

ASX and Media Release

28 May 2010

CHAIRMAN'S ADDRESS TO THE 2010 ANNUAL GENERAL MEETING

Perilya (ASX:PEM), Full text of the Chairman's address to the Company's Annual General Meeting is attached.

Ends

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Perilya Annual General Meeting 28 May 2010

Chairman's Address

Dear Shareholders and Guests,

On behalf of your Board, welcome, and thank you for attending Perilya Limited's Annual General Meeting.

I note that a Quorum is present and the meeting can commence.

I would like to formally introduce your directors:

Mr. Paul Arndt our Managing Director & CEO

And our non-executive directors:

Mr. Patrick O'Connor

Mr. Han Minzhi

Mr. Wang Wen

Mr Peter Harley, who is currently on leave recuperating from surgery, sends his apologies

Also with us are:

Our Company Secretary & General Counsel, Mr. Paul Marinko

Representative from the Company's Auditors – PriceWaterhouseCoopers, Mr. David Smith, Mr Frank Cooper and Mr David Donald.

I will provide a brief overview of significant milestones for the Company during 2009.

The formal items of business as set out in the Notice of Meeting will then be dealt with and the meeting closed.

Following closure of the formal proceedings I will hand over to Mr. Paul Arndt to provide an overview of the Company's performance and future direction. We will be happy to answer general questions regarding the Company at the end of the presentation.

The six month period to 31 December 2009 has been one of tremendous consolidation and turnaround in performance for Perilya in what was an improving, but still very difficult, global economic environment. Notwithstanding the difficulties

faced by the mining sector due to the continuing economic uncertainty around the World, Perilya, lead by Paul Arndt, achieved an outstanding operational and financial performance during the period. This was highlighted with the Company reporting a net profit after tax of \$28.5 million for the six months to 31 December, representing a significant improvement on the \$2.1 million net profit after tax for the preceding six month period and the net loss after tax of \$75.1 million for the preceding 12 month period.

These results are further evidence of the success of Perilya's response last year to the difficult economic circumstances it encountered as the global economic downturn and significant slump in base metal prices swamped the economy.

This improvement in operating results post resizing, achieved in what was still a very difficult economic climate, amply demonstrates the capability of Perilya's Broken Hill operation to not only withstand periods of weak metal prices but for it to be extremely well positioned to benefit from increases in metal prices as the global economic conditions start to improve.

Against this backdrop of extremely difficult economic circumstances Perilya's Management team successfully resized and repositioned the Broken Hill operations for future growth, at a time when many commentators questioned the very ability of the Broken Hill Operations to remain viable.

The continuing improved performance from Perilya's operations, clearly demonstrate that the Company has now emerged from the global economic crisis in a position of strength and is well positioned financially, with its core operation being cash accretive and a strong management team that is taking the operation forward.

One of the highlights during the period that I am particularly proud of is the fact that not only has the operation attained some excellent productivity and financial outcomes, it has also improved its safety performance with Perilya ending the period with an All Injury Frequency Rate of 27.8, which at the time was the lowest rate ever achieved at Broken Hill under Perilya's ownership. And I am pleased to report that this outstanding safety performance has continued with the Company currently achieving an All Injuries Frequency Rate of 24.9, another new record low for this all important indicator of safety performance. The outstanding achievement in safety performance demonstrated by these results is even further highlighted when we compare them with the All Injuries Frequency Rate as it stood at 1 January 2009, of 89.6.

I commend Andrew Lord, our General Manager of Operations, and the whole team at Broken Hill, and in particular our Manager of Safety and Training, Peter Lean, for their continuing focus on, and success with, safety performance at Broken Hill.

Looking at the period under review, I would like to acknowledge some of the milestones achieved by the Company, which include:

- The completion of the silver transaction with Couer D'Alene, where Perilya acquired the rights to the future production of silver from our Broken Hill operation. This transaction was completed in July 2009 and since that time Perilya has enjoyed the benefit of buoyant silver prices. Over the six months to 31 December the purchase of this silver has contributed approximately 13 million dollars to Perilya's operating cashflow.
- The posting of a very strong profit of \$28.5 million after tax and a closing free cash position of \$116.7 million. This was brought about by the strong operating performance of Broken Hill with a positive pre capital cashflow contribution from the operation of a little over \$50 million dollars at a cash cost of US44cents/lb of contained zinc.
- A combined metal production during the six month period of 64,300 tonnes of zinc and lead, easily exceeding market guidance.
- An increase in its Reserve and Resource estimate for Broken Hill with the Southern Operation Reserves increasing by some 28% and the life of mine extended to in excess of 10 years at current production levels and based on conservative assumptions.
- The recommencement of exploration at Broken Hill in New South Wales, Flinders in South Australia and Mount Oxide in Queensland. This activity is critical to our long term future as it helps to generate a pipeline of projects to build on existing production. We are already seeing significant benefits from this exploration activity. Paul Arndt will provide more detail on our exploration activities and some of the very positive results we are seeing from those activities in his report following the formal part of this meeting.
- The successful completion, just prior to Christmas, of a 1 for 3 rights issue of \$54.1 million, to ensure that we would have the capacity to fund internal development projects as they come to the fore. This rights issue showed the strong support that we have from our shareholder base with very high levels of take-up from existing shareholders and the strong positive movement in the share price that followed the announcement and completion of this rights issue.
- As previously mentioned, a tremendous focus on safety culminating in our best ever outcome with respect to reduction in the all injury frequency rate.

As a result of the actions taken by the Management Team over the past 18 months, today then we find ourselves with a strong cash balance, a cash accretive operation at Broken Hill, a number of exploration and development projects that we are progressing with real confidence and a continued ability to review external acquisition opportunities as they arise.

I would like to acknowledge the leadership displayed by your Chief Executive Officer, Paul Arndt, during this difficult period and the success he has had in returning the Company to profitability and repositioning it for future growth. Paul has been well supported by a small, but highly committed Management Team, and, in particular, the outstanding efforts of the entire team at our Broken Hill operations, which has flourished under the strong leadership of Andrew Lord, who was appointed GM of Broken Hill Operations 18 months ago.

I would also like to convey the Board's appreciation and thanks to you, the shareholders, for your overwhelming support given to the Company in the highly successful 1 for 3 rights issue during the period. This rights issue forms part of a broader strategy implemented at Perilya to position the Company to pursue both organic and acquisition growth opportunities as they present themselves.

Notwithstanding that there remains some continuing uncertainty in the global economy, I am confident that many of the difficult decisions are now behind us. We therefore commenced the new financial year with the exciting challenge to build on this strong platform for growth that we have developed and I have every confidence in Paul Arndt and his team to successfully meet that challenge.

At the Company's last AGM I announced that the Board had given the Management team a direction to focus on sustaining the improved performance at its Broken Hill Operation and to pursue growth opportunities both internal and external as they present themselves. With the outstanding operational and financial performance demonstrated in the results to 31 December 2009 and the significant increase in exploration activity and development studies currently underway, I am pleased to say that significant progress towards this mandate has already been achieved in the six months since that meeting.

With this in mind, your Board has further charged Perilya's Management Team, going forward, to focus on:

- Building on the strong platform we have developed by evaluating and implementing growth options internally (such as the Mt Oxide copper project and the further opportunities in the Flinders region) and external acquisition opportunities, primarily in the base and precious metals sectors as they present themselves;
- continuing the efficient and safe mining at our Broken Hill Operation;

- maintaining a strong focus on cost control and increasing the profit margins of our Broken Hill Operation;
- further extending the life of our Broken Hill Operation in a sustainable manner; and
- leveraging the value of the surplus capacity of the infrastructure at Broken Hill through the strategic development of additional ore sources in the region, subject to economic feasibility studies; and

I would like to once again thank, Paul Arndt and Andrew Lord and their respective teams for the enormous efforts they have put in and their considerable achievements in terms of placing the Company on a stable footing and putting it in a position where it can pursue growth opportunities as they present themselves.

I would also like to thank my fellow Board members for their continued support and contributions to the operation of the Board.

I would also like to acknowledge the contribution of Mr Patrick O'Connor who, having retired by rotation as a director, has offered himself up for re-election. Mr. O'Connor has made a significant contribution to the Board over the years including as a past Chairman of the Board and current Deputy Chairman, Chairman of the Company's Remuneration and Nominations committee, Chairman of the Company's Contracts Committee and a member of the Company's Audit and Risk Management Committee. I am very grateful to Patrick for his contribution to the Board and continued support of the Company and have no hesitation in recommending that you support Patrick's re-appointment to the Board.

It remains for me to thank you again for your attendance today, and for your continued support and confidence in the future of Perilya.

I will now ask the Company Secretary, Mr Paul Marinko, to take you through the formal resolutions being considered at today's meeting.

Thank you.