Perilya Limited – ABN 85 009 193 695

12 months ended 30 June 2004 ("current period")

Results for announcement to the market

	2002/03 $'000		2003/04 $'000
Revenue from ordinary activities	up 34% from 144,639	to	194,153
Profit from ordinary activities after tax attributable to members	up from (265)	to	12,887
Net profit for the period attributable to members	up from (105)	to	12,887

Dividends

No dividends were paid or declared by Perilya Limited in the current period or during the period since balance date.

Explanation of revenue

Revenue from ordinary activities in the current period of $194.2 million was significantly above that in the previous year ended 30 June 2003 due to the gradual build up to target production levels at the Broken Hill Operation during 2002/03 year following its purchase from Pasminco Limited on 31 May 2002. The revenue in the current period includes proceeds of $30.1 million from the sale of investments compared to $20.9 million the previous year.

Explanation of profit

Profit from ordinary activities after tax attributable to members in the current period was $12.9 million, compared to a loss of $0.1 million in the previous year. The Broken Hill Operation made a loss of $3.8 million for the year. Share of net profits before tax from associates and from sale of investments and controlled entities were $3.8 million and $22.6 million respectively.

Audit Report

This preliminary final report is based on accounts which are in the process of being audited.

Consolidated statement of financial performance

	Notes	12 months to 30 June 2004 $'000	12 months to 30 June 2003 $'000
Revenue from operating activities		157,726	120,158
Revenue from outside operating activities		36,427	24,481
Revenue from ordinary activities (excluding share of equity accounted net profits of associates)	2	194,153	144,639
Movements in stockpiles		3,205	4,416
Raw materials, power and consumables		(54,664)	(42,962)
Employee benefits expensed		(36,892)	(32,588)
Depreciation and amortisation		(18,274)	(16,098)
External services and consultants		(26,587)	(15,580)
Insurance expense		(4,513)	(5,490)
Rates and property taxes		(2,298)	(2,217)
Rental expense on operating leases		(139)	(156)
Royalties		(4,070)	(2,860)
Foreign exchange loss		(1,561)	(1,173)
Freight and handling		(19,683)	(15,620)
Price linked payments		(1,833)	-
Exploration written off and/or disposed of		(296)	(1,415)
Written down value of investments disposed of		(7,773)	(12,214)
Written down value of property, plant and equipment disposed of		(1,851)	(93)
Written down value of exploration tenements disposed of		480	(63)
Other expenses from ordinary activities		(1,501)	(1,415)
Borrowing costs	4	(1,462)	688
Shares of net profits of associates accounted for using the equity method	6	3,842	(1,774)
Profit from ordinary activities before related income tax expense		18,283	(2,793)
Income tax (expense) / benefit	3	(5,396)	2,528
Profit from ordinary activities after related income tax expense		12,887	(265)
Net loss attributable to outside equity interest		-	160
Net profit attributable to members of Perilya Limited		12,887	(105)
Total changes in equity attributable to members of Perilya Limited other than those resulting from transactions with owners as owners		12,887	(105)
Earnings in cents per ordinary share			
Basic earnings per share		8.0	(0.1)
Diluted earnings per share		7.7	(0.1)

The above preliminary consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

	Notes	As At 30 June 2004 $'000	As At 30 June 2003 $'000
Current assets			
Cash assets	5	31,111	26,125
Receivables		8,493	12,125
Inventories		11,106	8,218
Other financial assets		1,857	669
Other		5,614	1,861
Total current assets		**58,181**	**48,998**
Non-current assets			
Restricted cash	5	9,584	8,629
Receivables		1,370	177
Investments accounted for using the equity method	6	4,999	13,923
Other financial assets		1,314	869
Exploration and evaluation expenditure		27,216	14,275
Mine properties		42,368	39,929
Property, plant and equipment		48,370	41,894
Total non-current assets		**135,221**	119,696
Total assets		**193,402**	168,694
Current liabilities			
Payables		19,919	16,947
Interest bearing liabilities		26,260	1,483
Current tax liabilities		307	-
Provisions		11,260	10,979
Total current liabilities		**57,746**	29,409
Non-current liabilities			
Payables		-	-
Interest bearing liabilities		9,029	25,460
Deferred tax liabilities		4,099	-
Provisions		23,704	29,730
Total non-current liabilities		**36,832**	55,190
Total liabilities		**94,578**	84,599
Net assets		**98,824**	84,095
Shareholders' equity			
Contributed equity	16	78,044	76,202
Retained profits	8	20,780	7,893
Total equity		**98,824**	84,095

The above preliminary consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

	12 months to 30 June 2004 $'000	30 June 2003 $'000
Cash flows from operating activities		
Cash receipts in the course of operations (inclusive of goods and services tax)	176,740	118,788
Cash payments in the course of operations (inclusive of goods and services tax)	(168,159)	(118,540)
Interest received	1,688	1,053
Interest and other finance costs paid	(1,710)	(1,627)
Income taxes paid	153	(7,270)
Net cash inflow (outflow) from operating activities	**8,712**	**(7,596)**
Cash flows from investing activities		
Payment for purchase of investments	(2,208)	(5,019)
Net inflow from purchase of controlled entities	-	5,056
Repayment of funds advanced to controlled entities	-	-
Payments for mine properties	(10,917)	(6,718)
Payments for deferred stamp duty	(779)	(1,557)
Payments for production linked payment	(7,078)	(3,432)
Payments for property plant and equipment	(6,655)	(837)
Payments for exploration and evaluation	(11,995)	(4,288)
Payment of funds advanced to staff	-	(16)
Proceeds from dividends	2,850	639
Proceeds from sale of Fortnum tenements	500	55
Proceeds from return of capital from associate	4,274	-
Funds advanced to external parties	(1,367)	-
Movement in monetary backing for performance guarantees	(955)	329
Proceeds from sale of equity investments	30,080	18,691
Proceeds from sale of controlled entity	-	2,216
Proceeds from prior year sale of exploration prospect	-	1,266
Proceeds from sale of plant and equipment	386	140
Net cash inflow (outflow) from investing activities	**(3,864)**	**6,525**
Cash flows from financing activities		
Proceeds of funds from issue of shares	1,842	10,395
Repayment of Hire Purchase Liability	(1,609)	-
Proceeds from borrowings -Ranger Minerals Ltd pre-acquisition	-	15,000
Funds advanced to controlled entities	-	(173)
Payment of Ranger Minerals Ltd dividends	(95)	(3,397)
Net cash inflow (outflow) from financing activities	138	21,825
Net increase (decrease) in cash held	4,986	20,754
Cash at the beginning of the financial year	26,125	5,371
Cash at the end of the financial year	**31,111**	**26,125**

Refer to note 6 for information on cash and deposits held by the Company.

Refer to note 12 for information on non-cash financing and investing activities.

The above preliminary consolidated statement of cash flow should be read in conjunction with the accompanying notes.

Commentary on results

Perilya Limited's after tax profit in 2003/04 was $12.9 million (2002/03: $0.1 million loss).

The Broken Hill Operation made a loss of $3.8 million for the year. This outcome reflects several independent and isolated events which disrupted production during the year and a 19 day production downtime in January 2004 due to the ore haulage skip jamming in the shaft.

The 19 day downtime in January reduced zinc concentrate production by 15,300 tonnes and lead concentrate production by 4,700 tonnes. The financial effect has been a reduction in profit of approximately $5 million and cash flow of approximately $7 million. An insurance claim receivable of $2 million has been recognised in revenue representing a $7 million loss of profit less a $5 million deductible.

The unit cash cost of production averaged US$0.36 per pound of payable zinc in the first half of the year and US$0.43 per pound in the second half. Adjusting for the 19 day downtime, the unit costs in the second half of the year would have been US$0.35 per pound.

Although significant improvements in the performance of the Broken Hill Operations have been achieved during Perilya's two year ownership (in the form of improved safety standards, maintenance, productivity, metal recoveries and concentrate grades), the operation has not consistently achieved target performance in the past year. Disruptions to the mining programme caused by a series of independent and isolated events relating to the history, size and nature of the operation resulted in significant downtime at the South Mine. This, combined with the fact that 95% of the mill feed was sourced from the South Mine, were the principal reasons for under performance. In order to mitigate the principal operational risks, the Company has initiated a long term strategy of reducing dependence on the South Mine and improving mining flexibility and head grades. Production from the South Mine will be progressively reduced from the current mining rate of 180,000 to 200,000 tonnes per month to 150,000 tonnes per month, whilst phasing in 20,000 to 30,000 tonnes per month of higher grade ore from the North Mine and, in due course, from the proposed new mine at Potosi.

This strategy will have the dual effect of reducing exposure to unplanned disruption at the South Mine and, by lowering production pressure, enabling a greater emphasis to be applied to mining quality which, in turn, will lead to improved head grades. In addition management will be focused on maximising the net margin, the difference between the sale price of metal and the unit cost of production, over the remaining mine life.

To make the Broken Hill Operation internationally competitive for its six to seven year mine life, and with the objective of extending its life for an additional six years and beyond, the Company has embarked upon a business plan that not only includes reducing dependence upon the South Mine but improving the efficiency and cost of all activities associated with the Operation from exploration through to marketing. The results will be recognised in reduced unit costs.

During the year the Company reduced its holding in non strategic investments generating a before tax profit of $22.6 million. At 30 June 2004 the Company held investments with a carrying value of $6.3 million and a market value on that date of $12.8 million. Non strategic investments will continue to be sold during the 2004/05 year as prices and market conditions are considered appropriate. The share of net profit before income tax of equity accounted investments in Independence Group NL and Strike Oil Limited was $1.9 million and $2.3 million respectively.

Perilya Limited and its wholly owned subsidiaries elected to consolidate and be treated as a single entity for income tax purposes, effective 18 October 2002, resulting in an uplift of exploration assets which reduced current income tax by $0.7 million. As at 30 June 2004 the Company has $11.8 million of un-utilised pre tax consolidated losses available for offset against future taxable income.

Dividend

Given the significant capital outlays planned in 2004/05 associated with the attainment of our strategic objective, the Directors have decided against the payment of a dividend for the 2003/04 year. Proposed capital expenditure is required to provide the operating capacity to generate sustainable cash flows, profit and dividends in future years.

Cash flow

The cash flow from operating activities was $8.7 million (2002/03: negative $7.6 million) of which the Broken Hill Operation contributed $11.9 million.

The proceeds from the sale of non strategic investments, which generated $30.1 million in cash flow for the year, were used to evaluate and develop the long cash flow generation projects. The cash outflows associated with major investment activities comprised $17.5 million on mine development and plant and equipment at Broken Hill, $7.5 million on the evaluation and development at Daisy-Milano and $4.5 million, excluding Daisy-Milano, on exploration and evaluation. In addition, $7.1 million in production linked payments, associated with the purchase of Broken Hill, were paid.

In April 2004 Perilya received $7.1 million from Strike Oil Limited comprising a $2.8 million unfranked dividend and a return of capital of $4.3 million.

Liquidity and funding

Cash and deposits at 30 June 2004 totalled $40.7 million (30 June 2003: $34.8 million). Borrowings made up of fully redeemable convertible notes and hire purchase contracts totalled $34.5 million at 30 June 2004 (30 June 2003: $25.3 million). In addition Perilya has $9.6 million cash backed rehabilitation bonds with State Governments.

Fully redeemable convertible notes, issued to Korea Zinc Company Ltd, with a face value of US$15 million (A$21.8 million at 30 June 2004), are convertible at the greater of A$0.87 per Perilya share or market subject to a prior right to Perilya to redeem. In the event that the notes are not converted by the Korea Zinc Company Ltd or redeemed earlier by Perilya, they are repayable by a single payment in May 2005.

The other major borrowings are hire purchase contracts totalling $12.7 million at 30 June 2004, with repayment periods extending to June 2008, which have been used to acquire the underground mobile equipment for the Broken Hill Operation.

During the year 4,635,000 options were exercised at an average issue price of $0.40 per share increasing contributed equity by $1.8 million to $78.0 million.

Notes to and forming part of the consolidated financial statements

Note 1 : Basis of financial report preparation

This general purpose financial report is for the year ended 30 June 2004, and has been prepared in accordance with the Australian Stock Exchange Listing Rules as they relate to Appendix 4E and in accordance with Accounting Standards, other mandatory professional reporting requirement (Urgent Issues Group Consensus views), other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001. It is recommended that this report be read in conjunction with any public announcements made by Perilya Limited and its controlled entities during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year.

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006. Information about how the transition to Australian equivalents to IFRS is being managed, and the key differences in accounting policies that are expected to arise, is set out in Note 22.

Note 2 : Revenue

Profit from ordinary activities includes the following revenues, disclosure of which is relevant in explaining the financial performance of Perilya.

	12 months to 30 June 2004	12 months to 30 June 2003
Revenue from operating activities		
Sale of goods	157,726	120,158
Revenue from outside the operating activities		
Interest revenue	1,688	1,053
Proceeds from dividends	-	639
Other revenue (i)	2,773	476
Proceeds from sale of property, plant and equipment	1,386	140
Proceeds from sale of interest in controlled entity	-	2,216
Proceeds from sale of investments	30,080	18,691
Proceeds from sale of exploration prospect	500	1,266
	36,427	24,481
Revenue from ordinary activities	**194,153**	**144,639**

(i) Other revenue includes $2 million due on an insurance claim agreed by the assessors.

Note 3 : Income tax

The income tax expense for the financial year differs from the amount calculated on the profit from ordinary activities before income tax. The differences are reconciled as follows:

	12 months to 30 June 2004 $'000	30 June 2003 $'000
Profit/(loss) from ordinary activities before income tax expense	18,283	(2,793)
Income tax calculated @ 30%	5,485	(838)
Tax effect of permanent differences		
Non-deductible expenses	55	203
Tenement acquisition costs	262	-
Share of net losses/(profits) of associates	(297)	532
Uplift in assets on tax consolidation	(706)	-
Capital losses utilised	(1,071)	(964)
Taxable capital gain on sale of investments	7,957	(1,386)
Accounting gain on sale of investments	(6,692)	-
Tax gain on sale of assets	179	-
Income tax adjusted for permanent differences	**5,172**	**(2,453)**
Timing differences and tax losses not brought to account as FITB	6	50
Under/(over) provision in prior year	218	(125)
Aggregate income tax expense/(benefit)	**5,396**	**(2,528)**
Aggregate income tax expense/(benefit) comprises:		
Current taxation provision	388	-
Deferred income tax provision	4,790	1,571
Future income tax benefit	-	(3,974)
Under provision in prior year	218	(125)
	5,396	(2,528)
Tax losses		
No part of the future income tax benefit is attributable to tax losses. The Directors estimate that the potential future income tax benefit at year end in respect of tax losses not brought to account is	**3,548**	**1,855**

This benefit for tax losses will only be obtained if:

(i) the 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, or
(ii) the losses are transferred to an eligible entity in the consolidated entity, and
(iii) no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the losses.

Tax consolidation legislation

Perilya Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation retrospectively as of 18 October 2002. The financial effect of the implementation of the legislation has been recognised in the financial statements for the year ended 30 June 2004 but was not recognised in the financial statements for the year ended 30 June 2003. The impact on the income tax expense for the year is disclosed in the tax reconciliation above.

The wholly-owned entities have fully compensated Perilya Limited for deferred tax liabilities assumed by Perilya Limited on the date of the implementation of the legislation and have been fully compensated for any deferred tax assets transferred to Perilya Limited.

The entities have also entered into a tax sharing and funding agreement. Under the terms of this agreement, the wholly-owned entities reimburse Perilya Limited for any current income tax payable by Perilya Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised within the aggregate intercompany balance due to/payable by Perilya Limited. In the opinion of the directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Perilya Limited.

Note 4 : Borrowing costs

Profit from ordinary activities before income tax expense include borrowing costs made up as follows:

	12 months to	
	30 June 2004 $'000	30 June 2003 $'000
Unwinding of discount on production linked payments	355	1,619
Interest and finance charges paid/payable	1,810	1,735
Exchange gains on foreign currency borrowings	(703)	(4,042)
Borrowing costs expensed	**1,462**	**(688)**

Note 5 : Cash assets

	As at	
	30 June 2004	30 June 2003
Cash at bank and on hand	12,109	13,880
Cash on deposit	19,002	12,245
Cash assets	**31,111**	**26,125**

Cash assets and other deposits

Cash assets	31,111	26,125
Add: Restricted cash	9,584	8,629
Total of Cash assets plus Restricted cash	**40,695**	**34,754**

Restricted cash comprises deposits and commercial bills that are used for monetary backing for performance guarantees.

Cash assets plus Restricted cash includes deposits and commercial bills which bear both fixed and floating interest rates ranging from 4.9% p.a to 5.48% p.a (2003: 4.65% p.a to 4.78% p.a).

Note 6 : Investments accounted for using the equity method

As a result of the merger with Ranger Minerals Limited on 2 October 2002, Perilya acquired control of 28% of the issued capital of listed nickel producer Independence Group NL, and 50% of unlisted explorer Southstar Diamonds Limited.

During the year ended 30 June 2004, Ranger Minerals Limited sold all its holding in Independence Group NL for proceeds of $29.4 million.

During the year Perilya acquired a 35% holding in Comet Ridge Limited for $712,000. In April 2004, Comet Ridge Limited was listed on the Australian Stock Exchange by way of an Initial Public Offer. As a result, Perilya's holding reduced to 16%. Perilya has consequently discontinued equity accounting of the investment.

Information relating to the investment in associates is set out below. These shareholdings are accounted for in the consolidated financial statements using the equity method of accounting.

Name of company	Principal activity	Ownership interest		Consolidated carrying amount	
		2004 %	2003 %	2004 $'000	2003 $'000
Independence Group NL	Nickel producer and explorer	-	28	-	5,304
Southstar Diamonds Ltd (i)	Explorer	50	50	69	97
Strike Oil Limited (i)	Oil and gas explorer	36	36	4,930	8,522
				4,999	13,923

(i) Southstar Diamonds Limited and Strike Oil Limited were non-listed investments as at 30 June 2004. Strike Oil Limited was listed on the Australian Stock Exchange by way of an Initial Public Offer on 5 August 2004. As a result Perilya's holding reduced to 20.65%.

	2004 $'000	2003 $'000
Movements in carrying amounts of investments in associates		
Carrying amount at the beginning of the financial year	**13,923**	**4,294**
Share of profits /(losses) from ordinary activities after income tax	3,897	(1,720)
Share of preference dividends	(55)	(54)
Cost of investments purchased during the year	1,956	11,403
Disposal of equity accounted shares	(7,156)	-
Return on capital	(4,273)	-
Dividends received	(2,850)	-
Transfer of Comet Ridge no longer equity accounted	(443)	-
Carrying amount at the end of the financial year	**4,999**	**13,923**
Results attributable to associates		
Profits / (losses) from ordinary activities before income tax	3,897	(1,720)
Profits / (losses) from ordinary activities after income tax	3,897	(1,720)
Share of preference dividends	55	54
	3,842	(1,774)
Retained profits / (losses) attributable to associates at the beginning of the financial year	(2,965)	(1,191)
Retained profits / (losses) attributable to associates at the end of the financial year	877	(2,965)
Share of associates' contingent liabilities		
Exploration commitments	**2,880**	606
Summary of the performance and financial position of associates		
Profit / (Loss) from ordinary activities after income tax expense	5,732	(1,527)
Assets	17,622	66,814
Liabilities	(566)	(37,172)

Note 7 : Contingent Liabilities and Contingent Assets

There were no contingent liabilities or assets which were not provided for in the Financial Statements as at 30 June 2004 other than:

Officers' Indemnity

An indemnity agreement has been entered into the Directors and certain Officers of the economic entity in respect of claims and related expenses that arise in their official capacity. No monetary limit applied to the agreement and no known obligations have emerged as a result of this agreement.

Price Linked Payments

In accordance with the Sale and Purchase Deed between Perilya Limited, Perilya Broken Hill Limited and Pasminco Limited, price participation royalty payments are payable if the zinc price exceeds US$950 per tonne. These potential royalty payments cease 7.5 years after 31 May 2002 or the payment of A$30 million, whichever occurs first. Payments/payables to 30 June 2004 total A$1.4 million. At 30 June 2004 the price of zinc was US$967 per tonne. Potential payments pursuant to this arrangement cannot be reliably measured and have not been recognised in the Statement of Financial Position.

Broken Hill Coronial Inquest

A Coronial Inquest into the death of an employee, who died in November 2002 as a result of an underground incident at the Broken Hill Operations, is scheduled to commence on the 11 October 2004. Costs in respect of the inquest hearing are estimated to amount to approximately $150,000. Additional costs, if any, cannot be reliably determined at this stage.

Fortnum Sale Proceeds

As part payment for the Fortnum Gold Project, Perilya will receive $500,000 upon commencement of production by Gleneagle Gold Limited at the Fortnum mine and, after the first 50,000 ounces of production a royalty at the rate of $10 per ounce, up to a maximum amount of $2 million. These amounts have not been recognised in the financial accounts.

Note 8 : Retained profits

	As at 30 June 2004 $'000	30 June 2003 $'000
Retained profits at the beginning of the financial year	7,893	7,998
Net profit attributable to members of Perilya Limited	12,887	(105)
Retained profits at the end of the financial year	**20,780**	**7,893**

Note 9 : Interests in joint ventures

Perilya's aggregate interest in the assets and liabilities of each of the joint ventures listed below is reflected in the following asset and liability categories in the financial statements.

	As at 30 June 2004 $'000	As at 30 June 2003 $'000
Current assets		
Receivables	26	26
Other	1	-
Total current assets	27	26
Non-current assets		
Exploration and evaluation	8,878	9,948
Property, plant and equipment	74	74
Bonds	-	1
Total non-current assets	8,952	10,023
Total assets	**8,979**	**10,049**

Perilya is a participant in the following joint ventures as at 30 June 2004. The percentage interests may vary depending on the monies expended by the joint venturers. Perilya's percentage interest in future output, if all the ventures fulfill their obligations to the joint ventures, are as follows:

Joint venture	Location	Principal activity	% holding 30 June 2004	% holding 30 June 2003
Dee Range	QLD	Gold and base metal exploration	30	30
Ulam Range	QLD	Gold and base metal exploration	30	30
Malaysia Wide	Malaysia	Gold and base metal exploration	50	50
Ranau	Malaysia	Gold and base metal exploration	50	50
Beltana Corridor	SA	Base metal exploration	85	85
Blinman (Minotaur)	SA	Base metal exploration	80	80
Mt Frome	SA	Base metal exploration	90	90
Reephook	SA	Base metal exploration	85	85
Mt Oxide	QLD	Base metal exploration	100	40
Moyagee	WA	Gold exploration	100	49
Kanowna	WA	Gold exploration	30	76
Kalbarra	WA	Gold exploration	27	68
Holleton	WA	Gold exploration	90	80
Narelles Reward	WA	Gold exploration	-	65
Honeymoon Well	WA	Gold exploration	70	70
South Mt Woods	SA	Gold and copper exploration	50	20
Mabel Creek	SA	Gold and copper exploration	-	80
Yancowinna	NSW	Base metal exploration	89	89
Aroona	SA	Base metal exploration	90	-

Note 10 : Commitments for expenditure

	As at 30 June 2004 $'000	As at 30 June 2003 $'000
Lease commitments		
Commitments in relation to an operating lease over Perilya's head office situated at 31 Ventnor Avenue, West Perth, which was contracted for at the reporting date but not recognised as a liability.		
Payable within one year	212	74
Payable later than one year but not later than 5 years	136	-
	348	**74**
Hire Purchase Commitments		
Commitments in relation to hire purchase contracts financing underground mobile equipment at Broken Hill Operations as follows:		
Payable within one year	4,495	838
Payable later than one year but not later than 4 years	9,860	2,401
	14,355	3,239
Less: Unexpired hire purchase charges	1,641	374
Commitments recognised as a liability in the financial statements	**12,714**	**2,865**

Tenement Commitments

Perilya and its subsidiaries maintain current rights of tenure to tenements which require outlays of expenditure until the tenement is relinquished. Estimated expenditure outlays for 2004/2005 are $16.0 million (2003/2004: $15.5 million). These commitments relate to tenement lease rentals and the minimum expenditure requirements of the Western Australian, New South Wales, Queensland, Malaysian and South Australian Mines Departments attaching to the tenements.

Under certain circumstances, these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations. Further outlays in respect of tenements will continue beyond 2004/2005, however the amount is not capable of being reliably quantified.

Supply Contracts

Perilya Broken Hill Limited has entered into take or pay contracts with the Silverton Tramway Corporation Limited for the provision of shunting operation services and with Australian Inland for the provision of water at the Broken Hill Operations and a contract of affreightment for the sea carriage of mineral concentrates. The minimum expenditure commitment is $10.5 million per year.

Note 11 : Cash reconciliation

	12 months to 30 June 2004 $'000	30 June 2003 $'000
Profit from ordinary activities after income tax	**12,887**	**(265)**
Depreciation and amortisation	18,274	16,098
Exploration and Evaluation written off	380	1,415
Share of loss (gain) of associate	(3,842)	1,774
Unwinding of discount on production linked payments	355	1,619
Interest on deferred stamp duty	(22)	-
Loss - (profit) on sale of exploration prospects	(167)	(1,266)
Loss - (profit) on sale of plant and equipment	465	(47)
Loss - (profit) on sale of Investments	(22,563)	(6,477)
Loss - (profit) on sale of controlled entity	-	(1,335)
Diminution in value of employee share option plan	-	163
Proceeds from option fee	-	(55)
Excess rehabilitation provision reversed on Fortnum mine	(815)	-
Unrealised foreign exchange (gain) / loss	(802)	(3,822)
Dividends received	-	(639)
Change in operating assets and liabilities		
Decrease (increase) in trade debtors	2,249	(10,456)
Decrease (increase) in inventories	(3,044)	(3,398)
Decrease (increase) in prepayments	(2,846)	(580)
Decrease (increase) in future income tax benefit	3,567	(1,094)
Increase (decrease) in trade creditors	1,612	7,058
Increase (decrease) in provisions	1,737	1,985
Increase (decrease) in deferred tax liabilities	1,286	(8,274)
Net cash inflow from operating activities	**8,712**	**(7,596)**

Note 12 : Non-cash financing and investing activities

	12 months to 30 June 2004 $'000	12 months to 30 June 2003 $'000
Purchase of Ranger Minerals Ltd	-	26,973
Purchase of Strike Energy Pty Ltd	-	1,209
Shares acquired in Gleneagle Gold Ltd as part consideration for disposal of Fortnum mine assets	1,000	-
Acquisition of plant and equipment on hire purchase	11,452	3,702

(i) Ranger Minerals Limited

On 2 October 2002, Perilya merged with Ranger Minerals Ltd.
- Ranger Minerals Ltd shareholders received a fully franked dividend of 5.5 cents per Ranger share
- Ranger Minerals Ltd shareholders were issued with 3 Perilya shares for every 4 Ranger shares held

Prior to the approval of the Scheme, Perilya held 11,600,000 shares in Ranger Minerals Ltd. Through the Scheme, Perilya acquired the remaining 52,887,464 Ranger shares outstanding through the issue of 39,665,598 Perilya shares.

(ii) Strike Energy Pty Ltd

During the year ended 30 June 2003, Kolmar Limited, a wholly owned subsidiary of Perilya Limited, purchased Strike Energy Pty Ltd by the issue of 1,510,922 Perilya Limited shares. This acquisition was valued at $1.2 million and enabled Perilya Limited to gain control of an additional 1,586,044 fully paid ordinary shares in Strike Oil NL.

(iii) Gleneagle Gold Ltd

As part of the sale of Fortnum Gold project, Perilya received 5 million shares in Gleneagle Gold Limited valued at $0.20 per share.

(iv) Hire Purchase of plant and equipment

During the year ended 30 June 2004, Perilya entered into hire purchase contracts amounting to $11.5 million to finance the acquisition of underground mobile equipment for the Broken Hill Operations during the 2003/04 year.

Note 13 : Earnings per share

	12 months to 30 June 2004	12 months to 30 June 2003
Earnings in cents per ordinary share		
Basic earnings per share	8.0 cents	(0.1) cents
Diluted earnings per share	7.7 cents	(0.1) cents
Weighted average number of shares used in the calculation of earnings per share		
Number for basic earnings per share	161,657,982	147,650,565
Number for diluted earnings per share	167,853,562	150,581,853
Net profit (loss) used in calculation of basic and diluted earnings per share ($'000)	**12,887**	**(265)**

Note 14 : Segment information

Perilya has the following divisions by product and service type. Base metals mining, which incorporates the Broken Hill Operation; Gold mining which incorporates the Fortnum Operation which was sold during the 2003/04 year; Exploration for gold and base metals; and Investment and Administration of the corporate office.

	Base metals mining	Gold mining	Exploration	Investment & Administration	Consolidated
12 months to 30 June 2004 - $'000					
Operating Revenue					
Total sales revenue	157,476	250		-	157,726
Shares of net profits of associates	-	-		-	-
Other revenue	2,638	1,500		32,289	36,427
Total segment revenue	**160,114**	**1,750**		**32,289**	**194,153**
Segment result	**(3,808)**	**516**	**(296)**	**18,029**	**14,441**
Share of net profits of associates				3,842	3,842
Loss from ordinary activities before income tax expense					18,283
Income tax expense					(5,396)
Net profit attributable to members of the parent entity					**12,887**
Segment assets	115,323		27,216	50,587	193,127
Unallocated assets					275
Total assets					**193,402**
Segment liabilities	33,502		1,706	848	36,056
Unallocated liabilities					58,522
Total liabilities					**94,578**
Investments in associates				4,999	4,999
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	28,446		14,043	121	42,610
Depreciation and amortisation expense	18,229			45	18,274
Other non-cash expenses			296		296
12 months to 30 June 2003 - $'000					
Operating Revenue					
Total sales revenue	119,812	346		-	120,158
Other revenue	477	-		24,004	24,481
Total segment revenue	**120,289**	**346**		**24,004**	**144,639**
Segment result	**(6,887)**	**(41)**	**(1,415)**	**7,324**	**(1,019)**
Share of net losses of associates				(1,774)	(1,774)
					(2,793)
Income tax benefit					2,528
Net loss					**(265)**
Segment assets	111,682	1,736	14,275	39,450	167,143
Unallocated assets					1,553
Total assets					**168,696**
Segment liabilities	30,638	815	603	603	32,659
Unallocated liabilities					51,942
Total liabilities					**84,601**
Investments in associates and joint venture partnership				13,923	13,923
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	10,503		4,384	264	15,151
Depreciation and amortisation expense	16,033			65	16,098
Other non-cash expenses			1,415		1,415

Note 15 : Broken Hill Operations

The production, sales and financial information for the Broken Hill Operations are as follows:

	Full Year 2003 $m	First Half 2004 $m	Second Half 2004 $m	Total 2004 $m
PRODUCTION				
Ore treated ('000 tonnes)	1,787	1,085	1,024	2,109
Head grade - Zinc (%)	8.8	8.0	6.8	7.4
- Lead (%)	3.5	3.1	3.3	3.2
- Silver (g/t)	34.4	34.0	33.4	33.7
Zinc concentrates ('000 tonnes)	284.8	155.0	127.4	282.4
- Zinc grade (%)	50.6	49.7	49.7	49.7
Lead concentrate ('000 tonnes)	80.1	40.1	39.2	79.3
- Lead grade (%)	68.3	67.8	69.8	68.8
SALES				
Zinc concentrate ('000 tonnes)	272.4	145.1	130.8	275.9
Lead concentrate ('000 tonnes)	78.6	40.7	39.6	80.3
FINANCIAL PERFORMANCE				
Revenue				
Gross sales	201.9	112.8	122	234.8
Treatment charges	(82.1)	(38)	(39.3)	(77.3)
Other revenue	0.4	0.4	-	2.6
Total revenue	**120.2**	**75.2**	**84.9**	**160.1**
Cash production costs	96	57.1	63.9	121.0
Non cash production costs	16.1	9.4	8.9	18.3
Non production costs	19.5	15.0	12.8	27.8
Change in stock	(4.4)	(4.4)	-	(3.2)
Total cost of sales	**127.2**	**77.1**	**86.8**	**163.9**
Profit before interest and tax	**(7.0)**	**(1.9)**	**(1.9)**	**(3.8)**
BALANCE SHEET				
Current assets	31.1	39.3	25.2	25.2
Non current assets	80.6	81.8	90.1	90.1
Total assets	**111.7**	**121.1**	**115.3**	**115.3**
CAPITAL EXPENDITURE				
Mine capital development	5.0	5.6	5.3	10.9
Property, plant and equipment	3.8	5.3	12.2	17.5
Total capital expenditure	**8.8**	**10.9**	**17.5**	**28.4**
UNIT COSTS				
Zinc cash costs - (US$/lb)	0.32	0.36	0.43	0.40
- (A$/lb)	0.55	0.52	0.58	0.56
Zinc total costs - (US$/lb)	0.34	0.41	0.50	0.46
- (A$/lb)	0.58	0.60	0.67	0.65

Note 16 : Issued and quoted securities

	2004 Shares	2003 Shares	2004 $'000	2003 $'000
Opening balance of issued and fully paid ordinary shares	**159,385,332**	**102,423,784**	**76,202**	**37,625**
Share placement	-	16,810,922	-	11,919
Options exercised	4,635,000	485,000	1,842	167
Allotment to Ranger shareholders	-	39,665,626	-	26,973
Balance as at 30 June 2003	-	159,385,332	-	76,200
Less: Cost on share issue	-	-	-	(482)
Options exercised	-	4,635,000	-	1,844
Balance of issued and fully paid ordinary shares at end of reporting period	**164,020,332**	**159,385,332**	**78,044**	**76,202**

Note 17 : Options issued

Options over Perilya Limited ordinary shares issued and outstanding under the Perilya Employee Share Option Plans at the date of this report are:

Number	Exercise price	Expiry date
50,000	$0.26	19 December 2004
2,300,000	$0.45	30 June 2005
100,000	$0.30	31 December 2005
2,000,000	$0.45	16 November 2006
195,000	$0.45	19 November 2006
600,000	$0.70	31 December 2006
300,000	$1.00	16 October 2006
700,000	$0.80	31 August 2007
100,000	$1.40	14 January 2004
900,000	$0.97	21 May 2009
850,000	$0.88	20 August 2009
1,000,000	$1.00 / $1.20 / $1.40	9 August 2009

During the year 2,300,000 options were issued under the plan.

The above options are exercisable at various vesting dates from the date of allotment to three years from the date of allotment at the exercise price. If a request to exercise options has not been made to the Company by the expiry date then the options will, subject to the terms of the plan and the election of the individuals, be exercised or lapse.

Note 18 : Net tangible assets per share

	12 months to	
	30 June 2004	30 June 2003
Net tangible assets per share ($)	0.13	0.05

Note 19 : Control gained over entities acquired

During the current period there were no legal entities that were acquired or disposed of which had a material effect on the Company.

During the year ended 30 June 2003, the following Company was acquired:

- Ranger Minerals Ltd
  - Control gained on 17 October 2002.
  - Contribution to profit from ordinary activities before tax in the six months ended 31 December 2002 - $4.5 million.

Note 20 : Disposal of controlled equity

General Minerals Corporation

On 8 April 2003, Ranger Minerals Limited disposed of 19,500,000 shares in General Minerals Corporation, a Canadian company listed on the Toronto Stock Exchange. This transaction reduced Ranger's holding in General Minerals from 51% to less than 10% resulting in a loss of control of the subsidiary

Note 21 : Commodity prices and exchange rates

The spot and average commodity prices and exchange rates have been as follows:

	ZINC		LEAD		SILVER		
	US$/lb	A$/lb	US$/lb	A$/lb	US$/oz	A$/oz	US$/A$1.00
Spot Prices							
As at 31 December 2002	0.34	0.60	0.19	0.34	4.67	8.24	0.57
As at 30 June 2003	0.36	0.53	0.22	0.33	4.51	6.75	0.67
As at 31 December 2003	0.46	0.61	0.34	0.45	5.97	7.95	0.75
As at 30 June 2004	0.39	0.57	0.44	0.64	5.91	8.56	0.69
Averages Prices							
Average for 6 months to 31 December 2002	0.35	0.63	0.20	0.35	4.60	8.31	0.55
Average for 6 months to 30 June 2003	0.35	0.57	0.21	0.34	4.63	7.50	0.62
Average for 12 months to 30 June 2003	0.35	0.60	0.20	0.35	4.61	7.89	0.58
Average for 6 months to 31 December 2003	0.40	0.58	0.26	0.38	5.12	7.46	0.69
Average for 6 months to 30 June 2004	0.48	0.64	0.38	0.51	6.47	9.38	0.74
Average for 12 months to 30 June 2004	0.44	0.62	0.32	0.45	5.74	8.08	0.71

Note 22 : International Financial Reporting Standards

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.
Perilya has established a project team to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team is chaired by the Group Financial Controller and reports to the audit committee on progress. The project team has prepared a detailed timetable for managing the transition and is currently on schedule. To date the project team has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under AASB 1 First-time Adoption of Australian International Financial Reporting Pronouncements. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity. Major changes identified to date that will be required to Perilya's existing accounting policies include the following:

Income tax

Under the Australian equivalent to IAS 12 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

Provisions, Contingent Liabilities and Contingent Assets

Under the Australian equivalent to IFRS 37 Provisions, Contingent Liabilities and Contingent Assets, the mining restoration and rehabilitation provision will be required to be discounted to present value.

This will result in a change to the current accounting policy which recognises the provision gradually over the life of the mine.

Equity-based compensation benefits

Under the Australian equivalent to IFRS 2 Share-based Payment, equity-based compensation to employees will be recognised as an expense in respect of the services received.

This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

Financial instruments

Under the Australian equivalent to IAS 39 Financial Instruments: Recognition and Measurement there may be impacts as a result of:

- financial assets held by the company being subject to classification as either held for trading, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost.
- The most likely accounting change is that investments in equity securities will be classified as available for sale and measured at fair value, with changes in fair value recognised directly in equity until the underlying asset is sold.

Impairment

Under the Australian equivalent to IAS 36 "Impairment of Assets", there may be impacts as a result of the future cash flows of non current assets being discounted to reflect the time value of money and the risks specific to the non current asset, which will result in a change of accounting policy.

Exploration

The IFRS standard on Exploration for the Evaluation of Mineral Resources will not be issues until the fourth quarter of 2004.

The impact of changes from Perilya Limited's existing accounting policy (which is in accordance with AASB 1022; "Accounting for the Extractive Industries") are not yet determinable.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to IFRS on the consolidated entity's financial position and reported results.