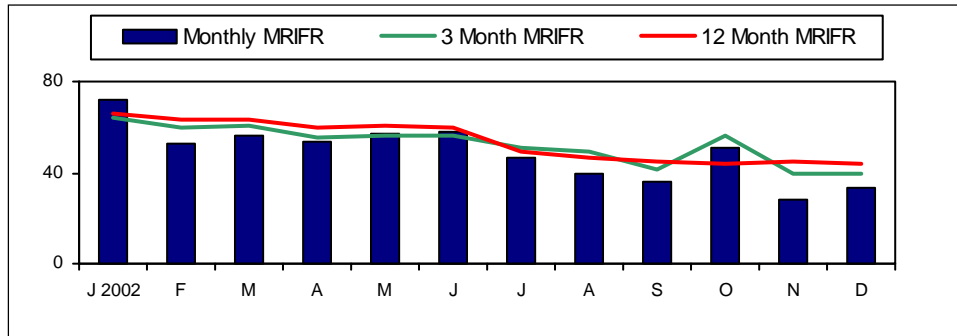


## SAFETY HEALTH AND ENVIRONMENT



Safety performance continues to improve with the group's 12-month moving average lost time medical referral injury rate (MRIFR) at 40, compared with 70 in December 2001. The 3-month MRIFR has declined from 70 to 40 over the past year. The improvement reflects a heightened level of safety awareness over the past year.

There were no significant environmental incidents during the quarter.

Discussions are continuing with the New South Wales Environment Protection Agency (EPA) to develop a remediation plan for the Cockle Creek smelter, which is planned to close within four to six years.

## PRODUCTION OVERVIEW

Pasminco's mine and metal production for the December quarter are summarised below.

(Tonnes)	3 months ended 31/12/02	6 months ended 31/12/02	3 months ended 31/12/01	6 months ended 31/12/01
Mine production - contained zinc	187,285	383,733	176,673	348,460
- contained lead	29,662	67,401	41,172	93,255
Metal production - zinc	175,744	350,332	168,014	334,759
- lead <sup>1</sup>	84,307	157,218	84,605	164,555
Total production	476,998	958,684	470,464	941,029

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

Total production of zinc and lead was 1% higher than the corresponding quarter in 2001 and only marginally below the record production results in the September 2002 quarter.

Total production for the six months ended December 2002 was 2% higher than the corresponding period in 2001.

Production highlights of the quarter were strong performances from the Century and Elura mines and record zinc production at the Port Pirie smelter.

## **MINING**

Overall, December quarter mine production was in line with the corresponding quarter in 2001.

### ***Century***

- Zinc concentrate production was 220,406 tonnes for the quarter, 8% higher than the corresponding quarter in 2001, and only 5% lower than the previous quarter.
- Contained zinc in concentrate was 129,893 tonnes, 10% higher than the corresponding quarter in 2001, and only 5% lower than the previous quarter.
- Production was impacted by lower plant availability due mainly to a planned mill shutdown in October.
- Zinc recovery averaged 79.9% for the quarter, an improvement over the September quarter average of 79.1%. An additional flotation cell was commissioned in November, which contributed to the improvement in recoveries. The target level for zinc recoveries remains at 82.5%.
- Lead recovery was 72.4% for the quarter. Contained lead in concentrate production was down on the previous quarter due to lower lead ore grade and the retention of lead concentrate in slurry form on site. Trucking of lead concentrate to Karumba is expected to resume in the June 2003 quarter.

### ***Rosebery***

- Ore throughput was 201,276 tonnes, in line with the corresponding period in 2001, but lower than the previous quarter due to a planned mill shutdown in October. Zinc concentrate production was lower than the December 2001 quarter, while lead concentrate production was higher, and copper concentrate and gold dore production were steady.
- Further progress was made on the surface decline project during the quarter with the decline breaking through to existing mine workings in October. The mine will be decommissioning the shaft and rail systems in early March 2003 and converting to a full truck to the surface operation.
- Commissioning of a fine grind sand mill in the lead circuit has commenced. The fine grind sand mill is expected to improve lead recoveries, resulting in a lower lead grade and higher zinc grade in zinc concentrate.

### ***Elura***

- Ore throughput was 3% higher than the corresponding quarter in 2001.
- Higher ore throughput was partly offset by lower ore grades, but nevertheless contained zinc and lead in concentrate exceeded both the previous quarter and the corresponding quarter in 2001.

- A favorable blend of ore types resulted in good metallurgical performance with zinc recoveries at 88%.
- The combination of high ore throughput and good zinc recoveries resulted in best ever annualised zinc in concentrate production for the Elura mine.

### ***Gordonsville and Clinch Valley, USA***

- Gordonsville production was 4% lower than the prior quarter on lower ore grade. Higher ore grades in the current quarter and six-months, however, more than offset the lower ore treated.
- At Clinch Valley production was 21% higher than the previous quarter and 2% more than the corresponding quarter in 2001. This increase was due to high equipment availability, favourable cycling of production stopes which saw more of the higher grade stopes being in the lifting mode and the strategic shift to shorter life, higher grade production.

## **SMELTING**

Overall, December quarter zinc metal production was 5% higher than the corresponding quarter in 2001. Lead metal production was in line with the corresponding quarter in 2001.

### ***Hobart***

- Zinc production was 62,170 tonnes, in line with the corresponding quarter in 2001.
- Calcine stock reduced from 18,135 tonnes to 3,814 tonnes (1,268 more than forecast) due to a Roaster shutdown in November.

### ***Budel, The Netherlands***

- Zinc production was 53,292 tonnes for the quarter, higher than the previous quarter and the corresponding quarter in 2001.
- The roaster cooling coils have been modified to accommodate elevated operating temperatures associated with Century concentrates. This has enabled an increase in roaster throughput.

### ***Cockle Creek***

- Zinc production for the December quarter was 12% below the corresponding quarter in 2001, while lead bullion production was 9% below the corresponding quarter in 2001.
- The key issue impacting production for the quarter was the failure of the blast furnace roof and upper-shaft brickwork. The repair work required 12 days downtime, however there is now no major maintenance downtime planned for the remainder of the year.
- The focus on processing on-site residues is expected to result in lead production exceeding last year's record tonnage, while maintaining zinc production capacity.

### ***Clarksville, US***

- Record production was achieved for the quarter. Zinc production of 30,740 tonnes, was 15% higher than the previous quarter and 6% higher than the corresponding quarter in 2001 due to reduced downtime in the purification circuit and progressive de-bottlenecking in the cellroom.

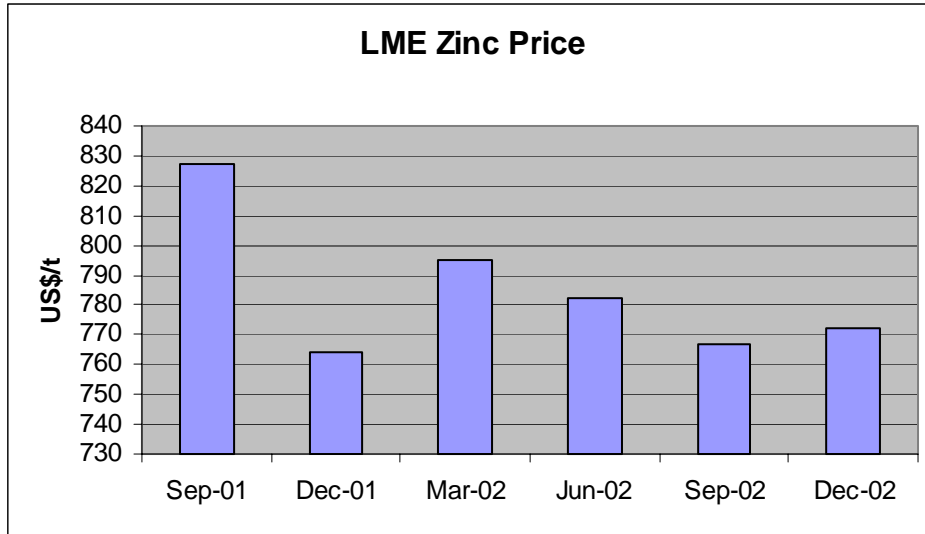
### ***Port Pirie***

- Lead production was 70,117 tonnes for the quarter, 0.5% above the corresponding quarter in 2001. The lead blast furnace has returned to record performance levels following scheduled maintenance on the Blast furnace and Sinter Plant carried out in July 2001.
- Zinc production is 2% higher than the corresponding quarter in 2001, and for the 6 months to December 2002 9% above the corresponding period in 2001. The zinc plant continues to operate in excess of 42,000 tonnes per annum due to the ongoing operational improvements through the business improvement process.
- Silver production for the quarter was a site record with 124,219kg produced, 13% more than the corresponding quarter in 2001. Silver production is highly dependent on the grade of feed materials with Cannington lead concentrates being a major input to the Port Pirie site. This record production was also achieved through a drawdown of high value in-circulation materials.

### ***Australian Refined Alloys ("ARA") Joint Venture***

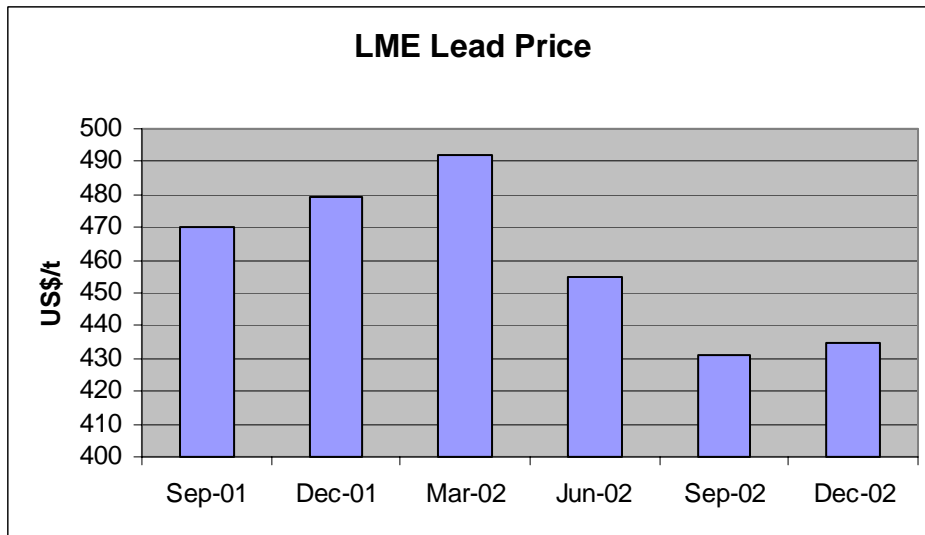
- Both ARA secondary lead plants have operated smoothly in the December 2002 quarter and at higher levels than for the corresponding periods in 2001. Mechanical availability has been in excess of 97%.

## MARKET OVERVIEW



The London Metal Exchange zinc price strengthened during the December quarter in response to a number of supply cut announcements, including the Pasmaenco announcements regarding the closure of the Cockle Creek smelter and the US mines. The December quarter price averaged US\$772 per tonne compared to US\$767 per tonne in the September quarter.

Metal stock levels remain high however, and the rally was not sustained with the zinc price slipping back below US\$800 per tonne early in January.



The London Metal Exchange lead price also strengthened during the December quarter, averaging US\$435 per tonne compared to US\$431 per tonne in the September quarter.

## **US MINES CLOSURE**

On December 4 the company announced that as part of its restructure strategy it would shut down the Gordonsville and Clinch Valley mines but continue to operate the Clarksville refinery in Tennessee, USA.

The Gordonsville mine immediately began a staged withdrawal from higher-cost mining areas and the mine is expected to close in June 2003.

The Clinch Valley mine is scheduled to close within the next 2 years in order to mine its economic resource before closing.

## **ELURA SALE UPDATE**

The sale process for the Elura mine, near Cobar in New South Wales, is continuing. Pasminco and Consolidated Broken Hill Ltd (CBH), the preferred bidder for the mine, have agreed to extend the exclusive period held by CBH for completion of negotiations and sale documentation to 14 February 2003.

## **FINANCIAL RESULTS**

Pasminco's financial results for the six months ended December 2002 are expected to be lodged with ASIC by 28 February 2003.

## **ABOUT PASMINCO**

Pasminco is the world's largest integrated zinc and lead producer, supplying approximately 7% and 4% respectively of global demand for finished zinc and lead metal and is the third largest global silver producer. Other products include gold, copper, copper sulphate, cadmium and sulphuric acid.

Pasminco operates the Century, Elura and Rosebery mines within Australia and mines at Gordonsville and Clinch Valley in Tennessee, USA. Pasminco also conducts smelting operations in Hobart, Port Pirie and Cockle Creek in Australia, at Budel in the Netherlands and at Clarksville in Tennessee, USA. Pasminco is also a 50% joint venture partner in Australian Refined Alloys, a lead recycler with operations in Sydney and Melbourne.

Pasminco employs approximately 3,500 employees worldwide. For the year ended 30 June 2002, Pasminco generated sales revenue totalling AUD2.06 billion.

### **For further information - please contact**

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### Production Statistics for the Quarter Ended 31 December 2002

	3 Months Ended Dec 2002	6 Months Ended Dec 2002	3 Months Ended Dec 2001	6 Months Ended Dec 2001
<b><u>MINING</u></b>				
<b>Century Mine</b>				
Ore Treated (Tonnes)	1,284,921	2,621,970	1,211,835	2,541,094
Assaying				
- Zinc %	12.6	12.8	12.5	12.2
- Lead %	1.4	1.6	2.4	2.4
- Silver g/t	50.3	50.0	58.7	60.0
Zinc Concentrate (Tonnes)	220,406	452,694	205,579	403,879
Containing				
- Zinc (Tonnes)	129,893	266,918	118,600	234,411
- Silver (kg)	44,894	86,617	41,003	86,992
Lead Concentrate (Tonnes)	15,875	44,027	38,023	91,348
Containing				
- Lead (Tonnes)	11,201	30,527	24,087	59,150
- Silver (kg)	3,796	11,189	11,759	27,785
<b>Rosebery Mine</b>				
Ore Treated Total (Tonnes)	201,276	415,829	201,175	374,984
Assaying				
- Zinc %	10.1	10.9	11.6	12.0
- Lead %	3.6	3.7	3.5	3.8
- Copper %	0.3	0.3	0.3	0.3
- Silver g/t	95.2	106.4	131.8	144.3
- Gold g/t	1.4	1.4	1.9	2.0
Zinc Concentrate (Tonnes)	31,414	70,456	37,873	73,088
Containing				
- Zinc (Tonnes)	18,085	40,456	21,477	40,878
Lead Concentrate (Tonnes)	9,239	18,908	8,357	17,208
Containing				
- Lead (Tonnes)	5,973	12,498	5,624	11,366
- Silver (kg)	8,981	20,759	12,937	24,458
- Gold (kg)	41	68	39	74
Copper Concentrate (Tonnes)	1,710	3,173	1,632	3,093
Containing				
- Copper (Tonnes)	353	663	355	679
- Silver (kg)	4,722	10,973	6,352	14,731
- Gold (kg)	117	259	205	364
Gold Dore (kg)	91	234	89	216
Containing				
- Gold (kg)	76	166	58	145
- Silver (kg)	30	76	39	74
<b>Elura Mine</b>				
Ore Treated (Tonnes)	310,456	606,785	301,143	582,046
Assaying				
- Zinc %	8.7	8.8	9.0	8.7
- Lead %	5.5	5.4	5.4	5.4
- Silver g/t	53.3	53.5	66.3	58.0
Zinc Concentrate (Tonnes)	48,650	91,785	44,427	82,744
Containing				
- Zinc (Tonnes)	23,845	45,468	22,291	41,595
Lead Concentrate (Tonnes)	22,092	41,987	20,265	40,211
Containing				
- Lead (Tonnes)	12,488	23,593	11,461	22,739
- Silver (kg)	8,520	16,538	8,435	14,878

## Production Statistics for the Quarter Ended 31 December 2002

	3 Months Ended Dec 2002	6 Months Ended Dec 2002	3 Months Ended Dec 2001	6 Months Ended Dec 2001
<b><u>MINING</u></b>				
<b>Clinch Valley Mine</b>				
Ore Treated (Tonnes)	94,924	180,942	91,988	187,782
Assaying - Zinc %	3.5	3.3	3.5	3.6
Zinc Concentrate (Tonnes)	5,184	9,465	5,000	10,331
Containing - Zinc (Tonnes)	3,174	5,790	3,126	6,455
<b>Gordonsville Mine</b>				
Ore Treated Total (Tonnes)	371,753	746,711	410,446	838,875
Assaying - Zinc %	3.5	3.5	2.8	3.1
Zinc Concentrate (Tonnes)	19,019	38,818	17,303	38,801
Containing - Zinc (Tonnes)	12,287	25,101	11,179	25,112
<b><u>SMELTING</u></b>				
<b>Hobart Smelter</b>				
Zinc (Tonnes)	62,170	126,425	61,153	121,531
<b>Budel Zink</b>				
Zinc (Tonnes)	53,292	104,125	46,656	94,314
<b>Clarksville Zinc Plant</b>				
Zinc (Tonnes)	30,739	57,479	29,063	55,779
<b>Cockle Creek Smelter</b>				
Zinc (Tonnes)	18,361	40,063	20,812	43,154
Lead Bullion (Tonnes)	9,321	19,863	10,231	20,363
<b>Port Pirie Smelter</b>				
Lead (Tonnes)	70,117	128,302	69,753	135,310
Zinc (Tonnes)	10,639	21,697	10,330	20,052
Silver (kg)	124,219	238,355	110,013	216,721
<b>ARA *</b>				
Lead (Tonnes)	4,869	9,054	4,621	8,883

\* Figures represent Pasminco's 50% share of ARA's total production

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