1 November 2002

PASMINCO

MEDIA RELEASE

PASMINCO LODGES 2002 ANNUAL REPORT

Pasminco and its Deed Administrators, John Spark and Peter McCluskey of Ferrier Hodgson, today lodged Pasminco's annual report for the year ending 30 June 2002 with the Australian Securities and Investments Commission.

The company reported a loss of $411 million in the year to 30 June 2002, which included further asset writedowns, an additional provision for environmental liabilities and a one-off gain after the revaluation of foreign exchange hedge contracts and debt.

At an operational level, events triggered by Voluntary Administration negatively impacted the company's cash flow in the first half. In the second half the company was cash flow positive at $19.1 million.

Pasminco Chief Executive Officer, Greig Gailey said much had been achieved at Pasminco since it was placed into Voluntary Administration in September 2001.

"The 2002 accounts reflect more about the Pasminco that was, than the Pasminco that will be. During the period of administration we have continued to reduce costs and improve productivity such that in the second half Pasminco was cash positive despite extremely low metal prices.

"Restructure of the asset base was progressed with the sale of Broken Hill and the announced decision to close Cockle Creek between 2006 and 2008. We are confident that Pasminco will not only emerge from Administration but will do so as a more tightly focused and efficient company," Mr Gailey said.

Pasminco's 2002 accounts reflect the fact that under the restructure proposal approved by Pasminco's creditors, Pasminco Limited will cease to operate and its assets will be transferred to a new company, Pasminco Resources Limited.

This means the consolidated group financial report has not been prepared on a going concern basis.

The results also reflect the continuing weakness in metal prices due to subdued world economic growth. The LME zinc price averaged US$792 per tonne in 2002 compared with $1,052 per tonne in 2001. The lead price averaged US$474 per tonne in 2002, in line with the previous year.

Financial Summary

Despite increased mine and metal production, operating revenue was $2.06 billion in the 2002 financial year, down from $2.32 billion in 2001, reflecting the continuing weakness in zinc prices.

Depreciation and amortisation costs were reduced to $243.3 million in 2002 from $356.0 million in the 2001 financial year, reflecting further asset writedowns.

Asset writedowns totalled $161.8 million in the 2002 financial year from $1.18 billion in 2001. An additional $79 million was provided for environmental liabilities reflecting Pasminco's future strategy for some of its sites including Cockle Creek.

Foreign Exchange and Hedging

Foreign exchange movements relating to foreign exchange hedge contracts and debt contributed a profit of $14.1 million compared to a loss of $843.2 million in 2001. The profit was determined after allowing for the close out and maturity of hedge contracts at a loss, offset by a revaluation of foreign currency debt as a result of favourable exchange rate movements.

Entering into Voluntary Administration led to the termination of most of Pasminco's foreign exchange contracts. While the majority of the losses associated with this were provided in the 30 June 2001 accounts, further losses were crystallised on contracts closed out and maturing during the year.

A provision of $94.1 million remains with respect to foreign exchange hedge contracts that are yet to mature. This represents the balance of the provision at 30 June 2002 and does not represent additional losses.

Restructuring Proposal

Pasminco was placed into Voluntary Administration in September 2001. On 30 August 2002, creditors approved the Pasminco restructure proposal known as the equity and float option, under which Pasminco's assets are to be transferred to a new holding company, known as Pasminco Resources Limited.

This option would see a percentage yet to be determined of the share capital of Pasminco Resources offered to investors in Australia and overseas under various disclosure documents, which will be made available at the time of the proposed offer. The proposed public float of Pasminco Resources is currently planned for early next year.

Provisions for costs associated with the restructuring have been reduced by $7.7 million from last year's provision of $34.2 million.

Operational Developments

Pasminco achieved further unit cost reductions and operational efficiencies during the year as a result of restructure initiatives implemented since the beginning of 2001.

Pasminco's management structure was simplified during the year. The mining, Australian smelting and International smelting divisions were streamlined into a single operating entity under the leadership of the Chief Operating Officer.

The number of executive positions was reduced from five to three. Further reviews were undertaken of the Group's technical, sales and marketing and procurement functions.

Ramp up at the Century mine continued successfully, while higher production was achieved at the Elura, Rosebery and Clinch Valley mines. The Hobart and Port Pirie smelters achieved record production levels, while Cockle Creek's production performance was the best since 1996. Production rates were slowed at Budel during the year to deal with issues associated with treatment of Century zinc concentrates and Clarksville production was marginally lower.

For the 2002 financial year, total zinc and lead production was 6% higher than the previous year, despite the impact of the Broken Hill sale.

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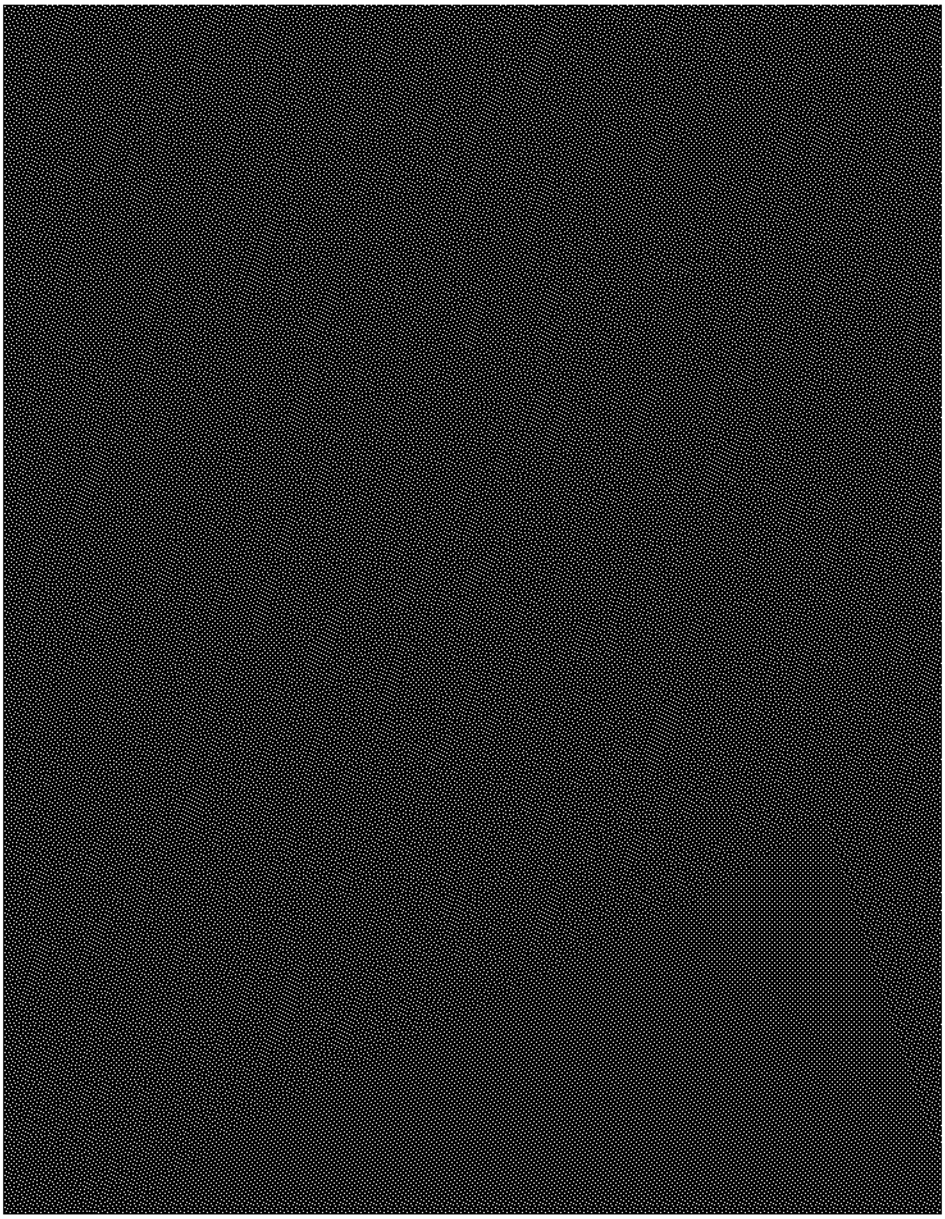
Pasminco Limited
(Subject to Deed of Company Arrangement)

Annual Report 2002



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Deed Administrators' Report 2002

The Deed Administrators present their report on the consolidated entity comprising Pasminco Limited (Subject to Deed of Company Arrangement) and its controlled entities for the year ended 30 June 2002 (the 'Financial Year').

On 19 September 2001 the Company and all wholly owned Australian subsidiaries, except Pasminco Superannuation Pty Limited, were placed into Voluntary Administration due to low metal prices, high debt servicing costs, the adverse impact of a weakening Australian dollar on the Company's currency hedging position and as a result of failure to secure appropriate financial accommodation from its financiers by way of a Standstill Agreement. In accordance with the Corporations Act 2001, upon commencement of the Administration all powers of the Directors and officers of the Company were suspended and the Administrators assumed control of the Group, its business and assets. On 5 October 2002 the Company became subject to a Deed of Company Arrangement and the Deed Administrators under the Deed assumed control of the Group. As from 19 September 2001 and subsequently 5 October 2002, the Directors and officers have only performed functions or exercised powers with the written approval of the Administrators or Deed Administrators respectively.

Accordingly, all references in this Deed Administrators' Report and the financial report to activities of the Group or decisions affecting its business or assets after 19 September 2001 should be to such activities of the Group while in administration or decisions of the Administrator, or on or after 5 October 2002, while subject to a Deed of Company Arrangement or decisions of the Deed Administrators.

Pasminco Limited the Company will cease to continue to operate under the current proposals. Therefore Pasminco Limited is not a going concern and the Company financial report and the consolidated Group financial report have not been prepared under a going concern basis (refer further to note 1 to the financial report).

The Deed Administrators' Report, Financial Statements, Deed Administrators' Declaration, Independent Audit Report, Corporate Governance Statement and Ore Resources and Reserves Information have, to the extent possible, been prepared in accordance with the requirements in the Corporations Act 2001 and the Listing Rules of the Australian Stock Exchange.

Directors

The name of each person who has been a Director of Pasminco Limited (Subject to Deed of Company Arrangement) during or since the end of the financial year is:

M R Rayner (Chairman)
D M Stewart (Managing Director & Chief Executive Officer) – resigned 31 July 2001
G D Allen
D J Brydon – retired 26 July 2001
A F Guy
R M Herron – resigned 25 October 2001
D K Macfarlane – retired 25 October 2001

Other than as indicated above, each person has been a Director during the whole of the financial year and since the end of it. On 6 August 2001 Greig Gailey accepted an appointment as Chief Executive Officer.

On 19 September 2001, Pasminco Limited and all wholly owned Australian subsidiaries, except Pasminco Superannuation Pty Limited, were placed into Voluntary Administration. In accordance with the Corporations Act 2001, upon commencement of the Administration all powers of the Directors and officers of the Company were suspended and the Administrators assumed control of the Group, its business and assets. This situation was continued under the Deeds of Company Arrangement executed by members of the Group previously under Voluntary Administration. As from 19 September 2001 and subsequently 5 October 2002, the Directors and officers have only performed functions or exercised powers with the written approval of the Administrators under Voluntary Administration or Deed Administrators under a Deed of Company Arrangement respectively.

John Spark and Peter McCluskey of Ferrier Hodgson were appointed Administrators on 19 September 2001 and subsequently Deed Administrators under a Deed of Company Arrangement effective 5 October 2002 and continue to act as Deed Administrators at the date of this report.

Principal Activities

During the financial year the principal activities of the corporations in the consolidated entity were mining, smelting and marketing to produce zinc and lead concentrates, and zinc, lead and silver metals together with various alloys and by-products. A decision was taken in July 2001 to cease the Group's involvement with mineral exploration activities worldwide. Exploration tenements and other exploration assets not associated with operating mines have been or are being sold or relinquished.

Consolidated Results	**2002 $m**	**2001 $m**
Consolidated economic entity loss attributable to the members of Pasminco Limited	(411.0)	(2,418.3)

Dividends

No dividend was declared or paid in the financial year ended 30 June 2002.

Review of operations

Pasminco recorded a loss after tax of $411.0 million for the year ended June 2002, compared to a loss after tax of $2,418.3 million for the previous year. The result included individually significant items totalling a $224.1 million loss.

The 2002 result was achieved against a backdrop of declining industrial activity and historically low metal prices. The LME zinc price averaged US$792 per tonne in 2002 compared with US$1,052 per tonne in 2001, down 24.7%, while the lead price averaged US$474 per tonne in 2002, consistent with the previous year. Despite the difficult external environment Pasminco operations performed well.

		2002 tonnes	2001 tonnes	Variance tonnes	Variance %
Mine production	– contained zinc	840,602	812,617	27,985	+3%
	– contained lead	217,583	207,405	10,178	+5%
Metal production	– zinc	678,428	678,189	239	0%
	– lead[1]	338,099	266,330	71,769	+27%
Total production		2,074,712	1,964,541	110,171	+6%

1. Includes quenched bullion production from Cockle Creek smelter, all of which is refined at Port Pirie.

For the twelve months ended June 2002, total zinc and lead production was 6% higher than the previous year, despite the impact of the Broken Hill sale, effective 31 May 2002. Ramp up at the Century mine continued successfully with production of 470,706 tonnes of contained zinc in concentrate, equivalent to 94% of design contained zinc metal output. Higher production was achieved at the Elura, Rosebery and Clinch Valley mines, while production at Gordonsville was impacted by the breakdown of a tertiary crusher during the March quarter. The Hobart and Port Pirie smelters achieved record production levels while Cockle Creek's production performance was the best since 1996. Production rates were slowed at Budel during the year to deal with issues associated with treatment of Century zinc concentrates and Clarksville production was down marginally on the previous year.

Asset writedowns in 2001 of $1,184.9 million have led to a reduction in depreciation and amortisation from $356.0 million in 2001 to $243.3 million in 2002. A further $161.8 million of asset writedowns were made in 2002 due to the prevailing conditions at the date of this report, which have continued to deteriorate, and are included in individually significant items. As a result of the recent completion of a detailed review of environmental obligations it has been considered prudent to provide an additional $79.0 million for environmental liabilities. The restatement of US$ denominated debt partially offset by losses on foreign exchange hedge contracts contributed to a profit of $14.1 million compared to a loss of $843.2 million in 2001. Entering Voluntary Administration led to the termination of most of the foreign exchange contracts resulting in a loss of $703.0 million, which together with other maturities during the year, and the value of open contracts at 30 June 2002, resulted in a loss of $825.8 million of which $717.9 million was provided at 30 June 2001. The additional loss of $107.9 million arose as most of the hedge contracts were terminated when the A$/US$ exchange rate was below US$0.50, compared to the exchange rate of US$0.5219, which was used to calculate the provision at 30 June 2001. Conversely during the full year to 30 June 2002 the exchange rates moved favourably, which gave rise to a $122.0 million profit on the foreign exchange debt. The net profit on foreign exchange hedge contracts and debt in the year to 30 June 2002 was therefore $14.1 million.

On 19 September 2001, the Group ceased selling eligible trade debtors under the existing debtors securitisation programme. The collection of trade debtor balances sold under this agreement was completed, and the programme terminated, on 27 June 2002.

In July 2001 the Group announced a decision to sell the Group's mining assets and refocus on its smelting businesses. A sale process commenced for the Group's key mining asset, the Century mine in north Queensland. The Century mine sale process resulted in the receipt of bid prices and terms that were considered unacceptable to the Company and it was decided to retain the mine, as a key part of a restructured Pasminco. After the Company was placed into Voluntary Administration, a reassessment of the Company's strategy resulted in a decision to focus Pasminco on a core group of world-class integrated mining and smelting assets.

The sale of the Broken Hill mine, which had commenced early in 2001, was completed on 31 May 2002. The Group's interest in its mining operations and tenements were sold to Perilya Limited for $90.5 million, with $35.5 million received on completion and $55 million receivable on a deferred basis in the form of a volume linked element and a price linked element. Supply contracts were agreed for on-going delivery of Broken Hill concentrates to the Hobart zinc smelter and Port Pirie lead smelter at commercial terms.

Sale processes commenced for the Elura mine near Cobar in New South Wales and the US mines and Clarksville smelter in Tennessee.

A decision was taken in July 2001 to cease the Group's involvement with mineral exploration activities worldwide. Exploration tenements and other exploration assets not associated with operating mines are to be sold or relinquished.

A significant de-layering of the management structure was undertaken during the year. The mining, Australian smelting and International smelting divisions were collapsed into a single operating entity, under the leadership of the Chief Operating Officer. The number of executive positions was reduced from five to three. Further reviews were undertaken of the Group's technical, sales and marketing and procurement functions.

Significant changes in the state of affairs and events subsequent to year end

On 19 September 2001 the Directors were advised by the Group's financiers that they could not be certain when or if longer term financial accommodation would be secured. Accordingly on 19 September 2001, Pasminco Limited and all wholly owned Australian subsidiaries, except Pasminco Superannuation Pty Limited, were placed into Voluntary Administration. The Administrators put in place a borrowing facility of A$300 million to fund working capital requirements during the period of Voluntary Administration.

A proposal to restructure the Group was approved at a meeting of creditors on 30 August 2002, which will allow the Group to continue to trade, albeit in a reconstructed form. A number of Deeds of Company Arrangement were required to be executed as preconditions to the implementation of any restructure proposal. On 4 October 2002 all Deeds of Company Arrangement were executed with effect from 5 October 2002, and the Company became subject to a Deed of Company Arrangement and the Deed Administrators under the Deed assumed control of the Group. Ongoing funding of A$385 million has been procured to allow for the currently preferred restructure process to take place.

The currently preferred restructure option provided for in the Deeds contemplates the implementation of two distinct steps:

a) A restructure of the Group, achieved principally by splitting the Group into two parts. The two distinct parts would comprise entities required for the ongoing operations ('Ongoing Group') and entities that will not be included in the restructured Pasminco ('Residual Group'). It is currently envisaged that all of the operating sites will form part of the Ongoing Group. Pasminco Limited will form part of the Residual Group; and

b) The exchange of existing debt for equity in the Ongoing Group, with the sale of 50% (or some other portion) of the equity to investors in a float of the Ongoing Group.

The proposed capital structure should ensure that the Ongoing Group is in a solvent position and that it will not be returned to some form of insolvency regime following the restructure, and this option is therefore expected to satisfy the relevant regulatory authorities including ASIC and the ASX in order to successfully restructure Pasminco. If the currently preferred restructure option does not proceed the Deed Administrators will convene a meeting of creditors to decide alternative restructure options. The options available to creditors may include, but are not limited to: trade on and possibly consider a float at a later date; realise the assets within a Deed of Company Arrangement; and a formal winding up.

The appointment of administrators on 19 September 2001 caused an 'Event of Default' under various of the Group's agreements and arrangements. The significant impacts of this Default have been:

contingent liabilities – outstanding loans and transactions under the Group's various loan facility agreements, futures and swap agreements and silver sale agreements have become immediately due and payable at the discretion of each financier. It is expected that any liability resulting from any of these transactions will be restructured as part of any Group restructure. Payments for the pipeline, port facility and transfer vessel (PPT) operated by the Century mine continue to be made with the exception of a payment of $8.9 million, which fell due in July 2001, but was paid on 9 October 2002. The PPT Lease Consent and Waiver Deed executed as part of the Deed period financing provides for the waiver of events of default under the PPT facility.

On 27 June 2002 the guarantee supporting the obligations of Budel Zink BV (BZBV), a controlled entity, in relation to the receivables acquisition and servicing arrangement between Pasminco Global Trading Pty Ltd, BZBV, Beach Capital and ANZ Capel Court Limited was terminated by a deed of termination. The deed of termination also provided for a release of all claims in relation to the receivables acquisition and servicing agreement, subject to certain limited provisos;

interest rate swaps, forward foreign exchange contracts, currency options, metals future contracts and commodity swaps – outstanding transactions have become immediately subject to early termination at the discretion of the non-defaulting party;

current and non-current interest bearing liabilities – it is expected that the interest bearing liabilities outstanding at balance sheet date will be restructured as part of any Group restructure, as approved by creditors, with the exchange of existing debt for equity in the Ongoing Group and a subsequent sale of 50% (or some other portion) of the equity to investors in a float of the Ongoing Group before 30 June 2003. Therefore, at 30 June 2002 all interest-bearing liabilities have been classified as current liabilities. The 'Event of Default' has resulted in outstanding loans becoming immediately due and payable at the discretion of each financier. It is expected that these existing liabilities will be restructured as part of the currently preferred restructure option. The forward silver sale and silver swap contracts were terminated in September and October 2001, crystallising a loss of $82.2 million, of which $77.1 million was provided at 30 June 2001. At the election of the Administrators, the Group's obligation to deliver a termination silver quantity was converted to an obligation to deliver a termination cash settlement, and the termination values have been recognised as USD denominated interest bearing liabilities; and

commitments for expenditure – certain lease transactions have become terminable at the discretion of each lessor. It is expected that these transactions will be confirmed as part of the currently preferred restructure option.

In July 2002, A$ call options with a face value of US$318 million were purchased; US$26.5 million per month for the twelve month period ending June 2003. The strike rate of the options is set at US$0.5667 and the total premium cost was A$12 million.

In September 2002 the New South Wales Environment Protection Authority (NSW EPA) declared the Pasminco Cockle Creek Smelter site a remediation site under the Contaminated Land Management Act 1997. Pasminco is working with the NSW EPA to develop an overall remediation strategy.

On 26 September 2002 Pasminco received a letter from the NSW EPA regarding the status of pollution reduction programmes relating to lead emissions from the Pasminco Cockle Creek Smelter site. Pasminco is continuing to implement programmes to control lead emissions from the site.

On 24 October 2002 the Company announced closure plans for the Cockle Creek smelter. The Company plans to close the smelter between 2006 and 2008, with the exact timing depending on plant performance, market conditions and capital expenditure requirements. A remediation plan will be developed in conjunction with the New South Wales Environment Protection Authority.

Other than the matters referred to above there were no significant changes in the state of affairs of the consolidated entity during the year. Apart from those issues, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

(a) the operations of the consolidated entity;

(b) the results of those operations; or

(c) the state of the affairs of the consolidated entity in future financial years.

Likely developments and expected future results

Some information on the likely developments and future results of operations is contained in the review of operations and the significant changes in the state of affairs and events subsequent to year end information provided above.

A proposal to restructure the Group was approved at a meeting of creditors on 30 August 2002, which will allow the Group to continue to trade, albeit in a reconstructed form. A number of Deeds of Company Arrangement were required to be executed as preconditions to the implementation of any restructure proposal. On 4 October 2002 all Deeds of Company Arrangement were executed with effect from 5 October 2002, and the Company became subject to a Deed of Company Arrangement and the Deed Administrators under the Deed assumed control of the Group. Ongoing funding of A$385 million has been procured to allow for the currently preferred restructure process to take place.

The currently preferred restructure option provided for in the Deeds contemplates the implementation of two distinct steps:

a) A restructure of the Group, achieved principally by splitting the Group into two parts. The two distinct parts would comprise entities required for the ongoing operations ('Ongoing Group') and entities that will not be included in the restructured Pasminco ('Residual Group'). It is currently envisaged that all of the operating sites will form part of the Ongoing Group. Pasminco Limited will form part of the Residual Group; and

b) The exchange of existing debt for equity in the Ongoing Group, with the sale of 50% (or some other portion) of the equity to investors in a float of the Ongoing Group.

The proposed capital structure should ensure that the Ongoing Group is in a solvent position and that it will not be returned to some form of insolvency regime following the restructure, and this option is therefore expected to satisfy the relevant regulatory authorities including ASIC and the ASX in order to successfully restructure Pasminco. If the currently preferred restructure option does not proceed the Deed Administrators will convene a meeting of creditors to decide alternative restructure options. The options available to creditors may include, but are not limited to: trade on and possibly consider a float at a later date; realise the assets within a Deed of Company Arrangement; and a formal winding up.

Information on Directors

Particulars of the qualifications, experience and special responsibilities of each Director at the date of this report.

Director	Experience	Special Responsibilities
M R Rayner BSc (Hons) Chem Eng., FTSE, FAusIMM, FIEA, FAICD, FAIM.	Non-Executive Director since 1989. Chairman since October 1992. Director of several public companies.	Non-Executive Chairman of the Board. Chairman of Remuneration Committee.
G D Allen BA (Hons), MBA.	Non-Executive Director since August 1994. Director of several public companies.	Member of Safety, Health & Environment Committee. Member of Audit Committee.
A F Guy LLB, MBA.	Non-Executive Director since August 1994. Director of several public companies.	Chairman of Audit Committee.

Attendance at meetings

The number of meetings of the Board of Directors and its Board Committees held during the financial year were:

Board of Directors	10
Audit Committee	1
Safety, Health and Environment Committee	1
Remuneration Committee	0
Standing Committee	1

The following table sets out the number of meetings Directors were eligible to attend, and the meetings attended by each Director.

			Committee Meetings							
Directors	**Board of Directors**		**Audit Committee**		**Safety, Health & Environment**		**Remuneration Committee**		**Standing Committee**	
	A	B	A	B	A	B	A	B	A	B
M R Rayner	10	10	–	–	–	–	–	–	1	1
D M Stewart	3	3	–	–	1	1	–	–	–	–
G D Allen	9	10	1	1	1	1	–	–	1	1
D J Brydon	2	2	–	–	–	–	–	–	–	–
A F Guy	9	10	1	1	–	–	–	–	–	–
R M Herron	10	10	–	–	–	–	–	–	1	1
D K Macfarlane	9	10	–	–	1	1	–	–	–	–

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the financial year.

Directors' Interests

The interests of each Director in the shares of the Company at the date of this report were:

Pasminco Limited

Directors	Ordinary Shares
M R Rayner	75,000
G D Allen	20,000
A F Guy	50,000

Directors' Emoluments

Prior to the Group being placed under Administration, non-executive Directors' fees were determined by the Board on the basis of recommendations received from the Remuneration Committee, having regard to advice from external remuneration consultants, from time to time. Company policy is to set fees around the median of the marketplace for listed companies of similar size to Pasminco. There is no direct relationship between the quantum of non-executive Directors' fees and the Company's performance in any given year. Non-executive Directors' fees, save for company contributions necessary to comply with the Superannuation Guarantee Administration Act, have remained unchanged since January 1996. Directors' fees have not been paid since the Company was placed into Administration. Each of Mark Rayner, Andrew Guy, Geoff Allen, David Macfarlane, and David Brydon either waived their right to receive any payment under the Director's Retiring Allowance Scheme or returned the allowance where it had been paid. In addition, with effect from the Company being placed into Voluntary Administration, each Director in office at the date of this report has waived his right to receive Directors' fees.

Prior to the Group being placed under Administration, remuneration of the Chief Executive was generally recommended by the Remuneration Committee, based on input from external remuneration consultants and approved by the Board. The principles applied to the remuneration of the five highest remunerated officers, detailed below, also apply to the Chief Executive.

Name	Position	Base Fee	Committee Fee	Cash Salary	Company Contributions to Superannuation	Termination Payments (2)	Total
DM Stewart (1)	MD and CEO	–	–	72,630	6,537	1,182,813	1,261,980
M R Rayner	Chairman	25,000	–	–	2,000	–	27,000
G D Allen	Director	10,500	1,750	–	980	–	13,230
D J Brydon (3)	Director	2,935	699	–	291	–	3,925
A F Guy	Director	10,500	1,750	–	980	–	13,230
RM Herron	Director	12,963	2,160	–	1,210	–	16,333
DK Macfarlane	Director	14,000	3,333	–	1,387	–	18,720

1. Mr Stewart ceased employment with Pasminco effective 31 July 2001.
2. Includes amounts paid on termination of employment including leave balances, pay in lieu of notice and other separation payments made by the employer. Additional separation payments of $950,000 due under Mr Stewart's employment contract remain payable. Such amounts rank as an unsecured creditor.
3. Mr Brydon retired as a director effective 26 July 2001. An amount of $149,415 paid to Mr Brydon in accordance with the rules of the Directors Retirement Allowance Scheme, was subsequently repaid to Pasminco.

Insurance and indemnity

The consolidated entity has in place an insurance policy to indemnify all Directors, Officers and Employees, being the class of officers covered, against liability incurred which arises out of the conduct of business or in the discharge of their duties as a Director, Officer or Employee. The insurance contract prohibits disclosure of the details of the policy, including the amount of the premium.

The Company has agreements in place with each Director, to indemnify them in respect of any liability:

- to a third party (other than the Company or a related body corporate) unless the claim arises out of conduct involving a lack of good faith; and
- for reasonable costs and expenses incurred in successfully defending civil or criminal proceedings in which judgement is given in favour of the Director or the Director is acquitted, or in connection with an application, in relation to such proceedings, in which relief is granted under the Corporations Act.

In addition, pursuant to the provisions of the Corporations Act 2001 the Administrators have a right of indemnity out of the Company's property for debts incurred in relation to goods and services supplied during the period of the Voluntary Adminstration. This right commenced as of 19 September 2001 and subsists to the date of this report.

Proceedings on behalf of the Company

No proceedings have been brought on behalf of the Company, and no application has been made for leave to bring, or to interfere in, proceedings in respect of the Company under Section 237 of the Corporations Act 2001.

Emoluments of Five Highest Remunerated Officers

The remuneration of executives reporting to the Chief Executive is determined by the Remuneration Committee, based on recommendations from the Chief Executive after taking external advice on the relevant market movements. For other senior officers, the Remuneration Committee reviews and approves the overall remuneration program, with individual remuneration levels requiring approval by the Chief Executive. The actual remuneration of executives and senior officers is influenced by their individual performance, Pasminco's performance and the marketplace generally. Pasminco targets its remuneration at the median of the marketplace. Remuneration is delivered in fixed and variable components. Fixed remuneration, covering cash, superannuation and motor vehicles components, is positioned to attract and retain qualified employees. Incentive payments, the variable component, are linked to measures which reflect both the operational performance of the organisation and the achievement of outcomes regarded as crucial to the longer term success of the Company.

Name	Position	Cash Salary	Motor Vehicle	Company Contributions to Superannuation	Other Benefits (3)	Incentive & Bonus Payments	Termination Payments (2)	Total
G Gailey (1)	Chief Executive Officer	1,270,230	4,312	–	11,107	–	–	1,285,649
ET Eadie	Executive General Manager – Exploration	39,383	–	3,716	–	–	938,161	981,260
MF Pollard	Executive General Manager – Human Resources & Corporate Affairs	241,898	–	19,352	–	79,125	477,230	817,605
IJ Williams	Executive General Manager – Mining	550,024	–	7,782	17,885	113,625	–	689,316
WPFH de Graaff (4)	Executive General Manager – International Operations	307,018	12,144	–	3,395	80,761	241,793	645,111

1. G Gailey commenced employment with Pasminco on 6 August 2001.
2. Includes amounts paid on termination of employment including leave balances, pay in lieu of notice and other separation payments made by the employer.
3. Other benefits include travel and accommodation, medical and other sundry benefits, plus FBT where applicable.
4. All WPFH de Graff's remuneration was paid in either Dutch Guilders or Euro.

Deed of Cross Guarantee

Pursuant to Class Order 98/1418 (as amended), relief has been granted to those identified controlled entities of Pasminco Limited shown in note 12 to the financial statements from the Corporations Act requirements for preparation, audit and publication of accounts.

As a condition of the Class Order, Pasminco Limited and the identified controlled entities have entered into a deed of cross guarantee. Under the deed of cross guarantee, each named company guarantees the debts of the other named companies. This guarantee is conditional upon the winding up of any companies which are a party to the deed.

Environmental Regulation

The consolidated entity is subject to significant environmental regulation in respect of its activities. As part of the entity's internal reporting system management is required to report in detail on environmental incidents to the executive management and the Board of Directors. A formal system is used to rank incidents and exceedences. The system also requires that any breach of licence or consent conditions is reported to the relevant authorities.

In addition to the environmental permitting arrangements which apply to its operations outside Australia, Pasminco's local operating sites hold environmental licences and permits that could be regarded as being particular and significant regulation under laws of the Commonwealth or of a state or territory.

Pasminco has established an Environmental Management System (EMS) based on the International Standard ISO 14001 and all sites are working towards achieving certification to that standard.

A key element of the EMS is to establish a register of consents and to establish procedures to achieve compliance with the consent requirements. The Pasminco EMS classifies any exceedence of a licence condition or a condition of consent as a Significant Environmental Incident. These incidents require a formal report identifying the factors that contributed to the incident and an action plan to prevent a recurrence.

Details of significant exceedences during the reporting period include:

- Ambient Lead in Air (90 day rolling average) exceeded licence limits at Hobart Smelter wharf north monitoring station on 23 occasions.
- Exceedences of conditions of consent for ambient sulphur dioxide at Sixth Street monitoring station at Cockle Creek.
- Exceedences of specified metal discharge limits in emission stacks at Port Pirie and Hobart Smelter.
- Exceedences of specified water discharge limits at Cockle Creek Smelter, Century Mine, Budel Smelter.
- Exceedences of stormwater discharge limits at Gordonsville Mine, Hobart Smelter.

These exceedences were reported to the relevant authorities and none of these impacted on a licence to operate. Pasminco has made substantial progress in improving its environmental performance in recent years and continues to do so.

Pasminco Limited Employee Option Plan

At the date of this report, options over shares pursuant to the Pasminco Limited Employee Option Plan approved by shareholders at the 1995 Annual General Meeting are as follows:

Year of Issue	No of Participants	No of Options	Exercise Price	Expiry Date
1997	2,459	9,294,500	$1.84	14 November 2002
1998	2,119	8,556,000	$1.49	13 November 2003
1999	2,562	8,585,000	$1.58	12 November 2004
2000	2,670	9,050,500	$0.90	10 November 2005

The total number of options outstanding at the date of this report was 35,486,000 equivalent to 3.2% of the total issued ordinary shares in the Company. The maximum number of shares to be issued in respect of employee options may not exceed 5% of total issued ordinary shares. No person entitled to exercise these options had or has any right, by virtue of such options, to participate in any share issue of the Company or of any other body corporate.

No options were issued by the Company during 2001 and 2002. There were no options over the shares of the Company exercised during the year. The names of all holders of options are entered in the Company's register, inspection of which may be made free of charge. Non-executive Directors do not participate in the Employee Option Plan.

The options for 2000 shown above were granted on the basis that each option can, under most circumstances, be converted to one ordinary share in the Company, after a two year period from the date of issue, by the holder subscribing $0.90 per share, being 10% above the weighted average sale price of Pasminco Limited shares on the Australian Stock Exchange over the five business days immediately before 10 November 2000. For employees other than those at Budel Zink, options can be exercised after 10 November 2002 and on or before 10 November 2005. Under certain circumstances, such as redundancy, retirement or death, options may be exercised by Australian employees prior to 10 November 2002. Under the terms of the plan, participants may, upon exercise of their options, participate in any issue of additional share or bonus share issues relating to those shares.

On 19 September 2001, Pasminco Limited and all wholly owned Australian subsidiares, except Pasminco Superannuation Pty Limited, were placed into Voluntary Administration, and from 5 October 2002 the Company became subject to a Deed of Company Arrangement. No shares of the Company (or subsidiaries) have been issued during the financial year or since the end of the financial year by virtue of the exercise of any options granted by the Company (or subsidiaries).

Under the currently preferred restructure option, the shareholders of Pasminco Limited would receive no return on their investment given the insolvency of the Company, in which case the options have no value and therefore the employees would not be expected to exercise these options.

Rounding of Amounts

The Deed Administrators have chosen to express amounts in millions of dollars to one decimal place, in accordance with ASIC Class Order 98/0100, except where rounding to the nearest one thousand dollars is required, as permitted by that Class Order.

This report is made by the Deed Administrators on the date set out below pursuant to their power under the Deed of Company Arrangement.

P McCluskey
Deed Administrator
30 October 2002

Statements of Financial Performance

Pasminco Limited (Subject to Deed of Company Arrangement) and its controlled entities for the year ended 30 June 2002	Notes	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
Revenue from ordinary activities	2	2,039.8	2,319.3	38.6	121.7
Changes in inventories of finished goods and work in progress		16.4	(3.5)	–	–
Raw materials and consumables used		(604.2)	(602.4)	–	–
Freight expenses		(187.0)	(188.9)	–	–
Energy expenses		(241.3)	(238.4)	–	–
Employee benefits expense		(360.4)	(393.3)	–	–
Contracting and consulting services		(208.7)	(171.5)	–	–
Written down value of non-current assets disposed of		(69.4)	(14.1)	–	–
Depreciation and amortisation expenses	3(a)	(243.3)	(356.0)	–	–
Borrowing costs expense	3(a)	(180.5)	(131.2)	(5.3)	(15.2)
Asset writedowns	3(b)	(161.8)	(1,184.9)	–	–
Provision for restoration – environmental liabilities	3(a)	(75.9)	(16.9)	–	–
Provisions relating to controlled entities	3(b)	–	–	(428.5)	(2,632.5)
Profit/(Loss) on foreign exchange hedge contracts and debt	3(b)	14.1	(843.2)	–	–
Loss on forward silver sale and silver swap contracts	3(b)	(5.1)	(77.1)	–	–
Restructure expenses	3(b)	7.7	(34.2)	–	–
Other expenses from ordinary activities		(148.6)	(336.4)	–	–
Share of net profits of associates accounted for using the equity method		–	6.1	–	–
Loss from ordinary activities before income tax	3	(408.2)	(2,266.6)	(395.2)	(2,526.0)
Income tax expense	4	2.8	151.7	9.9	3.5
Net Loss attributable to members of Pasminco Limited	23(b)	(411.0)	(2,418.3)	(405.1)	(2,529.5)
Net exchange differences on translation of financial statements of foreign controlled entities	23(a)	5.9	50.8	–	–
Total revenues, expenses and valuation adjustments attributable to members of Pasminco Limited recognised directly in equity		5.9	50.8	–	–
Total changes in equity other than those resulting from transactions with owners as owners	24	(405.1)	(2,367.5)	(405.1)	(2,529.5)
		cents	cents		
Earnings per share	32	(36.5)	(214.9)		
Diluted earnings per share	32	(36.5)	(214.9)		

The above statements of financial performance should be read in conjunction with the accompanying notes.

Statements of Financial Position

Pasminco Limited (Subject to Deed of Company Arrangement) and its controlled entities for the year ended 30 June 2002	Notes	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
Current Assets					
Cash assets	5	70.2	18.1	–	–
Receivables	6	269.5	149.8	–	181.0
Inventories	7	348.6	359.6	–	–
Other financial assets	8	1.8	–	129.3	–
Assets held for resale	9	1,651.9	46.6	–	–
Other	10	40.7	15.5	–	–
Total current assets		2,382.7	589.6	129.3	181.0
Non-current Assets					
Receivables	11	–	32.5	–	88.0
Other financial assets	12	–	–	–	129.3
Property, plant and equipment	13	–	1,793.4	–	–
Deferred tax assets	4(b)	–	19.7	–	–
Other	14	–	13.7	–	–
Total non-current assets		–	1,859.3	–	217.3
Total assets		2,382.7	2,448.9	129.3	398.3
Current Liabilities					
Payables	15	155.5	493.2	–	–
Interest bearing liabilities	16	2,979.6	34.3	372.6	258.7
Current tax liabilities	17	10.3	13.5	9.9	9.4
Provisions	18	499.0	861.5	1,008.5	–
Total current liabilities		3,644.4	1,402.5	1,391.0	268.1
Non-current Liabilities					
Payables	19	–	1.7	–	–
Interest bearing liabilities	20	–	1,638.4	–	370.5
Deferred tax liabilities	4(c)	–	35.1	–	–
Provisions	21	–	227.8	–	616.3
Total non-current liabilities		–	1,903.0	–	986.8
Total liabilities		3,644.4	3,305.5	1,391.0	1,254.9
Net liabilities		(1,261.7)	(856.6)	(1,261.7)	(856.6)
Equity					
Parent entity interest					
Contributed equity	22	1,543.9	1,543.9	1,543.9	1,543.9
Reserves	23(a)	38.7	32.3	–	–
Accumulated losses	23(b)	(2,844.3)	(2,432.8)	(2,805.6)	(2,400.5)
Total equity	24	(1,261.7)	(856.6)	(1,261.7)	(856.6)

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of Cash Flows

Pasminco Limited (Subject to Deed of Company Arrangement) and its controlled entities for the year ended 30 June 2002	Notes	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
Cash Flows from Operating Activities					
Receipts from customers (inclusive of goods and services tax)		1,977.3	2,261.7	–	–
Net settlement of foreign currency revenue hedges	2	(19.3)	(130.0)	–	–
Payments to suppliers and employees (inclusive of goods and services tax)		(1,845.0)	(1,692.3)	–	–
Dividends received		–	–	–	74.6
Income taxes (paid)/received		(22.7)	(20.1)	(9.4)	5.8
Net cash (outflow)/inflow from operating activities	38	90.3	419.3	(9.4)	80.4
Cash Flows from Investing Activities					
Investment in mine property, property, plant and equipment		(274.2)	(336.6)	–	–
Payments for major maintenance and repairs	1(p)	(0.1)	(11.5)	–	–
Proceeds from sale of property, plant and equipment		38.7	8.8	–	–
Net proceeds from sale of Ernest Henry		–	111.6	–	–
Payments for investments		(1.8)	–	–	–
Net loans repaid by associate		–	16.0	–	–
Net loans to controlled entities		–	–	(23.4)	(111.7)
Net cash outflow from investing activities		(237.4)	(211.7)	(23.4)	(111.7)
Cash Flows from Financing Activities					
Proceeds from borrowings		268.6	364.6	–	–
Repayments of borrowings		(9.2)	(532.3)	–	–
Borrowing costs		(53.4)	(131.2)	(5.3)	(15.2)
Interest received		2.4	10.2	38.1	46.5
Net cash inflow/(outflow) from financing activities		208.4	(288.7)	32.8	31.3
Net increase/(decrease) in cash held		61.3	(81.1)	–	–
Cash at the beginning of the reporting period		9.5	88.3	–	–
Effects of exchange rate changes on foreign currency denominated cash balances		(0.6)	2.3	–	–
Cash at the end of the reporting period	1(s),5	70.2	9.5	–	–
Financing arrangements	16				

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. It is prepared in accordance with the historical cost convention. All assets are valued at the lower of cost or net realisable value. The accounting policies adopted are consistent with those of the previous year, except where noted. Comparative information is reclassified where appropriate to enhance comparability.

(a) Basis of Presentation of Financial Report

Going Concern

The financial report has not been prepared on a going concern basis. Due to the proposed restructure of the Group and the expected cessation as a going concern of Pasminco Limited the assets have been valued at the lower of cost and net realisable value. The Company and consolidated entity incurred an operating loss of $405.1 million and $411.0 million respectively for the financial year ended 30 June 2002. As at 30 June 2002 both the Company and the consolidated entity had a deficiency in net current assets and net assets.

On 19 September 2001 Pasminco Limited and all wholly owned Australian subsidiaries, except Pasminco Superannuation Pty Limited, were placed into Voluntary Administration.

A proposal to restructure the Group was approved at a meeting of creditors on 30 August 2002, which will allow the Group to continue to trade, albeit in a reconstructed form. A number of Deeds of Company Arrangement were required to be executed as preconditions to the implementation of any restructure proposal. On 4 October 2002 all Deeds of Company Arrangement were executed with effect from 5 October 2002, and the Company became subject to a Deed of Company Arrangement and the Deed Administrators under the Deed assumed control of the Group. Ongoing funding of A$385 million has been procured to allow for the currently preferred restructure process to take place.

The currently preferred restructure option provided for in the Deeds contemplates the implementation of two distinct steps:

a) A restructure of the Group, achieved principally by splitting the Group into two parts. The two distinct parts would comprise entities required for the ongoing operations ('Ongoing Group') and entities that will not be included in the restructured Pasminco ('Residual Group'). It is currently envisaged that all of the operating sites will form part of the Ongoing Group. Pasminco Limited will form part of the Residual Group; and

b) The exchange of existing debt for equity in the Ongoing Group, with the sale of 50% (or some other portion) of the equity to investors in a float of the Ongoing Group.

The proposed capital structure should ensure that the Ongoing Group is in a solvent position and that it will not be returned to some form of insolvency regime following the restructure, and this option is therefore expected to satisfy the relevant regulatory authorities including ASIC and the ASX in order to successfully restructure Pasminco. If the currently preferred restructure option does not proceed the Deed Administrators will convene a meeting of creditors to decide alternative restructure options. The options available to creditors may include, but are not limited to: trade on and possibly consider a float at a later date; realise the assets within a Deed of Company Arrangement; and a formal winding up.

The financial report includes adjustments relating to the recoverability and classification of recorded assets amounts, and to the classification of liabilities, that are necessary as Pasminco Limited the Company is expected to cease to operate under the current proposals. Liabilities have been recognised in the financial report at full value without allowance being made for any proposed debt forgiveness.

The Urgent Issues Group Abstract 50 'Evaluating the Substance of Transactions involving the Legal Form of a Lease' was adopted, effective 1 July 2000. As a consequence, the pipeline port and transfer vessel assets and associated liabilities have been accounted for as owned assets and liabilities, whereas previously the treatment was as an operating lease. The financial effect of the change was reflected in net profit during the year to 30 June 2001.

(b) Principles of Consolidation

This consolidated financial report incorporates the assets and liabilities of all entities controlled by Pasminco Limited (the chief entity) as at 30 June 2002, and the results of all controlled entities during the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

Associates are those entities over which the consolidated entity exercises significant influence, but not control. Investments in associates are accounted for in the consolidated financial report using the equity method. Under this method, the consolidated entity's share of the profits or losses of associates is recognised as revenue in the consolidated statement of financial performance, and its share of movements in reserves is recognised in consolidated reserves.

A complete list of Pasminco Limited's controlled entities is set out in note 12. The economic entity's interest in joint ventures has been included in the economic entity's financial report by taking up the economic entity's share in each of the individual assets and liabilities of the joint ventures.

(c) Financial Instruments

Hedging has been undertaken in order to avoid or minimise possible adverse financial or cash flow effects of movements in exchange rates and commodity prices.

(i) Foreign Exchange

Refer note (d) Foreign Exchange

(ii) Other

Gains and losses on derivatives used as hedges are accounted for on the same basis as the underlying physical exposures they are hedging. Accordingly, hedge gains and losses are included in net profit or loss for the financial year when the gains and losses arising on the related physical exposures are recognised in the statement of financial performance. Gains and losses related to qualifying hedges on firm commitments or anticipated transactions are deferred and recognised in income as adjustments to the underlying hedged transactions when they occur.

If, subsequent to the inception of the hedge, it becomes probable that some or all of the hedged transaction will not occur as designated, hedge accounting is discontinued when that assessment is made. The gains and losses relating to the hedged transaction that is no longer expected to occur as designated are immediately recognised in net profit or loss for the financial year.

(d) Foreign Exchange

Amounts payable and receivable in foreign currencies have been translated into Australian currency at the rates of exchange ruling at balance date. Gains and losses on unhedged balances are recognised in the result of the period. Costs arising from forward exchange contracts are deferred and amortised over the term of the contracts. Costs and gains or losses arising on the hedging contracts relating to sales commitments are deferred and included in the measurement of the sales. All other transactions in foreign currencies during the year have been recognised at the exchange rate ruling at the time of the transactions. Exchange gains and losses on designated borrowings, effectively hedging future revenues, are deferred and are recognised as the underlying hedged transaction occurs.

If, subsequent to the inception of the hedge, it becomes probable that some or all of the hedged transaction will not occur as designated, hedge accounting is discontinued when that assessment is made. The deferred gains and losses relating to the hedged transaction that is no longer expected to occur as designated are immediately recognised in the statement of financial performance.

Where future cash flows from specific operations are considered to be insufficient to meet losses arising on the related hedge contracts, a provision has been raised in these accounts.

The accounts of self sustaining overseas controlled entities are reported in Australian currency by translating assets and liabilities at the rates of exchange ruling at balance date and the revenue and expense items at the average of rates ruling during the year. Translation differences arising are included in the foreign currency translation reserve.

1 Summary of Significant Accounting Policies (cont.)

(e) Inventories

Stocks of ores, metals, concentrates and work in progress are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and bringing the stock to its existing condition and location and includes an appropriate portion of fixed and variable overhead expenses, including depreciation and amortisation. Stores are valued at cost, with due allowance for obsolescence. In each case, cost is determined on an average cost basis.

(f) Taxation

Tax effect accounting procedures are followed whereby the income tax expense in net profit or loss for the financial year is matched with the accounting profit after allowing for permanent differences. Provisions for current and future income tax are calculated on earnings using the 'liability' method. Certain items of expenditure, mainly depreciation and other provisions, may be deductible for income tax purposes in years different from those in which they are charged against earnings. The amount of the taxation difference due to such timing differences is classified as a deferred tax liability or future tax benefit. It is economic entity policy not to carry forward any part of future tax assets, arising from tax losses, including those arising as capital losses, unless their recovery is virtually certain through the economic entity's ability to derive future assessable income or capital gains sufficient to enable the benefits to be realised, and for the economic entity to continue to comply with deductibility conditions imposed by law. Dividend withholding tax is provided on the economic entity's portion of earnings of certain foreign subsidiaries where it is intended to repatriate those earnings to Australia as dividends.

(g) Investments

Shares in companies held as long-term investments, including controlled entities, have been stated at cost except to the extent that the amount is not deemed recoverable. Controlled entities, joint ventures and associates are accounted for in the consolidated financial report as set out in note 1(b). Dividend income is recognised as it becomes receivable. Interest income is recognised as it accrues on a daily basis.

(h) Leases

Leases of plant and equipment under which the economic entity assumes substantially all the risks and benefits of ownership are classified as finance leases, whilst other leases are classified as operating leases. Finance leases are capitalised with a lease asset and liability equal to the present value of the minimum lease payments being recorded at the inception of the lease. Capitalised lease assets are amortised on a straight-line basis to their residual value over the term of the lease, or where it is likely that the economic entity will obtain ownership of the asset, for the life of the asset. Lease payments made under operating leases are recognised in equal instalments over the accounting periods covered by the lease term.

(i) Mine Property, Property, Plant and Equipment

Mine property, property, plant and equipment are carried at cost. All items of mine property, property, plant and equipment, with the exception of freehold land, and certain mine freeholds and leaseholds, are depreciated over their estimated remaining useful lives. Depreciation rates are reviewed regularly and reassessed in light of commercial and technological developments. The expected useful lives are as follows:

Buildings	40 years
Plant and Equipment	5 – 20 years

Capital spares purchased for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

(j) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation of individual projects is written off against earnings as incurred, except that when a project reaches the stage where such expenditure is considered to be capable of being recouped through development or sale, all subsequent expenditures are capitalised and amortised against production from the area once mining commences.

(k) Research and Development Expenditure

Expenditure on research and development is written off against earnings as incurred, except that, when a project reaches the stage where such expenditure is considered capable of being recouped through development or sale, all subsequent expenditures are capitalised. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable and any amount so identified is written off.

(l) Mine Development

Mine development expenditure for the initial establishment of access to mineral reserves, together with capitalised exploration, evaluation and commissioning expenditure, and financing costs on borrowings for a project prior to the commencement date of commercial production, are capitalised to the extent that the expenditure results in significant future benefits. These amounts are amortised over the current estimated economic reserve of the mine on a unit of production output basis. This calculation includes consideration of appropriate estimates of the future costs to be incurred in developing the estimated economic reserve, which includes the proven and probable reserve, plus an estimate of the economic resource within the inferred category.

(m)Recoverable Amount of Non-Current Assets and Assets Held for Resale

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal, or arising on the sale of an asset held for resale.

Where the carrying amount of a non-current asset or an asset held for resale is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets.
The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets and assets held for resale are discounted to their present values using a market-determined, risk-adjusted discount rate. The discount rate used was 10.7% (2001 – 10.7%).

(n) Employee Benefits

Provision is made for expected benefits accruing to past and present employees in relation to such items as annual leave, long service leave, sick leave, medical benefits and workers' compensation. These provisions are accrued on the basis of statutory or contractual obligations. A number of employee superannuation funds exist which provide benefits for employees and their dependents on retirement, disability, resignation, retrenchment or death (refer note 33).
The value of the employee share scheme described in note 39 is not being recognised as an employee entitlement.

(o) Restoration Expenditure

(i) Mining Operations

Provision is made for the anticipated costs of future restoration and rehabilitation of areas from which natural resources have been extracted. The provision is recognised on a gradual basis over the life of the mine as production occurs. The provision includes costs associated with reclamation, plant closure, waste site closure, monitoring, demolition and decontamination. These costs have been determined on a discounted basis with reference to current legal requirements and current technology. The restoration provision is separated into current (estimated costs arising within 12 months) and non-current components. Any change in the provision estimate is dealt with on a prospective basis. The extent of the restoration provision is, in part, dependent upon the remaining life of each mine as calculated by reference to the economic reserve.

1 Summary of Significant Accounting Policies (cont.)

(o) Restoration Expenditure (cont.)

(ii) Smelting Operations

Provision is made for the anticipated costs of future restoration and rehabilitation of smelting sites to the extent that a legal obligation exists and that the anticipated expenditure is not capital in nature. The provision includes costs associated with reclamation, monitoring, water purification and coverage and permanent storage of historical residues. The provision is based upon current costs and has been determined on a discounted basis with reference to the current legal framework and current technology. Any change in the provision estimate is dealt with on a prospective basis.

(p) Major Maintenance and Repairs Expenditure

The costs of major overhauls of operating plant are considered to constitute increases in assets. Accordingly, the accounting treatment adopted is to recognise overhaul expenditure as an asset to be amortised over the period in which benefits are expected to arise (typically 3-4 years).

(q) Sales Revenue

Sales revenue is stated on a gross basis, with freight and realisation expenses included in the cost of sales. Sales revenue is stated net of the impact of gains and losses arising on foreign exchange hedging contracts relating to sales commitments and designated borrowings effectively hedging future revenues. Sales of metals, concentrates, ores and by-products are recognised when the product passes out of the physical control of the selling company to external customers pursuant to enforceable sales contracts. As the final value of concentrate sales can only be determined from weights, assays, prices and exchange rates applying after a shipment has arrived at its destination, sales of concentrates are recorded at estimated values pursuant to contract terms, with adjustments being subsequently recognised in the period when final values are determined.

(r) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. To the extent that additional funds have been borrowed for the purpose of, and are associated with the qualifying asset, the interest rate used is that applicable to those funds. The interest rate for any funds utilised in excess of specified borrowings is the weighted average for all other borrowings.

Borrowing costs include:

- interest on short-term and long-term borrowings;
- net debtors securitisation costs;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- exchange differences arising from specific foreign currency borrowing hedge contracts.

(s) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and deposits at call which are readily convertible to cash and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(t) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(u) Trade Receivables

Trade receivables represent assets for goods and services supplied by the economic entity prior to the end of the financial year which remain unpaid. They arise from transactions in the normal operating activities of the economic entity.

Trade receivables are carried at nominal amounts due, less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.

Under the terms of a debtors securitisation arrangement, eligible trade debtors were sold on a continuous basis to a bank at a discount representing a financing cost. On 19 September 2001, the Group ceased selling eligible trade debtors under this securitisation programme. Under the conditions of the debtors securitisation, the bank was entitled to retain a percentage of the gross sales proceeds as a provision against default. The collection of trade debtor balances sold under this agreement was completed, and the programme terminated, on 27 June 2002.

(v) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

A liability for restructuring costs is recognised at the date of acquisition of an entity or part thereof when there is a demonstrable commitment to a restructuring of the acquired entity and a reliable estimate of the amount of the liability can be made. Goodwill is brought to account on the basis described in note 1(w).

(w) Goodwill

On acquisition of some or all of the assets of another entity, or, in the case of an investment in a controlled entity, on acquisition of some or all of the equity of that controlled entity, the identifiable net assets acquired are measured at fair value. In determining the fair value of any identifiable exploration assets acquired, and in allocating the cost of acquisition to them, all risks relating to such assets are considered. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired (including any liability for restructuring costs) is brought to account as goodwill and amortised on a straight line basis over twenty years (being the period during which the benefits are expected to arise) or a lesser period if the economic benefit is no longer applicable.

(x) Rounding of Amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order in millions of dollars to one decimal place except where rounding to the nearest one thousand dollars is required.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
2 Revenue				
Revenue from operating activities				
Sale of goods (note 1(q))	1,991.6	2,258.4	–	–
Loss on foreign currency revenue hedges (note 1(d))	(19.3)	(130.0)	–	–
	1,972.3	2,128.4	–	–
Revenue from outside the operating activities				
Dividends – Controlled entities	–	–	–	74.6
Foreign exchange gains (net)	–	10.8	0.5	0.6
Proceeds from sale of Ernest Henry	–	145.0	–	–
Proceeds from sale of non-current assets	58.9	8.8	–	–
Interest				
– Controlled entities	–	–	38.1	46.5
– Associated companies	–	6.9	–	–
– Other persons and/or corporations	3.3	3.5	–	–
Total Interest	3.3	10.4	38.1	46.5
Insurance recoveries	2.3	10.2	–	–
Other	3.0	5.7	–	–
	67.5	190.9	38.6	121.7
Total Revenue from ordinary activities	2,039.8	2,319.3	38.6	121.7

3 Operating Loss

(a) Net gains and expenses

The operating loss includes the following specific net gains and expenses:

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
Net Gains				
Profit on disposal of Ernest Henry	–	19.4	–	–
Applicable income tax expense	–	(26.0)	–	–
Net loss on disposal of Ernest Henry (after tax)	–	(6.6)	–	–
Expenses				
Cost of sales of goods	1,696.3	1,807.9	–	–
Amortisation				
(a) Deferred expenditure	7.8	12.3	–	–
(b) Mine properties and development	105.8	162.7	–	–
(c) Goodwill	–	2.2	–	–
	113.6	177.2	–	–
Depreciation of property, plant and equipment	129.7	178.8	–	–
Depreciation and amortisation expenses	243.3	356.0	–	–
Borrowing costs				
(a) Interest and finance charges paid/payable				
(i) Controlled entities	–	–	5.3	15.2
(ii) Other persons and/or corporations	161.4	121.2	–	–
(b) Net debtors securitisation costs (note 1(u))	1.2	6.6	–	–
(c) Other finance charges	17.9	3.4	–	–
Total borrowing costs	180.5	131.2	5.3	15.2
Rent expense relating to operating leases	21.0	20.1	–	–
Decrement in value of inventories	1.5	32.2	–	–
Exploration and evaluation expenditure	1.3	18.1	–	–
Research and development costs	0.5	6.7	–	–
Government mining royalties	14.0	29.4	–	–
Superannuation	27.0	23.3	–	–
Foreign exchange loss (net)	2.4	–	–	–
Net loss on disposal of property, plant and equipment	10.5	5.3	–	–
Bad and doubtful debts written off/provided for	1.6	2.3	–	–

Notes to the Financial Statements

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
3 Operating Loss (cont.)				
Provisions				
(a) Employee entitlements	14.5	36.3	–	–
(b) Workers' compensation	17.8	45.9	–	–
(c) Restoration	75.9	16.9	–	–
(d) Sundry	40.9	4.5	–	–
Provisions expensed	149.1	103.6	–	–
(b) Individually significant items				
Asset writedowns				
Writedown in mining assets	119.2	682.4	–	–
Writedown in smelting assets	33.9	400.3	–	–
Write-off of business systems software	8.7	63.8	–	–
Write-off of goodwill	–	38.4	–	–
Total asset writedowns	161.8	1,184.9	–	–
Provision for diminution of investments in controlled entity investments	–	–	–	1,095.4
Provision for diminution in controlled entity receivables	–	–	36.3	920.8
Provision for liabilities of controlled entities	–	–	392.2	616.3
Total provisions relating to controlled entities	–	–	428.5	2,632.5
Provision for restoration – environmental liabilities	79.0	–	–	–
(Profit)/Loss on foreign exchange hedge contracts and debt	(14.1)	843.2	–	–
Loss on forward silver sale and silver swap contracts (note 15)	5.1	77.1	–	–
Restructure costs	(7.7)	34.2	–	–
	224.1	2,139.4	428.5	2,632.5

In 2001 a review of asset values was performed, resulting in the 2001 asset write-downs noted above. In addition a provision was established for hedges of US$ denominated revenues determined to be ineffective, or which are no longer recoverable out of cash flows from specific operations (note 1 (d)). In 2002 further assessments were performed, which led to adjustments for similar items.

4 Income Tax

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
(a) The income tax expense for the financial year differs from the amount calculated on the profit/(loss) The differences are reconciled as follows:				
Profit/(loss) from ordinary activities before income tax	(408.2)	(2,266.6)	(395.2)	(2,526.0)
Prima facie tax expense/(credit) at 30% (2001 – 34%)	(122.5)	(770.6)	(118.5)	(858.8)
Taxation expense on profit/(loss) for the year	2.8	151.7	9.9	3.5
Variation from prima facie tax	125.3	922.3	128.4	862.3
The following major items caused the expense/(credit) for income tax to vary from the prima facie tax expense/(credit) on reported profit/(loss):				
Permanent differences:				
Rebateable dividends	–	–	–	(74.6)
Provision for diminution in investments in controlled entities	–	–	–	1,095.4
Provision for diminution in controlled entity receivables	–	–	36.3	920.8
Provision for liabilities of controlled entities	–	–	392.2	616.3
Research and development allowance	(1.5)	(1.1)	–	–
Amortisation/write-off of goodwill	–	40.6	–	–
Asset writedowns – non-deductible	–	289.3	–	–
Non-allowable (non-assessable savings on) depreciation and amortisation	(11.5)	27.8	–	–
Non-assessable capital (profit)/loss	(11.2)	29.7	–	–
Share of net profits of associates	–	(6.1)	–	–
Non-assessable/non-deductible foreign exchange losses/(gains)	(26.7)	–	(0.5)	(0.7)
Non-deductible restructuring costs	27.7	–	–	–
Other	(7.5)	(7.5)	–	–
Total permanent differences	(30.7)	372.7	428.0	2,557.2
Tax effect of these differences at 30% (2001 – 34%)	(9.2)	126.7	128.4	869.4
Tax on overseas income at different rates	(2.5)	–	–	–
Overseas tax losses not brought to account	17.4	0.3	–	–
Write-off of tax losses previously brought to account	17.5	162.7	–	–
Unbooked overseas tax losses now brought to account	(0.1)	(0.5)	–	–
Future income tax benefits on timing differences not recognised	102.2	633.2	–	–
Net adjustment to Australian deferred income tax liabilities and assets to reflect the decrease in company tax rate	–	16.1	–	(1.2)
Under/(over) provision for previous years	–	(16.2)	–	(5.9)
Consequent increase/(decrease) in tax expense	125.3	922.3	128.4	862.3

Adjustment to deferred income tax balances

Legislation reducing the company tax rate from 36% to 34% in respect of the 2000-2001 income tax year and then to 30% from the 2001-2002 income tax year was announced on 21 September 1999 and received Royal Assent on 10 December 1999. As a consequence, deferred tax balances have been remeasured using the appropriate new rates, depending on the timing of their reversal.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
4 Income Tax (cont.)				
(b) Analysis of deferred tax assets				
Future income tax benefits				
Current	–	–	–	–
Non-Current	–	19.7	–	–
	–	19.7	–	–
Carrying amount at start of year	19.7	180.7	–	–
Amount arising from writedown of assets	–	54.0	–	–
Amount of tax losses written off	(17.5)	(162.7)	–	–
Amount of timing differences written off	(2.2)	(62.4)	–	–
Amount arising during the year	–	21.7	–	–
Adjustment due to tax rate change	–	(11.6)	–	–
Carrying amount at end of year	–	19.7	–	–
Future income tax benefits recognised – tax losses	–	17.5	–	–
– timing differences	–	2.2	–	–
	–	19.7	–	–
The Deed Administrators estimate that the potential future income tax benefit at 30 June 2002, in respect of tax revenue losses not brought to account, is:	370.0	170.9	–	–

The benefit of these tax revenue losses will only be obtained if:

(i) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the economic entity continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) no changes in tax legislation adversely affect the economic entity in realising the benefit from the deductions for the losses.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
(c) Analysis of deferred tax liabilities				
Future income tax benefits, which have been offset against the provision for deferred income tax, arising from tax losses of controlled entities amount to:	174.4	179.2	–	–
Deferred income tax liability arising from timing differences net of the offset of future income tax benefit, amounts to:	–	35.1	–	–
5 Current Assets – Cash Assets				
Cash at bank and on hand	62.6	10.7	–	–
Short term deposits	7.6	7.4	–	–
	70.2	18.1	–	–
The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:				
Balances as above	70.2	18.1	–	–
Less Bank overdrafts (note 16)	–	8.6	–	–
Balances per Statements of Cash Flows	70.2	9.5	–	–
6 Current Assets – Receivables				
Trade debtors	184.3	134.5	–	–
Less provision for doubtful debts (a)	7.0	5.9	–	–
	177.3	128.6	–	–
Ernest Henry sale receivable	31.0	–	–	–
Broken Hill sale receivable	20.2	–	–	–
Other debtors	41.0	21.2	–	–
Loans receivable from controlled entities	–	–	–	181.0
	269.5	149.8	–	181.0

The sale of the Pasminco Group's investment in Ernest Henry Mining Pty Limited to MIM Holdings was completed on 24 April 2001. The sale price was made up of an initial payment of $115 million with $35 million payable over the nine years commencing April 2004. This deferred component has been discounted.

The sale of the Broken Hill mine assets to Perilya Limited was completed on 31 May 2002. The sale price was made up of an initial cash payment of $35.5 million and $55.0 million of other amounts, dependent on the volume of production and the zinc price, which are payable over the four years commencing January 2003. The deferred component of $25.0 million relating to the volume of production has been discounted. The deferred component of $30.0 million relating to the zinc price has not been brought to account.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
(a) Reconciliation of provision for doubtful debts				
Opening balance	5.9	3.4	–	–
Foreign exchange translation	–	0.4	–	–
Doubtful debts previously provided for written back during the year	–	(0.1)	–	–
Bad and doubtful debts provided for during the year	1.6	2.3	–	–
Bad debts written off against the provision	(0.5)	(0.1)	–	–
Closing balance	7.0	5.9	–	–

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
7 Current Assets – Inventories				
Raw materials and stores (at cost)	122.3	147.9	–	–
Less provision for diminution in value	4.0	2.2	–	–
	118.3	145.7	–	–
Work in progress				
At cost	79.8	111.1	–	–
At net realisable value	54.5	12.2	–	–
	134.3	123.3	–	–
Finished goods				
At cost	76.4	90.4	–	–
At net realisable value	19.6	0.2	–	–
	96.0	90.6	–	–
	348.6	359.6	–	–
8 Current Assets – Other Financial Assets				
Unlisted investments (note 12)				
Shares in controlled entities – at cost	–	–	1,247.8	–
Less provision for diminution in value	–	–	1,118.5	–
	–	–	129.3	–
Other investments (a)	1.8	–	–	–
	1.8	–	129.3	–

(a) During the period the Group acquired an interest in the equity of Genesis Recycling Technologies (BVI) Limited.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
9 Current Assets – Assets Held for Resale				
Land and buildings	50.9	2.5	–	–
Plant and equipment	1,043.6	39.1	–	–
Mine property and development	492.5	–	–	–
Construction in progress	64.9	5.0	–	–
	1,651.9	46.6	–	–

The currently preferred restructure option (note 1(a)) is expected to lead to the sale of companies in the Group, which hold the Group's Property, Plant and Equipment, before 30 June 2003, and therefore these assets have been included in 'Current Assets – Assets Held for Resale' at 30 June 2002. The assets held for resale in 2001 relate to mining operations and tenements at Broken Hill. The sale of these assets was completed on 31 May 2002.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
10 Current Assets – Other				
Deferred expenditure (note1(p))	48.7	–	–	–
Less: Accumulated amortisation	46.7	–	–	–
	2.0	–	–	–
Prepayments	38.7	15.1	–	–
Deferred net option premiums	–	0.4	–	–
	40.7	15.5	–	–

The currently preferred restructure option (note 1(a)) is expected to lead to the sale of companies in the Group, which hold the Group's Deferred expenditure, before 30 June 2003, and therefore these assets have been included in 'Current Assets – Other' at 30 June 2002.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
11 Non-current Assets – Receivables				
Loans receivable from controlled entities	–	–	–	871.1
Less provision for diminution in value	–	–	–	783.1
	–	–	–	88.0
Ernest Henry sale receivable (note 6)	–	30.1	–	–
Other receivables	–	2.4	–	–
	–	32.5	–	88.0
12 Non-current Assets – Other Financial Assets				
Unlisted investments				
Shares in controlled entities – at cost	–	–	–	1,247.8
Less provision for diminution in value	–	–	–	1,118.5
	–	–	–	129.3

12 Other Financial Assets (cont.)

Unquoted investments of the chief entity in controlled entities which are all wholly owned, except Pasminco Sogem LLC and Pasminco Taylor Chemicals, Inc., (which are 80% owned), SPC Nominees Pty Ltd (50% owned) and Lawn Hill and Riversleigh Pastoral Company Pty Ltd (50% owned), comprise the following:

	Notes	Country of Incorporation	Class of Share	Investment of Pasminco Ltd 2002 ($'000) Current Assets	Investment of Pasminco Ltd 2001 ($'000) Non-Current Assets
American Zinc Company	B	USA	Ordinary		
Budel Management BV	A	Netherlands	Ordinary		
Budel Zink BV	A	Netherlands	Ordinary		
Budelco BV	A	Netherlands	Ordinary		
Buzifac BV	A	Netherlands	Ordinary		
Buzipon BV	A	Netherlands	Ordinary		
Buzisur BV	A	Netherlands	Ordinary		
Lawn Hill and Riversleigh Pastoral Company Pty Ltd		Australia	Ordinary		
Pasminco Australia Limited	D	Australia	Ordinary	354,444	354,444
Pasminco Broken Hill Mine Pty Limited	D	Australia	Ordinary	204,606	204,606
Pasminco Canada Holdings, Inc.	A,B	USA	Ordinary		
Pasminco Century Mine Limited	D	Australia	Ordinary	172,985	172,985
Pasminco Cockle Creek Smelter Pty Limited	D	Australia	Ordinary	51,918	51,918
Pasminco Exploration & Mining BV	A	Netherlands	Ordinary		
Pasminco Exploration Private Limited	A	India	Ordinary		
Pasminco Finance Limited	D	Australia	Ordinary	20,000	20,000
Pasminco Global Trading Pty Limited		Australia	Ordinary		
Pasminco Hong Kong Limited	A	Hong Kong	Ordinary		
Pasminco Incorporated	B	USA	Ordinary		
Pasminco Insurance Private Limited	A	Singapore	Ordinary	1,935	1,935
Pasminco International Exploration, Inc.	A,B	USA	Ordinary		
Pasminco International Pty Limited		Australia	Ordinary	42,077	42,077
Pasminco International (Holdings) Pty Limited		Australia	Ordinary	40	40
Pasminco Investments Holdings Pty Limited	D	Australia	Ordinary	($12 only)	($12 only)
Pasminco Investments Pty Limited	D	Australia	Ordinary		
Pasminco Marketing Company	A,B	USA	Ordinary		
Pasminco Metals Pty Limited	D	Australia	Ordinary	2	2
Pasminco Mexico Exploration & Mining S.A de C.V	A,C	Mexico	Ordinary		
Pasminco Netherlands (Holdings) BV	A	Netherlands	Ordinary		
Pasminco Pacific Pty Limited		Australia	Ordinary	23,101	23,101
Pasminco Port Pirie Smelter Pty Limited	D	Australia	Ordinary	129,265	129,265
Pasminco Resources (US), Inc.	A,B	USA	Ordinary		
Pasminco Sogem LLC	A,B	USA	Ordinary		
Pasminco South East Asian Ventures, Inc.	A,B	USA	Ordinary		
Pasminco Superannuation Pty Limited		Australia	Ordinary	($2 only)	($2 only)
Pasminco Taylor Chemicals, Inc.	A,B	USA	Ordinary		
Pasminco UK (Holdings) Limited	A	UK	Ordinary		
Pasminco UK Limited	A	UK	Ordinary		
Pasminco Zinc, Inc.	A,B	USA	Ordinary		
Pasminco Zinc Limited	B	Cayman Islands	Ordinary	244,431	244,431
PCML SPC Pty Limited		Australia	Ordinary		
Ramala Holdings Pty Limited		Australia	Ordinary		
Savage Australian Exploration Pty Limited		Australia	Ordinary		
Savage EHM Finance Pty Limited		Australia	Ordinary		
Savage EHM Pty Limited		Australia	Preference		
Savage Resources Limited		Australia	Ordinary		
Savox Pigments Pty Limited		Australia	Ordinary		
SPC Nominees Pty Limited		Australia	Ordinary		
The Emu Bay Railway Company Limited	D	Australia	Ordinary	2,959	2,959
Total investments in controlled entities				1,247,763	1,247,763

Notes

(A) These controlled entities had other member firms of Ernst & Young International acting as their auditors.

(B) The accounts of these controlled entities have been reviewed by the auditors for inclusion in the consolidated financial statements as a statutory audit is not required in the country of incorporation.

(C) This controlled entity was liquidated during the year.

(D) Pursuant to Class Order 98/1418, (as amended by Class Orders 98/2017 and 00/0321) issued by the Australian Securities and Investments Commission, relief has been granted to these identified controlled entities of the parent entity from the Corporations Act 2001 requirements for preparation, audit and lodgement of its financial report.
As a condition of the Class Order, the parent entity and the identified controlled entities, (the 'Closed Group'), have entered into a deed of cross guarantee. Under the deed of cross guarantee, all of the named companies guarantee the debts of the other named companies. This guarantee is conditional upon the winding up of any companies which are a party to the deed. The consolidated statements of financial performance, summary of movements in consolidated accumulated losses and statements of financial position of the entities which are members of the 'Closed Group' are as follows:

12 Non-current Assets – Other Financial Assets (cont.)

Closed Group of Companies	**Closed Group**	
Statement of financial performance	**2002 $m**	**2001 $m**
Revenue from ordinary activities	1,372.1	1,418.7
Changes in inventories of finished goods and work in progress	(68.5)	(56.2)
Raw materials and consumables used	(234.7)	(213.2)
Freight expenses	(129.6)	(164.1)
Energy expenses	(164.7)	(149.2)
Employee benefits expense	(248.9)	(281.4)
Contracting and consulting services	(180.2)	(137.6)
Depreciation and amortisation expenses	(220.0)	(309.1)
Borrowing costs expense	(211.4)	(176.9)
Asset writedowns	(149.9)	(813.3)
Provision for diminution in investments	–	(447.6)
Provision for restoration – environmental liabilities	(31.4)	(16.1)
Profit/(Loss) on foreign exchange hedge contracts and debt	14.1	(843.2)
Loss on forward silver sale and silver swap contracts	(5.1)	(77.1)
Restructure expenses	–	(30.2)
Other expenses from ordinary activities	(60.3)	(411.8)
Loss from ordinary activities before income tax expense	(318.5)	(2,708.3)
Income tax expense	–	54.6
Net Loss	(318.5)	(2,762.9)
Movements in reserves	0.4	(1.6)
Total revenues, expenses and valuation adjustments recognised directly in equity	(318.1)	(2,764.5)
Total changes in equity other than those resulting from transactions with owners as owners	(318.1)	(2,764.5)
Movements in consolidated accumulated losses		
Accumulated losses at the beginning of the financial year	(3,135.2)	(372.3)
Net Loss for the year	(318.5)	(2,762.9)
Accumulated losses at the end of the financial year	(3,453.7)	(3,135.2)
Statement of financial position		
Current Assets		
Cash assets	3.7	7.0
Receivables	1,601.0	161.9
Inventories	190.5	259.0
Investments	1.8	–
Assets held for resale	1,489.3	46.6
Other	27.4	11.5
Total Current Assets	3,313.7	486.0
Non-current Assets		
Receivables	–	247.8
Other financial assets	–	9.2
Property, plant and equipment	–	1,075.0
Mine property & development	–	559.2
Deferred tax assets	–	16.1
Other	–	8.2
Total Non-current Assets	–	1,915.5
Total Assets	3,313.7	2,401.5
Current Liabilities		
Payables	1,948.8	468.6
Interest bearing liabilities	2,979.6	32.8
Provisions	297.2	806.5
Other	–	–
Total Current Liabilities	5,225.6	1,307.9
Non-current Liabilities		
Interest bearing liabilities	–	1,638.4
Payables	–	952.5
Deferred tax liabilities	–	5.0
Provisions	–	91.5
Other	–	–
Total Non-current Liabilities	–	2,687.4
Total Liabilities	5,225.6	3,995.3
Net Liabilities	(1,911.9)	(1,593.8)
Equity		
Contributed equity	1,543.9	1,543.9
Reserves	(2.1)	(2.5)
Accumulated Losses	(3,453.7)	(3,135.2)
Total Equity	(1,911.9)	(1,593.8)

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
13 Non-current Assets – Property, Plant and Equipment				
Freehold and leasehold land and buildings (a)	–	50.8	–	–
Plant and equipment (b)	–	1,111.2	–	–
Mine property and development (c)	–	558.0	–	–
Exploration expenditure (d)	–	1.7	–	–
Construction in progress (at cost) (e)	–	71.7	–	–
Total property, plant and equipment	–	1,793.4	–	–
(a) Freehold and leasehold land and buildings				
At cost	–	132.6	–	–
Less: Accumulated depreciation	–	81.8	–	–
	–	50.8	–	–
Carrying amount at start of year	50.8	81.1	–	–
Additions	0.9	1.9	–	–
Disposals	(0.1)	(0.1)	–	–
Reclassification	–	16.0	–	–
Depreciation expense	(1.8)	(3.8)	–	–
Asset writedown	–	(48.1)	–	–
Foreign exchange translation	1.1	6.3	–	–
Transfer to current asset (note 9)	(50.9)	(2.5)	–	–
Carrying amount at end of year	–	50.8	–	–
(b) Plant and equipment				
At cost	–	2250.4	–	–
Less: Accumulated depreciation	–	1,139.2	–	–
	–	1,111.2	–	–
Carrying amount at start of year	1,111.2	1,329.7	–	–
Additions	101.0	387.6	–	–
Disposals	(23.3)	(13.7)	–	–
Reclassification	–	(13.0)	–	–
Depreciation	(115.2)	(175.0)	–	–
Asset writedown	(37.0)	(405.3)	–	–
Foreign exchange translation	6.9	40.0	–	–
Transfer to current asset (note 9)	(1,043.6)	(39.1)	–	–
Carrying amount at end of year	–	1,111.2	–	–
(c) Mine property and development				
At cost	–	1,369.5	–	–
Less: Accumulated depreciation	–	811.5	–	–
	–	558.0	–	–
Carrying amount at start of year	558.0	1,205.2		
Additions	153.0	170.3	–	–
Disposals	(0.2)	–	–	–
Reclassification	–	(3.0)	–	–
Amortisation	(105.5)	(162.7)	–	–
Asset writedown	(112.8)	(656.2)	–	–
Foreign exchange translation	–	4.4	–	–
Transfer to current asset (note 9)	(492.5)	–	–	–
Carrying amount at end of year	–	558.0	–	–
(d) Exploration expenditure				
Cost brought forward	1.7	1.7	–	–
Expenditure incurred during current year	–	18.1	–	–
Expenditure written off during current year	(1.7)	(18.1)	–	–
Cost carried forward	–	1.7	–	–

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
13 Non-current Assets – Property, Plant and Equipment (cont.)				
(e) Construction in progress				
Carrying amount at start of year	71.7	84.3	–	–
Additions	101.1	20.4	–	–
Transfers to mine property, property plant and equipment	(96.2)	–	–	–
Asset writedown	(12.0)	(29.1)	–	–
Foreign exchange translation	0.3	1.1	–	–
Transfer to current asset (note 9)	(64.9)	(5.0)	–	–
Carrying amount at end of year	–	71.7	–	–

The market value of the economic entity's operations is subject to cyclical variation because of changes in internationally determined metal prices and exchange rates. It is the economic entity's policy to assess the recoverable amount of non-current assets using long-term metal price and exchange rate parameters. No assets are carried in excess of their recoverable amount. Where this assessment indicates a loss in value of the assets of an operation, an appropriate writedown is made.

The currently preferred restructure option (note 1(a)) is expected to lead to the sale of companies in the Group, which hold the Group's Property, Plant and Equipment, before 30 June 2003, and therefore these assets have been included in 'Current Assets – Assets Held for Resale' at 30 June 2002.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
14 Non-current Assets – Other				
Deferred expenditure (note 1(p))	–	54.3	–	–
Less: Accumulated amortisation	–	44.9	–	–
	–	9.4	–	–
Deferred net option premiums	–	0.9	–	–
Prepayments	–	3.4	–	–
	–	13.7	–	–

The preferred restructure option (note 1(a)) is expected to lead to the sale of companies in the Group, which hold the Group's Deferred expenditure, before 30 June 2003, and therefore these assets have been included in 'Current Assets – Other' at 30 June 2002.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
15 Current Liabilities – Payables				
Trade creditors	145.5	188.9	–	–
Amounts payable in relation to forward silver sale and silver swap contracts	–	297.2	–	–
Other creditors	10.0	7.1	–	–
	155.5	493.2	–	–

In May 1999, Pasminco Port Pirie Smelter (PPS), a wholly owned entity of Pasminco Limited, entered into a five year forward silver sales agreement PPS received gross proceeds of $US200 million and in return was required to deliver silver on a quarterly basis over the term of the agreement. The appointment of an administrator caused an "Event of Default" under forward silver sale and silver swap contracts and in September and October 2001, these transactions were terminated early. At the election of the Administrators, the Group's obligation to deliver a termination silver quantity was converted to an obligation to deliver a termination cash settlement. All amounts payable under the termination cash settlement are recognised as part of current interest bearing liabilities shown in Note 16. The loss crystallised on termination totalled $82.2 million of which a $77.1 million loss was recognised in 2001 and a $5.1 million loss was recognised in 2002 (note 3(b)).

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
16 Current Liabilities – Interest Bearing Liabilities				
Secured				
Bank overdrafts	–	8.6	–	–
Bank bills	220.0	–	–	–
Other bank loans	2,297.8	–	–	–
Other loans	250.9	–	–	–
Short-term borrowings	210.9	25.7	–	–
Short-term borrowings – controlled entities	–	–	372.6	258.7
	2,979.6	34.3	372.6	258.7

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
16 Current Liabilities – Interest Bearing Liabilities (cont.)				
Summary of economic entity net debt position				
The economic entity's net debt position may be summarised as follows:				
Bank overdrafts	–	8.6	–	–
Bank bills	220.0	120.0	–	–
Other loans	250.9	–	–	–
Other bank loans	2,297.8	–	–	–
Revolving bank credits	–	1,121.9	–	–
Transferable loan certificates	–	187.8	–	–
Other borrowings	210.9	234.4	–	–
Gross debt	2,979.6	1,672.7	–	–
Less: Cash (note 5)	70.2	18.1	–	–
Economic entity net debt at 30 June	2,909.4	1,654.6	–	–
Being: Current	2,979.6	34.3	–	–
Non-current	–	1,638.4	–	–
Less: Cash (note 5)	70.2	18.1	–	–
Economic entity net debt at 30 June	2,909.4	1,654.6	–	–

Financing arrangements Current loan facilities	Total Facilities at 30 June		Drawn at 30 June		Undrawn at 30 June	
	2002 $m	2001 $m	2002 $m	2001 $m	2002 $m	2001 $m
Long-term	–	1,669	–	1,664	–	5
Short-term	3,060	108	2,980	–	80	108
	3,060	1,777	2,980	1,664	80	113
These facilities comprise:						
(i) US dollar facilities –						
Syndicated loan	–	837	–	837	–	–
Transferable loan certificates	–	188	–	188	–	–
Revolving credit facilities	–	191	–	153	–	38
Bank loans	1,318	–	1,318	–	–	–
Other loans	245	–	245	–	–	–
	1,563	1,216	1,563	1,178	–	38
(ii) Australian dollar facilities –						
Multi option facility	–	192	–	172	–	20
Bank bill and cash facility	300	135	220	80	80	55
Revolving cash facility	–	–	–	–	–	–
Bank loans	986	–	986	–	–	–
Other borrowings	211	234	211	234	–	–
	1,497	561	1,417	486	80	75

The appointment of administrators caused an "Event of Default" under the Group's various loan facility agreements, resulting in outstanding loans becoming immediately due and payable at the discretion of each financier. Any undrawn amounts ceased to become available at this time. It is expected that the interest bearing liabilities outstanding at balance sheet date will be restructured as part of the currently preferred restructure option (note 1(a)), with the exchange of existing debt for equity in the Ongoing Group and a subsequent sale of 50% (or some portion) of the equity to investors in a float of the Ongoing Group before 30 June 2003. Therefore, at 30 June 2002 all interest bearing liabilities have been classified as current liabilities. None of the revolving bank credits or bank bills were repaid in the year ended 30 June 2002, and therefore these interest bearing liabilities were classified as non-current as at 30 June 2001.

The Administrators put in place a borrowing facility of A$300 million to fund working capital requirements during the period of Administration. This borrowing facility has been incorporated into the ongoing funding facility of A$385 million, which has been procured to allow for the currently preferred restructure process to take place.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
17 Current Liabilities – Current Tax Liabilities				
Income tax	–	13.5	9.9	9.4
Deferred tax liabilities	10.3	–	–	–
	10.3	13.5	9.9	9.4

The currently preferred restructure option (note 1(a)) is expected to lead to the sale of companies in the Group, which hold the Group's deferred tax liabilities, before 30 June 2003, and therefore these liabilities have been included in 'Current Liabilities – Current Tax Liabilities' at 30 June 2002.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
18 Current Liabilities – Provisions				
Employee benefits	90.4	80.2	–	–
Restructure provision	7.8	24.2	–	–
Restoration – mining operations	30.3	10.8	–	–
Restoration – smelting operations	200.7	8.2	–	–
Workers' compensation	68.6	17.7	–	–
Hedge book provision	94.1	717.9	–	–
Sundry	7.1	2.5	–	–
Liabilities of controlled entities	–	–	1,008.5	–
	499.0	861.5	1,008.5	–

The currently preferred restructure option (note 1(a)) is expected to lead to the sale of companies in the Group, which hold the Group's provisions, before 30 June 2003, and therefore these liabilities have been included in 'Current Liabilities – Provisions' at 30 June 2002.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
19 Non-current Liabilities – Payables				
Sundry creditors	–	1.7	–	–

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
20 Non-current Liabilities – Interest Bearing Liabilities				
Secured				
Transferable loan certificates	–	187.8	–	–
Long-term borrowings – controlled entities	–	–	–	370.5
Revolving bank credits	–	1,121.9	–	–
Bank bills	–	120.0	–	–
Other long-term borrowings	–	208.7	–	–
	–	1,638.4	–	370.5

It is expected that the interest bearing liabilities outstanding at balance sheet date will be restructured as part of the currently preferred restructure option (note 1(a)) with the exchange of existing debt for equity in the Ongoing Group and a subsequent sale of 50% (or some other portion) of the equity to investors in a float of the Ongoing Group before 30 June 2003. Therefore, at 30 June 2002 all interest bearing liabilities have been classified as current liabilities. None of the revolving bank credits, bank bills or transferable loan certificates were repaid in the year ended 30 June 2002, and therefore these interest bearing liabilities were classified as non-current as at 30 June 2001.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
21 Non-current Liabilities – Provisions				
Employee benefits	–	35.7	–	–
Restoration – mining operations	–	21.8	–	–
Restoration – smelting operations	–	117.5	–	–
Workers' compensation	–	52.7	–	–
Liabilities of controlled entities	–	–	–	616.3
Sundry	–	0.1	–	–
	–	227.8	–	616.3

The currently preferred restructure option (note 1(a)) is expected to lead to the sale of companies in the Group, which hold the Group's provisions, before 30 June 2003, and therefore these liabilities have been included in 'Current Liabilities – Provisions' at 30 June 2002.

22 Contributed Equity

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
(a) Issued and fully paid up ordinary shares (1,125,157,999) (2001 – 1,125,157,999)	1,543.9	1,543.9	1,543.9	1,543.9

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Employee share scheme

No options were granted under the Employee Share Scheme during 2001 and 2002. On 10 November 2000, 9,745,000 options at an exercise price of $0.90 were issued over ordinary shares (refer note 39).

(c) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	$m
01/07/2000	Opening balance	1,125,157,999		1,543.9
	Employee option plan issues (note 39)	–	–	–
30/06/2001	Balance	1,125,157,999		1,543.9
	Employee option plan issues (note 39)	–	–	–
30/06/2002	Balance	1,125,157,999		1,543.9

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
23 Reserves and retained profits				
(a) Reserves				
Foreign currency translation reserve	38.7	32.3	–	–
Movements in reserves:				
Foreign currency translation reserve				
Balance at the beginning of the financial year	32.3	23.0	–	–
Transfer from/(to) retained profits (b)	0.5	(41.5)	–	–
Net exchange differences on translation of overseas controlled entities	5.9	50.8	–	–
Balance at the end of the financial year	38.7	32.3	–	–
(b) Retained profits/(accumulated losses)				
Retained profits/(accumulated losses) at the beginning of the financial year	(2,432.8)	(56.0)	(2,400.5)	129.0
Net Loss attributable to members of Pasminco Limited	(411.0)	(2,418.3)	(405.1)	(2,529.5)
Transfer (to)/from foreign currency translation reserve (a)	(0.5)	41.5	–	–
Accumulated losses at the end of the financial year	(2,844.3)	(2,432.8)	(2,805.6)	(2,400.5)

(c) Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences arising on the translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policy (note 1(d)).

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
24 Equity				
Total equity at the beginning of the financial year	(856.6)	1,510.9	(856.6)	1,672.9
Total changes in equity recognised in the statement of financial performance	(405.1)	(2,367.5)	(405.1)	(2,529.5)
Total equity at the end of the financial year	(1,261.7)	(856.6)	(1,261.7)	(856.6)

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
25 Receivables and Payables not hedged				
(a) Current foreign exchange exposures – economic entity, at 30 June. Of the $2,382.7 million current assets (2001 – $589.6 million) and $3,644.4 million current liabilities (2001 – $1,402.5 million) disclosed in the balance sheet, receivables and payables denominated in foreign currencies not hedged are:				
(A$ equivalents)				
(i) Current assets				
UK pounds	0.3	0.6	–	–
US dollars	21.7	4.4	–	–
Other	39.3	14.0	–	–
	61.3	19.0	–	–
(ii) Current liabilities				
UK pounds	–	0.8	–	–
US dollars	1,657.1	297.7	–	–
Other	20.8	7.2	–	–
	1,677.9	305.7	–	–
(iii) Net current assets/(current liabilities)				
UK pounds	0.3	(0.2)	–	–
US dollars	(1,635.4)	(293.3)	–	–
Other	18.5	6.8	–	–
	(1,616.6)	(286.7)	–	–
(b) Non-current foreign exchange exposure – economic entity, at 30 June. Of the non-current liabilities disclosed in the balance sheet, payables denominated in foreign currencies not hedged are:				
(A$ equivalents)				
(i) Non-current liabilities and net non-current liabilities				
US Dollars	–	1,177.8	–	–
Other	–	19.1	–	–
	–	1,196.9	–	–

There were no material non-current foreign exchange exposures for receivables as at 30 June 2002 or 30 June 2001.

26 Financial Instruments

Derivatives, including unrecognised financial instrument risk

Currency hedging is undertaken in order to avoid or minimise possible adverse effects of an appreciating exchange rate. Commodity hedging is primarily undertaken to ensure Pasminco is exposed to a floating commodity price. The economic entity manages the exposures using a comprehensive set of polices and procedures approved by the Board of Directors. Financial Risk is managed centrally, and no speculative trading has taken place throughout the current year. Instruments used by the economic entity to hedge exposures to exchange rates and commodity prices include forward foreign exchange contracts, currency options and metal futures. Accounting for these instruments is outlined in notes 1 (c) and 1 (d).

During the financial year the appointment of an administrator caused an “Event of Default” under the Group's various futures and swap agreements, resulting in outstanding transactions becoming immediately subject to early termination at the discretion of the non-defaulting party.

(a) Interest Rate Risk Management

The economic entity is exposed to interest rate volatility on deposits, borrowings and operating leases.

In 1999, the acquisition of Savage Resources Limited, exposed Pasminco to fixed interest due to interest rate swaps whereby the economic entity agreed to pay interest on a fixed rate basis and receive interest on a floating rate basis. The majority of these positions where restructured in the following year however an insignificant portion of A$ borrowings continue to be subject to an interest rate swap. This position is illustrated in the table below.

	Maturity date of transactions 12 months ending				
30 June 2002	**30/06/03**	**30/06/04**	**30/06/05**	**30/06/06 & beyond**	**Total**
Interest Rate Swap (A$m)	0.9	0.7	1.0	–	2.6
Rate (%)	6.0	6.0	6.0	–	

	Maturity date of transactions 12 months ending				
30 June 2001	**30/06/02**	**30/06/03**	**30/06/04**	**30/06/05 & beyond**	**Total**
Interest Rate Swap (A$m)	0.9	0.9	0.7	1.0	3.5
Rate (%)	6.0	6.0	6.0	6.0	

26 Financial Instruments (cont.)

The economic entity's exposure to interest rate risk and effective weighted average interest rate is set out in the following table.

30 June 2002
Interest rate risk exposures

	Notes	Interest rate %	Floating interest rate $m	Non-interest bearing $m	Fixed interest rate $m	Total $m
Financial Assets						
Cash	5	1.24	62.6	–	–	62.6
Deposits	5	4.57	7.6	–	–	7.6
Trade debtors	6	–	–	177.3	–	177.3
Ernest Henry sale receivable	6	2.70	–	–	31.0	31.0
Broken Hill assets sale receivable	6	3.62	–	–	20.2	20.2
Other debtors	6	–	–	41.0	–	41.0
			70.2	218.3	51.2	339.7
Financial Liabilities						
Trade creditors	15	–	–	145.5	–	145.5
Other creditors	15	–	–	10.0	–	10.0
Short-term borrowings	16	5.48	210.9	–	–	210.9
Other interest bearing liabilities	16	6.23	2,768.7	–	–	2,768.7
			2,979.6	155.5	–	3,135.1
Weighted average interest rate %		6.29			3.12	
Net financial asses/(liabilities)			(2,909.4)	62.8	51.2	(2,795.4)

30 June 2001
Interest rate risk exposures

	Notes	Interest rate %	Floating interest rate $m	Non-interest bearing $m	Fixed interest rate $m	Total $m
Financial Assets						
Cash	5	4.26	10.7	–	–	10.7
Deposits	5	3.69	7.4	–	–	7.4
Trade debtors	6	–	–	128.6	–	128.6
Ernest Henry sale receivable	11	2.78	–	–	30.1	30.1
Other debtors	6,11	–	–	23.6	–	23.6
			18.1	152.2	30.1	200.4
Financial Liabilities						
Trade creditors	15	–	–	188.9	–	188.9
Amounts payable in relation to forward silver sale and silver swap contracts	15	–	–	297.2	–	297.2
Other creditors	15,19	–	–	8.8	–	8.8
Bank overdrafts	16	8.25	8.6	–	–	8.6
Other interest bearing liabilities	16,20	4.60	1,664.1	–	–	1,664.1
			1,672.7	494.9	–	2,167.6
Weighted average interest rate %		4.62			2.78	
Net financial assets/(liabilities)			(1,654.6)	(342.7)	30.1	(1,967.2)

It is expected that the interest bearing liabilities outstanding at balance sheet date will be restructured as part of the currently preferred restructure option, as approved by creditors, with the exchange of existing debt for equity in the Ongoing Group and a subsequent sale of 50% (or some other portion) of the equity to investors in a float of the Ongoing Group before 30 June 2003.

The weighted average interest rate received/receivable on financial assets and paid/payable on financial liabilities was as follows:

	Average interest rate % 2002	Average interest rate % 2001
Financial Assets		
Cash and cash equivalents	4.32	5.69
Loan to associate	–	8.24
Ernest Henry sale receivable	2.70	2.78
Broken Hill assets sale receivable	3.62	–
Financial Liabilities		
Short-term borrowings	5.93	7.28
Other interest bearing liabilities	4.58	6.72

26 Financial Instruments (cont.)

(b) Foreign Exchange Risk Management

The economic entity enters into forward exchange contracts and currency options to hedge net revenues denominated in foreign currencies. The following table sets out at balance date the outstanding foreign currency contracts and foreign currency options, the weighted average contracted exchange rates and settlement dates of outstanding contracts.

30 June 2002

Forward Foreign Exchange Contracts

		Maturity date of transactions 12 months ending				
	Average	**30/06/03**	**30/06/04**	**30/06/05**	**30/06/06 & beyond**	**Total**
	Contract Price	**A$m**	**A$m**	**A$m**	**A$m**	**A$m**
USD/European Currencies	Various	0.27	–	–	–	0.27

Currency Options

	Maturity date of transactions 12 months ending			
	30/06/03	**30/06/04**	**30/06/05**	**Total**
	A$m	**A$m**	**A$m**	**A$m**
AUD/USD purchased	80.0	184.2	109.4	373.6
Average Rate	0.7150	0.6951	0.7150	
AUD/USD sold	82.0	190.0	112.3	384.3
Average Rate	0.6976	0.6739	0.6966	

30 June 2001

Forward Foreign Exchange Contracts

		Maturity date of transactions 12 months ending				
	Average Contract Price	**30/06/02**	**30/06/03**	**30/06/04**	**30/06/05 & beyond**	**Total**
		A$m	**A$m**	**A$m**	**A$m**	**A$m**
USD/AUD	0.68	22.7	10.2	8.8	5.9	47.6
USD/European Currencies	Various	9.4	–	–	–	9.4

Currency Options

	Maturity date of transactions 12 months ending				
	30/06/02	**30/06/03**	**30/06/04**	**30/06/05**	**Total**
	A$m	**A$m**	**A$m**	**A$m**	**A$m**
AUD/USD purchased	649.5	721.9	636.3	520.4	2,528.1
Average Rate	0.6522	0.6845	0.7010	0.7088	
AUD/USD sold	704.2	751.8	655.2	534.4	2,645.6
Average Rate	0.6015	0.6573	0.6808	0.6901	

This listing excludes the internal forward exchange contracts held between controlled entities.

26 Financial Instruments (cont.)

(c) Commodity Price Risk Management

The economic entity is exposed to commodity price volatility on commodity sales made by mines and smelters and raw materials purchased by the smelters. The economic entity enters into zinc, lead and silver futures and swap contracts to hedge, the forward sale of commodities to customers, with the objective of obtaining the relevant commodity price existing at the date that the transaction is settled.

30 June 2002
Metals Futures Contracts

		Maturity date of transactions 6 months ending				
	Average Price	**31/12/02**	**30/06/03**	**31/12/03**	**30/06/04 & beyond**	**Total**
		Face Value of Contracts	Face Value of Contracts	Face Value of Contracts	Face Value of Contracts	
	US$ per tonne	**A$m**	**A$m**	**A$m**	**A$m**	**A$m**
Zinc						
Contracts purchased	895.35	72.9	45.5	24.5	17.9	160.8
Contracts sold	–	–	–	–	–	–
Net position		72.9	45.5	24.5	17.9	160.8
Lead						
Contracts purchased	–	–	–	–	–	–
Contracts sold	–	–	–	–	–	–
Net position		–	–	–	–	–
Aluminium						
Contracts purchased	–	–	–	–	–	–
Contracts sold	–	–	–	–	–	–
Net position		–	–	–	–	–
	US$ per ounce					
Silver						
Contracts purchased	4.33	0.44	–	–	–	0.44
Contracts sold	–	–	–	–	–	–
Net position		0.44	–	–	–	0.44

30 June 2001
Metals Futures Contracts

		Maturity date of transactions 6 months ending				
	Average Price	**31/12/01**	**30/06/02**	**31/12/02**	**30/06/03 & beyond**	**Total**
		Face Value of Contracts	Face Value of Contracts	Face Value of Contracts	Face Value of Contracts	
	US$ per tonne	**A$m**	**A$m**	**A$m**	**A$m**	**A$m**
Zinc						
Contracts purchased	1,048	92.8	35.8	25.5	–	154.1
Contracts sold	–	–	–	–	–	–
Net position		92.8	35.8	25.5	–	154.1
Lead						
Contracts purchased	464	0.1	–	–	–	0.1
Contracts sold	–	–	–	–	–	–
Net position		0.1	–	–	–	0.1
Aluminium						
Contracts purchased	1,551	5.8	5.8	5.8	20.3	37.7
Contracts sold	–	–	–	–	–	–
Net position		5.8	5.8	5.8	20.3	37.7
Silver	**US$ per ounce**					
Contracts purchased	4.55	0.4	–	–	–	0.4
Contracts sold	–	–	–	–	–	–
Net position		0.4	–	–	–	0.4

Aluminium is used by the Hobart smelter in the process of creating a zinc alloy known as EZDA. The purchase of aluminium has been hedged using aluminium metal futures, to fix this element of EZDA production costs, thus protecting against any adverse fluctuations in the aluminium price. Following the appointment of the Administrator on the 19th September 2001, these positions were terminated.

26 Financial Instruments (cont.)
30 June 2001
Commodity Swaps

The following outlines silver swaps entered into whereby the company pays a fixed price and receives a spot price for the quantity of silver designated. The silver swap relates to the forward sale of silver. Following the appointment of the Administrator on the 19th September 2001, these positions were terminated.

	Maturity date of transactions 12 months ending				
	30/06/02	**30/06/03**	**30/06/04**	**30/06/05**	**Total**
Silver Swap (million ounces)	9.1	9.1	9.1	2.3	29.6
US$ per ounce (fixed price payable)	5.47	5.47	5.47	5.47	

(d) Credit Risk
Credit risk represents the loss that would be recognised if the counterparties to financial instruments fail to perform as contracted.
The credit risk on financial assets of the economic entity which have been recognised on the balance sheet is generally the carrying amount, net of any provisions for doubtful doubts. The economic entity minimises concentration of credit risk by undertaking transactions with a large number of customers in various countries. The economic entity is not materially exposed to any individual customer.
Credit risk in trade receivables is also managed in the following ways:

- payment terms are generally 30 days;
- a regular risk assessment process is undertaken with credit limits imposed on customers;
- export sales are predominantly covered by a letter of credit with approved financial institutions; and
- credit insurance is obtained for export sales debtors on open terms.

Credit risk arising from dealings in financial instruments is controlled by a strict policy of credit approvals, limits and monitoring procedures. The economic entity has no significant concentration of credit with any single counterparty. Credit exposure of foreign currency and commodity derivatives is represented by the net fair value of the contracts, as disclosed.

(e) Net Fair Value
The following methods and assumptions were used to estimate the net fair values.

Cash & Cash Equivalents, Debtors, Creditors and Short-term interest bearing liabilities
The carrying amounts of these financial instruments approximate net fair value because of their short maturity.

Long-term interest bearing liabilities
The carrying amount of these financial instruments approximate their net fair value because interest is charged at the prevailing market rate.

Derivative Transactions (forward exchange contracts, currency options, metals futures and commodity swaps)
The net fair value of all derivative transactions is measured using the mark to market valuation calculation as at 30 June 2002.
At balance date, the mark to market position of the transactions was represented as follows:

	Consolidated 2002 $m	**Consolidated 2001 $m**
Unrecognised financial instruments		
Foreign currency forward contracts	–	(6.7)
Foreign currency options	(94.1)	(711.2)
Metals futures contracts	(11.8)	(9.1)
Commodity swaps	–	(50.8)
	(105.9)	(777.8)
Less:		
Provided in Statement of Financial Position	94.1	768.7
Net unrecognised financial instruments exposure	(11.8)	(9.1)

Liquidity Risk
Liquidity risk arises from the possibility that a market for derivates may not exist in some circumstances. To counter this risk, the economic entity only uses derivatives in highly liquid markets.

27 Contingent Liabilities

Guarantees

During the course of the 1994 financial year, certain warranties and indemnities were issued by the entity in relation to the sale of UK based assets of the Group. Pasminco Limited has received a claim for approximately $0.3 million in respect of one of these indemnities. Liability has been denied and the Deed Administrators do not consider there is a need to make a provision for this amount in the financial statements.

Pasminco Australia Limited has guaranteed a residual value of $7.2 million (2001 – $7.6 million) for a shiploader it is currently operating under lease.

Pasminco Limited has, with certain exceptions, guaranteed all the obligations of Pasminco Finance Limited.*

Pasminco Limited has guaranteed the obligations of certain controlled entities in relation to Banker's Undertakings provided by the Company's bankers to the controlled entities' respective Workers' Compensation authorities.

Pasminco Limited has guaranteed certain obligations of Port Pirie Smelter (PPS) in relation to a silver sale agreement between PPS and Pirie Silver Company Pty Ltd.*

Pasminco Limited has guaranteed all the obligations of Pasminco Metals Pty Ltd (PM) in relation to a sales agency agreement between PM and Pirie Silver Company Pty Ltd.*

Pasminco Limited has guaranteed certain obligations of Budel Zink BV (BZBV), a controlled entity, in relation to the receivables acquisition and servicing arrangement between Pasminco Global Trading Pty Ltd, BZBV, Beach Capital and ANZ Capel Court Limited. At 19 September 2001, the Group ceased selling eligible trade debtors under this securitisation programme. On 27 June 2002 the receivables acquisition and servicing agreement was terminated by a deed of termination. The deed of termination also provided for a release of all claims in relation to the receivables acquisition and servicing agreement, subject to certain provisos. It is expected that this guarantee will be terminated prior to the proposed Group restructure.

Pasminco Limited is continuing to render financial support to certain wholly owned controlled entities that have negative shareholders' funds to enable maintenance of operations.

In relation to the Pasminco Century Project, the following bank guarantees have been entered into:

- a $0.7 million guarantee to the Queensland Department of Transport in relation to the security deposit under the Pipeline Corridor License (2001: $0.7 million);
- a $0.25 million guarantee to the Gulf Aboriginal Development Corporation in relation to environmental management (2001: $0.25 million). Cross guarantees by Pasminco Limited and other Group companies are as described in note 12; and
- a $0.6 million guarantee in favour of Driefontein (South Africa) as security for a ball mill motor under lease.

*The appointment of administrators has caused an "Event of Default" under the Group's various loan facility agreements, futures and swap agreements and silver sale agreements arrangements resulting in outstanding loans and transactions becoming immediately due and payable at the discretion of each financier. It is expected that any liability resulting from any of these transactions will be restructured as part of the currently preferred restructure option.

Legal Actions

Representative proceedings (claiming property damage, diminution of property value and personal injury due to the operation of the Port Pirie and Cockle Creek Smelters), instituted against Pasminco Limited, Pasminco Cockle Creek Smelter Pty Ltd and Pasminco Port Pirie Pty Ltd, first in the Federal Court, and then in the Supreme Court of Victoria, were both struck out with costs orders in Pasminco's favour during 2000. The Company obtained an order that applicants' solicitors pay Pasminco's costs of the Federal Court proceedings. Settlement discussion on quantification and payment of these costs has been complicated by the applicants' solicitors' lack of insurance, however the costs claim was settled for $0.1 million in February 2002.

Although no proceedings are on foot, the merits of individual claims against the Company have been assessed, and as appropriate, resolved by the Company with the assistance of a consultant, Wyatt Gallagher Bassett. The original applicants' lawyers have asserted that they will revive the claims when their insurance position is clarified.

The amount of contingent liability, which may arise in respect of unresolved claims (if any) cannot be quantified and no provision has been made in the financial report.

Aquila Resources Limited ("Aquila") has obtained orders from the Western Australian Supreme Court for discovery before action and on 9 July 2002 announced to the ASX that it intends to commence proceedings against the Company. The potential action relates to the sale of Pasminco's interest in the Ernest Henry Mine ("EHM") to MIM Holdings Limited. Aquila has lodged a proof of debt with the Administrators for $153.7 million. The Company considers that there is no merit in a claim along the possible grounds indicated in the pre-action discovery proceedings and, accordingly no provision has been made in the financial report.

On 30 May 2002 Kilpatrick Green Facility Management Pty Ltd ("KG") made a practical completion payment claim for $2.4 million in relation to engineering construction work performed for Pasminco Port Pirie Smelter Pty Ltd. The amount remaining in dispute is approximately $1.6 million. KG have commenced proceedings against the Administrators and Pasminco Port Pirie Smelter Pty Ltd in the Supreme Court of South Australia including registering a lien pursuant to the Workers' Lien Act 1893 (South Australia) and commenced but not served proceedings against the Administrators and Pasminco in the Supreme Court of Victoria. The parties have commenced dispute resolution proceedings in accordance with the contract.

Other

The economic entity has contingent liabilities in respect of termination benefits which may arise pursuant to agreements entered into with certain management employees. The amount of contingent liability is dependent upon the circumstances in which the employment is terminated and therefore cannot be quantified.

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
28 Commitments for Expenditure				
(a) Capital commitments				
Commitments for acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	22.6	54.5	–	–
Later than one year but not later than five years	–	–	–	–
	22.6	54.5	–	–
(b) Lease commitments				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Non-cancellable operating leases:				
Within one year	22.6	22.6	–	–
Later than one year and not later than five years	61.3	36.1	–	–
Later than five years	30.1	10.9	–	–
	114.0	69.6	–	–

Certain lease transactions have become terminable at the discretion of each lessor. It is expected that these transactions will be confirmed as part of the currently preferred restructure option (note 1(a)).

	Consolidated 2002 $'000	Consolidated 2001 $'000	Pasminco Ltd 2002 $'000	Pasminco Ltd 2001 $'000
29 Remuneration of Auditors				
Amounts received, or due and receivable by Ernst & Young Australia for:				
– an audit or review of the financial report of the entity and any other entity in the consolidated entity	895	627	50	50
– other services in relation to the entity and any other entity in the consolidated entity	132	10	–	–
	1,027	637	50	50
Amounts received or due and receivable by overseas Ernst & Young firms for:				
– an audit or review of the financial reports of other entities in the economic entity	210	195	–	–
	1,237	832	50	50
30 Remuneration of Directors				
(a) The cost of amounts paid or payable, or otherwise made available, in relation to all Directors of each entity in the economic entity, directly or indirectly, by the entities of which they are directors or any related party	1,354	1,490	–	–
(b) The cost of amounts paid or payable, or otherwise made available, to Directors of Pasminco Limited, directly or indirectly, from the entity or any related party	–	–	1,354	1,490
(c) Number of Directors of Pasminco Limited whose total remuneration falls within the following bands:				
0 – 9,999			1	1
10,000 – 19,999			4	–
20,000 – 29,999			1	–
50,000 – 59,999			–	4
100,000 – 109,999			–	1
190,000 – 199,999			–	1(e)
960,000 – 969,999			–	1
1,260,000 – 1,269,999			1(e)	–

(d) Details of the employee share scheme are set out in note 39. Refer note 31(c) for details on Manager Incentive Plan payments.
(e) Includes payments made as a consequence of retirement from office. Additional separation payments of $950,000 due under Mr Stewart's employment contract remain payable. Such amounts rank as an unsecured creditor.

	Consolidated 2002 $'000	Consolidated 2001 $'000	Pasminco Ltd 2002 $'000	Pasminco Ltd 2001 $'000
31 Remuneration of Executives				
(a) The cost of amounts paid or payable to Executive Officers of the economic entity and the Company whose remuneration is $100,000 or more from entities in the economic entities and related entities in connection with the management of the affairs of these entities.	12,096	8,750	5,781	3,222
(b) The number of Executive Officers of the economic entity and the Company whose remuneration was at least $100,000 is shown in the following bands:				
140,000 – 149,999	–	1	–	–
150,000 – 159,999	–	1	–	–
160,000 – 169,999	2	1	–	–
170,000 – 179,999	–	2	–	–
180,000 – 189,999	1	4	–	–
190,000 – 199,999	2	2	–	–
200,000 – 209,999	–	2	–	–
210,000 – 219,999	5	3	–	–
220,000 – 229,999	1	2	–	–
230,000 – 239,999	2	3	–	–
240,000 – 249,999	1	–	–	–
250,000 – 259,999	–	2	–	–
260,000 – 269,999	–	1	–	–
270,000 – 279,999	1	–	–	–
280,000 – 289,999	2	2	1	2
290,000 – 299,999	2	1	–	–
300,000 – 309,999	1	–	–	–
310,000 – 319,999	–	1	–	–
380,000 – 389,999	1	–	–	–
460,000 – 469,999	2	–	–	–
470,000 – 479,999	1	–	1	–
490,000 – 499,999	–	1	–	1
540,000 – 549,999	–	1	–	1
610,000 – 619,999	1	–	–	–
620,000 – 629,999	–	1	–	1
680,000 – 689,999	1	–	1	–
810,000 – 819,999	1	–	1	–
960,000 – 969,999	–	1	–	1
980,000 – 989,999	1	–	1	–
1,260,000 – 1,269,999	1	–	1	–
1,280,000 – 1,289,999	1	–	1	–

(c) The above table excludes the remuneration of executives who work mainly outside of Australia.
Remuneration is costed on a basis consistent with that used for Directors and the five highest paid officers, including, where appropriate, valuation for share options accepted by applicable executives. Share options are valued using the formula contained in Section 139 FJ of the Income Tax Assessment Act. This formula is used to value options for tax purposes where option holders elect to be taxed 'up front' rather than when the options are exercised. Application of the formula results in a value of $0.0657 per option for options issued in November 2000. No share options were issued by the Company during 2002.

(d) Executive Officers of the economic entity and the Company whose remuneration is $100,000 or more were granted 1,470,000 options over ordinary Pasminco Limited shares during the year ended 30 June 2001. No options were exercised during the year (2001 – nil) Details of the employee share scheme are set out in note 39.

(e) Remuneration of executives in 2002 includes $4,522,247 in payments associated with termination of employment arising from business restructuring.

	Consolidated 2002	Consolidated 2001
32 Earnings per Share		
Basic earnings per share – cents	(36.5)	(214.9)
Diluted earnings per share – cents	(36.5)	(214.9)
Earnings used in the calculation of basic and diluted earnings per share	(411.0)	(2,418.3)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share – million	1,125.2	1,125.2

33 Superannuation Commitments

The commitments not provided for in the accounts of the economic entity as at 30 June 2002 are:
Economic entity companies participate in a number of superannuation and retirement benefit plans. The plans provide benefits on retirement, disablement, death, retrenchment or withdrawal from service, the principal types of benefits being lump sum defined benefits and lump sum accumulation benefits. Contributions are made by employees and the employing corporations as percentages of salary or wages or specified dollar amounts as required by the relevant trust deeds.

The latest actuarial assessments for those plans subject to actuarial supervision were as follows:
Pasminco Superannuation Plan, reviewed as at 1 November 1999 by R.R Codron FIAA of William M Mercer Pty Ltd.

Sulphide Pensions Fund, reviewed as at 31 December 2001 by R.R Codron FIAA of William M Mercer Pty Ltd.

Pasminco Zinc, Inc Hourly Employees' Pension Plan, Pasminco Zinc, Inc Salaried Employees' Retirement Plan, The Pension Plan of Pasminco Zinc, Inc for Bargaining Unit Employees, and PZI/JC Pension Plan for Bargaining Unit Employees all had actuarial assessments performed as at 1 January 2002 by J.C Thacker EA of Bryan, Pendleton, Swats & McAllister, LLC.

The assets and liabilities of the Pasminco Superannuation Fund were transferred to the Pasminco Superannuation Plan, a sub-plan under the Mercer Retirement Trust, on 31 October 1999. The last actuarial review of the Pasminco Superannuation Plan's financial position carried out as at 1 November 1999 indicated that the Plan's assets were sufficient to satisfy all benefits that would have been vested under the Plan in the event of: termination of the Plan; voluntary termination of the employment of each employee on the initiative of that employee; and compulsory termination of the employment of each employee by the employer.

The last actuarial review of the Sulphide Pensions Fund as at 31 December 2001 indicated that the Fund's assets were sufficient to satisfy all benefits that would have been vested under the Fund in the event of: termination of the Fund, the voluntary termination of the employment of each employee on the initiative of that employee and the compulsory termination of the employment of each employee by the employer.

The most recent actuarial assessments of the Pasminco Zinc Inc plans were as at 1 January 2002. These assessments showed the plans had a surplus of funds, based on accrued benefits of A$8.103 million (US$4.566 million) at 1 January 2002.

With the exception of the contribution obligations in respect of those members of the Pasminco Superannuation Plan who were members of the CRA Staff Provident Fund immediately prior to joining the Pasminco Superannuation Fund, the contribution obligations to the respective plans are legally enforceable only up to the date upon which any such obligation is terminated by appropriate action pursuant to the relevant trust deed, subject to the terms of any relevant award or agreement. In respect of the ex-members of the CRA Staff Provident Fund, the obligation to contribute is enforceable to the extent necessary to finance the defined benefits provided under the Rules of the Pasminco Superannuation Plan in relevant circumstances.

The accrued benefits and fund assets at net market value at the previous actuarial review dates, together with the fund assets at net market value and the vested benefits disclosed in the fund's most recently available statements, are as follows:

	Pasminco Superannuation Plan $'000	Sulphide Pensions Fund $'000	Pasminco Zinc Plans $'000
Fund assets at net market value at actuarial review date	145,858	18,182	36,919
Accrued benefits at actuarial review date	143,080	16,813	28,816
Excess of fund assets over accrued benefits	2,778	1,369	8,103
Date of most recent actuarial review	01/11/99	31/12/01	01/01/02
Fund assets at net market value at most recently available year end	171,387	18,182	36,919
Vested benefits at most recently available year end	166,004	16,813	28,114
Date of most recent year end	30/06/01	31/12/01	01/01/02

Notes:

1. Accrued benefits have been determined based on the amounts calculated by the fund's actuary at the most recent actuarial review. These amounts represent the present value of the benefits that the fund is presently obliged to pay at some future date as a result of membership of the fund as at the date of the actuarial review.
2. Vested benefits are benefits that are not conditional upon the continued membership of the fund or any factor other than resignation from the fund.
3. United States dollar denominated amounts relating to US Operations Plans have been converted to Australian currency at A$1=US$0.5635.

34 Segment Information

Primary reporting – business segments 2002

	Mining	Australian Smelting	International Smelting	Other	Intersegment/ Unallocated	Group
	$m	$m	$m	$m	$m	$m
External sales	256.2	1,165.4	550.7	–	–	1,972.3
Intersegment sales	405.8	4.2	–	–	(410.0)	–
Other revenue	57.2	3.1	5.2	2.0	–	67.5
Total revenue	719.2	1,172.7	555.9	2.0	(410.0)	2,039.8
Operating loss before significant items	(33.8)	(5.1)	(38.7)	70.7	(177.2)	(184.1)
Significant items	(121.1)	(55.6)	(55.1)	–	7.7	(224.1)
Operating loss before income tax	(154.9)	(60.7)	(93.8)	70.7	(169.5)	(408.2)
Depreciation and amortisation	169.8	56.7	16.0	0.8	–	243.3
Other non-cash expenses	139.6	48.7	76.6	58.6	–	323.5
Total assets	1,696.6	965.6	827.0	8,021.8	(9,128.3)	2,382.7
Total liabilities	2,509.8	1,359.0	623.1	7,107.2	(7,954.7)	3,644.4
Acquisition of property, plant & equipment	188.4	51.4	23.9	10.5	–	274.2

Primary reporting – business segments 2001

	Mining	Australian Smelting	International Smelting	Other	Intersegment/ Unallocated	Group
	$m	$m	$m	$m	$m	$m
External sales	328.5	931.7	868.2	–	–	2,128.4
Intersegment sales	452.6	158.8	15.1	–	(626.5)	–
Other revenue	20.6	13.8	173.2	(16.7)	–	190.9
Total revenue	801.7	1,104.3	1,056.5	(16.7)	(626.5)	2,319.3
Operating loss before significant items	61.6	21.9	45.6	(135.5)	(120.8)	(127.2)
Significant items	(1,161.1)	(779.8)	(164.3)	–	(34.2)	(2,139.4)
Operating loss before income tax	(1,099.5)	(757.9)	(118.7)	(135.5)	(155.0)	(2,266.6)
Depreciation and amortisation	241.3	66.9	46.8	1.0	–	356.0
Other non-cash expenses	1,119.6	770.2	178.2	101.1	–	2,169.1
Total assets	1,773.7	863.7	886.4	7,231.9	(8,306.8)	2,448.9
Total liabilities	2,044.4	806.5	440.3	5,416.8	(5,402.5)	3,305.5
Acquisition of property, plant & equipment	222.8	71.2	29.7	12.9	–	336.6

Secondary reporting – geographical segments

	Australia		Europe		USA		Intersegment/ Unallocated		Group	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Total revenue	1,588.3	1,521.4	347.6	488.3	208.2	568.2	(104.3)	(258.6)	2,039.8	2,319.3
Total assets	4,363.4	4,591.8	612.5	562.1	214.5	324.3	(2,807.7)	(3,029.3)	2,382.7	2,448.9
Acquisition of property, plant & equipment	250.3	306.9	11.1	10.2	12.8	19.5	–	–	274.2	336.6

Compilation of segment information:

The division of the economic entity's results and assets into business and geographical segments has been ascertained by reference to direct identification of assets and revenue/cost centres and where interrelated segment costs exist, an allocation has been calculated on a pro-rata basis of the identifiable assets and/or costs. Intersegment pricing is on an arms-length market basis.

35 Dividends

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
(a) The franked portion of dividends paid during the year	–	–	–	–
(b) Amount of dividends provided for in the current year	–	–	–	–
(c) Franking account balance at 30 June franked @ 30 cents	0.4	0.4	–	–

The above amounts represent the balances of the franking accounts as at the end of the financial year, adjusted for:
(a) franking credits that will arise from the payment of income tax payable as at the end of the year,
(b) franking debits that will arise from the payment of dividends proposed as at the end of the year, and
(c) franking credits that may be prevented from being distributed in the subsequent year.

36 Related Parties

Related parties of Pasminco Limited (ultimate parent entity) fall into the following categories:

Controlled Entities

Transactions with entities in the wholly owned Group during the year included sales on a commercial basis, interest charged/earned on a commercial basis, dividends paid and received, hedging transactions, asset sales, borrowings on a commercial basis and tax loss transfers.

Directors

The names of persons who were Directors of the chief entity as at the date of this report are set out in the Directors' Report. DM Stewart, Managing Director and Chief Executive, resigned on 31 July 2001. RM Herron non-executive Director resigned on 25 October 2001, DJ Brydon, non-executive Director retired on 26 July 2001, and DK Macfarlane, non-executive Director retired on 25 October 2001. There have been no other changes in Directors since 30 June 2001.

As a result of failure to secure financial accommodation through a Standstill Agreement with financiers, on 19 September 2001, Pasminco Limited and all wholly owned Australian subsidiaries except, Pasminco Superannuation Pty Limited, were placed into Voluntary Administration. In accordance with the Corporations Act, 2001, upon commencement of the Administration all powers of the Directors and officers of the Company were suspended and the Administrators assumed control of the Group, its business and assets. This situation was continued under the Deeds of Company Arrangement executed by members of the Group previously under Voluntary Administration. As from 19 September 2001, and subsequently 5 October 2002, the Directors and officers have only performed functions or exercised powers with the written approval of the Administrators under Voluntary Administration or Deed Administrators under a Deed of Company Arrangement respectively.

Transactions of Directors and Director Related Entities Concerning Shares or Options

The aggregate number of shares acquired by Directors of the Company and their Director related entities in the Company was 30,000 (2001 – 70,000) fully paid ordinary shares and nil (2001 – 70,000) options under the Pasminco Limited Employee Option Plan in 2002. There were nil shares and options disposed of by Directors and their Director related entities in the Company. The aggregate number of shares and share options held directly, indirectly or beneficially by Directors and their Director related entities in the Company at balance date was 145,000 (2001 – 233,601) fully paid ordinary shares, and nil (2001 – 1,400,000) options under the Pasminco Limited Employee Option Plan.

Information on the remuneration of Directors is set out in note 30.

Other Transactions with Directors and Director-related entities

Mr R M Herron is a partner of PricewaterhouseCoopers who provide internal audit, management consulting and taxation advisory services to the economic entity on normal commercial terms and conditions. During the period total payments of $603,531 have been made to PricewaterhouseCoopers for internal audit, management consulting and taxation advisory services provided to the Group up until the date Mr R M Herron resigned as director.

Superannuation Fund

Information in respect of the entity's superannuation funds is set out in note 33.

37 Joint Ventures

A controlled entity, Pasminco Port Pirie Smelter Pty Limited, participates in the Australian Refined Alloys (ARA) joint venture to produce and market lead alloys ex-secondary materials. Pasminco Port Pirie Smelter Pty Limited has a 50% interest in the assets, liabilities and output of this joint venture. The share of assets employed in the ARA joint venture are included in the economic entity balance sheet under the following classifications:

	Consolidated 2002 $m	Consolidated 2001 $m
Current assets		
Inventories	0.6	0.4
Other	0.9	1.0
Total current assets	1.5	1.4
Non-current assets		
Plant and equipment – at cost	8.2	8.1
Less: Accumulated depreciation	(4.6)	(4.5)
Total non-current assets	3.6	3.6
Share of assets employed in joint venture	5.1	5.0

	Consolidated 2002 $m	Consolidated 2001 $m	Pasminco Ltd 2002 $m	Pasminco Ltd 2001 $m
38 Statement of Cash Flows				
Reconciliation of operating loss after tax to net cash provided by operating activities				
Operating loss after tax	(411.0)	(2,418.3)	(405.1)	(2,529.5)
Goodwill written off	–	38.4	–	–
Asset writedowns	161.8	1,146.5	–	–
Loss on foreign exchange hedge contracts and debt	(14.1)	843.2	–	–
Loss on forward silver sale and silver swap contracts	5.1	77.1	–	–
Writedown of inventories	1.5	31.0	–	–
Provision for diminution in investments in controlled entities	–	–	–	1,095.4
Provision for diminution in controlled entity receivables	–	–	36.3	920.8
Provision for liabilities of controlled entities	–	–	392.2	616.3
Depreciation and amortisation	243.3	356.0	–	–
Bad debt provision	1.6	2.2	–	–
Interest and finance charges paid	180.5	131.2	5.3	15.2
Interest received	(3.3)	(10.2)	(38.1)	(46.5)
Share of profits of associates not received as dividends	–	(6.1)	–	–
Net loss on disposal of non-current assets	10.5	5.3	–	–
Net profit on disposal of Ernest Henry	–	(19.4)	–	–
Net exchange differences	0.8	(4.2)	(0.5)	(0.7)
Change in assets and liabilities				
Receivables – current	(68.1)	24.6	–	–
Receivables – non-current	2.4	0.1	–	–
Payables – current	(14.9)	197.5	–	–
Payables – non-current	(1.7)	0.4	–	–
Other liabilities – current	(5.8)	(61.8)	–	–
Other liabilities – non-current	–	(199.0)	–	–
Inventories	11.0	46.3	–	–
Provisions	26.4	84.1	–	–
Prepayments	(19.1)	14.9	–	–
Income tax payable	(1.1)	8.3	0.5	9.4
Deferred income tax	(35.1)	(29.8)	–	–
Future income tax benefit	19.6	161.0	–	–
Net cash provided by operating activities	90.3	419.3	(9.4)	80.4

39 Employee Share Scheme

After shareholder approval was obtained at the 1995 Annual General Meeting, the Pasminco Limited Employee Option Plan was established where all full-time or permanent part-time employees of the Pasminco Group (including executive Directors but excluding non-executive Directors) were offered options over ordinary shares of Pasminco Limited. The options, issued for nil consideration, are issued in accordance with the guidelines established by the Directors of Pasminco Limited pursuant to the approved Plan. The options cannot be transferred and will not be quoted on the Australian Stock Exchange. At 30 June 2002, options over shares pursuant to the Pasminco Limited Employee Option Plan are as follows:

No of Options	Year of issue	Exercise Price	Expiry Date
9,294,500	1997	$1.84	14 Nov 2002
8,556,000	1998	$1.49	13 Nov 2003
8,585,000	1999	$1.58	12 Nov 2004
9,050,500	2000	$0.90	10 Nov 2005

The total number of options outstanding as at 30 June 2002 was 35,486,000 which is equivalent to 3.2% of the total issued ordinary shares in the Company. During the financial year, there were no options exercised over the shares of the Company.

No options were granted during the financial year.

Trading in Pasminco Limited shares was suspended from 19 September 2001, and remains suspended. No other equities in any of the entities within the economic entity were acquired by or issued to employees during the year in relation to any other ownership-based remuneration scheme. Under the preferred restructure option, the shareholders of Pasminco Limited would receive no return on their investment given the insolvency of the Company, in which case the options have no value and therefore it would not be expected for these options to be exercised.

40 Events Arising After Balance Date

Subsequent to balance date the following material events have occurred:

In July 2002, A$ call options with a total face value of US$318 million were purchased; US$26.5 million per month for the twelve month period ending June 2003. The strike rate of the options is set at US$0.5667 and the total premium cost was A$12 milion.

A proposal to restructure the Group was approved at a meeting of creditors on 30 August 2002, which will allow the Group to continue to trade, albeit in a reconstructed form. A number of Deeds of Company Arrangement were required to be executed as preconditions to the implementation of any restructure proposal. On 4 October 2002 all Deeds of Company Arrangement were executed with effect from 5 October 2002, and the Company became subject to a Deed of Company Arrangement and the Deed Administrators under the Deed assumed control of the Group. Ongoing funding of A$385 million has been procured to allow for the currently preferred restructure process to take place.

The currently preferred restructure option provided for in the Deeds contemplates the implementation of two distinct steps:

a) A restructure of the Group, achieved principally by splitting the Group into two parts. The two distinct parts would comprise entities required for the ongoing operations ('Ongoing Group') and entities that will not be included in the restructured Pasminco ('Residual Group'). It is currently envisaged that all of the operating sites will form part of the Ongoing Group. Pasminco Limited will form part of the Residual Group; and

b) The exchange of existing debt for equity in the Ongoing Group, with the sale of 50% (or some other portion) of the equity to investors in a float of the Ongoing Group.

The proposed capital structure should ensure that the Ongoing Group is in a solvent position and that it will not be returned to some form of insolvency regime following the restructure, and this option is therefore expected to satisfy the relevant regulatory authorities including ASIC and the ASX in order to successfully restructure Pasminco. If the currently preferred restructure option does not proceed the Deed Administrators will convene a meeting of creditors to decide alternative restructure options. The options available to creditors may include, but are not limited to: trade on and possibly consider a float at a later date; realise the assets within a Deed of Company Arrangement; and a formal winding up.

In September 2002 the New South Wales Environment Protection Authority (NSW EPA) declared the Pasminco Cockle Creek Smelter site a remediation site under the Contaminated Land Management Act 1997. Pasminco is working with the NSW EPA to develop an overall remediation strategy.

On 26 September 2002 Pasminco received a letter from the NSW EPA regarding the status of pollution reduction programmes relating to lead emissions from the Pasminco Cockle Creek Smelter site. Pasminco is continuing to implement programmes to control lead emissions from the site.

On 24 October 2002, the Company announced closure plans for the Cockle Creek smelter. The Company plans to close the smelter between 2006 and 2008, with the exact timing depending on plant performance, market conditions and capital expenditure requirements. A remediation plan will be developed in conjunction with the New South Wales Environment Protection Authority.

Deed Administrators' Declaration

Deed Administrators' Declaration

We state that:

(1) In the opinion of the Deed Administrators, given the significant events described in the Deed Administrators' Report, the Deed Administrators are unable to express an opinion as to whether:

(a) the financial report and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) In the opinion of the Deed Administrators, as at the date of this declaration, the Deed Administrators are unable to express an opinion as to whether there are reasonable grounds to believe that the members of the Closed Group identified in note 12 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

On 19 September 2001 the Company and all wholly owned Australian subsidiaries, except Pasminco Superannuation Pty Limited, were placed into Voluntary Administration. On 5 October 2002 the Company became subject to a Deed of Company Arrangement. The Deed Administrators have made arrangements with the financiers to the Company for funding to allow the continued operations of the Company, while the future of the Company is being determined.

P McCluskey

Deed Administrator

Melbourne

30 October 2002

Independent Audit Report

Independent Audit Report

To the members of Pasminco Limited

Scope

We have audited the financial report of Pasminco Limited (Subject to Deed of Company Arrangement) for the financial year ended 30 June 2002, as set out on pages 8 to 39, including the Deed Administrators' Declaration. The financial report includes the financial statements of Pasminco Limited (Subject to Deed of Company Arrangement), and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at year's end or from time to time during the financial year. The Deed Administrators are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Qualifications

As referred to in Note 1 (a) the Company and the consolidated entity incurred a loss of $405.1 million and $411.0 million respectively for the financial year ended 30 June 2002 and subsequent to balance date, have continued to generate a loss. At 30 June 2002, both the Company and the consolidated entity were also in a net asset and net current asset deficiency and have had an event of default under the terms of the certain finance agreements.

During July 2001, the Company held discussions with its financiers and proposed a restructuring plan to maintain continued financial support from the financier group. On 19 September 2001, the Company and all wholly owned Australian subsidiaries, except Pasminco Superannuation Pty Limited, were placed into Voluntary Administration.

A proposal to restructure the Pasminco Group (comprising Pasminco Limited and its controlled entities) was approved at a meeting of creditors on 30 August 2002, which will allow the Pasminco Group to continue to trade, albeit in a reconstructed form. A number of Deeds of Company Arrangement were required to be executed to implement the restructure proposal. On 4 October 2002 all Deeds of Company Arrangement were executed, with effect from 5 October 2002 and Pasminco Limited and most of its controlled entities previously subject to voluntary administration became subject to Deeds of Company Arrangement.

The currently preferred restructuring plan for the Pasminco Group approved at the creditors meeting on 30 August 2002 involves the following:

(a) A restructure of the Pasminco Group, achieved principally by splitting the Pasminco Group into two parts. The two distinct parts would comprise entities required for the ongoing operations ("Ongoing Group") and entities that will not be included in the restructured Pasminco ("Residual Group"). It is currently envisaged that all of the operating sites will form part of the Ongoing Group. Pasminco Limited will form part of the Residual Group.

(b) The Ongoing Group will be formed by a new holding company, to be referred to as Pasminco Resources Limited, acquiring the shares in the entities that own the operating assets.

(c) The rationalisation of certain intercompany liabilities payable by the Ongoing Group to the Residual Group such that those liabilities reflect the fair value of the assets of the Ongoing Group entities to be acquired by Pasminco Resources Limited.

(d) The acquisition by Pasminco Resources Limited of existing intercompany liabilities payable by the Ongoing Group in consideration for the issue of new equity by Pasminco Resources Limited to the Residual Group, with the subsequent sale of 50% (or some other portion) of the equity to investors in a float of the Ongoing Group.

(e) The distribution of equity in Pasminco Resources Limited, and proceeds from the sale of 50% (or some other portion) of the equity, to 19 September 2001 creditors of the Residual Group after payment of secured and priority creditors. The remaining debt of the Residual Group will ultimately be released by the financial creditors after all distribution property has finally been distributed (which is not currently expected for a number of years).

The preferred restructuring plan is dependent on the sale of equity in Pasminco Resources Limited to investors in a float achieving a minimum application level. In the event that the preferred restructuring plan is successfully implemented, the Residual Group, including Pasminco Limited, will cease to operate and its affairs will be dealt with under Deeds of Company Arrangement.

In the event that the currently preferred restructuring plan is not successfully implemented, the Deed Administrators will convene a meeting of creditors to decide on the way forward. The other restructure options may include, but are not limited to, continue trading in the current state and consider a float at a later date, realisation of the assets in a Deed of Company Arrangement, sale of equity to one or more private investors, a debt for equity swap using equity in Pasminco Limited or if these options are not acceptable to liquidate the assets in a formal winding up.

Under the majority of these scenarios, including the currently preferred option, Pasminco Limited is no longer considered a going concern and therefore, on this basis, the operating assets have been recognised in the financial report at the lower of cost and estimated net realisable value under the terms of the restructure. Liabilities have been recognised in the financial report at full value without allowance being made for any proposed debt forgiveness.

As a result of the above:

1. The process and timing of the divestment of assets by the Pasminco Group is dependent on the timing and success of the float, which is the currently preferred restructure option. Due to this uncertainty, we are unable to obtain sufficient audit evidence to satisfy ourselves as to the carrying value of the consolidated entity's assets included in property, plant and equipment as disclosed in note 9, and in particular whether the basis for determining the lower of cost and estimated net realisable value is appropriate.

2. The restructuring of the group will also require a change to the terms and conditions of liabilities existing as at 19 September 2001 (the date of appointment of the Voluntary Administrators), including the amount to be repaid and the repayment dates. The amount of the liabilities to be settled, by the exchange of debt for equity, and therefore the amount of the liabilities to be released by creditors, is dependent on the implementation of a particular restructure option. The quantification of provisions for rehabilitation, closure costs and other liabilities may also be dependent on the timing and method of divesture of assets. Therefore, we are unable to obtain sufficient audit evidence to satisfy ourselves as to the amount of liabilities as disclosed in notes 15 to 18.

3. The preferred restructure of the Pasminco Group, if implemented, is expected to lead to the sale of entities in the group that hold the operating assets and liabilities before 30 June 2003. Therefore these assets and liabilities have been classified as current assets and liabilities. The sale of entities is dependent on the timing and success of the float of Pasminco Resources Limited. Due to this uncertainty, we are unable to obtain sufficient audit evidence to satisfy ourselves as to the appropriateness of classification as current of the assets and liabilities disclosed in notes 6 to 10 and 15 to 18 respectively.

Independent Audit Report

4. The financiers initially waived the default under the terms of the Company's and consolidated entity's financing arrangements, and now as a condition of the Deed of Company Arrangement, repayments of financial creditors as at 19 September 2001 have been deferred pending implementation of the restructuring. Without the ongoing financial support from financiers, and the successful restructuring of the current debt facilities, the Company and the consolidated entity will be unable to pay its debts as and when they become due and payable.
5. If the currently preferred restructure option is implemented, the Residual Group, including Pasminco Limited, will cease to operate and their affairs will be dealt with pursuant to Deeds of Company Arrangement.
6. In addition to, and as a result of, the uncertainties detailed in qualification paragraphs (1) to (5) above, we are unable to satisfy ourselves as to whether the Company and the consolidated entity will be able to pay their debts as and when they become due and payable. The financial report may not include all adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary.

These constitute limitations on the scope of our audit.

Qualified Audit Opinion

Due to the significance of the uncertainties referred to in the qualification paragraphs (1) to (6) above, we are unable to, and do not, express an opinion as to whether the financial report of Pasminco Limited (Subject to Deed of Company Arrangement) and the economic entity is in accordance with:

(a) the Corporations Act 2001 including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001 in Australia; and

(b) other mandatory professional reporting requirements in Australia.

Ernst & Young

Ernst & Young

Alan I Beckett

Partner
Melbourne
Date: 30 October 2002

Shareholder Information

On 19 September 2001, Pasminco Limited and all wholly owned Australian subsidiaries, except Pasminco Superannuation Pty Limited, were placed into Voluntary Administration, and trading in shares in the Company was suspended from the Australian Stock Exchange from that date. Trading in the Company's shares remains suspended.

Substantial Shareholders
The sole substantial shareholder as at the date of this report is UBS Nominees Pty Ltd and its associated entities, which have a relevant interest in 85,963,919 fully paid ordinary shares (Notice dated 31 July 2000).

Distribution of Shareholders and Shareholdings
The number of issued shares as at 20 September 2002 was 1,125,157,999 held by 58,791 shareholders whose voting rights are one vote for each share held.

Stock Exchange Listing
Pasminco's shares are listed on the Australian Stock Exchange and when they last traded, did so under the ASX code PAS.

Share Registry
The Company's Share Register is maintained by Computershare Investor Services Pty Ltd. Shareholders' enquiries about their shareholdings should be addressed to:

Computershare Investor Services Pty Ltd
Level 12, 565 Bourke Street
Melbourne 3000 Australia
GPO Box 2975EE
Melbourne 3001 Australia
Telephone 61 3 9611 5711
Facsimile 61 3 9611 5710
Email Melbourne.services@computershare.com.au

Please quote your shareholder number on all communications with the Share Registrar or the Company.

Tax File Number (TFN) Information
While it is not compulsory for a shareholder to provide a TFN, Pasminco is obliged to deduct tax from any unfranked portion of a dividend payment to shareholders resident in Australia who have not supplied such information. If you have not already supplied your TFN, you may do so by writing to Computershare Registry Services Pty Ltd.

Changing Name or Address
Changes to your name or address must be advised in writing to Computershare Registry Services Pty Ltd.

If you are sponsored by a broker, your notice in writing must be sent to your sponsoring broker.

Share Buy-back
The Company has not had during the year in review and does not currently have, an on-market buy-back program in place.

Shareholder Distribution

Size of Shareholding	Number of Shareholding	Number of Shares
1-1,000	15,286	8,144,551
1,001-5,000	18,778	58,550,917
5,001-10,000	10,606	87,542,721
10,001-100,000	13,048	388,681,027
100,001 and over	1,073	582,238,783
Total	58,791	1,125,157,999

Shareholdings with less than a marketable parcel (having a market value of $500 or less) — Not applicable shares suspended

Top 20 Shareholders

Shareholder	Number of Shares	%
National Nominees Limited	96,025,944	8.53
ANZ Nominees Limited	54,821,402	4.87
Westpac Custodian Nominees Limited	40,407,730	3.59
Chase Manhatten Nominees Limited	27,238,301	2.42
Citicorp Nominees Pty Limited	12,374,076	1.10
Athens Holdings Pty Limited	11,280,000	1.00
OCBC Nominees (Australia) Pty Limited	8,620,000	0.77
Fortis Clearing Nominees Pty Limited	5,827,845	0.52
Helm Melbourne Limited	5,400,000	0.48
ANZ Securities Limited	3,497,859	0.31
Munichre of Australia Equity Investment Company Pty Limited	3,450,000	0.31
MLAE Nominees Pty Limited	2,773,181	0.25
Dowa Mining Co Ltd	2,742,500	0.24
Whitloyd Nominees Pty Limited	2,668,000	0.24
Chemco Pty limited	2,500,000	0.22
Damelian Automobile Limited	2,500,000	0.22
Exchange Nominee Pty Ltd	2,472,910	0.22
Milino Pty Limited	2,219,800	0.20
UBS Warburg Private Clients Nominees Pty Ltd	2,186,500	0.19
Peto Bros Pty Limited	2,160,000	0.19

Company Information
Further information and publications about the Company's operations are available at www.pasminco.com.au.

Corporate Governance

Corporate Governance
On 19 September 2001 Pasminco Limited and all wholly owned Australian subsidiaries, excluding Pasminco Superannuation Pty Limited, were placed into Voluntary Administration. Upon appointment, the Administrators assumed control of the Group, its business and assets and the powers of the Directors and officers of the Company and those of its controlled entities in administration were effectively suspended. Any functions performed and powers exercised by those Directors and officers since the beginning of the Administration have been with the written approval of the Administrators. This situation has been confirmed under the Deeds of Company Arrangement in respect of the Deed Administrators. A description of the main features of the corporate governance procedures adopted by the Board of Directors until 19 September 2001, is set out below.

Board Functions
The Board considered strategic plans and initiatives, reviewed plans and budgets, operational and financial performance and established and monitored delegated authority levels for capital and financial commitments. It received advice on operational and financial risk and considered strategies for appropriate risk minimisation. It had responsibility for ensuring the Company had effective management processes in place. It reviewed and approved all significant corporate initiatives and reports to shareholders.

Board of Directors
Currently Directors are non-executive Directors. In appointing additional Directors, the Board specified the mix of qualifications, skills and experience it believed was desirable and the Remuneration Committee, working with external consultants, recommended appropriate candidates.

Directors are not required to hold a minimum number of shares and no compulsory retirement age has been fixed. The Company's constitution confirms that at every annual general meeting, one third of the Directors (except for any Managing Director in office at the time) must retire from office and submit for re-election and that a Director may not retain office for more than 3 years, without retiring and submitting for re-election.

In accordance with the constitution, Directors had determined that, for the time being, the maximum number of Directors is five.

Board Operations
The Pasminco Board held at least 11 scheduled meetings per year, but also met to consider issues of special importance. Management, auditors, and representatives from the Company's advisers attended Board and committee meetings as appropriate.

Independent Advice
Directors may seek independent professional advice at the entity's expense, but are required to consult with the Chairman before doing so.

Committees
The Board had established three Committees, the Audit Committee, the Safety, Health and Environment Committee and the Remuneration Committee, to consider these specific areas in detail and to report to the full Board. It had also established a Standing Committee to consider urgent issues which arose between regular scheduled meetings of the full Board. There have been no meetings of the Committees since the Company was placed into Voluntary Administration on 19 September 2001.

Audit Committee
The key responsibilities of the Audit Committee were to:

- review annual and half-yearly financial reports and all other financial information published by the company;
- agree on the terms of engagement and scope of activity of the external auditors, the internal audit function and ensure adequate resourcing and coordination for both roles;
- provide a direct line of communication between Directors and both the internal and external auditors;
- review internal audit activities and reports;
- monitor the effectiveness of internal control systems;
- review the group's commercial practices and policies;
- oversee the effective operation of the organisation's risk management process; and
- review the performance of the external and internal auditors and their audit fees.

In addition to the non-executive Director members, Audit Committee meetings were attended by members of management and the external and internal auditors as appropriate. At 19 September 2001, the members of the Audit Committee were Andrew Guy (Chairman) and Geoff Allen.

Safety, Health and Environment Committee
The terms of reference of the Safety, Health and Environment Committee were to oversee the implementation of the Pasminco Safety, Health and Environment Policies.

In particular, the Committee reviewed with management:

- the safety, health and environment risks associated with Pasminco's operations;
- the responses to be adopted with respect to such risks;
- the implementation and audit of such responses; and
- the appropriate management structure in light of the responses adopted.

At 19 September 2001, the members of the Safety, Health and Environment Committee were David Macfarlane (Chariman), and Geoff Allen. Members of management attended meetings as appropriate.

Remuneration Committee
The charter of the Remuneration Committee was to review with the Chief Executive the overall remuneration structure and policies for Pasminco staff and to review and approve senior executive remuneration and appointments at senior level.

With advice from appropriate external consultants, the committee reviewed and established the remuneration and other employment conditions of the Chief Executive. The committee also obtained the advice of qualified external consultants on appropriate levels of remuneration for the non-executive Directors. The committee acted as the nomination committee in developing recommendations for new Board appointments.

The Remuneration Committee members, at 19 September 2001, were Mark Rayner (Chairman) and David Macfarlane. No fees are payable to directors in respect of Remuneration Committee duties.

Standing Committee
The charter of the Board Standing Committee was to deal with urgent issues arising between scheduled Board meetings which relate to matters the Board has previously approved in principle. All Directors are members and a quorum is three. Wherever possible the Chief Executive attends. No fees are payable to Directors in respect of Standing Committee duties.

Risk Assessment and Management
While the Board received advice on areas of operational and financial risk and considered strategies to manage business risks, the new charter of the Audit Committee had created a higher focus on risk management for that Committee.

The annual internal audit work plan was developed in the context of the Group's risk management processes and focused on issues and aspects of the business which had been identified as requiring close attention.

Ethical Standards
Pasminco has adopted a vision and values statement developed with the involvement of many employees throughout the Group. The values which support the Group's vision include, through an adopted code of conduct, a commitment to respect the law and act accordingly and to be fair, honest and consistent in dealings and behaviour. The code of conduct also deals with conflicts of interest, use of company assets and information, honesty and accountability. The Company has a comprehensive policy on the purchase and sale of Company securities by employees. The policy provides guidance on when the trading of securities is permitted and establishes a detailed pre-trade clearance protocol.

Continuous Disclosure
The Company Secretary has responsibility for communication with the Australian Stock Exchange (ASX). All information disclosed to the market through the ASX is posted on the Company's web site immediately after disclosure to the ASX. The Company has established procedures to ensure the continuous disclosure of information it is required to communicate under the ASX listing rules.

Ore Resources and Reserves – 31 March 2002

Century

The Mineral Resource estimate for the Century zinc deposit is based on the computer model created in October 2000. The Century deposit resource model reflects the actual geology and style of mineralisation observed in the open pit. The resource model is created from available geological and assay data gathered from exploration diamond drilling nominally spaced 50x80m, and limited open pit geological mapping, rock-chip face sampling, and blast hole logging. The Mineral Resource Statement is reported after applying a cut off grade of 3.5% zinc and includes the whole Ore Reserve. The remaining Mineral Resource is estimated by removing the volume mined for the twelve-month period ended 31 March 2002 from the original resource model. Mined volume is determined by routine surveying the open pit at the end of each calendar month. The classification of the Mineral Resource in accordance with the JORC code* is based on the distance from diamond drill holes. The deposit extents are well defined based on known geological contacts.

The Ore Reserve estimate for the Century zinc deposit sub-divides the mineral resource into two distinct mining zones (Upper and Lower Ore Zones) separated by interburden. The March 2002 Ore Reserve statement is prepared by depleting the previous March 2001 ore reserve by milled ore production data for the twelve months ended 31 March 2002. The ore reserve tonnage is further reduced by a factor of 5% to reflect the reconciliation between the resource model and production data. The Ore Reserve is classified by assigning the JORC code reserve categories the same ratio as the Mineral Resource statement categories (i.e Proved reserve = Measured resource, and Probable reserve = Indicated resource). The current Ore Reserve is based on the Life of Mine plan completed in July 2001. The factors applied to estimate the Ore Reserve include a variable cut-off grade using a zinc equivalent formula, accumulating the seams in the resource model to define the top and base of the two ore zones, and applying mining ore loss and dilution factors. Reserves previously identified to be mined in stage 7 have been excluded from this estimate as a result of the July 2001 Life of Mine review.

Compiled by: Ian Kelso - Senior Mine Geologist, and John Eddleston - Senior Mining Planning Analyst, Pasminco Century Mine

Dugald River

The Dugald River Resource was modelled from diamond drill hole assays using 1:500 scale cross-sections at 50m to 100m apart. These sections were used to interpret the spatial distribution of the dominant styles of mineralisation. Since the previous estimate in November 1999 there has been 16 additional holes drilled into the thick central part of the deposit. A model was constructed confining the mineralisation styles within three-dimensional Resource domains. The metal grades were estimated separately for each domain. The additional drilling and a more rigorous enforcement of domain boundaries have resulted in improved resolution in the thickest area of the deposit. Revision of the Resource categories has not resulted in a significant change in the overall percentage of the deposit being reported in the Inferred category but has upgraded some areas in the central part of the deposits to Indicated while other areas at the margins have been downgraded to Inferred. The Resource for the Dugald River deposit at a 10% lead + zinc cut-off grade stands at 47.9Mt @ 12.1% zinc, 2.1% lead and 44g/t silver. This Resource includes 31.9Mt of Indicated Resource @ 12.6% zinc, 2.0% lead and 44g/t silver and 16.0Mt of Inferred Resource @ 11.1% zinc, 2.3% lead and 44g/t silver.

Compiled by: C.H Lutherborrow - Geology Manager, Pasminco Broken Hill Mine

Elura

The Elura Resource has been estimated using assays from diamond drilling and geological mapping, interpreted by mine geologists to develop a three dimensional model of the ore body. The Resource has been estimated using revenue based cut off of $55/t at a minimum width of 4m and is reported inclusive of Reserves. At 31 March 2002 the estimated Measured and Indicated Resource was 13.9Mt @ 9.1% zinc, 5.6% lead and 65 g/t silver. There are no Resources in the Inferred category.

The Reserve is estimated by the application of mining criteria to the Resource model. At 31 March 2002 the Reserve was estimated to be 4.6Mt @ 8.8% zinc, 5.0% lead and 52 g/t silver. Since 31 March 2001 the Reserve has been reduced by 5.5Mt. There was 1.2Mt mined and 4.3Mt tonnes deleted due to a change in mining strategy. This change in strategy involved a change in the mine plan from a "paste fill" mining system to a "no fill" system. The plan to not fill mining voids necessitates that additional blocks of Resource material be left as crowns and pillars thus significantly reducing Resource recovery. There has also be a reduction in grade for all metals since the last estimate due to the application of dilution factors in order that the Reserve grade better reflects the actual material mined.

Compiled by: Angela Lorrigan - Manager Geology, Nick Mosenthal - Manager Mining, Pasminco Elura Mine

Ore Resources and Reserves – 31 March 2002 (cont.)

Rosebery
The mineral Resource at Rosebery has been estimated using assays from diamond drilling and geological mapping, interpreted by mine geologists to develop a three dimensional model of the ore body and remnant pillars. At 31 March 2002 the Measured, Indicated and Inferred Resource for the Rosebery Mine was 8.7Mt at 16.1% zinc, 5.2% lead, 0.41% copper, 159 g/t silver and 2.3 g/t gold. A Resource of 0.6Mt at 3.7% zinc, 1.9% lead, 0.11% copper, 157 g/t silver and 4.4 g/t gold is estimated for the nearby South Hercules prospect. The Resource cut off is based on the expected recovered metal value of contained zinc, lead, copper, silver and gold ($85 for underground resources and $65 for resources potentially amenable to surface mining). A minimum width requirement of 3 metres is also applied and Resources must be considered currently or potentially accessible. Resources are stated inclusive of Reserves.

Proved and Probable Reserves as at 31 March 2002 were 2.3Mt at 11.2% zinc, 3.5% lead, 0.44% copper, 111 g/t silver and 1.9 g/t gold. All Reserves are within the Rosebery mine.

Resources were added through exploration in the lower mine area and through improved access into remnant areas in the upper part of the mine. However the additions were insufficient to totally replace Resources depleted by mining. Revised geological interpretations of specific areas of the mine also contributed to a reduction in Resources since the last annual report.

Decline development in the lower part of the mine was slower than forecast and delayed the infill drilling required to convert identified Resources to Reserves. Decreases in Reserves were partly offset by improved access to remnant pillars in the upper part of the mine.

Exploration for the coming year will focus on the northern part of the mine where the known lenses remain open at depth and to the North.
Compiled by: Peter Edwards - Geological Superintendent and Andrew Prentice - Mine Planning Superintendent, Pasminco Rosebery Mine

Gordonsville and Clinch Valley Tennessee
Public reporting requirements in the USA differ from those that apply in Australia and estimates are not directly comparable to those reported under JORC standards. Gordonsville and Clinch Valley are underground mines based on strata bound, carbonate hosted zinc mineralisation. Resource estimates are based on assays from diamond drilling. The Resource does not include material contained in the Reserve. The Resource at 31 March 2002 for Gordonsville is estimated at 15.4Mt @ 3.3% zinc. This Resource contains 0.3Mt of germanium metal. The Clinch Valley Resource at 31 March 2002 is estimated at 3.2Mt at 3.0% zinc. The classification of Resources is based on the density of diamond drilling and the Resources of both mines are considered to be in the Indicated category.

Reserves are estimated by applying a minimum height of 3.4 metres to those Resource blocks that may be developed from existing mine workings. Blocks with diluted grades of less than 2% zinc are excluded from Reserves Blocks with diluted grades of greater than 4.5% zinc are cut to this value. No provision is made for pillars Reserves at Gordonsville and Clinch Valley at 31 March 2002 were estimated at 16.4Mt @ 3.2% zinc and 2.4Mt @ 3.2% zinc respectively. The Reserve at Gordonsville is also estimated to contain 0.3Mt of Germanium metal.
Compiled by A Wallace - Mitchell Consulting Geologist

* Australasian code for reporting of mineral resources and ore reserves (The JORC Code), prepared by the Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (JORC), effective September 1999.

Ore Resources and Reserves – 31 March 2002 (cont.)

Resources at 31 March 2002

Location		2002 Tonnes (m)	2001 Tonnes (m)	Zinc %	Lead %	Copper %	Silver g/t	Gold g/t
Beltana	Measured	0.1	0.1	40.0	2.2	–	–	–
		0.1	0.1	40.0	2.2	–	–	–
Century	Measured	62.0	66.0	13.5	1.8	–	46	–
	Indicated	21.6	23.2	12.5	1.4	–	40	–
	Inferred	0.02	0.02	3.4	0.6	–	8	–
		83.6	89.3	13.3	1.7	–	44	–
Dugald River	Indicated	31.9	31.9	12.6	2.0	–	44	–
	Inferred	16.0	16.0	11.1	2.3	–	44	–
		47.9	47.9	12.1	2.1	–	44	–
Elura	Measured	12.9	13.9	9.1	5.6	–	66	–
	Indicated	1.0	2.0	9.7	4.7	–	49	–
		13.9	15.9	9.1	5.6	–	66	–
Rosebery								
Rosebery Mine	Measured	2.0	2.4	12.2	4.1	0.43	125	2.4
	Indicated	0.9	1.0	15.5	4.5	0.67	150	2.3
	Inferred	5.8	5.6	17.5	5.7	0.37	173	2.3
		8.7	9.0	16.1	5.2	0.41	159	2.3
South Hercules								
Browns Tunnel	Indicated	0.5	0.5	3.7	2.0	0.11	167	4.6
Southern Trenches	Inferred	0.1	0.1	3.2	1.2	0.10	22	2.5
		0.6	0.6	3.7	1.9	0.11	157	4.4
Tennessee								
Gordonsville	Indicated	15.4	13.3	3.3	–	–	–	–
Clinch Valley	Indicated	3.2	3.8	3.0	–	–	–	–
		18.5	17.1	–	–	–	–	–
Total	Measured	77.0	82.4	–	–	–	–	–
	Indicated	74.4	75.7	–	–	–	–	–
	Inferred	21.9	21.8	–	–	–	–	–
		173.3	179.9	–	–	–	–	–

Ore Resources and Reserves – 31 March 2002 (cont.)

Reserves at 31 March 2002

Location		2002 Tonnes (m)	2001 Tonnes (m)	Zinc %	Lead %	Copper %	Silver g/t	Gold g/t
Beltana	Proved	0.1	0.1	40.0	2.2	–	–	–
		0.1	0.1	40.0	2.2	–	–	–
Century	Proved	55.5	62.1	12.5	1.7	–	39	–
	Probable	19.5	21.8	11.6	1.3	–	36	–
		75.0	83.9	12.2	1.6	–	38	–
Elura	Proved	4.0	8.3	8.8	5.2	–	53	–
	Probable	0.6	1.8	8.9	4.2	–	45	–
		4.6	10.1	8.8	5.0	–	52	–
Rosebery								
Rosebery Mine	Proved	1.8	2.0	10.6	3.5	0.37	110	1.9
	Probable	0.5	0.6	13.0	3.7	0.66	116	2.0
		2.3	2.6	11.2	3.5	0.44	111	1.9
Tennessee								
Gordonsville	Proved	2.8	2.4	3.3	–	–	–	–
	Probable	13.6	16.5	3.2	–	–	–	–
		16.4	18.9	3.2	–	–	–	–
Clinch Valley	Proved	1.4	1.5	3.4	–	–	–	–
	Probable	1.0	1.1	2.9	–	–	–	–
		2.4	2.6	3.2	–	–	–	–
All Mines	Proved	4.2	3.9	3.3	–	–	–	–
	Probable	14.6	17.6	3.2	–	–	–	–
		18.8	21.5	3.2	–	–	–	–
Total	Proved	65.1	76.4	–	–	–	–	–
	Probable	34.7	41.8	–	–	–	–	–
		99.8	118.2	–	–	–	–	–

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