

Quarterly Activities Report

for the three months ended 30 June 2012

HIGHLIGHTS

Broken Hill operations had its best production quarter since December 2009 producing approximately 34,900 tonnes of combined zinc and lead (exceeding the annual guidance of 110kt-120kt of combined zinc and lead) and 445,000 oz of silver (also exceeding plan) during the quarter. Notional² net C1 cash costs for the quarter were US\$0.54/lb of payable zinc (well under annual guidance of US\$0.60-0.70/lb of payable zinc).

Development work continues to advance on the Potosi & Silver Peak mine development with this project on track for commissioning in the first quarter of 2013.

Perilya's Cerro de Maimón mine produced¹ 2,733 t of copper, 3,244 oz of gold and 82,312 oz of silver (in-line with annual guidance of 10,500-11,000 t copper, 14,000-15,000 oz gold and 320,000-400,000 oz silver despite the impact of heavy rains during the period). Actual net C1 cash costs for the quarter were US\$0.92/lb of payable copper with YTD actual net C1 cash costs of 0.63/lb of payable copper within the full year market guidance of US\$0.60 – US\$0.80/lb of payable copper.

Highlights for the quarter include:

Corporate

- The continuation of solid operating results and sustained control on costs at both the newly acquired Cerro de Maimón mine and the Broken Hill operations in a difficult operating environment of a very strong AUD against the US dollar and weak metal prices particularly for zinc and lead, is a testament to the Company's strategy in response to the current economic and global metal price environment.
- Continued active investigation of Merger and Acquisition opportunities with the support of our major shareholder and our partner banks
- Rolled over existing working capital facilities with Industrial and Commercial Bank of China (ICBC) and China Development Bank (CDB) during the quarter ensuring that internal development projects can be pursued without recourse to the market

Broken Hill

- Metal production for the quarter totaled 34,975 tonnes of combined zinc and lead (exceeding annual guidance of 110kt-120kt of combined zinc and lead) and 445,000 oz of silver.
- Continued focus on cost control with the Operations maintaining notional net C1 cash costs (US\$0.54/lb of payable zinc) well ahead of annual guidance (US\$0.60-0.70/lb) despite significant adverse impacts on costs, with a strong Australian dollar and the continued weakness of by-product metal prices.
- Concentrator production treating a total of 412,900 tonnes during the quarter was 10% above plan.
- Mill recoveries for zinc at 91.6% were above plan while for lead at 87.8% were slightly below plan.

Dominican Republic

- Total metal production for the quarter of 2,733 t of copper (within annual guidance of 10,500-11,000 t), 3,244 oz of gold (slightly below annual guidance of 14,000-15,000 oz) and 82,312 oz of silver (within annual guidance of 320,000-400,000 oz) for the period.
- Actual net C1 cash costs of US\$0.92/lb of payable copper for the quarter, above annual market guidance of US\$0.60 - \$US0.80/lb of payable copper. The YTD actual net C1 cash costs is \$0.63/lb of payable copper is within the full year market guidance of US\$0.60 – US\$0.80/lb of payable copper.

¹ References throughout this report to Cerro de Maimón production volumes for the quarter are provisional, final assay results are pending

² Notional net C1 cash cost assumes that all production including by products produced during the quarter are sold during the quarter

- Higher mining volumes were achieved from the open pit relative to the previous quarter with 2.0 Mt mined (1.6 Mt in the previous quarter).

Exploration & Development

- Review and target selection from the recently completed VTEM airborne EM survey over the Broken Hill region continued during the quarter. Diamond drilling to test the first high priority targets is scheduled for July. Inversions of the EM data were also completed during the quarter revealing potential additional priority targets at depth.
- The Cerro De Maimón diamond drilling program, which continued in the June quarter, has been very successful in testing for mineralised extensions outside the previous resource model and providing higher confidence within the resource envelope. Drilling totalled 5,191 m which included seven holes to source geotechnical data for open pit stability analysis and the underground scoping study. Assay results have been incorporated into the updated Mineral Resource model which is anticipated to be released in the September quarter.
- An evaluation study continued during the quarter at Cerro de Maimón to examine the potential for both the development of an underground mine to compliment the open pit and the establishment of a separate zinc recovery circuit to benefit from the higher zinc grades at depth.
- Porphyry-style target definition work was completed for the Bayaguana exploration project after completion of an integrated 3D geological/geophysical model for the Dona Amanda Lithocap.
- The Environmental Impact Assessment (EIA) and scoping study for the Cumpié Hill Nickel Laterite project was substantially completed during the quarter with the full EIA report to be submitted to the Dominican environmental regulator in July.
- The scoping study at the Moblan Lithium project in Quebec, Canada, was largely completed. Mining, metallurgical, engineering and cost evaluations were finalised and the study report was nearing completion at the end of the quarter. The study findings will be released in the third quarter following consultation with SOQUEM.

MD/CEO's COMMENTS

I am pleased to report that during the June quarter Perilya's Broken Hill Operations achieve its best production quarter since December 2009. Further, the Broken Hill Operations has continued to maintain its strong control on costs with site operating costs well below budget and market guidance. The result is that notwithstanding the significant adverse impact of lower by-product prices during the period, both quarterly and year-to-date notional C1 cash costs for Broken Hill are well within market guidance.

Metal production for the quarter at Perilya's Cerro de Maimón copper, gold and silver mine was also in-line with guidance despite the adverse impact of seasonal heavy rains during the period. Site costs at Cerro de Maimón were also maintained well below budget, however the fall in by-product credits during the period adversely affected the actual C1 cash costs. Notwithstanding this, Cerro de Maimón remains within market guidance for actual C1 cash costs on a year-to-date basis and current guidance is maintained.

The June quarter witnessed a further deterioration in conditions for base metals miners, with the average price received for lead, zinc and copper all falling by in excess of 5% during the period. This follows what was a difficult March quarter and represents a very difficult period for many mid-sized Australian mining companies as they combat the effect of the strong Australian dollar and historically weak metal prices. In this respect the June quarter was particularly pleasing for the production strength and consistency we are seeing from the Broken Hill Operations and the responsiveness of site management across our operations to the difficult pricing conditions we face. On-site costs were again contained well under budget and capital management programs are being operated in a way to ensure that essential programs were complete whilst good cash management is maintained. We are continuing to demonstrate a strong ability to manage our cash whilst developing our internal projects without recourse to the markets. This enabled the work to progress the Potosi/Silver Peak development to be performed to plan from Perilya's existing cash reserves.

The June quarter also saw Perilya actively participating in the M and A market as opportunities present themselves. Whilst we have participated in tender processes, our strong financial discipline is being applied to ensure opportunities will be positive for existing shareholders. Perilya continues to enjoy strong support from our major shareholder and banks for this activity.

Looking forward, during the September quarter Perilya expects to release an updated Mineral Resource statement for the resource at Cerro de Maimón – showing the positive results of our recent drilling program.

Whilst this period of global uncertainty and depressed metals markets continue, our focus will remain on good cash management and operating controls, the development of key internal projects and the disciplined pursuit of acquisitions.

A handwritten signature in blue ink that reads "Paul Arndt".

Paul Arndt
Managing Director and CEO
27 July 2012

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BROKEN HILL OPERATIONS

Mining Operations

The June quarter saw the Broken Hill Operations deliver another strong production performance, which is the fifth consecutive quarter where production has met or exceeded plan. Whilst head grades for both lead and silver were above expectations, head grade for the zinc came in on plan. This together with above plan mine production has resulted in the overall performance in terms of combined zinc, lead and silver metal produced being well above plan. Overall this resulted in being the strongest quarter since the December quarter 2009. The total ore processed during the quarter was again above plan, with tonnes milled exceeding plan by 10%.

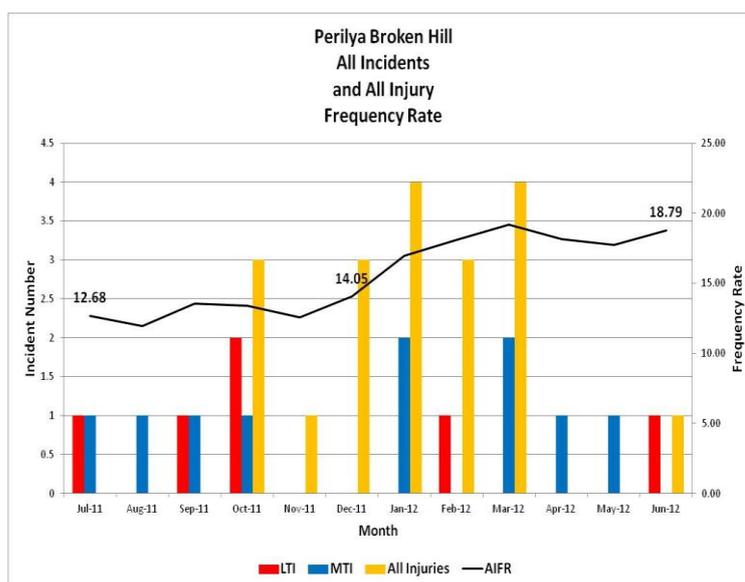
The June quarter ended strongly showing the continuous improvements in the Broken Hill Operations. During the quarter mining operations hoisted 413,500 tonnes exceeding plan by 37,700 tonnes. Mine development advance for the quarter (measured as a combination of advance and rehabilitation) was slightly below planned performance.

Concentrator operations for the quarter continued to match mine production and treated a total of 412,900 tonnes. Improvement in metallurgy in the June quarter has resulted in zinc recovery averaging 91.6% which is above the plan of 90.7%, silver recovery averaging 75.9% which is 2.8% above plan and lead recovery of 87.8% which was slightly below the plan of 88.4%. This performance has continued to show sustainable improvements in our milling operations.

Safety

The June quarter has seen flattening of the lag indicators with a fall in injury numbers in the quarter. The proactive safety activities increased significantly towards the end of this quarter in an effort to reverse the trend in injuries. The All Injury Frequency Rate moved down slightly from 19.2 to 18.8 and the Lost Time Injury Frequency Rate moved slightly from 3.6 to 4.2. There was one lost time injury, two medically treated injuries and only one minor injury recorded during the quarter. The lost time injury occurred when an operator fell when working near the bottom of the haulage shaft. The two medically treated injuries both related to lacerations to either the hand or knee that required stitches but did not prevent the employees returning to work. The minor injury was a sprained ankle resulting from stumbling on uneven ground.

The safety system implementation continues to drive a review of training packages using risk management techniques and refresher training for operators using the new material. The same approach is being used to gain accreditation of Perilya Broken Hill as a Rolling Stock operator by the Independent Transport Safety Regulator, the government body in charge of rail operations. Training of supervisors and support staff in Front Line Management continues with the latest group of 12 participants commencing in July. Those who have completed this training over the last two years are undergoing a 'refresher' through two day workshops that cover the tools and techniques already learned.



Key performance indicators

- Average notional net C1 cash costs per pound of payable zinc at US\$0.54 was well below annual guidance of US\$0.60-0.70/lb of payable zinc.
- The All Injury Frequency Rate down from 19.2 to 18.8
- Mining rates were above plan for the quarter (10% above plan)
- Mine hoisting rates were above plan for the quarter (10% above plan)
- Development advance was down for the quarter (26% below plan)
- Mine rehabilitation was well above plan for the quarter (80% above plan)
- Concentrator throughput was above plan for the quarter (10% above plan)

Production and Sales

The combined lead and zinc concentrate produced during the quarter was 62,500 tonnes exceeded plan by 13%.

The 445,000 oz of contained silver produced during the quarter exceeded plan by 40%.

Combined metal production of 34,900 t was well above annual guidance of 110,000 t to 120,000 t

Production Statistics - Tables

Table 1: Broken Hill Quarterly Production

	Jun Qtr 2012	Mar Qtr 2012
PRODUCTION STATISTICS		
Ore		
Total Ore Mined (kt)	416.1	441.7
Total Ore Treated (kt)	412.9	442.9
Zinc		
Grade (%)	5.4	4.2
Concentrate (kt)	41.9	34.0
Contained Zinc (kt)	20.5	16.5
Payable Zinc (kt)	17.1	13.8
Lead		
Grade (%)	4.0	3.5
Concentrate (kt)	20.6	18.8
Contained Lead (kt)	14.5	13.1
Payable Lead (kt)	13.8	12.4
Silver		
Grade (g/t)	44.1	39.2
Contained Silver (Moz)	0.445	0.404
CASH COST & OPERATING MARGIN (US\$/lb zinc)		
Average Price Received	0.87	0.92
Direct Cash Costs	1.20	1.47
By-product credits (*)	(0.88)	(1.05)
Zinc treatment charges	0.23	0.24
Net Notional Cash Cost	0.54	0.66
Cash Operating Margin	0.33	0.26

(*) Silver & Lead production net of treatment charges, freight & handling and realised lead/silver hedging gains and losses

Net Cash Costs of Production

Despite the decrease in metal prices over the period the notional net C1 cash costs of US\$0.54/lb of payable zinc for the quarter was well below guidance of US\$0.60 - \$US0.70/lb of payable zinc due to much higher metal production during the period.

The cash margin of US\$0.33/lb of payable zinc was a 27% increase on the previous quarter due mainly to a significant decrease in direct cash costs for the quarter.

MARKETS

Lead prices decreased during the quarter from its March high of US\$2,155/t to a low of US\$1,744/t during the quarter, with average prices quarter on quarter decreasing by approximately US\$120/tonne.

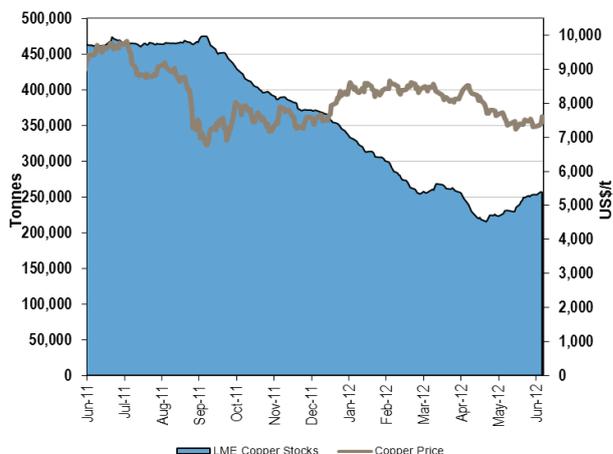
Zinc prices decreased during the quarter from its March high of US\$2,089/t to a low of US\$1,760/t during the quarter, with average prices quarter on quarter decreasing by approximately US\$97/tonne.

Copper prices also decreased during the quarter from its March high of US\$8,620/t to a low of US\$7,320 during the quarter, with average prices quarter on quarter decreasing by approximately US\$441/tonne.

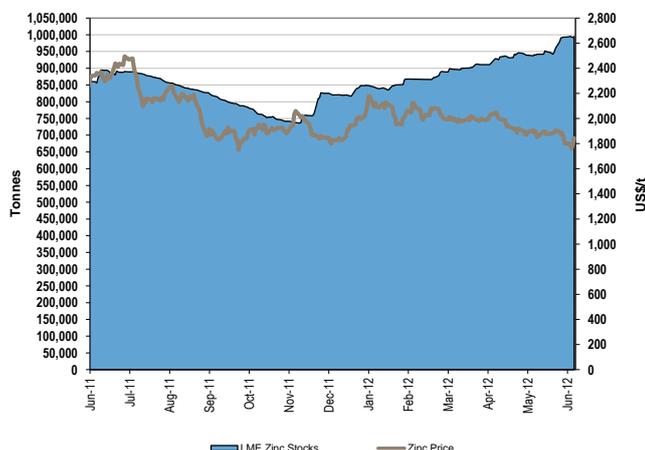
The AUD/USD exchange rate fluctuated between 0.9700 and 1.0453 during the June quarter, with an average of 1.0106 (March 12 quarter average of 1.0552).

World economic conditions still remain volatile causing commodity prices in general to decrease during the quarter compared to the previous quarter. However, Perilya still maintains that the base metal market fundamentals remain positive, with supply constraints in the medium term occurring in zinc and lead due to the closure of several large mines, which will impact production in the short term with few alternative options becoming available within the same timeframe.

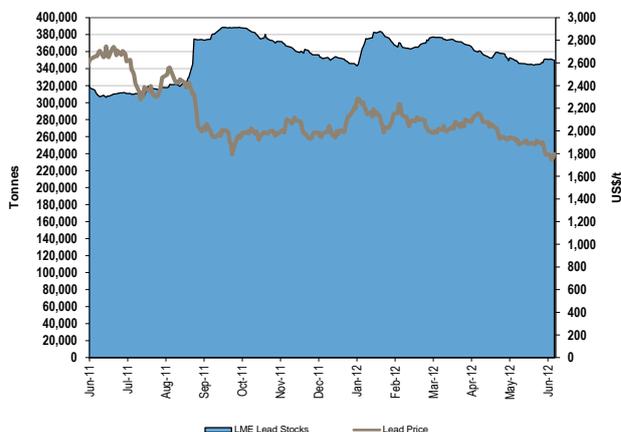
LME Copper Price (US\$ / tonne)



LME Zinc Price (US\$ / tonne)



LME Lead Price (US\$ / tonne)



CERRO DE MAIMÓN OPERATIONS

Cerro de Maimón metal production decreased relative to the previous quarter with 2,733 t of copper (-12%), 3,244 oz of gold (-12%) and 82,312 oz of silver (0%) produced. Combined mill feed increased to 166 kt (162 kt). The lower production result was principally due to lower metallurgical recoveries in the sulphide circuit. Despite the higher throughput the quarter was affected by the onset of early rains in May.

Mining

Despite the rain impact the open pit operation delivered higher volumes compared to the previous quarter with 2.0 Mt mined (1.6 Mt). This outcome allowed ore stockpiles to be increased in preparation for the hurricane season. The mined quantity of oxide and sulphide ore increased to 260 kt (245 kt) for the quarter.

Construction of the final staged embankment was substantially completed in the tailings co-disposal facility. Preparations are underway for the impermeable liner to be installed during the third quarter. Land procurement for a new waste rock and tailings co-disposal facility was concluded.

Work continued on the underground mining study program to evaluate the technical and economic feasibility of extracting both the deeper and southern extensions of the Cerro de Maimón deposit. Geotechnical drilling was completed during the quarter and the Company is awaiting laboratory test results and recommendations from its geotechnical engineering consultant. A preliminary updated resource model was received by the mine design engineer and modelling of the underground resource, including conceptual stope outlines, commenced. The study is expected to be finalised early in the fourth quarter.

Sulphide circuit

116 kt of ore was processed in the sulphide circuit (114 kt) despite the impact of reduced plant operating time caused by 49 hours of programmed and unplanned maintenance downtime. In addition, several electrical outages occurred during the quarter and the 18,000 hour maintenance overhaul was completed in the power generating plant. Throughput rates were increased in June as a result of initiatives to improve process control in the circuit.

The feed grade of 3.1% Cu decreased slightly relative to the previous quarter while metallurgical recovery decreased significantly to 75%. The recovery performance was affected by the planned higher zinc head grade and delayed delivery of a critical flotation reagent. The gold feed grade was consistent with the previous quarter (1 g/t) and the silver feed grade remained steady at 33 g/t. Quarterly copper concentrate production was 11,931 t (12,412 t) with 13,432 t of concentrate exported in seven shipments. A single shipment containing higher zinc and cadmium was successfully sold to a European customer and demonstrated that an alternative market is available for copper concentrate of this specification.

The metallurgical test-work program to improve copper and zinc separation from primary ores in the flotation circuit continued with the locked cycle test laboratory trials. This test-work has confirmed that separate copper and zinc concentrates can be produced using fine grinding and selective flotation reagents. The results will now be used for process flowsheet development and engineering design purposes. The resulting circuit design will be considered in conjunction with the current underground mining study and mineral resource update to determine an appropriate life of mine production plan.

Oxide Circuit

The oxide circuit treated 50 kt (49 kt) of ore. Substantially higher throughput rates were achieved in June as a result of process improvements including a new flocculent type and dosage in the settling circuit and the use of a coagulant in the Merrill Crowe circuit to minimise the impact of high clay content in the ore. These initiatives served to debottleneck these sections of the process.

Feed grades were 1.2 g/t Au and 15 g/t Ag which reflected open pit mining positions and local variation from reclaiming of stockpiled ore. Gold and silver metallurgical recoveries were 84% and 57%, respectively.

Safety

The June quarter has seen a continued focus on proactive elements of Perilya's safety management system, especially 'fitness for work' testing, work place inspections and Tool Box talks. Minor Injuries occurred in April and May but June was an injury free month. A single event in April resulted in six minor injuries when employees relining a grinding mill felt irritation to their eyes from fumes. The Minor Injury in May was the result of an employee slipping on a wet floor and no significant injury was sustained. All injury frequency rates continue to fall even with the peak in April.

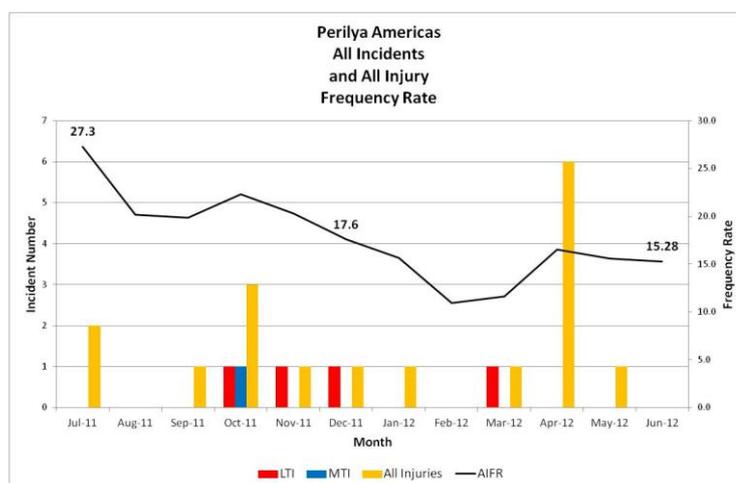


Table 2: Cerro de Maimón Quarterly Production

Cerro de Maimon	Jun Qtr	Mar Qtr
Quarterly Production & Cash Cost	2012	2012
PRODUCTION STATISTICS		
Sulphide Plant		
Sulphide ore processed (tonnes)	116,172	113,487
Copper grade (%)	3.1	3.3
Gold grade (g/t)	1.0	0.9
Silver grade (g/t)	33.3	32.2
Copper concentrate produced (tonnes)	11,931	12,412
Copper concentrate grade (%)	23.1	24.6
Copper in concentrate (tonnes)	2,733	3,058
Gold in concentrate (ounces)	1,570	1,476
Silver in concentrate (ounces)	68,696	74,699
Oxide Plant		
Oxide ore processed (tonnes)	50,072	48,517
Gold grade (g/t)	1.24	1.59
Silver grade (g/t)	15	9
Gold (ounces)	1,674	2,127
Silver (ounces)	13,616	6,995
CASH COST (US\$/lb copper)		
Net cash cost (US\$/lb Cu)	0.92	0.44

Net Cash Costs of Production

The actual net C1 cash costs of US\$0.92/lb of payable copper for the quarter was above the previous quarter's US\$0.44/lb of payable copper. The increase in net C1 cash costs was due to decrease in by-product (gold and silver) prices and slightly lower production of copper for the quarter.

The YTD actual net C1 cash costs is \$0.63/lb of payable copper is within the full year market guidance of US\$0.60 – US\$0.80/lb of payable copper. Importantly full year guidance is maintained.

Other

The company continued to execute several programmes through its Foundation to support sustainable development opportunities in local communities. The most significant of these is three year training and microfinance program to support the establishment and operation of small businesses. During the quarter, a dental health campaign was extended to the members of this program and their families which received massive support from community members. An extension of this program for wider participation is being considered in consultation with local community representatives.

Other sustainable development initiatives included the facilitation of a literacy program, remediation of local potable water supplies, installation of community toilet facilities, computer skills development, environmental awareness campaigns and sponsorship of a science exhibition for local primary school children.

POTOSI MINE

Work has continued on the underground development on both the Silver Peak and Potosi declines. During the quarter 510m of development was completed in the Silver Peak decline and 445m of development was completed in the Potosi decline. In addition, the Potosi primary ventilation development was completed on 1, 5 and 7 levels.

Other work on the site included firing of the internal ventilation rise system in the Potosi decline and secondary fan relocation from 6 to 9 level. Also installation of the temporary primary fans in Silver Peak, which now utilizes the Silver Peak shaft as the primary exhaust rise was completed.

With the planned infill diamond drilling campaign, a site based geologist has been recruited to plan and supervise the work.

Approximately 70 persons are now employed on the site by the contractor and Perilya.

EXPLORATION REPORT

BROKEN HILL AREA

Work in the Broken Hill region during the quarter focussed on follow-up work of high priority targets generated from the VTEM airborne geophysical survey completed in February. Reviews of historic work were completed prior to commencing field checks, including geological mapping, rock chip sampling and hand-held XRF soil surveying. Detailed geophysical modelling of the initial 15 high-priority targets selected for follow-up was completed however several of the anomalies were insufficiently well defined from the airborne data and will therefore require ground geophysical surveys prior to drill testing. The first round of drilling which will see the testing of 4-5 targets is scheduled for mid-July.

Also completed during the quarter were spatially constrained inversions of the EM data collected by the VTEM survey, although conductive overburden and steeply dipping formations presented significant difficulties in completing the processing. Final products of the inversions, including resistivity horizontal depth slices and conductivity depth sections, have been prepared for the entire survey area and which have highlighted several potential additional high-priority targets at depth. Review of the airborne data will continue to identify additional targets for follow-up.

FLINDERS ZINC PROJECT

The scoping study being conducted on the North Moolooloo resource continued during the June quarter focusing on a number of pit optimizations using a number of price assumptions.

The study demonstrates that a higher zinc price than current will be required to assist any potential development and increased extraction of the North Moolooloo resource.

Exploration activity in the Flinders project area consisted of reconnaissance mapping, rock chip sampling and hand-held XRF soil surveying of several regional targets identified from airborne geophysical and Aster multispectral data. The aim of the target generative effort is to utilize the regional airborne datasets to identify areas of potential carbonate stratigraphy prospective for zinc silicate mineralization which may have been overlooked in previous regional programs. Targets are further refined by identifying areas of anomalous iron and silica enrichment from the multispectral data, as well as trace element geochemical data. Any priority target areas will be drill tested in the 3rd and 4th quarters.

MOUNT OXIDE COPPER PROJECT

The Mt Oxide Copper Project study program continued.

A review of the mining method continues with a preferred mining method is still to be determined. All other activities have been scaled back. The ultimate project development timeline for the completion of the development study has now been delayed. It is unlikely this project can be supported as a standalone operation at current metal prices. Finalization of the environmental and mining lease approvals are on hold until the development study is concluded.

Other opportunities for the Mt Oxide deposit are also being reviewed.

THE AMERICAS

DOMINICAN REPUBLIC

Cerro de Maimón Mine Exploration

The Cerro de Maimón diamond drilling program continued to test for mineralised extensions outside the previous resource model. All drilling data, including that completed in 2011 and the first part of 2012, is being incorporated into an updated mineral resource estimate that is expected to be published in early August.

Drilling utilised up to 3 drill rigs in the June quarter, with 19 holes drilled for 5,191m, including a number of geotechnical drilling holes also completed to assist pit stability analysis and underground scoping studies.

The drilling results, summarised in Table 3, demonstrate excellent grade continuity both outside and within the mineralised massive sulphide envelope. June quarter assay results, including those not received during the March Quarter, are displayed in Table 3.

An evaluation study continued during the June quarter to examine the potential for both the development of an underground mine to compliment the open pit and the establishment of a separate zinc recovery circuit to benefit from the higher zinc grades at depth. Seven geotechnical holes were completed by quarter end, the first two having commenced in March. The geotechnical program targeted data for open pit slope stability analysis and underground rockmass characterization.

An updated lithological model of the Cerro de Maimón stratigraphic-structural horizon was finalised in June quarter. Further work on structural features commenced and will be integrated accordingly into the geological model.

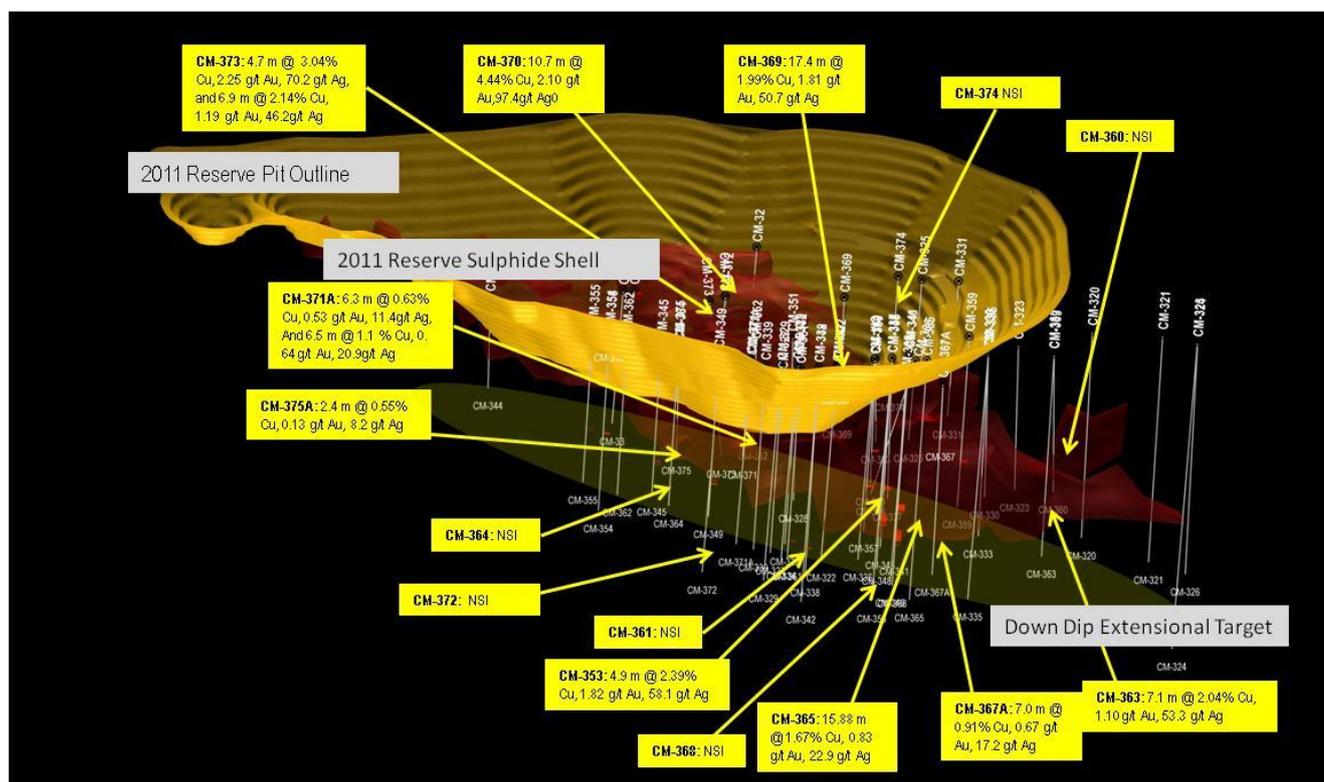
Field work in the Maimón Concession targeting oxide (Au-Ag) opportunities in the immediate vicinity of the Cerro de Maimón Mine continued with the commencement of a low detection soil geochemistry grid in the Loma La Mina prospect area (6 km to the northeast of Cerro de Maimón).

Table 3: Latest Cerro de Maimón Drilling Intercepts

Hole ID	Collar Co-ordinates					Down hole Interval		Interval (m)	Cu (%)	Au (g/t)	Ag (g/t)	Infill/ Extension/ Geotech
	East	North	RL	Azimuth	Dip	From	To					
CM-353	369188	2087190	137	55	-75	212.87	217.80	4.93	2.39	1.82	58.1	Extension
CM-360	369334	2086986	176	55	-55	NSI						Extension
CM-361	369061	2087223	156	55	-80	NSI						Extension
CM-362	368946	2087449	157	55	-74	212.30	215.90	3.60	0.61	0.38	9.6	Infill
CM-363	369334	2086986	176	55	-75	289.00	296.10	7.10	2.04	1.10	53.3	Extension
and						346.78	359.60	12.82	0.76	0.27	3.6	Extension
CM-364	368980	2087380	157	55	-76	NSI						Extension
CM-365	369201	2087108	164	55	-82	295.85	311.73	15.88	1.67	0.83	22.9	Extension
CM-366	369187	2087118	165	35	-62	NSI						Geotech
CM-367A	369156	2087040	173	55	-72	338.60	345.57	6.97	0.91	0.67	17.2	Extension
CM-368	369127	2087085	173	55	-77	NSI						Extension
CM-369	369276	2087325	147	55	-75	106.33	123.75	17.42	1.99	1.81	50.7	Infill
and						143.50	148.22	4.72	0.75	0.30	11.7	Infill
CM-370	369211	2087487	105	55	-50	6.56	17.24	10.68	4.44	2.10	97.4	Geotech
and						52.95	55.42	2.47	1.77	0.44	24.2	Geotech
CM-371A	369096	2087340	107	55	-90	175.88	182.20	6.32	0.63	0.53	11.4	Extension
and						190.35	196.80	6.45	1.10	0.64	20.9	Extension
CM-372	369255	2087306	164	55	-90	NSI						Extension
CM-373	369184	2087493	105	84.18	-77	19.96	24.65	4.69	3.04	2.25	70.2	Geotech
and						25.20	32.05	6.85	2.14	1.19	46.2	Geotech
CM-374	369368	2087305	155	55	-83	NSI						Infill
CM-375A	368926	2087320	176	55	-60	287.30	289.70	2.40	0.55	0.13	8.2	Geotech
CM-375	369502	2086988	189	55	-90	NSI						Geotech

- Notes: 1. Results displayed are based on a 0.5 % Cu cut-off.
2. NSI = No significant intercept

Figure 1 - Cerro de Maimón Deposit – Showing Recent Extensional Intercepts



Cumpié Hill Nickel Laterite Deposit

The Cumpié Hill deposit is located within the Cerro de Maimón mining concession and has a NI 43-101 compliant estimated Indicated and Inferred mineral resources of 6.2 million tonnes, grading 1.5% nickel at a 1.0% nickel cut-off grade, containing an estimated 200 million pounds of contained nickel.

The Environmental Impact Assessment (EIA) and scoping study for the Cumpié Hill Nickel Laterite project was substantially completed during the quarter. A second and final public meeting was conducted with representatives of local communities, where the Company described the proposed project and received both oral and written responses. The information received will be incorporated in the final EIA report that will be submitted to the Dominican environmental regulatory authority in July.

The Company continued to evaluate alternative ore treatment scenarios, including upgrading at the beneficiation plant. This approach offers the potential for higher grade direct shipping ore which provides both a price premium and lower freight cost to export markets at ore grades of more than 1.8% Ni. The mining study and dump designs were finalised and this information incorporated into the draft scoping study report that will be completed early in the third quarter. It is likely that a shift will be required in the current nickel price and/or an improvement in terms for direct shipped ore for this project to proceed.

Bayaguana District

The Bayaguana District is a major hydrothermal system located approximately 60 kilometres east of the Cerro de Maimón Mine and hosts several geologically significant copper and gold deposits. The concessions contain a number of prospective targets with the largest being the Doña Amanda porphyry deposit.

The Bayaguana porphyry drill target definition work was completed during the quarter after finalizing the integrated 3D geological and geophysical model of the Doña Amanda Lithocap. New geophysical 3D inversions were finalized by external specialists and highlighted the robustness of previously identified targets and existence of new deep conductors.

Land and environmental permitting continued during the Quarter, including a site visit by environmental ministry technical personnel as part of the regulatory approval process. Subject to permitting approvals, the drilling program at Bayaguana is expected to commence later this year.

CANADA

Moblan West Lithium Deposit (60% Owned)

The Moblan West lithium deposit, located in northern Quebec, is 60% owned by the Company and 40% by SOQUEM Inc. ("SOQUEM"). The Moblan West deposit has a total mineral resource of 14.25 Mt at a grade of 1.41% Li₂O using a 0.60% Li₂O cut-off grade.

Perilya, as Joint Venture manager, continued to advance the scoping study to evaluate the development of an open pit mine and ore processing facility to produce a spodumene concentrate with at least 6% Li₂O. In addition, the study evaluated the option of constructing a chemical facility capable of producing 99.99% pure lithium carbonate in nearby Chibougamau. During the quarter, additional trade-off and follow-up studies were completed. The scoping study was completed in mid-June and the results will be released in the third quarter.

The metallurgical test work concluded that a lithium concentrate could be produced through either a standalone dense media separation (DMS) circuit or a combined DMS and flotation circuit. Importantly, laboratory scale hydrometallurgical test work demonstrated that a very pure lithium carbonate could be produced from the Moblan lithium concentrate and provided parameters that were used to develop a processing flow sheet.

Baseline and background environmental studies continued in the field during the quarter.

The JV partners continued their regular meetings with representatives of the Cree Nation of Mistissini to advance the Pre-Development Agreement (PDA). Whilst there has been a minor delay, the agreement is now expected to be signed jointly with the First Nations in the by the end of the September quarter.

CORPORATE

Cash and Investments at 30 June 2012

At 30 June 2012, the Company held cash, deposits and investments totalling \$56.8 million (31 March: \$73.4 million), represented by:

- Free cash of \$31.3 million (31 March: \$47.4 million);
- Secured cash deposits of \$24.4 million supporting performance bonds required under various mining licences at Broken Hill and security required for the environmental insurance policy related to the Cerro de Maimón mine.
- Commercial paper and other investments of \$1.1 million (market value).

Free cash for the period was impacted by a US\$12.5 m tax payment in the Dominican Republic.

Debt

At 30 June 2012 Perilya has US\$129.1 million of corporate debt (being debt other than equipment finance in the ordinary course of business) which comprises:

- US\$86.6 million 5-year funding for GlobeStar acquisition from China Development Bank (CDB);
- US\$30 million working capital facility from Industrial and Commercial Bank of China (ICBC); and
- US\$12.5 million working capital facility from China Development Bank (CDB).

Perilya also has approximately \$5.9 million in operating debt solely related to mobile equipment financing which is payable over a three to five year period.

Hedging Policies

Perilya has not entered into additional hedging during the quarter.

Hedging Contracts Summary (as at 30 June 2012)

	2012 Quarter Ending		Total Positions
	Sept-12	Dec-12	
SILVER			
Ounces	195,000	195,000	390,000
Price	18.33	18.33	18.33

Competent Persons Attribution Statement:

The information in this release that relates to Mineral Resources for the Cerro de Maimón mine is based on information compiled by Mr Geoff Bullen who is a full-time employee of Perilya and is a member of the Australian Institute of Geoscientists. Mr Bullen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bullen consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.

The information in this quarterly report that relates to Ore Reserve for the Cerro de Maimón mine is based on information compiled by Mr Arnt Eric Olson who is a full-time consultant to Perilya and is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Olson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Olson consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.

The information in this quarterly report that relates to the Mineral Resource at the Moblan Lithium Project and the exploration results for the Dominican projects are based on information compiled and/or reviewed by Dr. Sergio Gelcich., PhD, P.Geo., Regional Exploration Manager – Americas, who is a full-time employee of Perilya and is a member of the Association of Professional Geoscientists of Ontario. Dr. Gelcich has visited the projects on a number of occasions during development of the exploration programs and has validated all relevant data. Dr Gelcich has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results. Dr. Gelcich consents to the inclusion in this quarterly report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Mineral Resources for Silver Peak and Potosi mines are based on information compiled by Mr Noel Carroll who is a full-time employee of Perilya and is a member of the Australian Institute of Geoscientists. Mr Carroll has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Carroll consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

CORPORATE DETAILS

Board of Directors:

Zhang Shuijian	Non- Executive Chairman
Patrick O'Connor	Non- Executive Deputy Chairman
Paul Arndt	Managing Director/CEO
Wang Wen	Non-Executive Director
Anna Liscia	Non-Executive Director
Minzhi Han	Executive Director

Principal & Registered Office:

Level 8
251 Adelaide Terrace
Perth Western Australia 6000
ABN : 85 009 193 695

Capital Structure:

Ordinary Shares	769,316,426
Unlisted Options	7,837,177
Performance Rights	53,900

Share Registry

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 8 9323 2000

Facsimile: +61 8 9323 2033

Email: perth.services@computershare.com.au

Major Shareholders:

Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd	53.37%
L1 Capital Pty Ltd	8.43%
Accorn Capital Limited	5.35%

Australian Stock Exchange Listing

ASX Code: PEM

Company Secretary:

Paul Marinko +61 8 6330 1000

Contact Details:

Email: perilya@perilya.com.au
Website: www.perilya.com.au
Telephone: +61 8 6330 1000
Facsimile: +61 8 6330 1099

COMPANY PROFILE

Perilya is an Australian base and precious metals mining and exploration company, which owns and operates the iconic Broken Hill zinc, lead, silver mine in NSW Australia and, with the successful takeover of GlobeStar Mining Corporation in December 2010, the Cerro de Maimón copper, gold & silver mine in the Dominican Republic. The Company's operations at the Broken Hill mine went through a resizing in 2008 which has resulted in significant improvement in productivity, profitability and cashflows resulting in an extension to the life of mine to approximately 10 years.

In addition to its mining operations, the Company has an active exploration and development program which includes exploration and development programs in the Broken Hill region NSW Australia and in the Flinders region of South Australia in the vicinity of its Beltana zinc silicate project. The Company also has extensive exploration programs underway on its Dominican Republic mining and exploration concessions that include a laterite nickel project and highly prospective copper, gold & silver targets near its Cerro de Maimón mine.

The Company is reviewing options for the development of the Mount Oxide Copper Project in the Mount Isa region in Queensland. In addition, the Company has a 60% interest in the Moblan lithium project located in Quebec, Canada, which is currently undergoing a development study (the remaining 40% is held by SOQUEM, which is an investment company owned by the Quebec Government in Canada).

Perilya is owned 53.37% by Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd, China's third largest zinc producer.

For more details, visit www.perilya.com.au