

ASX and Media Release

22 September 2009

POWER OUTAGE AT BROKEN HILL

Perilya (ASX:PEM) today confirmed that Broken Hill experienced a major power outage that was city-wide, and included its mining operations.

Broken Hill suffered a complete power blackout last night at about 5:50pm. High winds and storms to the south of Broken Hill damaged the main grid power feed between Buronga and Broken Hill and this has affected supply. Perilya has also been advised that five towers carrying the high tension lines leading to Broken Hill have been knocked over in the storm. This may cause a protracted delay in restoring power.

Perilya mine suffered the same power loss at 5:50pm which caused the winders to shut down. Underground mining operations at the mine have ceased and only basic inspections of underground workings and preparations for evacuation of the men have taken place.

Two of Perilya's underground operators were travelling in a cage operated by the NBHC Service Winder at the time of the outage. The Winder's emergency braking system came into effect immediately upon the power outage and the cage came to rest between the 20 and 21 levels. The men did not sustain any injury during the power loss.

Based on initial advice that the power outage would be approximately five hours, Perilya determined not to activate the manual evacuation procedures to return the men to the surface, but rather determined to wait for power to return. Once Perilya was advised that the delay in resumption of full power would be a matter of days not hours, it immediately put into effect its manual evacuation procedures.

Perilya Managing Director, Paul Arndt confirmed the two men are unharmed and have since been safely reunited with their families.

"At no time were the men in danger," Mr Arndt said.

"We were able to quickly establish communication with the men last night. We were also able to lower blankets, lights and supplies to make them as comfortable as possible under the circumstances. Notwithstanding initial advice of a five hour delay, Perilya also conducted a risk assessment to determine the safest evacuation approach should it be required.

"The men's families were on site and in constant communication with their partners. They were supported throughout by our management team and staff.

"We determined the safest approach to evacuate the men was via vehicle access to the 18th level, and from there the Broken Hill Operations' Mine Rescue Team lowered trained rescue volunteers on a chair-lift to retrieve their colleagues. The men were brought safely to surface at 3.45 this afternoon.

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“They have both been examined by a doctor, declared well and unharmed before going home to their families.

“Currently, the Broken Hill Operation is operating at its best ever safety records. The successful evacuation last night with zero injury is testimony to the safety training and ethos at the mine.

“I must congratulate all of our employees and the Mine Rescue Team who were involved in the evacuation. It was an exceptionally well-planned and safely executed effort.”

Mr Arndt confirmed the power disruption is still in effect, and likely to be down for another six days.

Based on estimates from Country Energy that power will be restored in approximately 6 days, and given that the Broken Hill operations was performing above plan prior to the power outage, Perilya expects to be within a few percent (28,900t against a guidance of 30,000t) of metal production of its market guidance for the September quarter and within market guidance for [C1] cash-costs of production.

Assuming the restoration of full power within Country Energy’s estimated timeframe, Perilya does not anticipate any impact on production for the December quarter. However should there be any further significant delay to this estimate in restoring full power such that December quarter production may be impacted, Perilya will advise the market accordingly
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