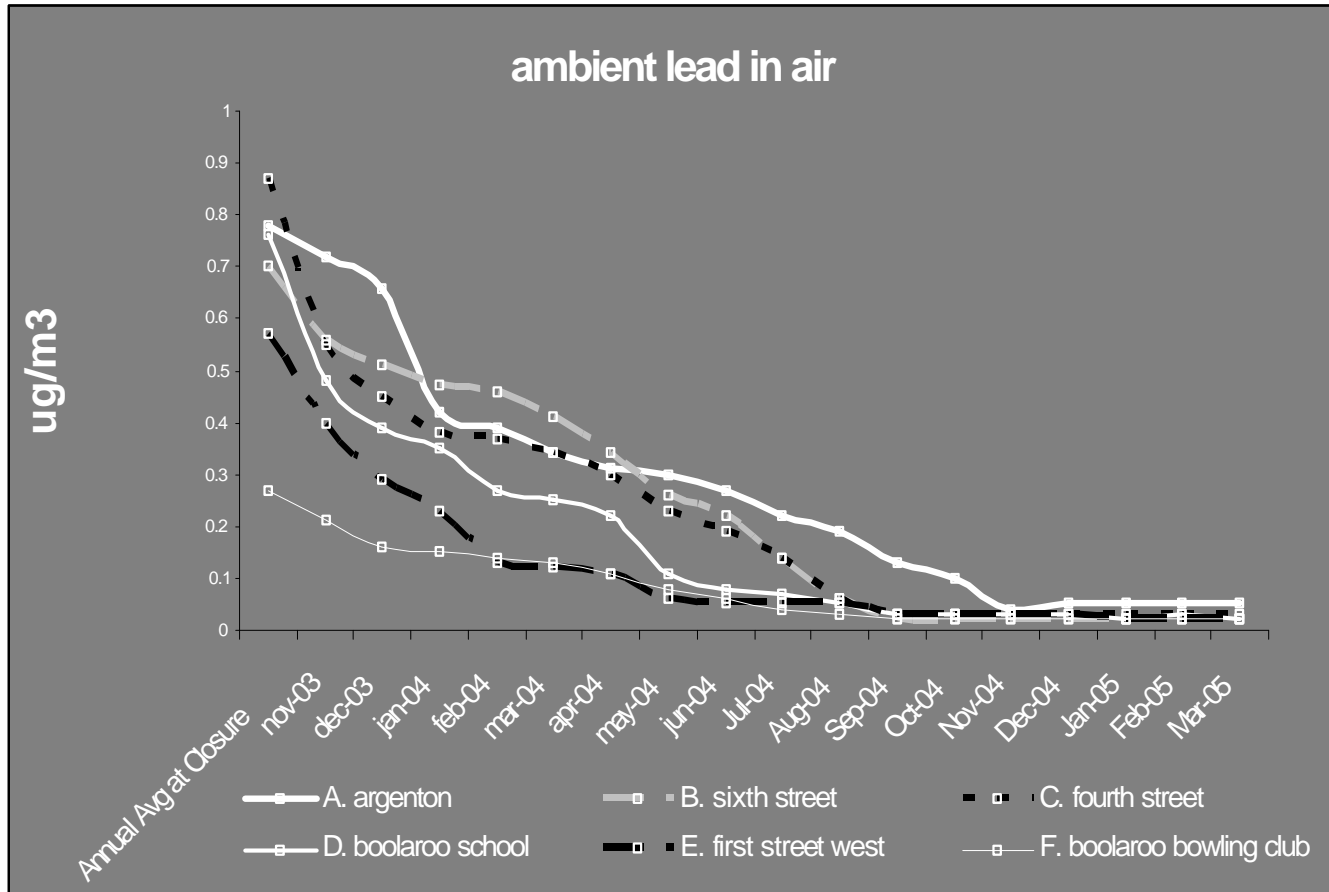


Since closure, the 12 month averages for each monitoring site have decreased dramatically, as shown in the graph below.



Because of these decreases, and with approval of the DEC, PCCS is changing the sampling regime to a single 24 hour sample taken once every 6 days. The 6 day cycle is chosen so sampling results are obtained for all conditions over different week days and weekends.

When the demolition of the smelter buildings commences, the Lead-in-Air monitoring regime will again return to a 24 hour, 7 days a week program. However sampling will only take place at 4 of the locations closest to the PCCS site.

The filter papers are prepared and changed by PCCS staff with the analysis of the filter paper now being performed by a fully accredited external laboratory. The results are forwarded to the DEC on a weekly basis.

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COMMUNITY REPORT

Both the Deed Administrators of the Pasminco Group of companies and the Fitzwalter Group, Project and Development Managers appointed by the Deed Administrators, are committed to keeping the local community informed about what's happening at the Pasminco Cockle Creek Smelter (PCCS) site. As part of this commitment we have prepared this May 2005 edition of the Community Report. In this edition, we have detailed the current and proposed activities relating to the site's demolition, planning, remediation (i.e. clean-up) and the winding-up of all operations.

expressions of interest being sought

With the commencement of the next phase in the redevelopment of the PCCS site, Expressions of Interest are being sought from qualified parties to participate in the remediation, redevelopment and ultimate realisation of the site. This process follows extensive consultation with various government authorities and community groups. The ongoing remediation of the site remains the optimal outcome while ensuring the best interests of the environment and surrounding community are taken into consideration.

Expressions of Interest are now being sought from the general market via a two-stage process. Stage one involves a call for Expressions of Interest and the selection of a short list. Stage two will involve a request for detailed proposals or direct negotiations with the shortlisted parties to explore the opportunity of participation under a partnership or joint venture arrangement to continue the remediation, redevelopment and/or realisation of the site. The site will be offered as a whole or split into one or more of its component parts. Expressions of Interest close on Thursday 23 June 2005.

demolition of the plant

Lake Macquarie City Council has recently approved a development application to allow demolition to commence. The demolition of the plant and some of the buildings will signify a significant change in direction for the site, away from its heavy industrialised past, and towards a safer and cleaner future for the surrounding community. The approval of the application authorises the demolition of the main smelter plant and some associated buildings in accordance with a strict demolition management plan.

Due to the number of buildings of heritage interest on the site, the development application was accompanied by an extensive Heritage Impact Assessment prepared by an independent consultant and involving consultation with the NSW Heritage Office and Lake Macquarie City Council's Heritage Officer.

The main smelter was found to have archaeological significance from an industrial process perspective; however it is contaminated with heavy metals and must be demolished. Nevertheless, in accordance with heritage principles it will be fully documented and an archival record made prior to its demolition.

It was found most of the original smelter had already been demolished to make way for new processes over the years however several other buildings are being further investigated for possible retention which have a high level of heritage significance though are also extensively contaminated. The building known as the Old Laboratory located on the main entrance will be retained.

The demolition process will be slow, careful and steady and is anticipated to take up to 12 months. The Department of Environment and Conservation has been consulted in relation to minimising environmental impacts associated with the demolition of the plant. Dust monitoring will continue in addition to the washing down of buildings before wall and roof sheeting is removed.

remediation activities

PCCS is continuing to seek buyers for its surplus materials, which if successful means that material will be transported to other sites for recycling and reuse in accordance with NSW Government Remediation Guidelines.

Plans to treat one of the slag stockpiles to extract lead concentrate for sale are now being progressed having been approved by the Minister for Planning. The process is programmed to commence in about two months and will result in reuse of the lead and a corresponding reduction in residual lead material needing to be contained on-site.

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Previous studies identified an on-site containment cell as being the most effective remediation process for non-recyclable materials. Concept design investigations are well advanced to provide the necessary structural and environmental engineering detail to enable the authorities to approve the remediation strategy. The investigations will provide details relevant to the cell's staged construction and demonstrate how the cell will be securely sealed. Secure sealing is necessary to ensure the long-term protection and safety of people and the environment in such a manner that the land above the cell can be used for either open space or industrial purposes.

Contaminated soil material from around the site will be placed in the cell leaving those cleaned-up areas free from contamination and ready for reuse for open space, residential or industrial purposes.

environmental management

PCCS personnel are constantly involved in environmental management of the site to minimise any emissions from the site. These and other controls will be maintained throughout the staged remediation process until the site is fully remediated and ready for reuse.

dust control

Dust is being controlled by the covering of stockpiles, the containment of other materials and the regular wetting of transport roads. Regular monitoring of dust deposition in nearby suburbs is demonstrating the success of the measures with significant reductions in lead-in-air levels.

surface water control

Surface water that contacts contaminated material is captured in on-site dams for treatment before it is discharged from site in accordance with an EPA licence. PCCS are now installing additional dam storage and treatment plant capacity to reduce the amount of run-off from the site for above average rainfall events in line with good practice. The management of surface water run-off will continue to be an important priority throughout the site remediation program. Regular monitoring of Cockle Creek water quality is demonstrating that the on-site control measures are proving effective.

groundwater control

Investigations are nearly complete relating to the characterisation and modelling of the groundwater passing under the site. While the groundwater has been contaminated from the historical smelter activities, the amount of contaminated groundwater leaving the site is relatively small and unlikely to constitute a health risk to humans or the environment. To ensure that there is no ongoing or developing risk during the remediation program, PCCS plans to install a number of systems to collect and treat the groundwater before it leaves the site. Subject to authority approval, these systems will be installed in the near future and monitored to demonstrate their efficiency.

land use planning

Lake Macquarie City Council is due to complete a comprehensive land use strategy this month for the PCCS site, southern slopes of Munibung Hill and parts of Boolaroo. Subject to the endorsement of Council the land use strategy will be exhibited for public comment. The land use strategy is an extension of that prepared for the Glendale/Cardiff area including the Glendale Shopping Centre and State Rail Authority land which was recently exhibited.

community information & feedback session

As noted in the previous Community Report, a forum will be held where a number of information boards will be displayed in a casual and comfortable environment for local residents and interested parties to discuss any issues with the project team including site planning, remediation strategies, current site activities and future plans related to the site. The forum will be held in June 2005 when it is expected site land use planning and the preferred site remediation strategy will be more advanced and available for consultation.

further information

If you would like further information about the Cockle Creek site please contact:

- > The Project Hotline on **4958 0801** during office hours;
- > or visit the Pasmenco website at www.pasmenco.com.au

Alternatively, should you wish to write and/or fax information or your comments we can be reached on:

- > Fax **9211 9299**;
- > or at **633 Harris Street, ULTIMO NSW 2007**.

Please address any correspondence to the attention of Andrew Freeman, Senior Development Manager. Fitzwalter Group ensures you that your privacy will be respected. Please contact the Fitzwalter Group for a copy of our Privacy Policy.

FITZWALTER GROUP

Property Consultants, Project & Development Managers



PCCS Services Pty Ltd

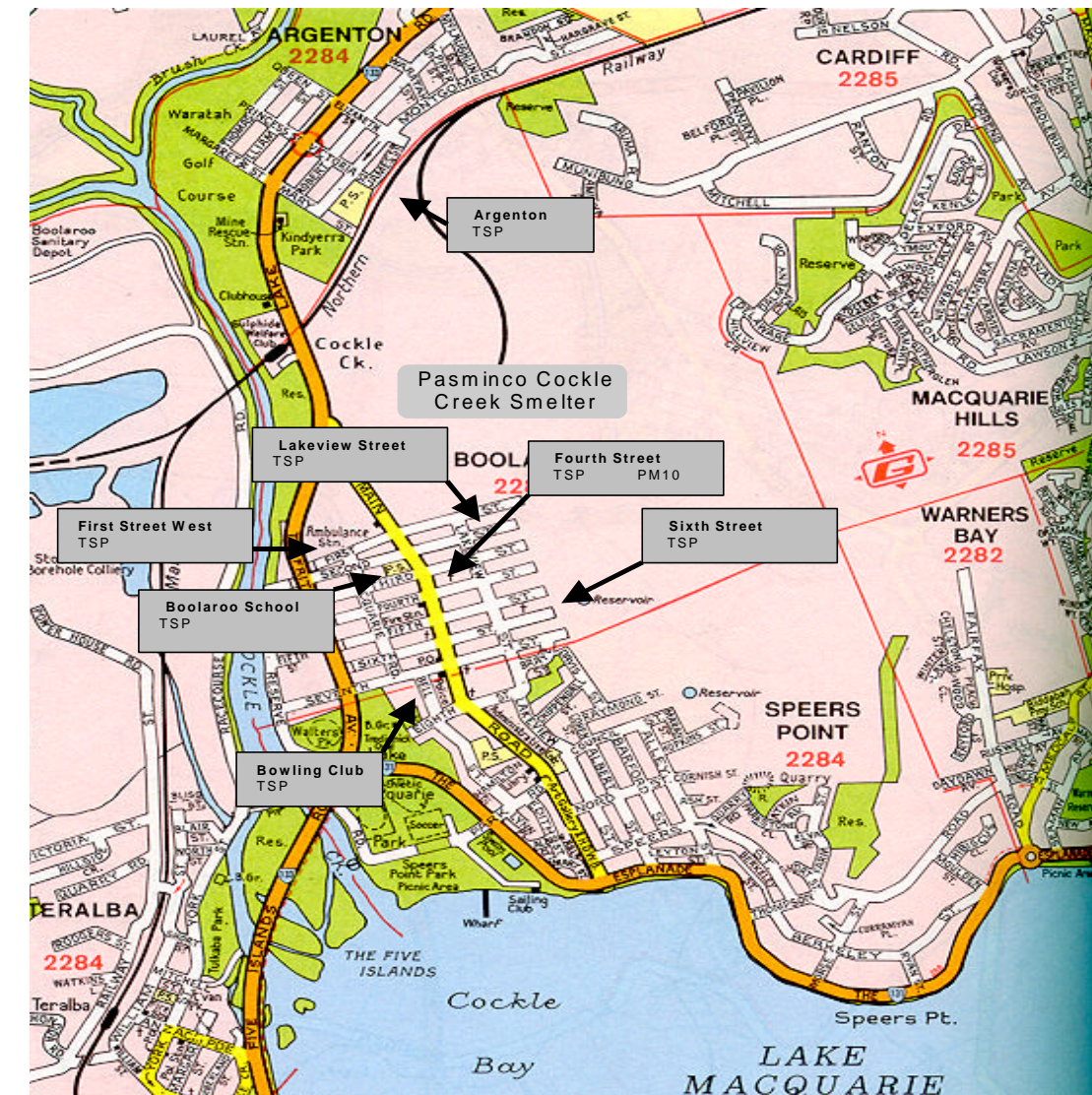
A Report from the PCCS Site Manager

lead in air monitoring

Pasmenco continues to monitor the Lead-in-Air in the community surrounding the PCCS site. Instruments are used which act like vacuum cleaners, pulling a known volume of air across a filter. The particles in the air are filtered out, collected, weighed and then analysed for lead.

Historically, there have been 8 monitoring sites. These sites were placed at locations shown on the adjacent map.

Different locations were sampled at different times, but effectively monitoring occurred 24 hours a day, 7 days a week. Some locations were monitored every day while others produced a single daily sample every 6 days.



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