

## ASX and Media Release

15 September 2009

### **PERILYA ANNOUNCES SILVER HEDGING PROGRAM**

Perilya Ltd (ASX:PEM) is pleased to announce that it has recently completed a program of silver hedging on the back of the recent termination of the silver sale agreement with Coeur d'Alene, as announced on 31 July 2009. The hedging has been executed to help protect the debt service and repayment obligations of the Bank of China facility.

The hedging, which was completed in early September, totals 1,820,000 ounces of silver at an average price of approximately US\$14.80/oz, spread evenly from September 2009 to December 2011 (28 months). The hedging has been executed on an unsecured basis and is not subject to margin calls.

The quantum hedged represents approximately 40 – 50% of forecast monthly payable silver production from the Company's Broken Hill Operation and was done at a price that was significantly higher than that used to support the buy-back transaction. Broken Hill silver production continues to exceed plan with payable silver sold for July and August of 306,480oz - approximately 66,000oz ahead of plan.

Perilya's CEO Mr Paul Arndt, said the hedging of a proportion of the silver production to December 2011 was a prudent step in securing Perilya's ability to repay the US\$50 million in debt.

Mr Arndt said "The silver buy-back was a significant transaction for Perilya that is delivering immediate rewards. The silver hedging locks in sufficient short term benefits from the silver buy-back to help facilitate the repayment of the Bank of China facility, yet maintain a significant long term spot exposure to the strong silver market".

### **For further information:**

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## About Perilya

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

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

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

Having built a solid platform for sustainable production and a significantly reduced cost profile at its core operations in Broken Hill, Perilya is now positioned to pursue growth opportunities as they arise in both base and precious metals. This will include pursuing both organic growth and external acquisitions opportunities.

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

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

For more details, visit [www.perilya.com.au](http://www.perilya.com.au)