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MEDIA RELEASE

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PASMINCO RESTRUCTURE ENDORSED BY CREDITORS COMMITTEE

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.



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“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.



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“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.”

For further information, please contact:

Peter Mahon, Royce Communications, ph (03) 9639 2300, mob 0418 351 754 or
Matthew Mahon 0413 101 860