

Full Year Financial Results

For the twelve months ended 30 June 2007

Highlights

- Record \$82.5 million net profit after tax up 23 per cent on the previous year (FY06: \$67.0 million)
- Final fully franked dividend of 1 cent per share (FY06: 4 cents) bringing total dividend for FY07 to 11 cents per share (FY06: 5 cents)
- \$173.0 million cash up 28 per cent on the previous year (FY06: \$135.6 million). Debt of \$15.7 million
- Development of the Beltana open pit at the Flinders zinc project and exploration decline at Potosi
- Cash operating margin up 71 per cent to \$US0.72/lb zinc (FY06: US\$0.42/lb zinc)

Summary

	June Year 2007	June Year 2006	% Var
Revenue (A\$m) #	386.9	345.0	12%
EBITDA (A\$m)	151.5	133.0	14%
NPAT (A\$m)	82.5	67.0	23%
EPS (¢/share)	43.3	35.1	22%
Dividend (¢/share)	11.0	5.0	120%
Zinc (kt) *	92.1	144.1	(36%)
Lead (kt) *	60.5	74.8	(19%)
Silver (Moz)	1.7	2.1	(19%)

Net of concentrate treatment charges

* Contained metal

PERILYA DELIVERS RECORD ANNUAL PROFIT OF \$82.5 MILLION

Perilya Limited today announced a 23 per cent increase in net profit after tax to \$82.5 million, or 43.3 cents per share, for FY07. The excellent result was achieved despite a difficult second half of the year at Broken Hill following the tragic death of an employee in January. Operating activities were significantly curtailed by the investigation into the cause of the accident and a subsequent bottle neck in development activities. We benefited strongly from the continued strength in metal prices, in particular lead prices which have risen by 170 per cent over the past year.

Despite the weaker second half, we further strengthened our platform for growth, increasing cash by 28 per cent to \$173.0 million.

The past year has also seen substantial success in implementing our base metals growth strategy with the development of the Beltana open pit at the Flinders zinc project and the Potosi exploration decline at Broken Hill. The development of the Flinders project remains on schedule and below budget which, coupled with the growing ore stockpile available for direct ore shipping from the December quarter onwards, augurs well for maximising the return from this investment. Furthermore, mining of first development ore in August from Potosi just nine months after the Board committed to the project, enables Perilya to gain early benefit from the strong metal prices and lowers not only the project development risk, but ultimately that of the Broken Hill operations through the addition of a third ore source to the concentrator.

Exploration activities at Broken Hill, Flinders and Mount Oxide continue to escalate with the FY06 investment of \$15 million set to increase to \$23 million in the current year with eight drill rigs now in operation.

We are actively evaluating external opportunities to diversify our existing cash flow from Broken Hill and strengthen our development pipeline. Accordingly, the Board has decided to maintain its current practice of distributing 25 per cent of earnings by declaring a one cent fully franked final dividend for FY07. This brings the total dividend for FY07 to 11 cents per share, up 120 per cent from the five cents per share paid in FY06.

Len Jubber
Chief Executive Officer
27 August 2007

Financial

Record \$82.5 million net profit after tax, or 43.3 cents per share for the year ended 30 June 2007.

The full year result includes a \$4.6 million pre-tax impairment charge in respect of Perilya's gold assets and a \$13.0 million pre-tax gain on the sale of non core investments.

EBITDA increased by 13 per cent to \$150.6 million for the year. The benefit of increased zinc and lead prices was offset by the lower metal production in the second half of the year.

Perilya generated total net operating cash flow of \$132.1 million for the year (FY06: \$166.0 million, including \$47 million from the Broken Hill silver transaction).

Investment of \$18 million to date into the development of the Beltana zinc mine in South Australia and the Potosi exploration decline in Broken Hill. Both mines are now producing ore.

Exploration expenditure increased during the year to \$15.0 million (FY06:\$5.9 million).

Safety

In July 2007 Broken Hill achieved the significant milestone of one million lost time injury free working hours since the fatality in January. The Broken Hill operation achieved a record low lost time injury frequency rate of 1.6 by year end. The company's overall lost time injury frequency rate has fallen from 6.2 to 1.9 in the past year.

Operations

Broken Hill

Zinc production was 92,100 tonnes and lead production was 60,500 tonnes for the year.

The lower annual production resulted from the impact on the operations of the fatality in January 2007 and the subsequent bottle neck in development activities.

Cash operating margin at Broken Hill for the year increased 71 per cent to US\$0.72 cents per pound zinc.

Flinders

By late August there were over 28,000 tonnes of ore at 35 per cent zinc stockpiled at the Beltana open pit mine. The first direct shipment of high grade ore is expected in the December quarter with sales continuing over a two year period.

Project Development

Potosi

The Potosi exploration decline reached an important milestone with the first development ore stockpiled in August, only seven months after development commenced in January.

Trial stoping will commence in the December quarter.

Exploration

Flying Doctor

Preliminary planning indicates the potential for an open cut operation at the Flying Doctor deposit adjacent to Potosi, that could provide a fourth separate source of ore to the Broken Hill concentrator.

Flinders

Resource drilling continues at the Reliance deposit, along strike from Beltana. Previously released results from Reliance include 36 metres at 31.8% zinc.

Mount Oxide

Drilling at Mount Oxide continues to intersect copper mineralisation to the north and south of the current resource. Drill results will be released in the September Quarterly Report.

Corporate

Dividends

The Board has declared a fully franked final dividend of one cent per share bringing the total for the year to 11 cents per share. The 2006/07 distribution follows the maiden total dividend of five cents per share declared for 2005/06.

The dividend record date for determining entitlements is 11 September 2007 with the final dividend payable on 28 September 2007.

Capturing Value in the Surging Lead Market

Lead production of 70,000 to 80,000 tonnes in FY08 will comprise 35 to 40 per cent of Broken Hill's total metal production, making it the 6th largest lead mine in the world.

As part of the company's revenue protection strategy, USD put options over approximately 50 per cent of forecast lead sales to June 2009 were purchased following the recent surge in the lead spot price. This guarantees a minimum price (net of the option cost) of US\$2,414 per tonne for FY08 and US\$1,845 per tonne for FY09.

These minimum lead prices compare favorably to market consensus forecasts of US\$1,450 per tonne for FY08 and US\$1,080 per tonne for FY09.

Divestment of Gold Assets

The Daisy Milano mine and other gold tenements were sold to Silver Lake Resources Limited in August 2007 for \$14.5 million. The sale is conditional on the successful initial public offering and listing of Silver Lake Resources on the ASX.

Outlook

Perilya expects to produce (and sell) approximately 120,000 to 140,000 tonnes of contained zinc and 70,000 to 80,000 tonnes of contained lead in 2007/08. The production profile is skewed to the second half of the year with the growing contribution from Potosi and Beltana.

In addition, approximately 40,000 tonnes of high grade zinc in ore will be stockpiled on site at Beltana ready for sale in 2008/09. A further 50,000 to 55,000 tonnes of lower grade zinc in ore will also be stockpiled and available for sale. Marketing efforts to develop offtake demand for this lower grade product continue and we are encouraged by progress to date.

Further drilling at Mount Oxide will enable an update of the current mineral resource of 112,000 tonnes copper and completion of a pre-feasibility study during the March quarter 2008.

FOR FURTHER INFORMATION:

Investors

Len Jubber
Chief Executive Officer

Tim Manners
General Manager Finance

Media

Peter Eggleston
General Manager Sustainable Development

Perilya Limited

ABN: 85 009 193 695
Phone: +61 8 6210 2000

Website: www.perilya.com.au