

## **12 December 2002 - 2001/2002 AGM**

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### **7 October 2002 - Pasminco Deeds of Company Arrangement Signed**

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#### **30 August 2002 - FH Restructure Approved**

The Administrators of major zinc producer Pasminco, Messrs. John Spark and Peter McCluskey of Ferrier Hodgson, announced that a proposal for Pasminco to proceed with a restructure pursuant to Deeds of Company Arrangement was approved at a Creditors' Meeting this morning.

The Deeds of Company Arrangement are required to be signed by the end of September, paving the way for the Pasminco restructuring process to take effect.

"Today's result marks the most significant step forward to date in the process that will see Pasminco successfully emerge from Administration. The Equity and Float Option approved today allows for the float process to begin and leaves Pasminco with a viable future," Mr Spark said.

"Going forward the restructured Pasminco will be well positioned to take advantage of improved market conditions including any upturn in zinc prices. It will have a conservative balance sheet, an integrated world class asset base underpinned by the Century zinc mine and a management team focussed on driving continued operational improvements."

The historical audited accounts for the year ended 30 June 2001 and the half year to 31 December 2001 have been lodged with ASIC today.

Mr Spark said that since January 2002, the company had achieved a break-even operational cash flow result, despite the continuing weakness in zinc prices and the uncertainty for the company, its employees and customers ahead of this approval on the restructuring.

"A number of Pasminco operations are recording very positive performances, with some sites achieving record production figures for the year ended June 30, 2002," Mr Spark said.

The restructure proposal – the Equity and Float option – involves an issue of shares in lieu of debt to creditors and financiers owed approximately \$2.8 billion. It is proposed this equity would subsequently be partially sold down via a public float.

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#### **7 August 2002 - Further Adjournment Sought On Pasminco Creditors' Meeting**

The Administrators of major zinc producer Pasminco, Messrs. John Spark and Peter McCluskey of turnaround, insolvency and reconstruction management group Ferrier Hodgson, announced today

that they would seek a further brief adjournment of the second meeting of Creditors from 16 to 30 August, 2002.

The adjournment does not alter in any way the Administrators' recommendation to creditors that they vote in favour of the Pasminco restructure proposal.

Mr Spark said: "Extensive work is continuing to finalise the necessary documentation, however given the complexity of the Pasminco restructure proposal and the number of stakeholders involved, there are some remaining terms of the documentation that are yet to be agreed.

"It is vital that all necessary documentation is agreed prior to creditors voting on the proposal, as the Deeds of Company Arrangement are required to be executed within 21 days of the Creditors' vote. Accordingly, we are proposing that creditors resolve to further adjourn the meeting to 30 August, 2002.

"The second Creditors' meeting can only be adjourned for a maximum of 60 days after the initial Creditors' meeting and therefore must be held by no later than 13 September, 2002," Mr Spark said.

The Administrators continue to recommend that Creditors vote in favour of the Pasminco restructure proposal, known as the Equity and Float Option, which would see an issue of shares in lieu of debt to creditors and financiers owed approximately \$2.8 billion. This equity would subsequently be partially sold down via a public float.

"Preparation work for the proposed float continues as scheduled." Mr Spark said.

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### **15 July 2002 - Pasminco Meeting Adjourned**

The Administrators of major zinc producer Pasminco, Messrs. John Spark and Peter McCluskey of Turnaround, Insolvency and Reconstruction Management Group Ferrier Hodgson, announced today that this morning's Creditors' Meeting had been adjourned pending the finalisation of various restructure documents.

The meeting has been adjourned until 16 August 2002.

The proposal to restructure Pasminco is a complex matter and the Administrators and creditors consider it appropriate to finalise documentation in respect of the Deeds of Company Arrangement before voting on the proposal.

Mr Spark said: "Creditors today elected to adjourn the meeting to allow documentation required to implement the Deeds of Company Arrangement to be finalised prior to voting on the restructuring proposal. We expect to finalise the documentation within the next few weeks and following this the creditors' meeting will be reconvened on 16 August 2002."

At that meeting, creditors are expected to vote on the Pasminco restructure proposal, known as the

equity and float option, which would see an issue of shares in lieu of debt to creditors and financiers owed approximately \$2.8 billion. These interests would subsequently be partially sold down via a public float, with the financiers retaining a residual shareholding in the company.

"We believe the equity and float option represents the opportunity for the best possible return to creditors and provides a good result for customers, employees and other stakeholders. Work is well advanced on the new float and investment banking firms Deutsche Bank, Salomon Smith Barney and UBS Warburg have been engaged as Joint Lead Managers," Mr Spark said.

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## **21 May 2002 - Pasminco Restructure Endorsed By Creditors Committee - Ferrier Hodgson**

The administrators of major zinc-lead producer, Pasminco Limited, Messrs. John Spark and Peter McCluskey of Ferrier Hodgson, today announced that the Committee of Creditors had endorsed a proposal to restructure Pasminco and its balance sheet involving an issue of shares in lieu of debt to the 39 financiers owed approximately \$2.8 billion. These financiers' interests will subsequently be partially sold down via a public float, with them retaining a residual shareholding in the company.

This proposal will go to a full Meeting of Creditors no later than 15th July 2002.

A significant amount of restructuring has taken place in Pasminco in terms of cost reviews, staff reconstruction, slimming head office operations and identification of efficiencies which can be gained in the larger assets of the group. This process is ongoing and includes a thorough review of all of the business activities of Pasminco.

Mr Spark said the proposal would see the conversion of a substantial portion of the pre-administration debt into Pasminco shares, followed by a public offering of approximately 50% of the creditors shareholding.

"This proposal would allow the company to emerge from administration with a very positive future and the opportunity to expand its base metal business with a conservatively geared balance sheet," he said.

"Presentations have been received from a number of brokers and we expect to name the team that will manage the float process within the next week.

"We are hopeful that a prospectus could be distributed in September, with listing completed on the ASX and trading able to commence before November 2002.

"The float will allow for an early return to creditors and leave Pasminco in a position to benefit from any positive move in zinc prices. "

Mr Spark said that he was currently looking at a mechanism that would provide priority treatment to existing shareholders in the float.

"All of the forecasters are suggesting that the zinc market is at the bottom of the price cycle, and most predict a strong recovery over the next few years which will return the company to profitability" said Mr Spark.

"The float is expected to appeal to institutional investors and the retail market.

"In the future, the company will have an investment grade credit rating because of its low debt which should lead to a lower cost of funds for new projects.

"With its significantly reduced debt levels and world class asset base, Pasminco will also be in a very strong position to participate in any rationalisation of the zinc industry," said Mr Spark.

"Another of the major advantages of the proposal," he added, "is that almost all of Pasminco's 3500 employees will retain their jobs. There will be redundancies arising out of a restructure and downsizing of the company's head office and the ongoing drive for efficiency gains and cost reductions at the various operating sites. Head office numbers are expected to reduce by 45 over the next six months.

"The proposal represents the best possible return to creditors and provides a good result for customers, employees and other stakeholders," said Mr Spark.

Administration has provided the opportunity to restructure and improve the overall quality of the Pasminco asset base. The sale of the Broken Hill mine in NSW is in progress, with settlement due by June. Offers are currently under consideration for the Clarksville smelter and mines in the USA. The Elura mine, which is well suited to a niche operator, is also on the market. Consistent with the intent of the company to be a strong and vibrant player in the zinc market, the company's large low cost Century mine has been taken off the market and is to be retained as the cornerstone of Pasminco.

Mr Spark commented, "The Century mine in North Queensland is a world class asset that forms the nucleus of the company going forward."

"The assets retained are those that provide scale at the lower end of the cost curve and are substantial assets in the zinc industry."

Mr Spark said a search was presently under way for a new Chairman and new Board of Directors.

The existing Board members have indicated their intention to stand down when a new Board is formed.

Recently appointed Chief Executive Officer, Mr Greig Gailey will lead the company into this new phase.

Mr Gailey is committed to rebuilding the company as a leading player in the zinc industry. He has embarked on a significant management restructure to further lower costs and improve performance.

"We have been very impressed with Mr Gailey's role in steering the company through this difficult period and we are confident that he has the necessary skills to successfully lead the company into the future," said Mr Spark.

"Pasminco's operating performance has continued to improve during the period in Administration.

"For the nine-month period ended March 2002, production remains well ahead of the previous year and the business is currently cash flow positive.

Pasminco CEO Mr Greig Gailey said, "with an upgraded asset base, lower operating costs and the removal of its crippling debt burden, Pasminco is well placed to once again be a profitable and attractive investment in base metals. Pasminco will be highly integrated and have global scale in both zinc and lead," he said.

"Pasminco is ready for a new beginning," said Mr Spark, "and subject to creditors' support it will emerge as a strong and attractive investment for those seeking to participate in the expected recovery in base metal prices."

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30 April 2002

***STOCK EXCHANGE RELEASE***

**OUTCOME OF TAKEOVERS PANEL PROCEEDINGS**

**Restructure Of Pasminco Group**

As has previously been advised, the creditors of the Pasminco group will most likely be returned only a small number of cents for each dollar they are owed by the Pasminco group.

The Administrators of Pasminco have been formulating for the creditors various proposals for a restructure of the group designed to hopefully increase the amount creditors may recover.

One of the various proposals involves the major financier creditors of the group possibly swapping under a deed of company arrangement a portion of the debt owed to them by the group for almost all of the share capital of Pasminco.

If this restructure proposal were adopted and effected, Shareholders could be expected to be diluted down to between 1 and 5%. That is, the major financier creditors would probably hold between 95 and 99% of the share capital after the debt for equity swap.

The Administrators are considering this restructure alternative because it is possible that there may be some advantage to creditors in maintaining Pasminco as an entity listed on the Australian Stock

Exchange (`ASX`). ASX requires entities listed on it to have a large shareholder base. On that basis, creditors would leave existing Pasmaenco Shareholders with a small residual holding in Pasmaenco to satisfy ASX`s shareholder base requirements.

This would be a windfall gain to Shareholders under circumstances where any other restructure proposal would see their investments in the company rendered worthless.

### **Need For Takeovers Panel Relief**

Because Pasmaenco remains listed on ASX (although its shares are suspended from trading) and has more than 50 shareholders, acquisitions of its shares are governed by the takeovers provisions in the Corporations Act. Those provisions restrict the ability of the creditors collectively to take more than 20% of the shares in the company under a debt for equity swap.

Notwithstanding this, the debt for equity swap could be effected under a scheme of arrangement as an acquisition of shares under a scheme would be exempt from the takeovers provisions.

However, there are certain complexities associated with a scheme of arrangement which could be avoided if the restructure were effected under a deed of company arrangement. There is no exception under the takeovers provisions for an acquisition of shares under a deed of company arrangement.

Consequently, the Administrators applied to the Australian Securities and Investments Commission (`ASIC`) for an exemption from the takeovers provisions to allow the major financier creditors to acquire the relevant shares in Pasmaenco under a deed of company arrangement.

ASIC refused to grant the exemption.

The Administrators then brought proceedings before the Takeovers Panel for review of ASIC`s decision.

### **Takeovers Panel`s Decision**

On Friday 26 April 2002, the Panel granted the relief sought on a conditional basis. The relief allows the major financier creditors to acquire the relevant shares in Pasmaenco under a debt for equity swap under a deed of company arrangement.

The creditors have not decided whether or not they wish to adopt this proposal involving the retention of Pasmaenco as a listed entity and a debt for equity swap.

However, if creditors do decide to adopt this proposal, the relief the Panel has granted will allow the major financier creditors to acquire almost all of the share capital (probably between 95 and 99%) of Pasmaenco in exchange for a portion of their debt under a deed of company arrangement.

Shareholders will have no say in relation to the restructure. However, although Shareholders`

holdings would be diluted, their shares would not be cancelled under the restructure.

### **Conditions Of Panel's Decision**

The Panel's decision is conditional on the Administrators publishing:

1. a notice to this effect to ASX and on Pasminco's website in a form suitable for downloading;
2. advertisements in at least one national newspaper and in one major State based newspaper per State stating that a notice to this effect has been announced to ASX and posted on Pasminco's website in a form suitable for downloading and advising how persons may request (at no charge) a copy of the notice; and
3. when the Administrators have a firm proposal to be put to creditors, an adequate description of the proposal, including:
  - (a) a brief summary of the details of the proposal, directed to the direct effect of the proposal on the shareholders;
  - (b) information on the future of Pasminco, to assist shareholders to realise any capital losses on their investments, in particular for taxation purposes;
  - (c) a description of the proposal explaining that Pasminco's assets will be operated and realised in the first instance in the interests of creditors;
  - (d) a discussion of any potential value the Administrators see in the shares for shareholders;
  - (e) an explanation that whilst existing shareholders' shares are being heavily diluted, they are not being cancelled; and
  - (f) details of any arrangements between the creditors regarding the disposal of (or restrictions upon the disposal of) the shares in Pasminco issued under the restructure.

### **Timing Going Forward**

The Administration of the Pasminco group is subject to time restrictions under the Corporations Act. Following extension of certain time lines which have been granted by the court, unless there is a further extension, it is expected that the meeting of creditors to adopt a restructure proposal (or decide that the group be liquidated) will be held within 5 business days of 8 July 2002 or earlier.

### **Copies Of This Notice**

Any Pasminco shareholder who would like a copy of this notice may call Ms Anne Fields on 03 9604 5129 to request a copy. A copy will be provided free of charge.

### **Further Notice**

A further notice about the proposal to be put to the second meeting of creditors will be published and advertised in the same manner as this notice as soon as practicable after the proposal has been finalised.

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## **26 April 2002 - TAKEOVERS PANEL DECISION A STEP FORWARD FOR PASMINCO**

Today's decision by the Takeovers Panel is another step towards a restructuring of Pasminco. The Administrators of Pasminco, Messrs John Spark and Peter McCluskey of Ferrier Hodgson, have been working on a number of options for the possible restructure of the Company and expect to make a firm recommendation on the future of the company to the Creditors Committee in the next few weeks.

The Takeovers Panel today granted the Administrators relief from the requirement to obtain shareholder approval, for any debt for equity swap that may result in the Company's creditors acquiring more than 20% of the shares in the Company. The decision allows the Administrators to propose a Deed of Company Arrangement to creditors rather than a more complex and time consuming creditor's Scheme of Arrangement.

"Today's decision will allow us to pursue a faster track and will therefore reduce the time and costs of the administration. Once we have put a specific proposal to creditors in July 2002, we intend to explain the restructuring proposal and its impact on existing shareholders via a letter lodged with the Australian Stock Exchange," Mr Spark said. The letter will also be made available on Pasminco's website [www.pasminco.com.au](http://www.pasminco.com.au)

"The Pasminco Administration is an extremely complex one and working through the various options for the future has taken many months," Mr Spark said. Pasminco has to date, been granted extensions of time under the relief provided by ASIC regarding the lodgement of Accounts and the holding of the Annual General Meeting.

The Federal Court has given the Administrators an extension of time to 8 July 2002 for the second meeting of creditors to vote on a restructure of Pasminco.

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## **26 September 2001 - Statement From The Administrators Of The Pasminco Group**

I would like to confirm that we have been appointed as Administrators to the Group's Australian operations only. We have not been appointed to the USA and Netherlands operations.

With respect to the overseas operations, these companies are wholly owned subsidiaries of Pasminco. These overseas companies are not subject to any insolvency administration and we are working with the directors and management of those companies to ensure the ongoing trading of the entire Group.

### **Liabilities**

\* Financier Debt totals about \$2.86 billion.

\* Total number of financiers: 36

\* Trade creditors: owed approximately \$200 million to \$250 million

\* Employee entitlements: estimated at \$60 million for the Australian operations, excluding workers compensation and redundancy entitlements which are approximately a further \$220 million.

\* Total liabilities are therefore about \$3.4 billion however all liabilities will need to be confirmed in due course.

As you would all be aware, we are continuing to trade the businesses of the Pasminco Group as normal.

We are and will continue to place orders with suppliers and pay all debts that we incur.

We have also stated that we will pay amounts owing to operating creditors of the business as at the date of our appointment and many will already have received a cheque from us.

We can also confirm that sufficient assets are available to ensure that employee entitlements will be paid in full. All accruing entitlements after this date will also be met.

It is necessary for us to meet the ongoing entitlements to enable the ongoing operations of Pasminco's businesses around Australia and ensure there is as little disruption as possible and at worst "closure" to the trading of the businesses.

We have been very pleased with the smooth transition since our appointment and are very grateful to the efforts of all Pasminco employees and their union representatives, who have made our job easier in dealing with such a large group of employees spread around Australia.

In order to assist with the ongoing trading of Pasminco, members of our staff have attended all of the sites operated by the Group, including the overseas sites, to enable us to understand the matters affecting each site and deal with those issues.

Many of you would be aware that certain assets of Pasminco have been offered for sale prior to our appointment, namely the Century and Broken Hill mines.

We are continuing this sale process and negotiations are progressing with a number of interested parties. In particular, the Century Mine is a highly sought after asset that has attracted quite substantial interest.

Any sale of the assets will need to be considered in light of the linkages between each asset. For instance, the Group's Dutch operations are dependent on the supply of zinc from the Century Mine.

With respect to the future of Pasminco there are essentially 2 broad options available to the Group:

1. A restructure of the Group, which could involve various facets including the sale of certain assets, a reorganisation of the Group's affairs and the retirement of debt.
2. A possible sale of some the assets of the Group.

We will be reviewing the options available to Pasminco with an expectation that a Deed of Company Arrangement will be proposed to creditors at some time in the future.

Pasminco's businesses and their assets are complicated given the size and nature of those assets. We expect that a sale and/or restructure of the affairs of the Group will take some time to be resolved.

These are all issues that will evolve over the coming months and we will work closely with the directors, management and the Committee of Creditors.

In the meantime, some of the other key issues that we will be required to deal with will include:

- \* Bedding down the business trading issues in the short term, including paying outstanding amounts, reviewing trading arrangements and understanding the business processes in place.

- \* We will be reviewing the options available to the Group, including restructuring the Group's affairs and the sale of its assets. Our ongoing strategy with respect to the trading and possible sale of different assets is a matter that we expect to closely liaise with the Committee of Creditors.

As part of this restructure, we also expect that we will shortly apply to Court for a pooling order that will help ensure that creditors and employees of the Group are not disadvantaged by the current Group structure and to give effect to the Class Order and Deed of Cross Guarantee that exists.

- \* There has already been some publicity regarding the failure of Pasminco. Clearly the two main issues affecting the Group's financial difficulties have been falling zinc prices and the Group's foreign currency exposures.

- \* Finally, we will be required to deal with our normal statutory obligations as Administrators. One of the matters we will be arranging in the short term is that we will seek an order of the Court allowing us to extend the period within which to hold the second meeting of creditors.

As many of you would be aware, the second meeting of creditors is normally held within 28 days of the appointment of the Administrators. Given the size and complexity of this administration we will seek the Court's consent to defer this meeting. We are yet to confirm the period that we will apply to extend the meeting for but we will certainly notify creditors of our intentions in this regard.

That is just a brief snapshot of where we are at so far. I am sure a number of you will have questions for us.