Half Year Financial Results

for the six months ending 31 December 2007

Highlights

- EBITDA of $46.4 million, up 99% on the June half year.
- $12.0 million half year net profit after tax, or 6.1 cents earnings per share.
- $134.6 million cash and debt of $24.2 million.
- First two spot sales of direct shippable ore from Flinders to Chinese smelters.
- Decision to proceed with the feasibility studies at the Mount Oxide copper project in Queensland and the North Mine Deeps project at Broken Hill.

Summary

	Dec Half 2007	Jun Half 2007	% Var	Dec Half 2006	% Var
Revenue (A$m) #	**138.4**	125.5	**10.3**	261.4	(47.1)
EBITDA (A$m)	**46.4**	23.3	**99.1**	128.2	(63.8)
NPAT (A$m)	**12.0**	6.4	**87.5**	76.1	(84.2)
EPS (¢/share)	**6.1**	3.5	**74.3**	39.8	(84.7)
Dividend (¢/share)	**1.0**	1.0	**-**	10.0	(90.0)
Zinc (kt) *	**130.5**	33.9	**285.0**	58.2	124.2
Lead (kt)	**25.8**	22.9	**12.7**	37.6	(31.4)
Silver (Moz)	**0.72**	0.66	**9.1**	1.04	(30.8)
Gold (oz)	**-**	7,268	**-**	17,922	-

 # Net of concentrate treatment charges ** Contained metal and includes Beltana*

CEO comments

Perilya (ASX: PEM) today announced an EBITDA of $46.4 million for the first half of the 2007/08 financial year, up 99 per cent on the June half year. Net profit after tax was $12.0 million, or 6.1 cents earnings per share. This represents an 88 per cent increase over the June half year.

Perilya's CEO, Len Jubber, said: "The result, which was an improvement on the June half year, reflects the 18 per cent decrease in average zinc price and 60 per cent increase in the average lead price during the period, lower than expected production at Broken Hill and the first ore sales from the Flinders project."

"Perilya's balance sheet remains strong, with cash at 31 December 2007 of $134.6 million and debt of $24.2 million."

"At Broken Hill, the exploration decline at Potosi advanced to around 1,000 metres and we commenced trial mining ore following the successful delineation of a 2.36 million tonne mineral resource. The Board also approved a feasibility study into extending the existing North Mine operation to access the high grade zones at depth."

"The past six months has also seen substantial success in advancing our two other major projects. Spot sales of approximately 7,000 tonnes of contained zinc and an off-take agreement with Padaeng IPC Limited have confirmed the demand for intermediate grade zinc silicate direct shippable ore. These outcomes effectively underwrite the development costs associated with the mining and stockpiling of approximately 101,000 tonnes of contained zinc from the Beltana pit at the Flinders project. The Mount Oxide copper project in Queensland received a significant boost when the mineral resource was upgraded by 80 per cent to 203,000 tonnes of contained copper on 19 February 2008. The Board has approved an aggressive infill and extension drilling program commencing in April to enable completion of a feasibility study in early 2009."

"All of these developments bode well for additional ore sources at Broken Hill and diversified metal / revenue streams in future years," said Mr Jubber.

The Perilya Board has declared a fully franked interim ordinary dividend of 1 cent per share.

Len Jubber
Chief Executive Officer
28 February 2008

FINANCIAL

Profit

EBITDA of $46.4 million, up 99% on the June half year. Net profit after tax was $12.0 million, or 6.1 cents per share.

Cash flow

Perilya generated $23.0 million pre tax cash flow from operating activities in the half year.

Significant capital expenditure focused on growth initiatives and included: $21.7 million on mine development at Southern Operations, Potosi and Flinders; $19.6 million on plant and equipment; and $9.9 million on exploration. Tax payments totaled $31.8 million and net proceeds from investing activities were $16.0 million.

PRODUCTION

Total production from Broken Hill and Beltana was 130,500 tonnes of contained zinc, 25,800 tonnes of lead and 0.72 million ounces of contained silver. The high zinc production stems from the successful completion of mining and stockpiling of high grade zinc silicate ore from the small Beltana open pit at the Flinders project.

BROKEN HILL

Operations

Ore production from the Southern Operations was hampered by the accessibility of development headings which in turn limited the number of stopes available for mining during the period. This issue is being alleviated.

First ore was produced from Potosi heralding the third underground ore source to the concentrator. It is anticipated that the combined ore feed from the North Mine and Potosi will be approximately 90,000 tonnes in the second half of the year, ramping up to approximately 350,000 tonnes in 2008/09.

The cash operating cost increased to US$0.93 per pound zinc primarily as a result of the lower metal production. Prior to hedging losses, the net cash costs for the half year were US$0.42 per pound zinc.

The Broken Hill production forecast to year end is approximately 90,000 tonnes of contained zinc and approximately 55,000 tonnes of contained lead at a cash operating cost of approximately US$0.95 per pound zinc (including hedging losses). Delays in the ramp up of production from the high grade pillars area, due to changing from bottom up to a top down mining to reduce ore dilution, will result in a lower total ore tonnage and average zinc grade expectation for the second half of the year.

Development

Potosi

The exploration decline has progressed around 1,000 metres beyond the portal entrance. The Potosi resource was upgraded to 2.36 Mt at 11.7% zinc, 4.6% lead, 54 g/t Ag.

North Mine Deeps

The pre-feasibility study into the re-opening of the North Mine below Level 22 was successfully completed and the Board approved commencement of a feasibility study based on extending the existing decline and partially refurbishing the existing shaft infrastructure.

The existing North mine activities currently extend down to Level 12.

Flying Doctor

A program of infill drilling was completed at Flying Doctor to enable completion of a Feasibility Study on the development of an open pit as a fourth ore feed to the Southern Operations concentrator.

Exploration

Pinnacles Region

Further broad spaced drilling at the Henry George deposit in the Pinnacles region, 10km south of the concentrator, has continued with very encouraging results. The region is considered very prospective. A number of new shallow deposits discovered in recent years have the potential for economic open pit development and large deposits at depth.

FLINDERS

Operations

Beltana

Subsequent to the end of December, all mining and crushing operations at Beltana were completed. A total of 316,400 tonnes of zinc silicate ore has been mined and stockpiled at an approximate average grade of 32% zinc, for a total of 101,385 tonnes of contained zinc.

The average cash operating cost incurred to establish the stockpile was US$0.15 per pound payable zinc. It is expected that the offsite costs including treatment charges associated with ore sales will amount to US$0.50 per pound payable zinc, giving a total cost of US$0.65 per pound payable zinc.

Two shipments of Beltana blended intermediate grade ore were sold to a Chinese customer, containing a total of approximately 7,000 tonnes of zinc. On 24 January 2008, Perilya also signed a two year agreement with Padaeng Industry Public Co. Ltd for the sale of approximately 60,000 tonnes of high grade ore and 50,000 tonnes (subject to further testing) of low grade ore from Beltana.

This has established a solid marketing platform for intermediate grade ore.

Development

Reliance (70 - 85% owned)

Promising infill and resource extension drill results have increased the likelihood of development of the Reliance mineral resource, which currently comprises 387,000 tonnes at 27.6% zinc. Completion of the feasibility study in the June quarter will increase Perilya's ownership of the project to 85%.

MOUNT OXIDE

Development

Following a successful mineral resource extension drilling program in 2007, Perilya announced an 80 per cent upgrade to the Mount Oxide mineral resource to 203,000 tonnes of contained copper on the 19 February 2008. The Board has approved a resource infill and extension drilling program and Feasibility Study at Mount Oxide to be conducted over the next 18 months.

The predominantly indicated mineral resource also contains 8,300 tonnes cobalt and 4.2 Moz silver. A scoping study, including metallurgical testing is scheduled for completion in April 2008.

CORPORATE

Investments

Perilya sold its 8.86% strategic stake in Herald Resources Limited resulting in net cash proceeds of $16.1 million.

The gold assets, including the Daisy Milano mine, were sold during the period for a consideration of $14.5 million in cash and shares, plus a production royalty of up to $250,000.

Revenue Protection

The marked to market value of the hedge book was approximately A$21.6 million out of the money as at 31 December 2007, compared to A$105.1 million out of the money as at 30 June 2007.

Currency

Revenues during the first half were enhanced by $6.2 million through Australian Dollar call options that were exercised at US$0.8299 compared to the average spot exchange rate of US$0.8906.

As at 31 December 2007, the company had further call options over A$392 million of projected receipts during the next three years at an average strike price of US$0.844. It is important to note that whilst the use of options protects the Company against an increase in the AUD relative to the USD, it still maintains exposure to the benefits of a decrease in the AUD/USD exchange rate.

Metal

A metal hedging loss of $49.7 million was incurred on Broken Hill metal sales during the half year.

The underlying EBIT generated by the Broken Hill operations was $43.8 million, prior to accounting for the net (currency and metal) hedging loss of $43.5 million.

Perilya has Australian dollar denominated forward sales contracts for approximately 22% of forecast zinc sales to June 2009 and 40% of forecast lead sales to June 2010 from Broken Hill.

The company has also acquired put options over approximately 50% of forecast lead sales to June 2010 thereby effectively creating a floor under the medium term lead price received on Broken Hill sales. These option contracts were entered into during the recent record high lead spot price environment and have an average strike price (net of premiums) of US$2,650 in the current financial year, US$2,186 in 2008/09 and US$1,900 in 2009/10.

Should the spot price be higher than these strike prices at the expiry date, the metal will be delivered at that spot price.

DIVIDENDS

The Board has declared a 1 cent per share fully franked interim ordinary dividend (June 2007: 1 cent per share).

The record date for determining entitlement is 12 March 2008 and the interim dividend is payable on 27 March 2008.

The company's dividend reinvestment plan will operate in respect of the payment of the interim dividend and the last date for receipt of an election notice from eligible shareholders to participate or vary their participation in the plan is the 12 March 2008.

FOR FURTHER INFORMATION:

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