

ASX and Media Release

31 July, 2009

PERILYA ANNOUNCES COMPLETION OF THE TERMINATION OF SILVER SALE AGREEMENT WITH COEUR D'ALENE

Perilya Limited (ASX:PEM) announced today that financial settlement was completed under the terms of the deed of termination of the silver sale agreement with CDE Australia Pty Ltd (**CDEA**) and Coeur d'Alene Mines Corporation (**Coeur**) (ASX Code: CXC).

Perilya paid CDEA US\$55 million in consideration for releasing Perilya from its obligation to deliver a further approximately 11.2 million ounces of silver to CDEA from its Broken Hill operations. The 11.2 million ounces have a face value of approximately US\$145 million (basis US\$13.00/oz).

The effective date for the transaction is 30 June, 2009, meaning that Perilya receives the full benefit of sales of its silver product from 1 July, 2009.

As previously announced, the freeing up of the silver product for Perilya will have a significant impact on reducing the cash costs of production by way of vastly improved silver credits. The reduction of cash costs (C1) of production will be in the order of US\$0.10/lb-US\$0.12/lb (at current silver price and USD/AUD exchange rates).

This reduction in cash costs will help underpin the viability of mining operations at Broken Hill. In addition, the increase in future cashflow and profitability that this transaction produces will enable Perilya to re-assess the potential of mining the higher grade silver deposits on Perilya's Broken Hill tenements including the North Mine, Potosi and North Mine Deeps.

Perilya currently produces approximately 1.4 to 1.6 million ounces of payable silver a year. At current rates of production and silver spot prices, the payback period for the purchase price is less than four years. Any increase in production rates will further reduce the payback period.

As announced earlier, the termination of the Silver Sale Agreement was funded by an unsecured credit facility provided by the Bank of China to Perilya in the amount of US\$50 million, with the balance being paid out of Perilya's cash reserves.

Perilya Managing Director, Paul Arndt, said *"the agreement represents a significant opportunity for Perilya which further places the Broken Hill Operations on a fundamentally stronger footing and enables us to vigorously pursue expansion opportunities whilst receiving full credit for the suite of metals we mine."*

“The transaction would not have been possible without the support of our major shareholder, Zhongjin Lingnan and further underlies the benefit of the relationship with Zhongjin Lingnan, which flow to all Perilya shareholders.”

“Perilya’s ability to today undertake a transaction such as this one is symbolic of the tremendous turnaround both in performance and the prospective future of this company” Mr. Arndt said.

Mr. Zhang Shuijian, Perilya’s Chairman and President of Zhongjin Lingnan, added: *“that this transaction reinforces Zhongjin Lingnan’s commitment to Perilya and demonstrates its faith in the long term future of the Broken Hill mine.”*

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About Perilya

Perilya Limited is an Australian base metals mining and exploration company. Perilya is the operator of the Broken Hill zinc, lead, silver mine in NSW and the Flinders zinc silicate project in South Australia.

The Company's operations at the iconic Broken Hill mine have recently been resized in a bid to improve productivity and to ensure operations are sustainable in the event of a prolonged period of low metal prices.

The Company continues to sell zinc silicate from its Beltana stockpiles in South Australia and evaluating development of nearby deposits including the Reliance deposit.

The Company is reviewing options for the development of the Mount Oxide Copper and Cobalt Project in the Mount Isa region in Queensland.

Perilya is owned 50.1% by Shenzhen Zhongjin Lingnan Nonfermet Co. Ltd. (China's third largest zinc producer).

For more details, visit www.perilya.com.au

About Zhongjin

Zhongjin is a joint stock limited Chinese company based in Shenzhen, Guangdong Province, China. Its principal activity is the mining and processing of lead, zinc and other non-ferrous metals. It is also engaged in the trading, building materials, transportation, real estate and high technology industries. Zhongjin is China's third largest zinc producer and is listed on the Shenzhen stock exchange (Ticker: 000060) and has a market capitalisation of approximately CNY21.6 billion (A\$4 billion).

Zhongjin's main activities comprise mining and smelting activities. Its key operations are the Shaoguan and Danxia Smelters and the Fankou Lead/Zinc Mine.