perilya

PERILYA LIMITED

ABN 85 009 193 695

CONCISE FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2009

CONTENTS

Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2009. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Perilya Limited and its subsidiaries as the full financial report.

Further financial information can be obtained from the full financial report contained in the annual report which, along with the auditor's report, will be sent to members on request, free of charge.

To obtain a copy of the full financial report and the auditor's report thereon, please call: + 61 8 6330-1000 (within Australia 08 6330-1000) or email Perilya@perilya.com.au and a copy will be forwarded to you. Alternately, you can access both the full financial report and the concise annual report via the Investor Information section on our website at: www.perilya.com.au.

CORPORATE DIRECTORY

30 JUNE 2009

Perilya Limited is an Australian mining and exploration company, focussed on the production of zinc, lead and silver at its Broken Hill Operation in NSW. Perilya's operations also include the Flinders Project in South Australia and the Mount Oxide Project in Queensland. Perilya is owned 50.1% by Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd ("Zhongjin Lingnan"), China's third largest zinc producer, listed on the Shenzhen stock exchange with a market capitalisation of approximately CNY24 billion (A$4 billion).

Perilya was established in 1987, its headquarters are in Perth, Western Australia and its current Board of Directors and Company Secretary comprises:

Zhang Shuijian
Non Executive Chairman

Patrick O'Connor
Non Executive Deputy Chairman

Paul Arndt
Managing Director and Chief Executive Officer

Peter Harley
Non Executive Director

Han Minzhi
Non Executive Director

Wang Wen
Non Executive director

Paul Marinko
Company Secretary

Head office and registered office

Level 1, Building E
661 Newcastle Street
Leederville, Western Australia 6007
PO Box 3057
Perth, Western Australia 6832
Telephone: + 61 8 6330 1000
Facsimile: + 61 8 6330 1099
Email: perilya@perilya.com.au
Web: www.perilya.com.au

Auditors

PricewaterhouseCoopers
Chartered Accountants
QV1, 250 St George's Terrace
Perth, Western Australia 6000

Share registry

Computershare Registry Services Pty Ltd
Level 2, 45 St George's Terrace
Perth, Western Australia 6000
Telephone: + 61 8 9323 2000

Stock exchange listing

The company's shares are listed on the
Australian Stock Exchange Limited
ASX code: PEM

The directors present their report on the consolidated entity comprising Perilya Limited ("Perilya" or "the company") and its controlled entities ("the consolidated entity") for the year ended 30 June 2009 ("the financial year"). Perilya is a company limited by shares that is incorporated and domiciled in Australia.

Principal activities

The principal activities of the consolidated entity during the financial year consisted of mining and exploring for base and precious metals.

Review and results of operations

Overview

Broken Hill Operation resizing and closure of hedge book (21 August 2008)

Following the onset of the global financial crisis and the consequential drop in metal prices the company undertook a significant review of its operations and corporate activities.

As a result of that strategic review, on 21 August 2008, Perilya announced that it would implement a plan to resize the Broken Hill operation in light of the significant fall in commodity prices. As a result of this review, Perilya implemented a new production plan at its Broken Hill Operation which focused on a lower tonnage profile around mining remnant pillars and stopes with low development requirements in the Southern Operation. It was also decided that the North Mine and Potosi exploration decline be placed on care and maintenance.

This new operating plan was fully implemented during first half of the financial period and together with productivity improvements and reductions in operating costs the Broken Hill Operations has been placed in a stronger position to endure the difficult current economic and market conditions.

Furthermore, the re-sizing of Broken Hill positions the operation to re-establish increased production and profitability in the future when metal prices increase.

Regrettably, the lower production rate resulted in a large reduction in manning levels and the consequential payment of significant redundancy costs. The company also incurred the costs associated with placing the North Mine and Potosi Exploration decline on care and maintenance. Further cost reductions were also made in corporate office and across exploration activities.

In conjunction with the resizing, Perilya closed-out its hedge book realising approximately $60.3 million in cash. The hedge book was closed to realise its inherent financial value and to strengthen the company's balance sheet. Proceeds from the hedge book closure were used to fund the resizing of the Broken Hill Operation (including redundancy costs, care and maintenance programs and working capital requirements) and the repayment of $10 million in short-term borrowings.

The gains arising from the closure of the hedge book will be recognised over the FY2009 and FY2010 financial accounts, in accordance with the Group's accounting policy and in compliance with AIFRS.

Zhongjin Lingnan Transaction (5 February 2009)

On 5 February 2009, shareholders approved support for a $45.5 million share placement to Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd. ("Zhongjin Lingnan"), China's third largest zinc producer. The approval followed Federal Treasury approvals under the Foreign Acquisitions and Takeovers Act 1975 (Cth) in which there were no objections under the Australian Government's Foreign Investment Policy to Zhongjin Lingnan acquiring an interest of up to 52% in Perilya ("FIRB approval").

The Zhongjin Lingnan Transaction was the result of a Subscription Agreement dated 9 December 2008, entered into between Perilya and Zhongjin Lingnan Mining (HK) Company Limited (a wholly-owned subsidiary of Zhongjin Lingnan), in which Zhongjin Lingnan agreed to subscribe, subject to Shareholder and FIRB approval, for 197,672,000 new shares to acquire a 50.1% interest in Perilya in return for a cash injection of $45.5 million.

Shareholders also approved resolutions to appoint Messrs, Zhang Shuijian, Han Minzhi and Wang Wen to the Board on settlement of the placement, paving the way for Perilya's Board to be restructured to represent Zhongjin Lingnan's majority shareholding.

The Subscription Agreement with Zhongjin Lingnan followed a hostile all-scrip takeover proposal by CBH Limited ("CBH") made on 2 October 2008. Subsequently, CBH withdrew its bid on 21 January 2009, following announcement by the Takeovers Panel ("Panel") that it had decided not to conduct proceedings in relation to the CBH's application to the Panel. The Panel, in their announcement of 21 January 2009, concluded there was no reasonable prospect that it would make a declaration of unacceptable circumstances. Accordingly, the Panel declined to conduct proceedings.

The Perilya Board believed that for a number of reasons, which were set out in its Target Statement of 15 December 2008, that the Zhongjin Lingnan Transaction was a far superior proposal to that of CBH's.

Financial Results

The consolidated entity recorded a net loss after tax (NLAT) of $75.1 million for the 12 months to 30 June 2009, compared to a NLAT of $140.2 million in the previous year. The result included a first half loss after tax of $77.2 million compared with much improved second half profit after tax of $2.1 million.

	2009 $A'000	2008 $A'000
Revenue from ordinary activities	**211,524**	273,124
Profit / (loss) after tax from ordinary activities	**(75,089)**	(140,235)
Profit / (loss) after tax attributable to members	**(75,089)**	(140,235)

The significant improvement in second half earnings is a combination of both an increase in zinc and lead prices and a step change in operating productivities at Broken Hill, which resulted from the decision to resize the operation in the first half.

Highlights for the second half of the year included the following:

- Cash costs at Broken Hill almost halved from US$1.08/lb of payable zinc in the first half to US$0.58/lb of payable zinc in the second.
- Positive cashflow and earnings in the June Quarter from both the Broken Hill Operation and the continued sale of Beltana zinc silicate stockpiles.
- Continuous improvement at the Broken Hill Operations in operating costs and productivity (tonnes mined per employee) achieved throughout the second half compared to the first half.
- Material reduction in head office costs.

As a result of these improvements and on the back of higher metal prices the consolidated entity recorded an after tax profit in the second half of the financial year of $2.1 million. Importantly, these results, post resizing, demonstrate the capability of the Broken Hill Operation to not only withstand periods of weak metal prices but for it to be extremely well positioned to benefit from expected increases in metal prices when the global economic conditions start to improve.

Further, with the recently completed transaction to terminate the Silver Sale Agreement with Coeur d'Alene Mines Corporation and CDE Australia Pty Ltd, the Company anticipates a further decrease in its cash costs to approximately US$0.50 -US$0.55/lb in the 2010 financial period (refer Matters Subsequent to the end of the Financial Year).

SUMMARY OF FINANCIAL AND OPERATING PERFORMANCE	2008-09 Financial Year			2007-08 Financial Year Total
	1 July – 31 Dec H1	1 Jan - 30 June H2	Financial Year Total	
Financial				
Revenue ($Million)	113.0	98.5	**211.5**	273.1
Net (loss)/profit after tax ($Million)	(77.2)	2.1	**(75.1)**	(140.2)
Cash flow from operations ($Million) *	(46.6)	(12.9)	**(59.5)**	(9.9)
Total assets ($Million)	135.5	160.8	**160.8**	307.7
Shareholders equity ($Million)	39.6	83.7	**83.7**	147.6
Broken Hill -Production				
Zinc (contained metal - tonnes)	40.1	35.2	**75.3**	91.3
Lead (contained metal -tonnes)	20.4	27.7	**48.1**	52.4
Zinc grade (%)	5.3%	5.4%	**5.3%**	5.8%
Lead grade (%)	3.0%	4.4%	**3.7%**	3.5%
Broken Hill - Cash costs and cash operating margin (US$/lb zinc)				
Average price received	0.73	0.57	**0.66**	1.19
Net cash costs	1.08	0.58	**0.85**	1.03
Cash operating margin	(0.35)	(0.01)	**(0.19)**	0.16

** before income from closure of hedge book which realised $60.3 million in H1.*

The consolidated entity's reported net loss after tax of $75.1 million included the following significant items (the majority of which were incurred in the first half and which were reflective of the resizing of the Broken Hill Operation as a consequence of low metal prices):

- Resizing costs including redundancy costs of approximately $9.7 million and mine closure costs at the Potosi and North Mines of $0.8 million;
- pre-tax impairment charges of $21.8 million relating to the value of available for sale financial assets ($7.1 million), exploration properties ($9.2 million) and plant and equipment ($5.5 million); and
- write-off of net deferred tax assets of $32.7 million as, in the current financial environment, it is not probable that these benefits will be realisable.

Reconciliation to underlying financial results after the add-back of one-off significant items:

RECONCILIATION TO UNDERLYING FINANCIAL RESULTS AFTER THE ADD-BACK OF ONE-OFF SIGNIFICANT ITEMS		2008-09 Financial Year			2007-08 Financial Year		
A$ Million	**Note**	**Pre-tax**	**Tax effect**	**Net impact after tax**	**Pre-tax**	**Tax effect**	**Net impact after tax**
Net loss from continuing operations		(60.5)	(14.6)	(75.1)	(168.0)	25.8	(142.2)
Add back significant items:							
Resizing at Broken Hill Operation	(a)	10.5	(2.5)	8.0	-	-	-
Impairment losses	(b)	21.8	(6.5)	15.3	188.2	(56.5)	131.7
Adjustment to deferred income (silver sale)		-	-	-	(36.0)	10.8	(25.2)
(Profit)/loss on sale of investments		1.7	(0.5)	1.2	(16.0)	4.8	(11.2)
Non recognition of net deferred tax asset		-	32.7	32.7	-	24.8	24.8
Underlying financial result		**(26.5)**	**8.6**	**(17.9)**	**(31.8)**	**9.7**	**(22.1)**

(a) Broken Hill Operation resizing and closure of hedge book

On 21 August 2008, the Company commenced the implementation of a new operating plan aimed at resizing the Broken Hill operation in light of the low metal prices at the time. The new operating plan is focused on a lower tonnage profile around mining remnant pillars and stopes with low development requirements in the Southern Operation and was fully implemented by the end of the first half.

Regrettably, the new operating plan resulted in a large reduction in manning levels and the consequential payment of significant redundancy costs. The Company also incurred the cost associated with placing the North Mine and the Potosi decline on care and maintenance. Further cost reductions were also made in the corporate office and across exploration activities. The total pre-tax cost of the resizing (from a P&L perspective) was $10.5 million (cashflow impact of approximately $14.1 million).

In conjunction with the resizing, Perilya closed-out its hedge book realising approximately $60.3 million in cash. The hedge book was closed to realise its inherent financial value and to strengthen the company's balance sheet at the time. Proceeds from the hedge book closure were used to fund the resizing of the Broken Hill Operation (including redundancy costs, care and maintenance programs and working capital requirements) and the repayment of $10 million in short-term borrowings.

The gains arising from the closure of the hedge book will be recognised over the FY2009 and FY2010 financial accounts, in accordance with the Group's accounting policy and in compliance with AIFRS.

(b) Impairment

Impairment losses included the following significant items (all of which were reflected in the first half).

IMPAIRMENT LOSSES (A$ Million)	2009 Pre-tax impact	2008 Pre-tax impact
Impairment of Broken Hill operating and exploration assets	3.5	163.2
Impairment of Mount Oxide property plant and equipment	2.0	-
Other exploration assets	9.2	10.1
Available-for-sale financial assets	7.1	13.9
Sundry	-	1.0
Total impairment losses (pre-tax)	**21.8**	**188.2**

The Board believes that despite these write downs, the operational changes implemented at Broken Hill will allow the operation to maintain a production level that is financially viable whilst retaining the ability to re-establish increased production in the future if metal prices increase. Indeed, during the June quarter of 2009, the Broken Hill Operation returned to both a cash and earnings accretive position.

(c) Non-recognition of deferred tax asset

Under the resized operations at Broken Hill, in the Board's opinion, it was not probable Perilya will have sufficient future taxable profit to offset against carried forward unused tax losses. Therefore no deferred tax asset has been recognized. The value of deferred tax assets that are currently un-recognized at 30 June 2009 is $57.6m including $19.7m of unused tax losses. The assets will be brought to account, and thereby lower future income tax expense, should Perilya maintain a profitable profile in the future.

Sales Revenue

Average US dollar zinc prices for FY2009 fell by 45.9% and lead by 49.5% respectively compared to the average price during FY2008. A weakening of the AUD during the reporting period has helped offset some of the fall in metal prices; however, ultimately revenues for the period were down 22.6% to $211.5 million from $273.1 million achieved in the previous year.

Broken Hill physical sales volumes for lead were slightly lower than last year by 7.1% and zinc was higher by 13.1%, but the drop in metal prices offset this net increase in product sales. Beltana's zinc silicate sales volumes were 21.6% higher than last year.

Cash and Deposits

At 30 June 2009, cash totalled $36.9 million while additional deposits totalling $24.6 million supported performance guarantee for mining licences.

As at 30 June 2009, the consolidated entity also held $11.4 million of 'available for sale investments', comprising $10.0 million held in commercial paper and the $1.4 million balance held in a number of listed and unlisted equity investments.

Debt

At 30 June 2009 Perilya has zero corporate debt (being debt other than equipment finance in the ordinary course of business) and approximately $10.4 million in operating debt solely related to mobile equipment financing which is payable over a five year period.

Perilya's policy of maintaining zero corporate debt over the past year has enabled it to take advantage of the extremely competitive funding opportunity to finance the termination of the Silver Sale Agreement with Coeur (refer Matters Subsequent to the end of the Financial Year).

Financial Position

At 30 June 2009 the company had net assets of $83.7 million and an excess of current assets over current liabilities of $46.8 million.

BROKEN HILL OPERATION

Production for the twelve months ended 30 June 2009 was 75,421 tonnes of contained zinc and 48,111 tonnes of contained lead, (2008: 91,295 tonnes of contained zinc and 52,412 tonnes of contained lead). The drop in production was a direct result of the resizing at Broken Hill to a lower production and lower cost profile.

Whilst the cash operating costs at the Broken Hill Operation for the year reduced an impressive 17% to US$0.85/lb, the performance improvement of the 2nd half as compared to the 1st was even more dramatic – a 46% drop in C1 costs to US$0.58 cents per pound zinc (2008: US$1.08/lb zinc). This was achieved on the back of lower operating costs and productivity improvements.

Further reductions in cash operating costs are forecast on the back of the Company's recent announcement of the termination of the Company's silver sale agreement, which will further underpin the viability of the Broken Hill operations, with the additional silver credits expected to reduce Broken Hill's cash operating costs by approximately US$0.10-US$0.12/lb of payable zinc at current silver price and USD/AUD exchange rates.

The improved operational results post resizing continue to demonstrate the capability of the Broken Hill operation to not only withstand periods of weak metal prices but for it to be extremely well positioned to benefit from expected increases in metal prices when the global economic conditions start to improve.

In the June 2009 quarter, the Company received approval from the EPA in South Australia for the export of lead concentrates out of its ship loading facility at Port Pirie. As previously announced, the Company's off-take agreement for lead concentrates with Nyrstar expires 31 December, 2009. With the EPA approval now in place, the Company is in a position to commence exports of its lead concentrates to other potentially higher margin markets with effect from 1 January, 2010.

Production for Broken Hill in the coming 12 months is forecast to be approximately 120,000 tonnes of contained zinc and lead (combined) at an average C1 cash operating cost of between US$0.50 – US$0.55/lb payable zinc (based on current metal prices and exchange rates).

FLINDERS PROJECT

The Flinders Project is located 520 kilometers north of Adelaide in the Flinders Ranges of South Australia, and provides Perilya with a high grade niche zinc silicate product which is sold into the South East Asian markets.

Sale of the Beltana zinc silicate stockpiles continues to generate positive cash flows, despite lower metal prices than last year. Work continues on assessing the viability of the Reliance Project which is considered the most likely deposit to follow Beltana as a source of zinc silicate production.

During the reporting period, the Company successfully completed 10 shipments of Beltana high grade and blended intermediate grade ore for a total sales profile of 32,602 tonnes of contained zinc (2008: 26,800).

A total of 160,398 tonnes of zinc silicate ore is stockpiled at 30 June 2009 at an approximate average grade of 30.5% zinc (2008: 263,520 tonnes at 31.0%), for a total of 48,983 tonnes of contained zinc (2008: 81,585 tonnes). Sales of the stockpiled ore are expected to be completed over the coming 12 months.

MOUNT OXIDE PROJECT

The Mount Oxide project is located in the Mount Isa region Western Succession that includes several major sediment hosted breccia copper deposits. The deposit was intermittently mined between 1920 and 1971 by way of a small open pit and underground operation. The project lies 25 kilometers north of the existing Mount Gordon mine operated by Aditya Birla Minerals Limited.

During the first half of the year, the Company completed an extensive 5 month drilling program, which resulted in an increase in the Mineral Resources by 10% to 224,000 tonnes of contained copper.

CORPORATE

Dividend

No final dividend will be paid.

Investments

During the year Perilya sold its investment in Silver Lake Resources Limited (which comprised 9% of their issued shares) resulting in net cash proceeds of $4.8 million.

Revenue Protection

During the year and in conjunction with the resizing of the Broken Hill Operations, the Company closed out its hedge book realising $60.3 million in cash, net of deferred option premiums. Subsequent to this, the company's revenue protection strategy was restricted to Quotational Period hedging only.

However, in the June quarter Perilya took advantage of the increases in both zinc and lead prices to fix the sales price for a proportion of its future revenue from both Broken Hill and Beltana and protect the cash and earnings margin from these sales.

As at 30 June 2009 the Company had the following hedge contracts in place:

		Sep 09 Quarter	Dec 09 Quarter	Mar 10 Quarter	TOTAL POSITIONS
ZINC:-					
Forwards	Tns	13,750	10,700	2,830	**27,280**
Price	A$/tn	$ 2,027	$ 2,092	$ 1,996	**$ 2,049**
LEAD:-					
Forwards	Tns	8,650	9,550	-	**18,200**
Price	A$/tn	$ 1,920	$ 1,960	-	**$ 1,941**

The hedging contracts as at 30 June, 2009 were "in the money" by approximately AUD$0.8 million.

The Company has elected to not treat these contracts as effective hedging under AIFRS. As such, the change in the value of these contracts will be reflected directly in the Income Statement rather than through a hedging reserve. As most positions mature before the end of December 2009, the impact on the financial results for the six months to December 2009 is expected to be minimal.

Subsequent to the end of the year, the Company commenced a hedging program for approximately 40 – 50% of its silver production from Broken Hill to help protect the USD revenue required to repay the debt facility established to fund the silver buy-back (refer Matters Subsequent to the end of the Financial Year). The program has a tenor equal to the expected term of the debt facility, enabling Perilya to sensibly manage its debt repayment obligations yet remain exposed to the long term spot silver price.

METALS MARKETS

From 1 July 2008 to 30 June 2009 the zinc price dropped 17.1% to US$1,555/tn or US$0.71/lb (30 June 2008: US$1,875/tn & US$0.85/lb) on the back of an increase in zinc stocks and the global financial crisis. The average zinc price for the period however dropped by 45.9% compared to the average in 2008. The lead price between 1 July 2008 and 30 June 2009 dropped 0.3% to US$1,730/tn or US$0.78/lb (30 June 2008: US$1,735/tn & US$0.79/lb), on average the lead price dropped by 49.5% in comparison to 2008.

Current demand for all metals remains relatively weak globally, however, notwithstanding this present weakness, Perilya continues to believe that zinc and lead market fundamentals remain sound over the medium to longer term.

Significant changes in the state of affairs

Other than items already noted, additional significant changes in the state of affairs of the group during the financial year were as follows:

- Increase in shareholders funds arising from the Zhongjin Lingnan Transaction;
- The resizing of the Broken Hill Operation on 21 August 2008, to focus on a lower production and cost profile.

Matters subsequent to the end of the financial year

Apart from the matters disclosed below there has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material or unusual nature which, in the opinion of the directors has, or may, significantly affect the operations or financial position of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future periods.

Termination of Silver Sale Agreement with Coeur d'Alene Mines Corporation

Subsequent to the end of year, and as announced on 16 July 2009, Perilya signed an agreement with CDE Australia Pty Ltd ("CDEA") and Coeur d'Alene Mines Corporation ("Coeur") terminating Perilya's obligations to deliver a further 11.2 million ounces of silver under the Silver Sale Agreement between the parties executed in 2005.

The payment to extinguish the agreement of US$55 million will enable Perilya to sell those previously committed ounces into the spot market. The 11.2 million ounces have a face value of approximately US$179 million (basis US$16.00/oz).

The termination of the agreement was funded by an unsecured credit facility of US$50 million with the balance being paid out of Perilya's cash reserves. The funds are being provided via a guarantee facility granted by Zhongin Lingnan to our financiers. The facility is not secured over any of the assets of Perilya. The total cost of funding to Perilya (including facility fees and guarantee fees payable to Zhongjin Lingnan), in aggregate comprise less than 3% (plus 3mth LIBOR).

The transaction will have a positive impact in a number of areas, including:

- Increase in future cash flow and earnings capability at Broken Hill;
- Lower cash operating costs (C1) by approximately US$0.10 – US$0.12/lb payable zinc (at current silver prices & USD/AUD exchange rate); and
- Enable Perilya to re-assess the potential of mining high silver grade deposits in the region, including North Mine, Potosi and the North Mine Deeps projects.

The termination of the agreement was completed on 31 July 2009.

Change in Financial Year

Subsequent to the end of the quarter, the Australian Securities and Investments Commission ("ASIC") granted relief to enable Perilya to change its financial year end date from 30 June to 31 December. The change of year end enables Perilya to align its financial year end date with that of its majority shareholder, Zhongjin Lingnan.

The grant of ASIC relief means that the next financial year of Perilya will be a transitional one from 1 July 2009 to 31 December 2009 (i.e. six months). Thereafter, Perilya will report to ASIC and the ASX as normal with respect to a 31 December financial year end.

Likely developments and expected results of operations

Further information about the likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Board of directors

The directors of Perilya Limited in office during the financial year and up to the date for this report were:

Name	Position	Independent	First appointed
Zhang Shuijian	Non-Executive Chairman	No, due to association with Zhongjin Lingnan	5 February 2009 – appointed Non-Executive Director 5 March 2009 – appointed Non-Executive Chairman
Patrick O'Connor	Non-Executive Deputy Chairman	Yes	1 February 2006 – appointed Non-Executive 5 March 2009 – appointed Deputy Chairman
Paul Arndt	CEO & Managing Director	No, due to executive functions	CEO from 1 October 2008 and Managing Director from 25 November 2008
Peter Harley	Non-Executive Director	Yes	19 November 2003
Han Minzhi	Non-Executive Director	No, due to association with Zhongjin Lingnan	5 February 2009
Wang Wen	Non-Executive Director	No, due to association with Zhongjin Lingnan	5 February 2009

Mr Phillip Lockyer and Mrs Karen Field both Non Executive Directors, held office from the beginning of the financial period until their resignation on 5 February 2009. Mr Evert van den Brand resigned his position as a Non Executive Director on 25 November 2008.

Information on directors

Particulars on the skills, experience, expertise and responsibilities of each director at the date of this report, including all directorships of other listed companies held, or previously held, by a director at any time in the past three years, are set out below.

Zhang Shuijian

Executive Master Degree of Business Administration (EMBA)
Non-Executive Chairman
Independent: No
Age 52

Term of office
Non-Executive Director since 5 February 2009, Non-Executive Chairman since 5 March 2009.

Skills, experience and expertise
Mr Zhang is a senior mining executive with over 30 years of experience in the resources industry. At Zhongjin Lingnan, Mr Zhang has led the expansion program of both the mining and smelter operations in recent years.

Prior to joining Zhongjin Lingnan, Mr Zhang worked at Jiangxi Copper (the largest copper producer in China), where he managed the Dexing Copper mine, the second largest copper mine in the world (on the basis of throughput). At Jiangxi Copper, Mr Zhang served as Executive Director and Vice President. Mr Zhang is also the current Vice President of the China Nonferrous Metals Association, the trade body for the nonferrous metals industry in China.

Mr Zhang has a wealth of mining experience and skills in the areas of mining, business strategy and general management.

Special Responsibilities: Nil

Other current directorships
President: Zhongjin Lingnan
Vice President: China Nonferrous Metals Association
Director: Nonfemet Finance Co. Ltd

Former directorships over the past three years: Nil

Patrick O'Connor

BCom (UWA), SEP Stanford Executive Program (USA), FAICD
Non-Executive Director and Deputy Chairman
Independent: Yes
Age: 46

Term of office

Non-Executive Chairman from 1 February 2006 to 4 March 2009, with a period as Executive Chairman from 5 February 2008 to 30 November 2008. Patrick has been Deputy Chairman since 5 March 2009.

Skills, experience and expertise
He is a fellow of the Australian Institute of Company Directors and attended the Stanford Executive Program at Stanford University, California, USA.

Patrick has extensive executive leadership skills and wide experience in communicating with capital markets, shareholders and the media. He has a deep understanding of organisational and strategic development drawn from his involvement in management consulting practices specialising in these fields. He is currently an executive of St George Capital Pty Ltd.

Perilya Board committee membership and other special responsibilities
Deputy Chairman
Chairman of the Remuneration and Nominations Committee
Member of Audit & Risk Committee
Chairman of the Contracts Committee

Other current directorships
Chairman: Water Corporation
Chairman: Xceed Capital Limited

Former directorships over the past three years
Adelphi Energy Limited
Acuron Limited

Paul Arndt

BSc (1st class honours - UWA), MSc (Curtin), Grad Dip Engineering (Curtin)
Managing Director and Chief Executive Officer
Independent: No
Age: 50

Term of office
Appointed CEO on 1 October 2008 and Managing Director on 25 November 2008.

Skills, experience and expertise

In February 2008, the Board appointed Paul Arndt as Executive General Manager Operations to oversee performance improvements at the Broken Hill Operation and, subsequently, the resizing of the organisation and in particular the Company's operations at Broken Hill. During Paul's time with Perilya he has been instrumental in delivering almost a doubling in productivity as well as significant reductions in direct operating costs at the Broken Hill Operation.

Paul brings a range of skills and qualities well suited to the role, including a steadfast and disciplined approach to addressing key business drivers and cost management. Paul brings a wealth of mining experience and skills in the areas of strategy, commercialisation, people and project management.

Former roles include senior general management positions with Newcrest Mining Limited at their Telfer operation in Western Australia, Pasminco Limited's Cockle Creek smelter in Boolaroo (NSW), and MIM Holdings Limited's Britannia zinc and lead operation in Avonmouth (UK).

Perilya Board committee membership and other special responsibilities
Managing Director
Member of Contracts Committee

Other current directorships: Nil
Former directorships over the past three years: Nil

Peter Harley

BComm, ASA, FAICD
Non-executive director
Independent: Yes
Age: 59

Term of office
Peter was appointed non-executive director on 19 November 2003.

Skills, experience and expertise
Peter is a fellow of the Australian Institute of Company Directors and a qualified accountant.

Peter has more than 30 years of commercial experience and has held senior roles in a range of diverse industries. Since 1996, Peter has been a senior consultant and a non executive director to a number of organisations, providing strategic advice on areas including business planning, strategic marketing, acquisitions and investments.

Perilya Board committee membership and other special responsibilities
Chairman of the Audit and Risk Management Committee
Member of the Remuneration and Nominations Committee
Member of the Contracts Committee

Other current directorships
Gunson Resources Limited

Former directorships over the past three years
Blaze International Ltd
iiNet Limited

Han Minzhi

BA Business Administration
Non-Executive Director
Independent: No
Age: 44

Term of office
Mr Han was appointed Non-Executive Director on 5 February 2009.

Skills, experience and expertise

Mr Han is a senior commercial executive in the base metal industry with over 21 years of experience in trading base metals and base metal concentrates, especially in zinc and lead. He is also responsible for financial risk management at Zhongjin Lingnan.

Mr Han will bring extensive commercial and financial risk management expertise to the Board.

Perilya Board committee membership and other special responsibilities
Member of the Audit and Risk Management Committee

Other current directorships
Shum Yip Nonfemet Hong Kong Ltd
Nonfemet Commodities & Futures Agency Co. Ltd
Wuxuan Panlong Lead and Zinc Mining Co. Ltd

Former directorships over the past three years: Nil

Wang Wen

BA Mining Mechanism
Non-Executive Director
Independent: No
Age: 42

Term of office
Mr Wang was appointed Non-Executive Director on 5 February 2009.

Skills, experience and expertise

Mr Wang has 20 years mining experience at the Fankou Mine which has a throughput of 1.6 million tonnes a year, producing 180,000 tonnes of zinc and lead in concentrates. Mr Wang was instrumental in the Fankou Mine's expansion program undertaken during 2005-2008 to bring its mining capacity from 1.3 million to 1.6 million tonnes a year in throughput, with capacity to produce 180,000 tonnes of zinc and lead in concentrate.

Mr Wang was trained as a mining engineer in China and Germany. Mr Wang will bring extensive mining and project management skills to the Board.

Perilya Board committee membership and other special responsibilities
Member of the Remuneration and Nominations Committee

Other current directorships: Nil
Former directorships over the past three years: Nil

Board meeting attendance

Particulars of the number of meetings of the Board of directors of Perilya and each Board committee of directors held and attended by each director during the 12 months ended 30 June 2009 are set out below:

	Board meetings		Board committee meetings					
			Audit and Risk Management Committee		Remuneration and Nominations Committee		HSE Committee [5]	
	A	B	A	B	A	B	A	B
Zhang Shuijian [1]	6	6	-	-	-	-	-	-
Patrick O'Connor	16	16	2	2	1	1	-	-
Paul Arndt [2]	10	10	-	-	-	-	-	-
Peter Harley	15	16	4	4	3	3	-	-
Wang Wen [1]	6	6	-	-	1	1	-	-
Han Minzhi [1]	6	6	1	1	-	-	-	-
Phillip Lockyer [3]	10	10	2	2	2	2	1	1
Karen Field [3]	10	10	2	2	2	2	1	1
Evert van den Brand [3]	5	7	-	-	-	-	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 relevant committee during the year.
1: Messrs, Zhang, Han and Wang were appointed on 5 February 2009
2. Mr Arndt was appointed CEO and Managing Director on 25 November 2008
3. Ms Field and Mr Lockyer resigned on 5 February 2009
4. Mr van den Brand resigned on 25 November 2008.
5. The HSE Committee was suspended on 29 August 2008 and the responsibilities for health, safety and the environment are reported on at each Board meeting as a standing item.

Directors' interests in securities in Perilya

As at the date of this report, the relevant interests of each director in the ordinary shares and options in Perilya Limited are:

	Fully paid ordinary shares		Options
	Beneficial, private company or trust	Own name	
Zhang Shuijian	-	-	-
Patrick O'Connor	-	-	-
Paul Arndt (1)	-	22,763	3,000,000
Peter Harley	15,000	-	-
Wang Wen	-	-	-
Han Minzhi	-	-	-

(1) Excludes unvested Employee Share Acquisition Plan (ESAP) related share holdings still held in the Plan as these shares are controlled by the trust and still subject to the recipient satisfying specified service conditions. For further details in relation to ESAP see table 12 in the remuneration report and the Key Management Personnel disclosures note in the Annual Finance Report.

No director holds a relevant interest in any performance rights on issue.

Company secretary

The Company Secretary is Paul Marinko. Mr Marinko was appointed to the position of company secretary on 25 November 2008 and has worked for Perilya since 2006 as general counsel.

Employees

The consolidated entity employed 377 employees as at 30 June 2009 (2008: 827).

Risk management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with those risks and opportunities.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include:

- Board approval of a strategic plan, which encompasses the Board's objectives and strategies along with identified risks and plans to manage such risks;
- Implementation of Board approved operating budgets and plans, then monitoring the actual progress against those;
- Audit and Risk Management Committee reporting on specific business risks; and
- Dissemination of a Risk Management Policy guide to be used throughout the company in identifying and communicating business risks.

The executive management team is responsible for implementation of the Board approved risk management strategy and developing policies, processes and procedures to identify risks and mitigation strategies in Perilya's activities.

Environmental disclosure

The company's operations are subject to various Commonwealth and State laws governing the protection of the environment in areas such as air and water quality, waste emission and disposal, environmental impact assessments, mine rehabilitation and access to, and use of, ground water. In particular, some operations are required to be licensed to conduct certain activities under the environmental protection legislation of the State in which they operate and such licenses include requirements specific to the subject site.

So far as the directors are aware, there have been no material breaches of the company's licenses and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

Greenhouse gas and energy data reporting requirements

Perilya is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007. The Energy Efficiency Opportunities Act 2006 requires Perilya to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action Perilya intends to take as a result. As required under this Act, Perilya has registered with the Department of Resources, Energy and Tourism as a participant entity and reported the results from its initial assessments before 31 December 2008. The National Greenhouse and Energy Reporting Act 2007 requires Perilya to report its annual greenhouse gas emissions and energy use. The first measurement period for this Act ran from 1 July 2008 to 30 June 2009. Perilya has implemented systems and processes for the collection and calculation of the data required and will be able to prepare and submit its initial report to the Greenhouse and Energy data Officer by 31 October 2009.

Options

Options on Issue

Details of options over unissued shares in Perilya Limited as at the date of this report are set out below:

	Number	Exercise price	Grant date	Expiry date
Unlisted Employee Incentive Options	300,000	$2.47	28.03.06	07.03.11
Unlisted Employee Incentive Options	100,000	$2.67	28.03.06	07.03.12
Unlisted Employee Incentive Options	100,000	$2.97	28.03.06	07.03.13
Unlisted Employee Incentive Options	300,000	$3.46	17.07.06	17.07.11
Unlisted Employee Incentive Options	100,000	$3.89	17.07.06	17.07.12
Unlisted Employee Incentive Options	100,000	$4.32	17.07.06	17.07.13
Unlisted Employee Incentive Options	2,550,000	$0.50	25.11.08	30.09.10
Unlisted Employee Incentive Options	2,550,000	$0.60	25.11.08	30.09.11
Unlisted Employee Incentive Options	2,550,000	$0.75	25.11.08	30.09.12
	8,650,000			

During the financial period 7,650,000 options were issued. No further options have been granted since the end of the financial year and the date of this report.

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Options exercised

During the financial period nil options were exercised.

Options forfeited or cancelled

During or since the end of the financial period 2,000,000 (2008: 2,200,000) options were forfeited or cancelled.

Options expired or lapsed

During, or since the end of the financial period, 50,000 options have expired or lapsed in accordance with the terms of the Employee Share Option Plan.

Performance rights

Performance rights on issue

Details of performance rights over unissued shares in Perilya Limited as at the date of this report are set out below:

Number	Grant date	Vesting date	Expiry date
135,400	10 Dec 2007	30 Sept 2010	30 Sept 2012

No further performance rights have been granted since the end of the financial year and the date of this report.

No performance rights holder has any right under these to participate in any other share issue of the company or any other entity.

Performance rights issued, forfeited or cancelled

During the year nil (2008: 803,000) performance rights were issued to senior executives. During or since the end of the financial period 132,000 (2008:647,000) performance rights were forfeited or cancelled in accordance with the terms of the Perilya Long Term Incentive Share Plan.

Indemnities and insurance

During the financial year the company paid a premium to insure the directors and officers of the consolidated entity against liabilities incurred in the performance of their duties.

The officers of the group covered by the insurance policy include any person acting in the course of duties for the consolidated entity who is, or was, a director, executive officer, company secretary or a senior manager within the consolidated entity.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers, in their capacity as officers, of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the consolidated entity

At the date of this report there are no leave applications or proceedings brought on behalf of the consolidated entity under section 237 of the *Corporations Act 2001*.

Non-audit services

In accordance with the company's External Auditor Policy and Guidelines, the company may decide to engage the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the consolidated entity are important.

Details of the amounts paid or payable to the auditor, PricewaterhouseCoopers, for audit and non-audit services provided during the financial year are set out in note 11 of the financial report.

The board of directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, are satisfied that the provision of the non-audit services detailed in note 35 of the financial report were compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are also satisfied that the provision of these non-audit services did not compromise the auditor independence requirements of the *Corporations Act 2001* because:

- they have no reason to question the veracity of the auditor's independence declaration referred to in the section immediately following this section of the report; and
- the nature of the non-audit services provided is not inconsistent with those requirements.

Auditor's independence declaration

PricewaterhouseCoopers continues as external auditor in accordance with section 327 of the *Corporations Act 2001*. The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 30 and forms part of this report.

Remuneration report (audited)

The remuneration report summarises the key remuneration arrangements for the reporting period 1 July 2008 to 30 June 2009 for the Non Executive Directors and key management personnel of Perilya Limited and its controlled entities ("the Consolidated Group") in office during the financial year.

The remuneration report has been set out under the following main headings:

1. **Principles used to determine the nature and amount of remuneration**
2. **Details of remuneration**
   a. **Non Executive Directors**
   b. **Key Management Personnel**
3. **Service agreements**
4. **Share-based compensation**
5. **Additional information.**

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

1.0 Principles used to determine the nature and amount of remuneration

Board Remuneration and Nominations Committee

The Board Remuneration and Nominations Committee ("the Committee") assists the Board to fulfil its responsibilities to shareholders by ensuring the Group has remuneration policies that fairly and competitively reward executives and the broader Perilya employee workforce. The Committee's decisions on reward structures are based on the current competitive environment, remuneration packages for executives and employees in the resources industry and the size and complexity of the Consolidated Group.

The Committee's responsibilities include reviewing the company's remuneration framework and evaluating the performance of the Chief Executive Officer ("CEO") and monitoring performance of the executive team.

Independent remuneration consultants are engaged by the Committee to ensure the company's remuneration system and reward practices are consistent with market practices.

Directors' remuneration policy and structure

Perilya's non-executive director remuneration policy aims to reward the directors fairly and responsibly having regard to the:

- level of fees paid to directors relative to other comparative sized Australian mining companies,
- size and complexity of Perilya's operations; and
- responsibilities and work requirements of individual Board members.

No director fees are paid to the non-executive directors who are also executives of the parent company Zhongjin Lingnan.

Fees paid to the non-executive directors of Perilya are reviewed annually by the Remuneration and Nominations Committee and based on advice from external remuneration consultants.

Directors' fees limits

Non-executive directors' fees are determined within an aggregated directors' fee limit of $500,000, which was approved by shareholders at the 2006 Annual General Meeting.

Directors' fees framework

The fees paid to non-executive directors were reduced during the 2008/09 financial year in line with the resizing of the organisation. Non-executive director's remuneration (for those directors other than those which also hold executive positions within Zhongjin Lingnan) consists only of a base fee plus 9% statutory superannuation, details of which are set in Table 1 below.

Board fees are not paid to executive directors as the time spent on Board work and the responsibilities of Board membership are considered in determining the remuneration package provided as part of their normal employment conditions.

Table 1 – Annual Board and committee fees payable to non-executive directors

Position	Annual fees from 1 October 2008 to present $
Base Fee	
Chairman of the Board	-
Deputy Chairman of the Board	90,000
Independent Non-executive director	50,000
Additional fees	
Chairman of the Audit and Risk Management Committee	-
Member of the Audit and Risk Management Committee	-
Chairman of the Remuneration and Nomination Committee	-
Member of the Board Remuneration and Nomination Committee	-

No retirement benefits are paid other than the statutory superannuation contributions of 9% required under Australian superannuation guarantee legislation. Superannuation amounts are in addition to the directors' overall fee entitlements.

Executive remuneration policy and structure

Perilya's executive remuneration policy sets the policy for rewarding the CEO and senior executives (who are direct reports to the CEO). The main principles underlying Perilya's executive remuneration policy are to:

- provide competitive rewards that attract, retain and motivate executives;
- set demanding levels of performance which are clearly linked to an executive's remuneration;
- structure remuneration at a level that reflects the executive's duties and accountabilities;
- set a competitive level of remuneration that is sufficient and reasonable;
- align executive incentive rewards with the creation of value for shareholders; and
- comply with applicable legal requirements and appropriate standards of governance.

Executive remuneration is reviewed annually having regard to individual and business performance against agreed financial and non-financial performance measures set at the beginning of the year.

Executive remuneration structure – FY 2009

Perilya's remuneration structure for the CEO and senior executives up until 30 June 2009 was divided into three principal components:

- Base pay and benefits, including superannuation
- Variable annual reward, or "at risk" component that is subject to performance and comprises:
  - a cash-based short-term incentive ("STI"); and
  - a long-term share-based payment incentive ("LTI").

The executive remuneration structure also had due regard to global financial crisis, the company's decision on 21 August 2008 to downsize its mining operations at Broken Hill and to reduce significantly the corporate office personnel.

Base pay

The base pay component of executive remuneration comprises base salary, statutory superannuation contributions and other non-cash allowances (where applicable) such as housing, motor vehicle and health insurance . It is determined by the scope of each executive's role, level of knowledge, skill and experience along with their individual performance.

Perilya annually reviews and benchmarks this component of executive remuneration against appropriate market comparisons using information and advice from external consultants. There is no guarantee of base pay increases included in any executives' contract.

Variable annual reward

The company's executives' remuneration structure included a variable annual reward, comprising both an STI Plan (STIP) and an LTI Plan (LTIP), based on an assessment of their individual performance and Perilya's overall performance. Each year, the remuneration committee considers the appropriate targets and key performance indicators (KPIs) to link the STIP and the level of payout if targets are met. This includes setting any maximum payout under the STIP, and minimum levels of performance to trigger payment of STI.

As a result of the restructure of the business of 21 August 2008, which resulted a significant downsizing of the organisation, a review of remuneration policies by the Board and the Company's Remuneration and Nominations Committee was completed resulting in both the LTIP (performance rights plan) and STIP being suspended. The LTIP was suspended on 1 September 2008 and the STIP was suspended on 26 September 2008.

Short-term incentive component (STI)

Notwithstanding the suspension of the STIP, the Company agreed to pay to certain key executives a retention bonus. The retention bonus scheme was enacted in order to ensure that the Company could carry out its obligations under the merger implementation deed entered into with CBH Resources Limited (**CBH**) on 25 March 2008 and to facilitate the proposed merger with CBH, which would have involved a consolidation of the two companies' corporate office. Accordingly, the Company agree to pay a retention bonus to certain key executives to retain their services through the merger process and the immediately ensuing transition period. Those key executives were entitled to receive their respective retention bonuses provided that they each continued to perform their duties and remain with the Company through to 31 December 2008 and were otherwise not in breach of their respective employment agreements with the Company. The retention bonuses were paid in full on 31 December 2008 in accordance with the terms of the scheme. The retention bonuses paid equated to an amount equivalent to 30% of the key executives' respective base salaries.

Long-term incentive component (LTI)

Performance Rights – under the Perilya Long Term Incentive Plan ("LTIP") (approved by shareholders in October 2007)

The primary long-term incentive was focussed on the allocation of performance rights. However, on 1 September 2008, the Performance Rights Long Term Incentive Share Plan was suspended.

Options – under the Perilya Employee Share Option Plan (approved by shareholders in November 2003 and reconfirmed in November 2006)

Following suspension of the Performance Rights Long Term Incentive Share Plan, the Remuneration and Nominations Committee determined that it was appropriate to revert to the grant of options to certain executives under the Perilya Limited Employee Share Option Plan. Accordingly, the Committee on 25 November 2008, with shareholders approval, issued 7,650,000 options to Perilya's most senior executives.

The issue of options followed the company's restructuring on 21 August 2008, which resulted in a significant downsizing of Perilya's operations and workforce. Prior to the restructure, the employment contracts of senior Perilya executives included an entitlement to an issue of performance rights on 1 October of each year under Perilya's Long Term Incentive Plan ("LTIP").

The grant of options was provided to Key Executives to incentivise and retain them during the significant restructuring phase of the company's business.

Shares – under the Employee Share Acquisition Plan ("ESAP")

Senior executives are eligible to participate in the company's Employee Share Acquisition Plan ("ESAP"), which provides that both senior executives and employees may salary sacrifice up to 10% of their annual salary to acquire Perilya shares on-market. Perilya will match the contributions by senior executives and employees on a dollar for dollar basis to acquire shares in Perilya. The shares acquired are subject to a restriction period of two years. The ESAP provides all employees with an opportunity to become part owners in the company.

On 1 September 2008, the ESAP was suspended and is presently under review by the Remuneration and Nominations Committee.

Further detail on the ESAP is set out in section 4.0 below.

2.0 Details of remuneration

Amounts of Remuneration

The total remuneration paid to Directors, the key management personnel of the Group is set out in Table 3 and 4 below. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) of Perilya Limited and its controlled entities are those persons identified in this section who have authority and responsibility for planning, directing and controlling the activities of Perilya and its controlled entities whether directly or indirectly.

Data in Table 4 includes the 5 group executives, as identified above, who received the highest remuneration for the year ending 30 June 2009. The executives considered to be key management personnel of the Group during 2008/09 are the Directors and those executives set out in Table 2 below. These executives include the five most highly remunerated executives within the Perilya group of companies.

Table 2 - Key management personnel

Current key management personnel - as at the date of this report

Name	Position	Period (if less than the entire period)
Paul Arndt	CEO and Managing Director (from 25 November 2008) (formerly, Executive General Manager - Operations & Development since February 2008)	N/A
Tim Manners	Chief Financial Officer	N/A
Paul Marinko	Company Secretary (from 25 November 2008) and General Counsel since October 2006.	N/A
Andrew Lord	General Manager – Broken Hill (since 12 May 2008)	N/A
Bruce Byrne	Assistant General Manager- Broken Hill	N/A

Key management personnel – who either during or since the end of the year have left the employment of the Group

Name	Position	Period (if less than the entire period)
Trevor Mulroney	General Manager Development	Retrenched - 8 September 2008
Bruce Hooper	General Manager - Exploration	Resigned - 16 September 2008

Non-Executive Directors Remuneration

Details on the nature and amount of remuneration of Perilya's Non-Executive Directors for the year ended 30 June 2009 are as follows.

Table 3 – Remuneration of Non Executive Directors

Name	Director fees	Board committee fees	Other [4]	Superannuation	Total
	$	$	$	$	$
Zhang Shuijian[1]					
2009	-	-	-	-	**-**
Patrick O'Connor					
2009 [4]	99,609	-	312,500	8,965	**421,074**
2008 [4]	128,440	13,301	312,500	12,757	**466,998**
Peter Harley					
2009	53,555	4,816	-	5,253	**63,624**
2008	64,220	18,351	-	7,431	**90,002**
Han Minzhi [1]					
2009	-	-	-	-	**-**
Wang Wen [1]					
2009	-	-	-	-	**-**
Phillip Lockyer (resigned) [2]					
2009	34,061	4,931	-	3,509	**42,501**
2008	64,220	23,393	-	7,885	**95,498**
Karen Field (resigned) [2]					
2009	34,061	5,389	-	3,550	**43,000**
2008	53,517	13,663	-	6,046	**73,226**
Evert van den Brand (resigned) [3]					
2009	24,388	916	-	2,277	**27,581**
2008	53,517	1,236	-	4,928	**59,681**
Total					
2009	**245,674**	**16,052**	**312,500**	**23,554**	**597,780**
2008	**363,914**	**69,944**	**312,500**	**39,047**	**785,405**

(1) Messrs Zhang, Wang and Han were appointed directors on 5 February 2009 in accordance with shareholders approval. No fees are paid to these Directors.
(2) Ms Karen Field and Mr Phil Lockyer resigned as directors on 5 February 2009.
(3) Mr Evert van den Brand was appointed as a director effective 17 September 2007 and resigned on 25 November 2008.
(4) A consulting fee of $312,500 (2008: 312,500) was paid to a related party company of Mr Patrick O'Connor for services performed by Mr O'Connor as Executive Chairman for the period 1 July 2008 to 30 November 2008 (2008: from February 2008 to June 2008). The total shown excludes GST.

Key management personnel remuneration

Table 4 – Key management personnel remuneration

Name	Short-term employee benefits				Post employment	Share-based payments				
	Cash salary and fees	Incentive bonus payments	Non-monetary	Sign on benefits or termination payments	Superannuation	Fair value of Employee Share Acquisition Plan shares issued	Fair value of performance rights issued under Perilya Long Term Incentive Share Plan	Fair value of long-term incentive options	Total	Performance related
	$	$	$	$	$	$	$	$	$	%
CEO										
Paul Arndt										
2009	537,500	-	1,621	-	48,375	49,475	-	67,182	**704,153**	17%
2008	199,359	-	969	200,000	17,942	7,680	-	-	**425,950**	2%
Len Jubber (resigned)										
2009	57,833	-	-	119,055	4,167	-	-	-	**181,055**	-
2008	694,000	-	3,184	-	50,000	54,040	-	157,539	**958,763**	22%
Senior executives										
Tim Manners										
2009	332,499	98,000	1,926	-	38,745	14,009	23,430	72,952	**581,561**	33%
2008	280,000	-	2,726	-	28,596	16,196	23,430	129,509	**480,457**	35%
Paul Marinko										
2009	273,750	78,750	1,746	-	31,725	9,623	4,571	23,514	**423,679**	27%
Andrew Lord										
2009	308,461	-	15,120	-	27,761	22,313	-	23,514	**397,169**	12%
Bruce Byrne										
2009	250,000	25,000	27,122	-	24,737	19,672	5,405	23,514	**375,450**	18%
Bruce Hooper (resigned)										
2009	65,769	-	472	4,858	5,919	(11,460)	-	-	**65,558**	-
2008	270,000	-	2,715	-	25,725	20,997	-	-	**319,437**	7%
Trevor Mulroney (retrenched)										
2009	60,231	-	5,569	108,768	5,421	11,699	-	-	**191,688**	6%
2008	247,285	-	2,958	20,000	21,621	12,100	-	-	**303,964**	4%
Peter Eggleston (retrenched April 2008)										
2008	217,038	-	2,282	146,413	23,503	20,086	-	273,066	**682,388**	43%
Tim Carstens (resigned)										
2008	221,112	-	3,401	133,990	23,000	(2,507)	-	(19,980)	**359,016**	-
Rob Scargill (resigned)										
2008	197,182	-	-	38,687	23,325	(4,041)	-	(19,980)	**235,173**	-
Consolidated Entity Total										
2009	**1,886,043**	**201,750**	**53,576**	**232,681**	**186,850**	**115,331**	**33,406**	**210,676**	**2,920,313**	
2008	**2,325,976**	**-**	**18,235**	**539,090**	**213,712**	**124,551**	**23,430**	**520,154**	**3,765,148**	

3.0 Service agreements

On appointment to the Board, all Independent Non Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the Chief Executive Officer and Managing Director, Chief Financial Officer and the other key management personnel are also formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

Remuneration of the Chief Executive Officer, Paul Arndt

Mr Paul Arndt was appointed on 25 November 2008 (with shareholders approval) as Managing Director. Prior to this promotion, he was the Executive General Manager Operations & Development and was appointed as the Company's Chief Executive Officer on 1 October 2009.

Under the employment contract with Mr Arndt he is entitled to receive a annual base fee "salary" , superannuation, and STI and LTI awards (at Board discretion). Details of Mr Arndt's contract and remuneration are described below and set out in Table 5 below.

The remuneration provisions of Mr Arndt's employment contract as it applied for 2008/09 (with effect from 1 October 2008) provided for:

Annual Salary

During the year, Mr Arndt's annual salary was reviewed in light of his promotion to the role of Chief Executive Officer. As a result fixed remuneration with effect from 1 October 2008 was set at $550,000 per annum, plus 9% statutory superannuation.

Short-term incentive component

There were no short term incentives paid to Mr Arndt in respect of his services during the year ended 30 June 2009.

Share based payments

Mr Arndt was entitled to participate in the company's Employee Share Acquisition Plan ("ESAP") until the ESAP was suspended on 1 September 2008. All shares acquired for the benefit of Mr Arndt, under the ESAP during the period 1 July 2008 to 1 September 2008, are purchased on-market.

As approved by shareholders on 25 November 2008, Mr Arndt was granted options over 3,000,000 Perilya ordinary shares, representing a value of $176,000.

Termination benefits

Other than statutory entitlements for annual leave and superannuation, Mr Arndt's contract did not provide for any termination payments, other than the service may be terminated by either party with six months notice by Perilya and three month notice by Mr Arndt.

Contracts for key management personnel – currently employed in the Group at the date of this report

A summary of the key contractual provisions for each of the current key management personnel is set out in Table 5 below.

Table 5 - Contractual provisions for key management personnel

Name and job title	Employing company	Contract duration	Notice period company	Base Salary	Maximum STI &LTI	Notice period employee	Termination provision
Paul Arndt – CEO & Managing Director	Perilya Management Services Pty Ltd	No fixed term and reviewed annually	6 months	$550,000	At board discretion	3 months	No entitlement to termination payment other than payment of accrued leave.
Tim Manners – Chief Financial Officer	Perilya Management Services Pty Ltd	No fixed term and reviewed annually	3 months	$350,000	At board discretion	3 months	No entitlement to termination payment other than payment of accrued leave.
Paul Marinko – Company Secretary	Perilya Management Services Pty Ltd	No fixed term and reviewed annually	3 months	$290,000	At board discretion	3 months	No entitlement to termination payment other than payment of accrued leave.
Andrew Lord – General Manager Broken Hill	Perilya Broken Hill Limited	No fixed term and reviewed annually	3 months	$320,000	At board discretion	3 months	No entitlement to termination payment other than payment of accrued leave.
Bruce Byrne – Assistant General Manager Broken Hill	Perilya Broken Hill Limited	No fixed term and reviewed annually	2 months	$250,000	At board discretion	2 months	No entitlement to termination payment other than payment of accrued leave.

4.0 Share-based compensation

Key management personnel are eligible to participate in the company's Employee Share Option Plan (ESOP), the Employee Share Acquisition Plan (ESAP) and the Long Term Incentive Plan (LITP).

On 25 November 2008, shareholders approved the issue of 7,650,000 options to Perilya's most senior executives. The issue of options followed the company's restructuring on 21 August 2008, which resulted in a significant downsizing of Perilya's operations and workforce. Prior to the restructure, the employment contracts of senior Perilya executives included an entitlement to an issue of performance rights on 1 October of each year under LTIP. On 1 September 2008, the ESOP and LTIP were suspended.

(a) Options – Under Employee Share Option Plan (ESOP) (as approved by shareholders in November 2006)

The terms and conditions of options over Perilya Limited shares, affecting the remuneration of the key management personnel in office at the end of the reporting period or in future reporting periods, are set out below in Table 6. Further details on the how the Employee Share Option Plan operates are set out in the rules and in the notice of the 2006 Annual General Meeting at which the plan was re-approved by shareholders. Copies of the plan are available on the company's website.

All options with a grant date of 25 November 2008, were approved by Shareholders and all previous option grants were issued under the terms of the company's employee share option plan as approved by shareholders in November 2006.

Table 6 – Key terms over options held by key management personnel as at 30 June 2009

Name	Grant date	Options	Exercise price	Fair value per option at grant date	Vesting date	Expiry date
Paul Arndt	25 November 2008	3,000,000	1,000,000 @ 0.50	$0.05	30 Sept 2009	30 Sept 2010
			1,000,000 @ 0.60	$0.06	30 Sept 2010	30 Sept 2011
			1,000,000 @ 0.75	$0.07	30 Sept 2011	30 Sept 2012
Tim Manners	28 March 2006	500,000	300,000 @ $2.47	$0.78	7 Mar 2008	7 Mar 2011
			100,000 @ $2.67	$0.81	7 Mar 2009	7 Mar 2012
			100,000 @ $2.97	$0.82	7 Mar 2010	7 Mar 2013
Tim Manners	25 November 2008	1,500,000	500,000 @ $0.50	$0.05	30 Sept 2009	30 Sept 2010
			500,000 @ $0.60	$0.06	30 Sept 2010	30 Sept 2011
			500,000 @ $0.75	$0.07	30 Sept 2011	30 Sept 2012
Paul Marinko	25 November 2008	1,050,000	350,000 @ $0.50	$0.05	30 Sept 2009	30 Sept 2010
			350,000 @ $0.60	$0.06	30 Sept 2010	30 Sept 2011
			350,000 @ $0.75	$0.07	30 Sept 2011	30 Sept 2012
Andrew Lord	25 November 2008	1,050,000	350,000 @ $0.50	$0.05	30 Sept 2009	30 Sept 2010
			350,000 @ $0.60	$0.06	30 Sept 2010	30 Sept 2011
			350,000 @ $0.75	$0.07	30 Sept 2011	30 Sept 2012
Bruce Byrne	25 November 2008	1,050,000	350,000 @ $0.50	$0.05	30 Sept 2009	30 Sept 2010
			350,000 @ $0.60	$0.06	30 Sept 2010	30 Sept 2011
			350,000 @ $0.75	$0.07	30 Sept 2011	30 Sept 2012
Bruce Byrne	20 August 2004	50,000	50,000 @ $0.88	$0.28	20 Aug 2006	20 Aug 2009

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

Table 7 – Options granted or vested in 2009 to key management personnel

Name	Number of options granted during the year		Number of options vested during the year	
	2009	2008	**2009**	2008
Paul Arndt	1,000,000 @ $0.50 1,000,000 @ $0.60 1,000,000 @ $0.75	-	-	-
Tim Manners	500,000 @ $0.50 500,000 @ $0.60 500,000 @ $0.75	-	100,000 @ $2.67	300,000 @ $2.47
Paul Marinko	350,000 @ $0.50 350,000 @ $0.60 350,000 @ $0.75	-	-	-
Andrew Lord	350,000 @ $0.50 350,000 @ $0.60 350,000 @ $0.75	-	-	-
Bruce Byrne	350,000 @ $0.50 350,000 @ $0.60 350,000 @ $0.75	-	-	-
Len Jubber (resigned)	-	-	-	1,000,000 @$1.13
Peter Eggleston (retrenched)	-	-	-	300,000 @ $3.46 100,000 @ $3.89 100,000 @ $4.32
Tim Carstens (Resigned)	-	-	-	300,000 @ $1.31
Rob Scargill (Resigned)	-	-	-	300,000 @ $1.31

Under the terms and condition of the Employee Share Option Plan (as approved by shareholders) the options granted vest immediately if there is a change of control in Perilya and any unvested options lapse on cessation of employment, unless otherwise approved by the Board or under special circumstances such as retirement or redundancy.

Other options remuneration information

Further details relating to options and the portion of key management personnel remuneration related to equity compensation in the 2009 year are set out below in Table 8.

Table 8 – Value of options as at 30 June 2009

Name	Percentage of remuneration consisting of options	Value of options granted, exercised or lapsed/cancelled in 12 months ended 30 June 2009			
		Granted (1) $	Exercised $	Lapsed/cancelled (1) $	Total $
Paul Arndt	10%	176,000	-	-	176,000
Tim Manners	13%	88,000	-	-	88,000
Paul Marinko	6%	61,600	-	-	61,600
Andrew Lord	6%	61,600	-	-	61,600
Bruce Byrne	6%	61,600	-	-	61,600

(1) Based on fair value at time of grant

The value of the options granted to key management personnel was based on a Black and Scholes option price calculation method. In determining the dollar value of the options, the following assumptions were made:

- The options are granted for no consideration
- the options have an exercisable price of $0.50, $0.60 and $0.75 respectively
- the market price of Perilya shares was $0.27 per share (as at 1 October 2008)
- the options vest on 30 September 2009, 30 September 2010 and 30 September 2011 respectively and expiry one year after the vesting date
- price volatility of the shares during the life of the options was expected to be 60%

- the average current risk free interest rate was 6.04%
- discount of Nil% has been allowed to reflect the unlisted status of the options
- expected dividend yield: Nil

The movement in option holdings for key management personnel, during the financial year, are set out below in Table 9.

Table 9 – Movement of options granted to key management personnel during 2009

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Forfeited/ Lapsed	Balance at the end of the year	Vested during the year	Vested and exercisable at the end of the year
Paul Arndt	**-**	3,000,000	-	-	**3,000,000**	-	-
Tim Manners	**500,000**	1,500,000	-	-	**2,000,000**	100,000	400,000
Paul Marinko	**-**	1,050,000	-	-	**1,050,000**	-	-
Andrew Lord	**-**	1,050,000	-	-	**1,050,000**	-	-
Bruce Byrne	**50,000**	1,050,000	-	-	**1,100,000**	-	50,000
Len Jubber (resigned)	**2,000,000**	-	-	2,000,000	**-**	-	-
Peter Eggleston (retrenched)	**500,000**	-	-	-	**500,000**	-	500,000
Total	**3,050,000**	**7,650,000**	**-**	**2,000,000**	**8,700,000**	**100,000**	**950,000**

There were no ordinary shares in the company issued, as a result of the exercise of remuneration options during the year, to key management personnel.

(b) Performance Rights – Under Perilya Long Term Incentive Share Plan (LTIP)

On 1 September 2008, the LTIP was suspended and is presently under review by the Remuneration and Nominations Committee. The LTIP will likely be terminated and wound-up in due course. The LTIP provides for the issue of performance rights.

The terms and conditions of performance rights over Perilya Limited shares, affecting the remuneration of the key management personnel in office at the end of the reporting period or in future reporting periods, are set out below in Table 10.

Table 10 – Key terms over performance rights held by key management personnel as at 30 June 2009

Name	Grant date	Allocation date for grant	Fair value at grant date[1]	Vesting date	Performance condition for vesting to occur[2]	Vesting	Application of retesting	Expiry date
Paul Arndt	-	-	-	-				
Tim Manners	10 Dec 2007	10 Dec 2007	$1.15	30 Sept 2010				
Paul Marinko	10 Dec 2007	10 Dec 2007	$1.15	30 Sept 2010	If Perilya TSR performance equals or exceeds 50th comparator group percentile for relevant period then rights vest based on a sliding scale	Full vesting occurs if Perilya's TSR is at, or exceeds, 75th percentile of comparator group scaling down on straight line basis to 50% vesting for median performance	Initial testing occurs after 3 years with retesting at the 4th and 5th years	5 years from the date the rights are granted
Andrew Lord	-	-	-	-				
Bruce Byrne	10 Dec 2007	10 Dec 2007	$1.15	30 Sept 2010				

1. The fair value, using a binomial option pricing model, at the time of grant, using a 70% volatility rate and an interest rate of 10% was $1.15 per right and expensed over a 3 year period.
2. In the case of special circumstances, as determined by the Board, the performance hurdle may be waived and the Board may determine in its absolute discretion to allocate shares against all or part of the unvested performance rights.

The LTIP provides that if the employment of any executive who participates in the plan, is terminated for cause or by way of resignation then any unvested rights will immediately lapse unless the Board determines otherwise. If threshold performance is not met at the final retest date then any unvested rights that remain will also lapse immediately.

Movement in performance right holdings and share grants made on vesting

There were no movement in performance right holdings and share grants made on vesting of rights, for key management personnel, during the financial year.

Table 11 – Movement of performance rights granted to key management personnel during 2009

Name	Balance at the start of the year	Granted during the year as remuneration	Vested during the year	Cancelled or lapsed	Balance at the end of the year	Shares granted on vesting of rights
Paul Arndt	**-**	-	-	-	-	-
Tim Manners	**81,500**	-	-	-	81,500	-
Paul Marinko	**15,900**	-	-	-	15,900	
Andrew Lord	**-**	-	-	-	-	-
Bruce Byrne	**18,800**	-	-	-	18,800	
Total	**116,200**	**-**	**-**	**-**	**116,200**	**-**

(c) Shares – Under Perilya Employee Share Acquisition Plan (ESAP)

On 1 September 2008, the ESAP was suspended and is presently under review by the Remuneration and Nominations Committee.

The Perilya Limited Employee Share Acquisition Plan ("ESAP") was implemented in August 2006, to acquire ordinary fully paid shares in Perilya on-market for the benefit of employees. The ESAP aims to provide a sense of ownership in Perilya and to align their interest with shareholders.

Movement in ESAP share holdings

Details of the movement of and shares held within the ESAP for key management personnel for 2009 year are set out below in Table 12.

Table 12 – Movement in employer funded shares for key management personnel in the Perilya ESAP during 2009 (1)

						Vested ESAP Shares				
Name	Balance at the start of the year	Granted during the year as remuneration(1)	Sold or transferred out of the ESAP during the year	Forfeited during the year	Balance at the end of the year	Balance at the start of the year	Vested during the year	Balance at the end of the year	Balance currently subject to Plan restrictions	Total value of shares held in the Plan $ (2)
Paul Arndt	**55,469**	15,197	-	-	**70,666**	-	22,763	22,763	47,903	81,877
Tim Manners	**20,499**	-	-	-	**20,499**	3,641	6,054	9,695	10,804	49,777
Paul Marinko	**9,322**	-	-	-	**9,322**	-	1,861	1,861	7,461	25,418
Andrew Lord	**-**	47,922	-	-	**47,922**	-	-	-	47,922	32,181
Bruce Byrne	**21,783**	7,000	-	-	**28,783**	2,709	5,687	8,396	20,387	58,677
Total	**107,073**	**70,119**	**-**	**-**	**177,192**	**6,350**	**36,365**	**42,715**	**134,477**	**247,930**

(1) Includes:
   a. an initial one-off grant of shares (made on commencement of the ESAP or shortly after the commencement of employment) based on 10% of the employees salary at the time of the grant; and
   b. employer co-contribution shares funded by the company, where key management personnel have elected to salary sacrifice to acquire additional shares in Perilya (but excludes those shares acquired by the key management personnel using their salary sacrifice contributions).

(2) Based on the assessed fair value at the date that shares are allocated to employees within the ESAP.

5.0 Additional Information

Financial performance

Perilya's performance during 2009 and the four previous years are set out in Table 13 below.

Table 13 – Perilya's financial performance for the past five years

Year ended 30 June	2009	2008	2007	2006	2005
Net profit/(loss) after tax ($'000)	(75,089)	(140,235)	82,483	67,006	(6,110)
Earnings per share (cents)	(27.9)	(73.1)	43.3	35.6	(3.6)
Dividends per share (cents) (1)	-	1.0	11.0	5.0	-
Dividend pay out ratio (%)	-	-	25.4	14.0	-
Market capitalisation ($'000)	142,000	140,000	857,728	456,602	126,835
Closing share price ($)	0.36	0.74	4.37	2.39	0.68
Total shareholder returns – 1 year (%)	-	-	87.0	250.0	(21.8)
Total shareholder returns – 3 year rolling (%)	-	-	417.8	423.5	(8.2)

(1) Dividends include dividends declared at year end.

Based on overall performance and the suspension of the STIP the company did not make any contributions to incentive plans for the year ended 30 June 2009 (2008: nil).

Details of Remuneration: Cash bonuses and options

For each cash bonus and grant of options included in the tables above, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out in tables 14-16 below.

Options - *under Perilya Employee Share Option Plan (ESOP)*

The following table details the percentage of the available grant that vested in the financial year and the percentage forfeited because the person did not meet either/or service and performance criteria specified.

Table 14 – Option grants as at 30 June 2009

Name	Number of Options	Financial year granted	Vested in financial year 2009	Lapsed/cancelled in financial year 2009	Financial year in which grants may vest for unvested grants	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
	No.	Yr	%	%	Yr	$	$
Paul Arndt	1,000,000	2009	-	-	2010	nil	14,388
	1,000,000	2009	-	-	2011	nil	41,422
	1,000,000	2009	-	-	2012	nil	53,058
Tim Manners	300,000	2006	100%	-	2008	nil	nil
	100,000	2006	100%	-	2009	nil	nil
	100,000	2006	-	-	2010	nil	14,106
	500,000	2009	-	-	2010	nil	7,169
	500,000	2009	-	-	2011	nil	20,711
	500,000	2009	-	-	2012	nil	26,529
Paul Marinko	350,000	2009	-	-	2010	nil	5,018
	350,000	2009	-	-	2011	nil	14,498
	350,000	2009	-	-	2012	nil	18,570
Andrew Lord	350,000	2009	-	-	2010	nil	5,018
	350,000	2009	-	-	2011	nil	14,498
	350,000	2009	-	-	2012	nil	18,570
Bruce Byrne	50,000	2005	-	-	2006	nil	nil
	350,000	2009	-	-	2010	nil	5,018
	350,000	2009	-	-	2011	nil	14,498
	350,000	2009	-	-	2012	nil	18,570

Performance Rights – under Perilya Long Term Incentive Share Plan (LTIP)

No performance rights were issued during the reporting period. On 1 September 2008, the LTIP was suspended and is presently under review by the Remuneration and Nominations Committee.

The assessed fair value at the grant date of performance rights to the individual is allocated over the period from grant date to vesting date, and the amount is included in the remuneration as set out in Table 4 above.

Table 15 – Performance right grants as at 30 June 2009

Name	Number of shares	Financial year granted	Vested in financial year 2009	Lapsed/cancelled in financial year 2009	Financial year in which grants may vest for unvested grants(1)	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
	No.	Yr	%	%	Yr	$	$
Paul Arndt	-	-	-	-	-	-	-
Tim Manners	81,500	2008	-	-	2011	nil	nil
Paul Marinko	15,900	2008	-	-	2011	nil	nil
Andrew Lord	-	-	-	-	-	-	-
Bruce Byrne	18,800	2008	-	-	2011	nil	nil

(1) Assuming that shares vest in minimum conditions set for the award i.e. before retest provisions are applied

Performance rights acquired under the Perilya Long Term Incentive Share Plan vest, over a period of 3 years, provided the vesting conditions are met. If the relevant performance conditions are not met there are retest provisions that extend the vesting conditions out to 5 years. No shares will vest if the conditions are not satisfied, hence the minimum value of shares yet to vest is nil.

As noted above, the LTIP was suspended and is presently under review by the Remuneration and Nominations Committee. Accordingly, the LTIP will likely be terminated and wound-up in due course therefore the maximum value of shares yet to vest has also been determined as nil.

Shares – *under Perilya Employee Share Acquisition Plan (ESAP)*

Table 16 – ESAP grants as at 30 June 2009

Name	Financial year granted	Number of shares	Vested in financial year 2009 (1)	Lapsed/forfeited in financial year 2009	Financial year in which grants may vest for unvested grants	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
	Yr	No.	%	%	Yr	$	$
Paul Arndt	2009	15,197	-	-	2010	nil	6,826
					2011	nil	783
	2008	55,469	42%	-	2010	nil	17,113
Tim Manners	2009	-	-	-	-	nil	-
	2008	10,804	-	-	2010	nil	6,096
	2007	9,695	66%	-	Fully vested	nil	nil
Paul Marinko	2009	-	-	-	-	nil	-
	2008	9,322	29%	-	2010	nil	3,460
Andrew Lord	2009	47,922	-	-	2010	nil	9,319
					2011	nil	549
Bruce Byrne	2009	7,000	-	-	2010	nil	3,144
					2011	nil	361
	2008	13,387	-	-	2010	nil	7,540
	2007	8,396	71%	-	Fully vested	nil	nil

(1) The percentage vested represents the dollar value amount of the total grant, for the grant year, that has fully met vesting conditions as at reporting date and is no longer considered 'at risk'.

Shares acquired under the ESAP vest over periods of 12 to 24 months for employer funded free issue shares and over 24 months for employer funded matching contributions for employee salary-sacrificed purchases, provided the vesting conditions are met. No shares will vest if the conditions are not satisfied, hence the minimum value of shares yet to vest is nil.

As noted above, the ESAP was suspended and is presently under review by the Remuneration and Nominations Committee. However, as at the date of this report it is expected that grants already provided under ESAP will be expected to run over the normal term of their vesting conditions and therefore the maximum value of shares yet to vest has been determined as the amount of the grant date fair value of the shares that is yet to be expensed.

Ordinary share holdings

Details of Perilya ordinary shares held (directly or beneficially) by the each of the group's key management personnel (excluding non-executive directors) in office at the end of the reporting period are set out below in Table 17.

Table 17 – Shareholdings key management personnel at 30 June 2009 (1)

Name	Balance at the start of the year	Number received on exercise of options	Other changes during the year	Balance at the end of the year
Paul Arndt	**-**	-	**22,763**	**22,763**
Tim Manners	**11,141**	-	**43,742**	**54,883**
Paul Marinko	**-**	-	**1,861**	**1,861**
Andrew Lord	**-**	-	**-**	**-**
Bruce Byrne	**52,709**	-	**5,687**	**58,396**

(1) Excludes unvested ESAP related share holdings as these shares are controlled by the Trust

Loans to directors and executives

During the financial year and up to and including the date of this report no loans have been made to any directors or executives of the Group.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the director's report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

Zhang Shuijian
Chairman

Perth, Western Australia
30 September 2009

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Auditor's Independence Declaration

As lead auditor for the audit of Perilya Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Perilya Limited and the entities it controlled during the period.

NHenry.

Nick Henry
Partner
PricewaterhouseCoopers

Perth
30 September 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	CONSOLIDATED 2009 $000	2008 $000
Revenue from continuing operations	4	**211,524**	273,124
Other income	5	**540**	25,515
Changes in inventories of finished goods and work in progress		**(19,723)**	27,923
Raw materials, power and consumables used		**(63,125)**	(59,111)
Employee benefits expense		**(64,787)**	(81,243)
Depreciation and amortisation expense	6	**(10,035)**	(48,334)
External services and consultants		**(30,930)**	(49,635)
Freight and handling		**(40,319)**	(30,526)
Royalties		**(5,327)**	(6,871)
Foreign exchange loss		**(1,421)**	(3,544)
Other expenses from ordinary activities		**(15,923)**	(13,813)
Impairment of property, plant and equipment	6	**(5,396)**	(135,769)
Impairment of available-for-sale financial assets	6	**(7,126)**	(13,858)
Impairment of exploration, development and evaluation assets	6	**(9,235)**	(38,462)
Impairment of other assets	6	**-**	(122)
Finance costs	6	**908**	(12,781)
Share of loss from associates accounted for using the equity method		**(138)**	(521)
Loss before income tax		**(60,513)**	(168,028)
Income tax benefit/(expense)		**(14,576)**	25,772
Loss from continuing operations		**(75,089)**	(142,256)
Profit from discontinued operations	7	**-**	2,021
Loss for the year attributable to members of Perilya Limited		**(75,089)**	(140,235)
Loss per share from loss from continuing operations attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic (loss)/earnings per share		**(27.9)**	(73.1)
Diluted earnings per share		**(27.9)**	(73.1)
Loss per share from loss attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic (loss)/earnings per share		**(27.9)**	(72.1)
Diluted earnings per share		**(27.9)**	(72.1)

The above income statements should be read in conjunction with the accompanying notes

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009

	Notes	CONSOLIDATED 2009 $000	2008 $000
ASSETS			
Current assets			
Cash and cash equivalents	8	**36,906**	26,532
Trade and other receivables		**24,580**	11,690
Current tax assets		**-**	2,967
Inventories		**20,463**	31,300
Available-for-sale financial assets	9	**11,420**	40,856
Derivative financial instruments		**3,496**	129,143
Total current assets		**96,865**	242,488
Non-current assets			
Restricted cash	8	**24,565**	10,444
Trade and other receivables		**60**	37
Inventories		**-**	8,754
Exploration, development and evaluation expenditure		**15,000**	15,193
Mine properties in use		**404**	-
Property, plant and equipment		**23,857**	30,818
Total non-current assets		**63,886**	65,246
Total assets		**160,751**	307,734
LIABILITIES			
Current liabilities			
Trade and other payables		**31,684**	51,940
Borrowings		**5,997**	20,211
Provisions		**6,392**	14,721
Prepaid income		**2,356**	1,938
Deferred option premiums		**-**	30,332
Derivative financial instruments		**3,671**	7,701
Total current liabilities		**50,100**	126,843
Non-current liabilities			
Borrowings		**2,583**	5,794
Provisions		**24,349**	24,777
Prepaid income		**-**	2,710
Total non-current liabilities		**26,932**	33,281
Total liabilities		**77,032**	160,124
Net assets		**83,719**	147,610
EQUITY			
Contributed equity		**154,287**	106,539
Reserves		**25,451**	62,001
Retained losses		**(96,019)**	(20,930)
Total equity		**83,719**	147,610

The above balance sheets should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

CONSOLIDATED	Notes	Contributed equity $'000	Retained earnings / Accumulated losses $'000	Reserves $'000	Total equity $000
Balance at 1 July 2007		**106,047**	**123,234**	**(80,008)**	**149,273**
Changes in the fair value of available-for-sale financial assets (net of tax)		-	-	766	766
Changes in the fair value of cash flow hedges (net of tax)		-	-	140,022	140,022
Net income recognised directly in equity		-	-	140,788	140,788
Loss for the year		-	(140,235)	-	(140,235)
Total recognised income and expense for the year		**-**	**(140,235)**	**140,788**	**553**
Contributions of equity, net of transaction costs		1,020	-	-	1,020
Dividends provided for or paid		-	(3,929)	-	(3,929)
Employee share options – value of employee services		-	-	520	520
Perilya Employee Share Acquisition plan		(528)	-	701	173
		492	**(3,929)**	**1,221**	**(2,216)**
Balance at 30 June 2008		**106,539**	**(20,930)**	**62,001**	**147,610**

		Contributed equity $'000	Accumulated losses $'000	Reserves $'000	Total equity $000
Balance at 1 July 2008		**106,539**	**(20,930)**	**62,001**	**147,610**
Changes in the fair value of available-for-sale financial assets (net of tax)		-	-	(1,105)	(1,105)
Changes in the fair value of cash flow hedges (net of tax)		-	-	(32,907)	(32,907)
Net loss recognised directly in equity		-	-	(34,012)	(34,012)
Loss for the year		-	(75,089)	-	(75,089)
Total recognised expense for the year			**(75,089)**	**(34,012)**	**(109,101)**
Contributions of equity, net of transaction costs		43,574	-	-	43,574
Employee share options – value of employee services		-	-	(17)	(17)
Perilya Employee Share Acquisition plan		4,174	-	(2,521)	1,653
		47,748	**-**	**(2,538)**	**45,210**
Balance at 30 June 2009		**154,287**	**(96,019)**	**25,451**	**83,719**

The above statements of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	CONSOLIDATED 2009 $000	2008 $000
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		**194,245**	278,429
Cash payments in the course of operations (inclusive of GST)		**(245,203)**	(262,656)
		(50,958)	15,773
Hedge book closure		**60,314**	-
Payments on redundancies and associated benefits		**(13,375)**	-
Interest received		**3,147**	6,533
Interest and other finance costs paid		**(1,326)**	(1,964)
Income tax refunds received/(payments made)		**2,967**	(30,264)
Net cash inflow (outflow) from operating activities		**769**	(9,922)
Cash flows from investing activities			
Payments for mine properties		**(411)**	(48,154)
Payments for property, plant and equipment		**(5,157)**	(29,661)
Payments for exploration and evaluation		**(9,042)**	(22,331)
Payments for purchase of available-for-sale financial assets		**-**	(28,470)
(Payments for)/returns of performance guarantee bonds		**(14,121)**	15,147
Payments for other bonds		**(21)**	(3)
Proceeds from sale of available-for-sale financial assets		**16,351**	44,553
Proceeds from sale of tenements		**-**	2,555
Proceeds from sale of property, plant and equipment		**225**	6,233
Funds advanced to associates		**(138)**	(350)
Net cash outflow from investing activities		**(12,314)**	(60,481)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**43,574**	354
Payments for shares acquired by the Perilya Employee Share Acquisition Plan		**(362)**	(3,112)
Dividends paid to company's shareholders		**(10)**	(3,423)
Proceeds from borrowings		**-**	40,000
Repayment of borrowings		**(14,423)**	(38,090)
Repayment of finance lease liabilities		**(6,860)**	(6,258)
Net cash inflow (outflow) from financing activities		**21,919**	(10,529)
Net increase/(decrease) in cash and cash equivalents		**10,374**	(80,932)
Cash and cash equivalents at the beginning of the financial year		**26,532**	147,455
Reclassification of cash to available-for-sale financial assets		**-**	(39,991)
Cash and cash equivalents at end of the year	8	**36,906**	26,532

The above cash flow statements should be read in conjunction with the accompanying notes

This concise financial report relates to the consolidated entity of Perilya Limited ("the Group" or "the consolidated entity") consisting of the parent entity Perilya Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009. The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated in note 2 below.

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial report. Amounts in the concise financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

1. PRESENTATION CURRENCY

The presentation currency used in this concise financial report is Australian dollars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those disclosed in the annual financial report for the year ended 30 June 2008.

3. SEGMENT INFORMATION

(a) Description of segments

Business segments
The Group is currently organised on a global basis into the following divisions by product and service type.

Base metals mining:	Mining and extraction of base metal ores primarily for zinc, lead and silver
Gold mining:	Mining and extraction of gold ore
Exploration:	Exploration for and evaluation of base metal and gold ore deposits
Investment and administration:	Investment and administration of the corporate office

The segment disclosure comparative for 2008 below includes a discontinued operation segment which relates to those revenues and expenses that were previously disclosed under 'gold mining' in segment disclosures. For further information on the sale of our gold mining operation and some of the associated gold assets see note 7.

Geographical segments
Although the consolidated entity's divisions are managed on a global basis they operate in two main geographical areas with primary operations, including all current extractive operations, been undertaken in Australia, the home country of the parent entity with secondary operations (exploration) and principal customers in the South East Asia region.

3. SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting format – business segments

2009	Base metals mining $'000	Exploration $'000	Investment & administration $'000	Total continuing operations $,000	Gold mining – discontinued operation plus sale of gold exploration assets (note 7) $'000	Consolidated $'000
Sales to external customers	210,674	-	-	210,674	-	210,674
Other revenue/income	652	-	738	1,390	-	1,390
Total segment revenue/income	211,326	-	738	212,064	-	212,064
Segment result	(31,112)	(9,235)	(20,028)	(60,375)	-	(60,375)
Share of net losses of associates				(138)	-	(138)
Loss before income tax				(60,513)	-	(60,513)
Income tax expense				(14,576)	-	(14,576)
Loss for the year				(75,089)	-	(75,089)
Segment assets #	78,872	15,000	66,879	160,751	-	160,751
Total assets						160,751
Segment liabilities *	70,770	-	1,265	72,035	-	72,035
Unallocated liabilities						4,997
Total liabilities						77,032
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	9,736	2,000	115	11,851	-	11,851
Depreciation and amortisation expense	9,932	-	103	10,035	-	10,035
Impairment losses taken to income statement	3,396	11,235	7,126	21,757	-	21,757
Other non-cash expenses	(303)	-	66	(237)	-	(237)

Investment and administration segment assets include cash on deposit.

* *Base metals mining segment liabilities include derivative financial instrument liabilities and prepaid silver income.*

3. SEGMENT INFORMATION (CONTINUED)

2008	Base metals mining $'000	Exploration $'000	Investment & administration $'000	Total continuing operations $,000	Disposal group - Discontinued gold mining operation plus gold exploration assets (note 7) $'000	Consolidated $'000
Sales to external customers	266,522	-	-	266,522	5,277	271,799
Other revenue/income	6,453	42	25,622	32,117	46	32,163
Total segment revenue/income	272,975	42	25,622	298,639	5,323	303,962
Segment result	(128,962)	(38,420)	(125)	(167,507)	1,961	(165,546)
Share of net losses of associates				(521)	-	(521)
Profit/(loss) before income tax				(168,028)	1,961	(166,067)
Income tax benefit				25,772	60	25,832
Profit/(loss) for the year				(142,256)	2,021	(140,235)
Segment assets #	193,909	15,193	87,381	296,483	-	296,483
Unallocated assets						2,967
Total assets						299,450
Segment liabilities *	130,700	-	20,339	151,039	-	151,039
Unallocated liabilities						801
Total liabilities						151,840
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	80,137	-	3,467	83,604	-	83,604
Depreciation and amortisation expense	47,858	-	476	48,334	7	48,341
Impairment losses taken to income statement	134,877	38,462	14,872	188,211	-	188,211
Other non-cash expenses	10,832	-	520	11,352	-	11,352

Investment and administration segment assets include cash on deposit.
* *Base metals mining segment liabilities include derivative financial instrument liabilities and prepaid silver income.*

(c) Secondary reporting – geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2009 $000	2008 $000	**2009 $000**	2008 $000	**2009 $000**	2008 $000
Australia	**70,095**	128,123	**160,474**	296,251	**11,851**	83,604
South East Asia	**140,579**	143,676	**277**	232	**-**	-
	210,674	271,799	**160,751**	296,483	**11,851**	83,604
Unallocated assets			**-**	2,967		
Total assets			**160,751**	299,450		

Segment revenues from sales to external customers are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

3. SEGMENT INFORMATION (CONTINUED)

(d) Notes to and forming part of the segment information

(i) Accounting policies
Segment information is prepared in conformity with the accounting policies of the entity and in accounting standard AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, mine properties, property, plant and equipment, available-for-sale financial assets and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes.

(ii) Inter-segment transfers
Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an ''arm's-length'' basis and are eliminated on consolidation.

(iii) Equity-accounted investments
The Group owned 50% of Southstar Diamonds Limited, a mineral exploration company located in Australia which was accounted for using the equity method and is allocated to the investment and administration segment. This company was wound up and de-registered in May 2009 and as at 30 June 2009 the Group had nil equity investments.

4. REVENUE

	CONSOLIDATED	
	2009 **$000**	2008 $000
From continuing operations		
Sales revenue		
Sale of goods	**210,674**	230,488
Accelerated release of pre-paid silver revenue	**-**	36,034
	210,674	266,522
Other revenue		
Interest	**695**	6,339
Rent and sub-lease rentals	**155**	263
	211,524	273,124
From discontinued operations (note 7)		
Sales revenue - Sale of goods	**-**	5,277

5. OTHER INCOME

	CONSOLIDATED	
	2009 $000	2008 $000
From continuing operations		
Net gain on disposal of property, plant and equipment	**194**	-
Net gain on sale of available-for-sale financial assets	**-**	19,734
Net gain on sale of tenements	**-**	42
Gain on ineffective hedging	**-**	5,589
Other income	**346**	150
	540	25,515
From discontinued operations (note 7)	-	46

6. EXPENSES

	CONSOLIDATED	
	2009 $000	2008 $000
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation:		
Buildings	**33**	324
Leasehold improvements	**631**	563
Plant and equipment	**9,365**	11,769
Total depreciation	**10,029**	12,656
Amortisation of mine properties	**6**	35,678
Total depreciation and amortisation expense	**10,035**	48,334
Impairment losses:		
Mine properties	**-**	74,657
Property, plant and equipment	**5,396**	61,112
Property, plant and equipment	**5,396**	135,769
Exploration and development assets	**9,235**	38,462
Available-for-sale financial assets (note 9)	**7,126**	13,858
Other assets	**-**	122
Total impairment losses	**21,757**	188,211
Finance costs:		
Imputed interest expense on pre-paid silver revenue	**-**	7,084
Unwinding of discount on rehabilitation provision	**(2,234)**	3,748
Interest and finance charges paid/payable	**1,326**	1,949
Total finance costs	**(908)**	12,781

7. DISCONTINUED OPERATION AND DISPOSAL GROUP OF ASSETS

(a) Description

In March 2007 Perilya Limited announced the suspension of operations at its Daisy Milano mine site and the transition of this operation to a care and maintenance basis pending its intended sale. On 27 August 2007 the sale of the Daisy Milano mine operation, along with other gold exploration projects, comprising Mount Monger, Moyagee and Honeymoon Well was announced. The sale of the Honeymoon Well asset, to MPI Nickel Pty Ltd, was completed on 12 November 2007 and the sale of the Daisy Milano mine operation and Mount Monger and Moyagee assets, to Silver Lake Resources Limited, was completed on 14 November 2007. The Daisy Milano operation disposed of is reported in the 2008 financial year as a discontinued operation and the group of assets disposed of as the 'disposal group'.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in note 3 – Segment information.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented in the 2008 column are for the period ended 14 November 2007.

(b) Financial performance and cash flow information (continued)

	CONSOLIDATED	
	2009 $000	2008 $000
Revenue	-	5,277
Other income	-	46
Expenses	-	(4,051)
Profit/(loss) before income tax	-	1,272
Income tax (expense)/benefit	-	266
Profit after income tax of discontinued operations	-	1,538
Gain on sale of the disposal group before income tax	-	689
Income tax (expense)/benefit	-	(206)
Gain on sale of the disposal group after income tax	-	483
Profit from discontinued operations	-	2,021
Net cash inflow from operating activities	-	2,617
Net cash inflow/(outflow) from investing activities*	-	7,000
Net cash outflow from financing activities	-	(9,617)
Net increase in cash generated by the operations	-	-

* *includes cash inflow from the sale of the disposal group of assets*

7. DISCONTINUED OPERATION AND DISPOSAL GROUP OF ASSETS (CONTINUED)

(c) Carrying amounts of assets and liabilities of the disposal group

The carrying amounts of assets and liabilities of the 2008 discontinued operations and disposal group of assets, as at the date of sale of 14 November 2007 were:

	CONSOLIDATED
	14 November 2007 $000
Inventories	**318**
Exploration and evaluation expenditure	**6,016**
Mine properties	**3,169**
Property, plant and equipment	**1,949**
Total assets	**11,452**
Borrowings	**391**
Total liabilities	**391**
Net assets	**11,061**

(d) Details of the sale of the disposal group

	CONSOLIDATED	
	2009 $000	2008 $000
Net consideration received or receivable*		
Cash	-	7,000
Available-for-sale financial assets	-	4,500
Gold sales royalty (at $5 per oz to maximum of $250,000)	-	250
Total net disposal consideration	-	11,750
Carrying amount of net assets sold	-	(11,061)
Gain on sale before income tax	-	689
Income tax expense	-	(206)
Gain on sale after income tax	-	483

** net of transaction costs associated with sale*

8. CURRENT ASSETS AND NON-CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(a) Reconciliation to cash at the end of the year

	CONSOLIDATED	
	2009 $000	2008 $000
Cash at bank and in hand	**36,906**	26,532
Cash at the end of the year as per statements of cash flows	**36,906**	26,532

(b) Total cash (current and non-current)

The above figures are reconciled to total cash (inclusive of restricted cash), at the end of the financial year as follows:

	CONSOLIDATED	
	2009 $000	2008 $000
Balances as above	**36,906**	**26,532**
Add: Non-current - Restricted cash *	**24,565**	**10,444**
Cash at the end of the year inclusive of restricted cash	**61,471**	**36,976**

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

(c) Cash at bank and on hand

Cash at bank is deposited in trading accounts with major financial institutions under normal terms and conditions appropriate to the operations of the accounts. These deposits earn interest at rates set by these institutions and for the period ending 30 June 2009 the weighted average interest rate on these accounts was 1.77% (2008: 6.25%). Cash on hand is non-interest bearing.

9. CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	CONSOLIDATED	
	2009 $000	2008 $000
At beginning of the year	**40,856**	4,344
Additions	-	33,273
Reclassification of commercial paper from cash and cash equivalents (b)	-	39,991
Reclassifications from non-current available-for-sale financial assets (c)	-	1,486
Disposals	**(19,096)**	(44,555)
Impairment of securities (d)	**(526)**	(4,017)
Impairment of commercial paper (d)	**(6,600)**	(9,841)
Net revaluation (loss)/gain transferred to equity	**(3,214)**	20,175
At end of year	**11,420**	40,856

9. CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

	CONSOLIDATED	
	2009	2008
These available-for-sale financial assets comprise:	**$000**	$000
Commercial paper [b]	**10,027**	30,150
Listed Australian equities	**695**	8,887
Unlisted Australian equities – options [a]	**88**	1,305
Unlisted overseas equities [a]	**610**	514
	11,420	40,856

(a) Unlisted securities

Unlisted securities are traded in inactive markets. Fair values for these assets are established using the methodologies outlined in accounting policies.

(b) Commercial paper

Investments in commercial paper were classified under cash and cash equivalents as ‘Deposits at call’ in financial years prior to 2008, as it was considered to meet the definition of cash being a highly liquid investment, readily convertible into known amounts of cash and subject to insignificant risk of change in value. As a result of conditions experienced in financial markets during the 2008 reporting period, at the 30 June 2008 balance date the Group reclassified these deposits to available-for-sale and this classification is retained as at the 30 June 2009 balance date.

(c) Transfers from/to non-current available-for-sale financial assets

The Group designates available-for-sale assets as a current asset if it has an intention to dispose of the investment within 12 months of the balance sheet date and as a non-current asset if sale intentions are expected to be greater than 12 months of the balance sheet date. Sale intentions, and therefore asset classification between current and non-current for individual investment holdings, depend on a number of factors including re-assessment at each reporting date of individual holdings from strategic, asset return, and capital investment considerations. At 2009 balance all available-for-sale financial assets are classified as current.

(d) Impairment and risk exposure

In 2009 given objective evidence that the assets were impaired, an analysis was undertaken and the assets written down to assessed fair value with the impairment loss of $7,126,000 recognised against available-for-sale financial assets comprising $6,600,000 against commercial paper and $526,000 against securities (2008: $13,858,000 comprising $9,841,000 against commercial paper and $4,017,000 against securities). For the parent entity an impairment expense of $7,126,000 was recognised comprising $6,600,000 against commercial paper and $526,000 against securities (2008: $11,594,000 comprising $9,841,000 against commercial paper and $1,753,000 against securities). These losses were recognised in the income statement.

10. DIVIDENDS

(a) Dividends paid on ordinary shares

	PARENT ENTITY	
	2009 $000	2008 $000
Nil final ordinary dividend for the year ended 30 June 2008 (2007: 1 cent fully franked)	-	1,963
Nil interim ordinary dividend for the year ended 30 June 2009 (2008: 1 cent fully franked)	-	1,966
Total dividends provided for or paid	-	3,929
Dividends paid in cash or satisfied by the issue of shares under the Perilya dividend reinvestment plan during the year ended 30 June 2008 were as follows:		
Paid/payable in cash	-	3,262
Satisfied by issue of shares - see note (c)	-	667
	-	3,929

(b) Dividends not recognised at year end

Subsequent to the end of the financial year end the directors have decided against payment of a final dividend for the financial year ended 30 June 2009.

(c) Perilya Dividend Reinvestment Plan

The Perilya Dividend Reinvestment Plan ("DRP") was approved by shareholders on 29 November 2006 and applies in respect of eligible dividends payable on participating shares at the record date of payment of the dividend.

Participation in the DRP is optional and, to commence, amend or cease participation in the DRP, shareholders are required to complete and duly lodge the required application form by the date, and within the terms and conditions, set by the directors for the specified dividend. Shares issued to participants may be either new shares or shares acquired on market for transfer to participants.

In line with non-payment of a final dividend for the year ended 30 June 2008 the directors resolved to suspend the company's DRP until further notice.

(d) Franked dividends

The franked portions of the dividends recommended after 30 June 2009 will be franked out of existing franking credits.

	CONSOLIDATED	
	2009 $000	2008 $000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008: 30%)	**56,857**	56,857

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(i) franking credits that will arise from the payment of the amount of the provision for income tax
(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

In line with the non-payment of a final dividend for the year ending 30 June 2009 there will be no reduction in the franking account balance disclosed above (2008: nil).

11. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Assurance services

	CONSOLIDATED	
	2009 $	2008 $
Audit services		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**362,762**	402,466
Total remuneration for audit services	**362,762**	402,466
Other assurance services		
PricewaterhouseCoopers Australian firm		
Accounting advice on potential acquisitions	**96,728**	87,905
Other services	**1,095**	-
Total remuneration for other assurance services	**97,823**	87,905
Total remuneration for assurance services	**460,585**	490,371

(b) Taxation services

	CONSOLIDATED	
	2009 $	2008 $
PricewaterhouseCoopers Australian firm		
Tax compliance services	**79,355**	80,630
Tax advice on potential acquisitions	**24,700**	24,295
Non-PricewaterhouseCoopers audit firm for the provision of tax compliance services to any entity of the Group	**-**	2,136
Total remuneration for taxation services	**104,055**	107,061

The Group employs PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally taxation services where PricewaterhouseCoopers acts as the Group's taxation agent and in relation to provision of general corporate advice. It is the Group's policy to seek competitive tenders for all major consulting projects.

12. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Termination of silver sale agreement with Coeur d'Alene and unsecured funding facility
The silver sale agreement between Perilya Limited and CDE Australia Pty Ltd (CDEA) and Coeur d'Alene Mines Corporation (Coeur) was terminated with financial settlement occurring on 31 July 2009. The cost of settlement for Perilya to discharge its obligations under this contract amounted to US$55,000,000 (AUD$66,417,000).

The termination of the silver sale agreement as disclosed above was partly funded by an unsecured credit facility of US$49,500,000 from funds provided by a guarantee facility granted by Shenzhen Zhongjin Lingnan Nomfemet Co. Ltd (Zhongjin Lingnan) to Perilya's financiers with the balance paid from the Groups available cash reserves. The total cost of funding to Perilya (including facility fees and guarantee fees payable to Zhongjin Lingnan, in aggregate comprise less than 3% (plus 3mnth LIBOR).

Subsequent to the end of the year, the company commenced and completed a hedging program for approximately 40 - 50% of its silver production from Broken Hill to help protect the USD revenue required to repay the debt facility established to fund the silver buy-back. A total of 1,820,000 ounces of silver at an average price of approximately US$14.80/oz were hedged, spread evenly from September 2009 to December 2011 (28 months).

Change of financial year end date to 31 December
The Australian Securities and Investment Commission ("ASIC") granted relief to enable the company to change its financial year end date from 30 June to 31 December. The granting of this relief means that the next financial year of the company will be a transitional one from 1 July 2009 to 31 December 2009 (i.e. six months). Thereafter the company will report its results as normal with respect to a 31 December financial year end.

DIRECTORS DECLARATION

30 JUNE 2009

The directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2009 as set out on pages 31 to 46 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 30 June 2009. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

This declaration is made in accordance with a resolution of the directors.

Zhang Shuijian
Chairman

Perth, Western Australia
30 September 2009

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Independent auditor's report to the members of Perilya Limited

Report on the concise financial report

The accompanying concise financial report of Perilya Limited comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity and statement of cash flows for the year then ended and related notes, derived from the audited financial report of Perilya Limited for the year ended 30 June 2009. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Perilya Limited for the year ended 30 June 2009. Our audit report on the financial report for the year was signed on 30 September 2009 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 Concise Financial Reports.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of Perilya Limited (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Perilya Limited on 30 September 2009 would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion on the financial report

In our opinion, the concise financial report of Perilya Limited for the year ended 30 June 2009 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Perilya Limited for the year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001.*

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the concise financial report and remuneration report of Perilya Limited (the company) for the year ended 30 June 2009 included on Perilya Limited's web site. The company's directors are responsible for the integrity of the Perilya Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

Nick Henry
Partner

Perth
30 September 2009