



**P A S M I N C O**

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 Pasminco Shareholders with a small residual holding in Pasminco 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 Pasminco 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 Pasminco 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 Pasminco 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 Pasminco 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 Pasminco 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.

For Direct Response:

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