



FERRIER HODGSON

7 August 2002

*When replying please quote:
Our Ref: JB:JM:A1/B9
Your Ref:*

TO CREDITORS

Dear Sir/Madam

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

AND ITS WHOLLY OWNED AUSTRALIAN SUBSIDIARIES (“PASMINGO” OR “THE COMPANIES”)

PROPOSAL FOR FURTHER ADJOURNMENT OF MEETINGS OF CREDITORS

We were appointed joint and several Administrators of the Companies on 19 September 2001 pursuant to the provisions of Section 436A of the Corporations Act (2001) (“the Act”).

The second meetings of creditors were held on 15 July 2002 and adjourned to 16 August 2002.

It is proposed that the meetings of creditors to be held on 16 August 2002 be further adjourned to 30 August 2002.

1. Further Adjournment of Meetings of Creditors

As creditors are aware, the proposal to restructure Pasmingo is a complex matter.

The meetings of creditors held on 15 July 2002 were adjourned to enable the various documents required to implement the restructure to be further progressed and agreed with key stakeholders prior to creditors voting on the proposal for Deeds of Company Arrangement.

Considerable work has been performed to seek to agree the relevant documentation, however given the complexity of the restructure proposal and the number of key stakeholders involved, there are a number of issues that remain outstanding.

In this regard, it is critical to the success of the proposal that the legal and other documentation that implements and gives effect to the proposal is agreed with relevant stakeholders prior to creditors voting on the proposal so that the Deed documents can be executed within the statutory allowed time period.

Accordingly, we propose that creditors resolve to further adjourn the meetings of creditors to be held on 16 August 2002 to Friday 30 August 2002.

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2. Restructure Proposal

We wish to advise creditors that although the documents required to implement the restructure are not yet finalised, the substance of the proposal, known as the Equity & Float Option, as set out in the Administrators' Report to Creditors dated 1 July 2002 ("the Administrators' report"), remains the same.

We confirm that it is our intention for creditors to vote on the proposal to restructure Pasminco at the meetings of creditors that we propose be held on 30 August 2002.

We note that Section 439B(2) of the Act allows the second meeting of creditors to be adjourned for up to 60 days from the date that the meeting is initially held. In this regard, the latest date that any further meetings can be held is 13 September 2002 ie it is not possible to adjourn the meetings of creditors past 13 September 2002.

3. Effect of Adjournment on Proposed Float

Creditors should be aware that we are continuing to prepare Pasminco for the proposed float¹ that would be pursued if creditors accept the Deeds of Company Arrangement to be proposed.

In this regard, we and our advisors, including the Joint Lead Managers engaged by us to assist with the float process, are continuing to work on the various elements of the pre float phase of the restructure proposal.

Accordingly, we do not presently expect that a further adjournment of the meetings of creditors will have any adverse effect on the timing of the proposed float.

4. Options Available to Creditors

Pursuant to Section 439C of the Act, at the second meetings of creditors, creditors may resolve that:

1. Each of the Companies execute Deeds of Company Arrangement.
2. Each of the Administrations of the Companies should end.
3. Each of the Companies should be wound up.

Pursuant to Section 439B(2) of the Act, the second meetings of creditors can be adjourned for up to 60 days from the date the meetings are initially held.

Deeds of Company Arrangement

As noted above, the proposal for Deeds of Company Arrangement are not yet ready to be voted on by creditors.

¹ This Notice to creditors has been prepared exclusively for the use of the creditors of Pasminco pursuant to the Act and does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction, including in the United States.



If creditors resolve to adjourn the meetings of creditors on 16 August 2002 to 30 August 2002, we expect to propose Deeds of Company Arrangement at that meeting to allow the proposed restructure of Pasmenco to proceed.

Whether the Administrations Should End

We consider that the Administrations of the Companies should not end as the Companies are insolvent given the existing claims against them.

Formal Liquidation

We refer creditors to our comments at Section 7.2 of the Administrators' report.

In our opinion, the return to creditors in a formal Liquidation is likely to be significantly less than that which could be achieved through the restructure under the Deeds that we expect will be proposed.

Accordingly, we do not consider that the Companies should be wound up.

5. Concurrent Meetings of Creditors

It is proposed that the meetings of creditors to be held on 16 August 2002 be adjourned to 30 August 2002.

Concurrent meetings of creditors for the Companies must be held on 16 August 2002. We expect these meetings to be brief, however there will be an opportunity for creditors to ask any questions of the Administrators.

Please note that we will not be providing telephone facilities given difficulties associated with conducting voting or a poll (if one is required under the Act).

MEETING DOCUMENTS

The following notices and forms are attached.

- a) Notice of Meetings.

Please note that the meetings will be held in at the Institute of Chartered Accountants in Australia, Level 10, 600 Bourke Street, Melbourne at 11.00am on Friday 16 August 2002. This is a different meeting venue than the last meeting.

Registration will take place between 10.00am and 10.45am to ensure a prompt start at the scheduled time.

- b) Instrument of Proxy (second last page of document) and Instructions for Completing Proxy Forms.

Refer comments below regarding the use of proxy forms provided for the meetings held on 15 July 2002.

- c) Informal Claim Form for Voting Purposes (last page of document).

Informal Proof of Debt forms submitted for previous meetings of creditors **will be valid for this meeting.**

If required, please tear out the relevant forms (ie. Informal Claim Form and Proxy Form) which are located at the very back of the Notice to creditors (**Annexure 1**). Once these forms are completed, please ensure they are returned to our office by **no later than 4.00pm Australian Eastern Time on Wednesday 14 August 2002.**



USE OF PREVIOUS GENERAL AND SPECIAL PROXY FORMS

Creditors should note the following regarding the use of Proxy Forms completed for the meetings of creditors held on 15 July 2002 that were subsequently adjourned.

General Proxy Forms

- General Proxy Forms are those forms completed where the creditor has **not ticked** the relevant boxes directing the proxy holder how to vote.
- General Proxy Forms completed for the adjourned meetings held on 15 July 2002 **will be valid** to be used at the reconvened meetings on 16 August 2002 **with respect to any resolution** voted on.

Special Proxy Forms

- Special Proxy Forms are those forms completed where the creditor **has ticked** the relevant boxes directing the proxy holder how to vote.
- Special Proxy Forms completed for the adjourned meetings held on 15 July 2002 **will not be able to be used** for the meetings on 16 August 2002 to vote on the resolution to adjourn the meetings as it is not a resolution specified on that form. Instead, any creditor that completed a Special Proxy Form for the previous meeting that wishes to vote on the resolution to adjourn the meetings, **must complete a new proxy form**.

Completing A New Proxy Form

- Only Side A **OR** Side B of the Proxy Form is to be completed and not both sides. Completion of both sides of the Proxy Form may invalidate the Form.
- More detailed instructions are contained in the Instructions for Completing Proxy Forms (**Annexure 1**) which we recommend all creditors read.

6. Administrators' Report to Creditors Dated 1 July 2002

The Administrators' report was distributed to creditors prior to the meetings of creditors held on 15 July 2002.

We refer creditors to the Administrators' report with respect to the following information set out in that report required pursuant to Section 439A of the Act:

- Details of the proposal for the restructure of Pasminco.
- Statutory information for the Pasminco Group.
- A summary of Pasminco's business activities and historical financial performance.
- Details of Pasminco's current financial position.
- An outline of the key Administration issues that we have been required to deal with since our appointment on 19 September 2001.
- Details of our investigation of the affairs of Pasminco.

Should any creditor not have received a copy of the Administrators' report, they should request a copy from us.



7. Recommendations of Administrators

It is proposed that the meetings of creditors to be held on 16 August 2002 be adjourned to 30 August 2002.

We consider that the adjournment will assist the documentation required to implement the proposed restructure to be agreed with key stakeholders so that the Deeds of Company Arrangement and other documents that are required to initiate the restructure can be executed within the statutory allowed time period if the Deeds are accepted by creditors.

The proposed Deeds that we expect creditors to consider on 30 August 2002 will, if accepted by creditors, allow the restructure to proceed as the Equity & Float Option described in the Administrators' report.

Given the above, in our opinion, it would be in the interests of creditors for the meetings of creditors to be held on 16 August 2002 to be adjourned to 30 August 2002.

In our opinion, it is not in the creditors' interests for each of the Companies to be wound up or for the Administrations to end.

DATED this 5th day of August 2002

J M SPARK
ADMINISTRATOR

P D McCLUSKEY
ADMINISTRATOR

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