

Quarterly Activities Report

for the three months ended 30 September 2013

HIGHLIGHTS

Highlights

Perilya's Cerro de Maimón mine produced¹ 2,633 t of copper, 2,915 oz of gold and 71,128 oz of silver. Year-to-date, Cerro de Maimón Mine is in line with the annual guidance of 11,000-12,000 t of copper, and ahead of annual guidance of 10,000-13,000 oz for gold (+21%) and 300,000-330,000 oz for silver (+6%). Notional² net C1 cash costs for the quarter was US\$1.29/lb of payable copper (full year net C1 cash cost guidance of US\$0.80 – 1.00/lb of payable copper).

Production at the Broken Hill operations continues to improve with metal production up by around 6.5% on the previous quarter, at 30,934 tonnes of combined zinc and lead (including approximately 4,144 tonnes of metal from ore derived from trial stoping at Potosi). Silver production for the quarter was approximately 323,000 oz.

Notional net C1 cash costs (US\$0.78/lb of payable zinc) was within annual guidance range (US\$0.65-0.80/lb), which is a significant improvement on the previous quarter of US\$0.94/lb of payable zinc.

Corporate

- Release of the Half-Year Financial Results in August.
- Formal signing of the Pre-Development Agreement with the Cree Nation of Mistissini, the Grand Council of the Crees (Eeyou Istchee) and the Cree Regional Authority in connection with the Moblan Lithium Project.
- Announcement of a proposed Scheme of Arrangement pursuant to which Zhongjin Lingnan offered to acquire all of the outstanding shares in Perilya for \$0.35/share.

Broken Hill

- Metal production for the quarter totaled 30,934 tonnes of combined zinc and lead which was approximately 6.5% higher than previous quarter.
- Progress made to-date with rehabilitation of critical sections of old mine access development resulted in better availability of the higher grade pillar stopes in the Southern Operations mine and contributed to an improved head grade for lead.
- Concentrator throughput of 428.8kt was 2% below previous quarter due to a reduction in ore mined at Southern Operations, offset by increased contribution of 62kt ore from trial mining at the Potosi project.
- Diamond drilling of the Potosi and Silver Peak deposits progressed sufficiently to allow for an update of the resource models by the end of September. Results achieved during the quarter continued the recent trend of highly economic grades and widths being observed, particularly in the central portion of the Potosi deposit.
- Quarterly notional net C1 cash costs (US\$0.78/lb of payable zinc) was within annual guidance range (US\$0.65-0.80/lb). This improvement was a result improved by-product metal prices and lower operating costs.

Dominican Republic

- Total metal production for the quarter of 2,633 t of copper (Q2: 2,747t), 2,915 oz of gold (Q2: 4,514 oz Au) and 71,128 oz of silver (Q2: 88,807 oz Ag).
- Mining volumes for the period were ahead of budget with 1.5 Mt of ore and waste mined (1.5 Mt in previous quarter). The sulphide ore mined exceeded budget by 8kt. Additionally, 3kt of oxide ore was mined during the

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-product produced during the quarter are sold during the quarter.

period. This additional oxide ore was unscheduled. To date, 29 kt of unscheduled oxide ore (1.40 g/t Au) have been recovered. A total of 479,000 t of sulphide ore was been mined during the year.

- Notional net C1 cash costs for the period of US\$1.29/lb of payable copper exceeded market guidance of US\$0.80–1.00/lb of payable copper.
- During this quarter, projects to ensure operational sustainability have continued, including tests of depressants to improve recovery ratios and issues related to Cu/Zn levels. Also, as part of this internal metallurgical program drill holes representing 4 years of ore treatment have been drilled and the ore recovered for metallurgical testing to improve treatment strategies for the ore body.
- Two geotechnical holes were drilled to advance studies of the underground potential.

Exploration & Development

- On Perilya's Maimón Concessions in the Dominican Republic a number of prospective new targets have been outlined from preliminary geophysical interpretation and soil geochemistry.

MD/CEO's COMMENTS

The September quarter witnessed a continuation of the difficult start for 2013 with continuing weakness in base and precious metals prices and some strengthening of the Australian dollar against the US dollar later in the quarter. The quarter did however see continued improvement in production at the Company's Broken Hill operations in-line with our revised annual production guidance.

We reported in the June quarterly that notwithstanding Broken Hill's Notional C1 cash costs for the first half were outside of guidance, given the significant improvements then seen with a lower Australian dollar on by-product credits and some movement back to higher grade production areas bearing fruit, Perilya was not then revising its cash costs guidance for Broken Hill, but that we would closely monitor these impacts on Broken Hill's notional C1 cash costs in the coming quarter. The September quarter saw a continuation of the improvement in C1 cash cost performance at Broken Hill with the notional net C1 cash costs of US\$0.78/lb of payable zinc for the period falling within guidance. However, with one quarter remaining for the year and notwithstanding the sustained improvements in C1 cash costs performance, in light of continuing weakness in metal prices and a stubbornly high Australian dollar against the US dollar, the Company is taking the prudent step of revising up slightly its annual C1 cash cost guidance to a range of US\$0.70-US\$0.85/lb of payable zinc.

The September quarter saw a continuation in the significant improvement in the operations at Broken Hill during the later part of the quarter with a 6.5% increase in combined zinc and lead metal production and it is pleasing to see a positive trend as the improvements implemented during the first half start to take effect. The efforts announced to the market previously to reduce costs are also bearing fruit, which can be seen in the improved C1 cash costs performance for the period. We expect both the production and cost trend to continue through the last quarter of the year as the full benefit of our improvement program take effect.

Production at the Cerro de Maimón mine continues to perform in-line with annual guidance with 2,633 t of copper, 2,915 oz of gold and 71,128 oz of silver produced during the quarter and we are maintaining full year guidance for both production and C1 cash costs of 11,000 to 12,000 tonnes of copper at a cash cost net of by-product credits of US\$0.80 – 1.00/lb of payable copper.

During the quarter Perilya announced that it had executed a Scheme Implementation Agreement (the "SIA") with its major shareholder, Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd ("Zhongjin"), pursuant to which Zhongjin has offered to acquire all of the outstanding shares in Perilya that it does not already own for a consideration of \$0.35/share ("Scheme"). The Scheme is conditional upon, amongst other things, the approval of the Foreign Investment Review Board ("FIRB"), approval by the Federal Court and a finding by the Independent Experts that the Scheme is fair and reasonable and in the best interests of shareholders. Shortly shareholders will receive a Scheme Booklet setting out details of the offer, which includes a Notice of Scheme Meeting and an Independent Expert's report prepared by Ernst & Young Transaction Advisory Services (the "Independent Experts"). The Independent Experts have concluded that the Scheme is fair and reasonable and in the best interests of Participating Shareholders, in the absence of a superior proposal. The Independent Expert's Report is included as Annexure A to the Scheme Booklet.

In addition, Perilya announced Monday, 28 October 2013 that the Federal Court had approved the Scheme Booklet and ordered that a meeting of shareholders be convened to consider the Scheme. Perilya also announced on Wednesday, 30 October 2013, that FIRB had confirmed that it had no objection to the Scheme proceeding.

I also note that the non-Zhongjin Lingnan associated Independent Directors (myself, Patrick O'Connor and Anna Liscia) ("**Independent Directors**") unanimously support the proposal and recommend that Perilya shareholders vote in favour of the Scheme, and intend to vote, or cause the voting of any shares in which we have a relevant interest, in favour of the Scheme, in each case in the absence of a superior proposal for Perilya. The full reasons for this recommendation are set out in the Scheme Booklet.

I encourage all shareholders to carefully read the Scheme Booklet and associated documents and to participate in the Scheme meeting in person or by proxy. If shareholders have any questions about the Scheme or the Scheme Meeting, they should contact the Perilya Shareholder Communication Line:

- in Australia by telephone on 1300 729 381 (toll free); or
 - outside of Australia by telephone on +61 3 9946 4462,
- or consult their legal, investment, taxation or other professional adviser.



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Managing Director and CEO
31 October 2013

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BROKEN HILL OPERATIONS

Mining Operations

September quarter production of 30,934 tonnes of combined zinc and lead at the Broken Hill Operations was 6% higher than the previous quarter due largely to further improvement in the head grade and plant recovery for lead. The constrained ore production rate (below 2012 average levels) is a result of the intensive on-going focus on rehabilitation of mine accesses affected by rapid deterioration in geotechnical conditions in active older sections of the Broken Hill Southern Operations mine since early in 2013.

The continuing effort being expended on rehabilitation of long term mine access infrastructure has been successful in containing the extent and severity of the geotechnical issues being experienced however the intensity of effort required to achieve this, and the length of time that it will need to be sustained has exceeded earlier estimates. Progress of new stope access development has lagged long term sustaining levels while the quantity of urgent rehabilitation required has exceeded forecast. Rehabilitation requirements will remain elevated with respect to the mine's historical averages but are expected to reduce somewhat in 2013 Q4 and further again in 2014 H1 with a corresponding increase in the rate of progress in new development.

Total mined tonnage at Broken Hill was slightly higher than previous quarter at 438.7kt. The impact of production constraints at Southern Operations was offset by increased ore production from trial mining at Potosi. The combined average lead grade improved by 17% compared to the previous quarter to 3.50% while zinc grade was fractionally lower at 4.70%. Grade performance from trial mining at Potosi was in line with modelled values.

Concentrator throughput of 428.8kt was 2% below previous quarter performance due to reduced supply from the Southern Operations mine, partly offset by a significant increase in production of ore at Potosi. Metal production was 6% higher than previous quarter at 30,934 tonnes of combined zinc and lead. This was a result of improvement in the head grade and metallurgical recovery for lead. Metallurgical recovery for zinc was 90.1% and lead was 84.6% both in-line with plan.

Safety

The June quarter has seen the All-Injury Frequency Rate rise from 13.9 to 17.0 with two lost time injuries and three minor injuries in the period.

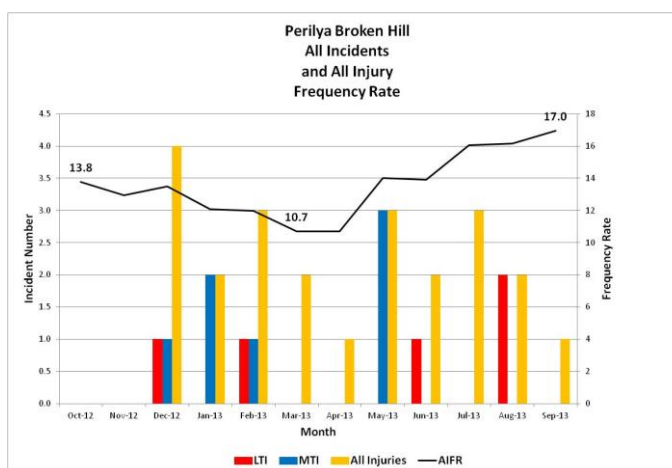
The total number of recordable injuries is equal to the number recorded over the previous three months and with the same number of injuries over the twelve month period resulting in a slight upturn in the AIFR but reduced severity. The first Lost Time injury occurred when a driller's offsider had his hand crushed between a pair of Stilsens and the foot clamp resulting in the loss of his little finger on his left hand. The second occurred when a charge hand was putting explosives into a production hole. When he pulled the charge hose he felt a sharp pain in his stomach. He returned to work to complete his shift but has since required surgery for a hernia. The second minor injury occurred when a Supervisor felt a pain in his back. The Supervisor rested the injury and returned to work on his next shift and has been undergoing treatment for muscular soreness.

Continuing focus on proactive safety measures and fitness for work testing are providing the platform for developing a positive safety culture. Safety Intervention workshops have seen all employees and major contractors work on reducing the major risks in the operation resulting in over 250 initiatives being suggested and team review of the risky processes in their work area.

Production and Sales

During the quarter a total of 438,726 tonnes of ore was mined at Broken Hill, 377,700 tonnes from the Southern Operation and 61,026 tonnes from the Potosi mine using development ore.

The combined lead and zinc concentrate produced during the quarter was 55,610 tonnes (including 7,788 tonnes of combined lead and zinc concentrate produced from development ore from trial stoping at Potosi), 2,498 tonnes up from the previous quarter due to higher trial production at Potosi in the quarter.



The combined (zinc & lead) grade of ore processed during the quarter was 8.2% (up from 7.8% combined in the previous quarter).

Production Statistics – Tables

Table 1: Broken Hill Southern Operations Quarterly Production

	Sep Qtr 2013	Jun Qtr 2013
PRODUCTION STATISTICS (SOUTHERN OPERATIONS ONLY)		
Ore		
Total Ore Mined (kt)	377.7	406.4
Total Ore Treated (kt)	373.3	405.3
Zinc		
Grade (%)	4.7	4.8
Concentrate (kt)	31.4	36.4
Contained Zinc (kt)	15.3	17.7
Payable Zinc (kt)	12.7	14.7
Lead		
Grade (%)	3.5	3.0
Concentrate (kt)	16.4	13.8
Contained Lead (kt)	11.5	9.7
Payable Lead (kt)	11.0	9.2
Silver		
Grade (g/t)	35.4	28.8
Contained Silver (Moz)	0.323	0.256
CASH COST & OPERATING MARGIN (US\$/lb zinc)		
Average Price Received	0.85	0.84
Direct Cash Costs	1.41	1.32
By-product credits ^(*)	(0.89)	(0.67)
Zinc treatment charges	0.26	0.30
Net Notional Cash Cost	0.78	0.94
Cash Operating Margin	0.06	(0.11)

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

Key performance indicators for the quarter

- Average notional net C1 cash costs per pound of payable zinc at US\$0.78 was within 2013 annual guidance of US\$0.65-0.80/lb of payable zinc.
- The All Injury Frequency Rate increased to 16.9 as a result of 6 injuries, including 2 lost time injury during the quarter.
- Ore production of 438.7kt was 2% higher than in the June quarter with 377.7kt of ore hoisted at the Southern Operations and 61kt derived from development and trial stoping at Potosi.
- Southern Operations development advance was 1,482m which was 10% lower than in the previous quarter.
- An additional 1,966m of development rehabilitation was completed at Southern Operations which was 27% higher than in the previous quarter and comprised a combination of rehabilitation of primary access infrastructure and rehabilitation of previously mined areas scheduled for further remnant mining operations.

- 430m of development advance was achieved at the Potosi operation, the majority being orebody access and stope development.
- Concentrator throughput of 428.8kt was slightly lower than previous quarter reflecting lower production from the Southern Operations consistent with last year's tonnage and reflects the deferment of full scale production ramp-up at the Potosi project.
- The combined (zinc + lead) grade of ore processed during the quarter was 8.2% which was a 5% improvement on the previous quarter.

Net Cash Costs of Production

The notional net C1 cash costs of US\$0.78/lb of payable zinc for the quarter is towards the upper end of our guidance of US\$0.65 - \$US0.80/lb of payable zinc due to lower lead and silver metal production and lower lead and silver metal prices which caused lower by-products credits.

CERRO DE MAIMÓN OPERATIONS

During this quarter production levels in the sulphide circuit fell in comparison with the previous period. A combination of recovery issues and a total 45 hours downtime affected copper production performance. The recovery issues were significant in September with the Cu head grade below plan at 2.5% Cu vs 2.9% budgeted. For the quarter, Cu grade was 2.9% Cu, while Au was ahead of plan with 0.9 g/t vs. 0.7 g/t planned.

The oxide circuit's production was also affected by availability problems related to power blackouts, issues with the Merryl Crowe section and low Au grade at 1.20 g/t. Silver production remained at expected levels due to greater than expected silver grades. The average Ag grade was 16.1 g/t vs. 14.1 g/t budget

Milled volumes totalled 181 kt, (197 in the previous period). Metal production for this quarter was 2,633 t of copper (6% below the previous quarter), 2,915 oz of gold (4,514 in Q2) and 71,128 oz of silver (88,807 in Q2).

Mining

The wet season continued to affect mining operations during the quarter, however mine production did not decrease in comparison with the previous quarter. Mining performance remained at 1.5 Mt for the quarter (1.5 Mt in Q2). The mining plan was exceeded by 4% for the quarter. Year to date an additional 29 kt of oxide ore have been mined. This oxide ore is in addition to that anticipated in the mine plan. Sulphide ore volumes also exceeded plan (+24%).

During this quarter, mining operations were concentrated in the upper benches of the pit.

Projects started to guarantee operational continuity, such as the earthworks for the co-disposal facility, continued during this quarter. Limited stockpiling of construction waste continued within the co-disposal facility #2 area.

Sulphide circuit

126 kt of ore was processed in the sulphide circuit (133 kt – Q2 2013) despite 45 hours of downtime impacting on production levels. Cu Concentrate production was higher than budget (+ 6%) with 13,069 tonnes produced. In September the Cu head grade was below plan at 2.5% Cu vs 2.9% budgeted for the month. Low recoveries achieved in September of 71% vs. 84% budget, affected period's overall Cu metal output by -2.7%. This occurred despite efforts to increase recovery by testing piloted reagent regimes.

Cu feed grade increased from 2.6% to 2.7% in Q3, however an overall reduction in metallurgical recovery from 79% to 76% as a result of high Zn level in ore reduced overall Cu production. Reagent trials aimed to treat lower Cu/Zn ratio ore continued. The gold feed grade decreased to 0.9 g/t compared with the previous quarter at 1.0 g/t. Silver feed grades slipped to 24.0 g/t (27.2 g/t last period).

Quarterly copper concentrate production was 13,069 t (13,438 t – Q2 2013) with 14,780 t of concentrate exported in seven shipments. No high cadmium shipments were dispatched during the period as per schedule. Metal production was 2,633 t Cu (2,747 t – Q2), 1,305 oz Au (1,689 oz – Q2) and 55,450 oz Ag (58,923 oz – Q2).

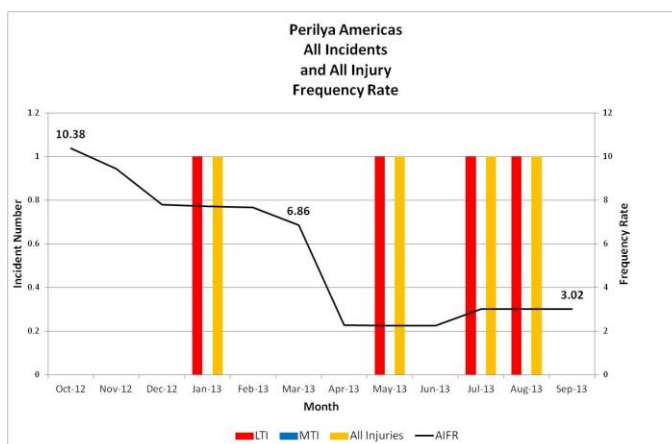
Oxide Circuit

Mill feed totalled 56 kt (64 kt – Q2), with Au grade of 1.2 g/t Au (1.2 g/t Au – Q2) and lower Ag grade of 16 g/t (21 g/t Ag – Q2). Gold and silver metallurgical recovery of 77% and 67%, respectively, were lower than recoveries in the

previous quarter (86% and 67%, respectively) resulting in reduced metal production versus previous quarter 2,825 oz Au (2,825 oz – Q2), while silver was 29,883 oz Ag (29,883 oz- Q2).

Safety

The continuing focus on proactive elements of Perilya's safety management system, especially 'fitness for work' testing, work place inspections and Tool Box talks and risk management tools has seen the maintenance of the low All Injury Frequency Rate. The Lost Time Injury Frequency Rate remains constant at 3.03 even though there were two Lost Time Injuries during the quarter. A field worker was laying out wire for a geophysical survey when he slid down a bank and hit his right knee on a tree root. He was taken to hospital where an x-ray confirmed grade 2 knee sprain and lateral ligament damage resulting in the knee being immobilised in a plaster and 21 days off work. In the second incident, an operator was opening a grinding media drum when he hit his finger causing the bone to break. He was absent from work for ten days until the injury recovered.



Production Statistics - Tables

Table 2: Cerro de Maimón Quarterly Production

Cerro de Maimon	Sep Qtr	Jun Qtr
Quarterly Production & Cash Cost	2013	2013

PRODUCTION STATISTICS

Sulphide Plant		
Sulphide ore processed (tonnes)	125,998	133,335
Copper grade (%)	2.7	2.6
Gold grade (g/t)	0.9	1.0
Silver grade (g/t)	23.9	27.2
Copper concentrate produced (tonnes)	13,069	13,438
Copper concentrate grade (%)	20.1	20.5
Copper in concentrate (tonnes)	2,633	2,747
Gold in concentrate (ounces)	1,305	1,689
Silver in concentrate (ounces)	55,451	58,924
Oxide Plant		
Oxide ore processed (tonnes)	55,585	63,507
Gold grade (g/t)	1.20	1.59
Silver grade (g/t)	16	21
Gold (ounces)	1,607	2,825
Silver (ounces)	15,678	29,883

CASH COST & OPERATING MARGIN (US\$/lb copper)

Average price received	3.21	3.24
Direct cash cost	2.27	2.10
By-products credit	(0.98)	(1.19)
Net notional cash cost	1.29	0.92
Cash operating margin	1.92	2.32

Net Cash Costs of Production

The notional net C1 cash costs of US\$1.29/lb of payable copper for the quarter was above the previous quarter's US\$0.92/lb of payable copper due to (i) lower copper metal production; (ii) lower gold and silver production and (iii) lower gold and silver prices which caused lower by-product credits for the quarter.

Other

Projects initiated by Cormidom, Perilya's wholly owned subsidiary, through its Foundation have continued in the mine's surrounding communities, with the most noticeable during this period, being the construction of chicken coops for breeding, technical training and literacy and the inauguration of a water supply project. A community park in one of the surrounding communities started in August.

POTOSI MINE

Positive results were achieved from Potosi where trial production and orebody development was carried out on multiple levels and in-fill diamond drilling continues to indicate economic grade and width of mineralisation with good overall correlation to the inferred resource model. A total of 61kt of ore was mined and hauled to the treatment plant for processing with the trial stopes mined to-date achieving the planned ore recoveries with minimal unplanned dilution.

An updated preliminary economic evaluation of the resource models is being undertaken to determine the most appropriate technical and economic strategies for further development of the Potosi project. This work is informed by the results of the trial mining program which is so far suggesting that an extraction strategy based on combination of sublevel benching and modified Avoca stoping will provide the required flexibility and production rate while optimising the cost of production and average mined grades.

MARKETS

Lead prices increased during the quarter from its June low of US\$1,996/tonne to a high of US\$2,238/tonne. Average prices quarter on quarter increased by US\$48/tonne.

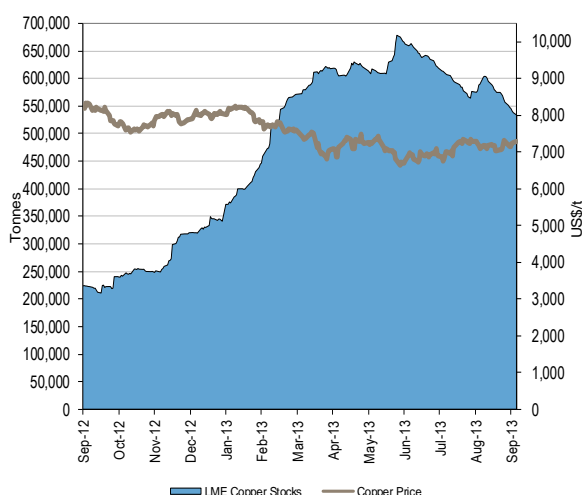
Zinc prices increased during the quarter from its June low of US\$1,784/tonne to a high of US\$1,956/tonne. Average prices quarter on quarter increased by US\$19/tonne.

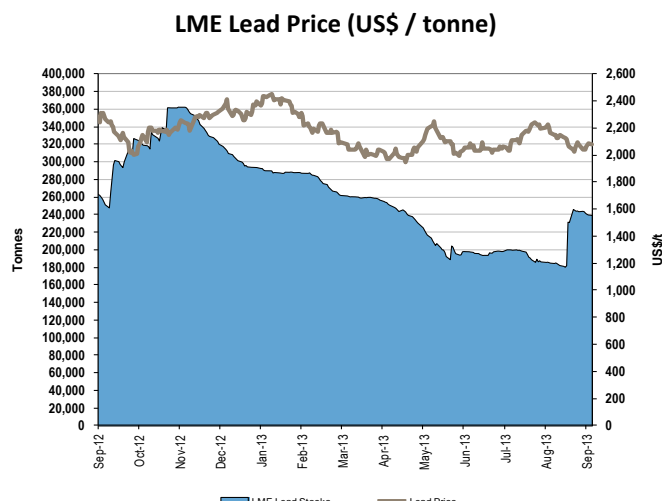
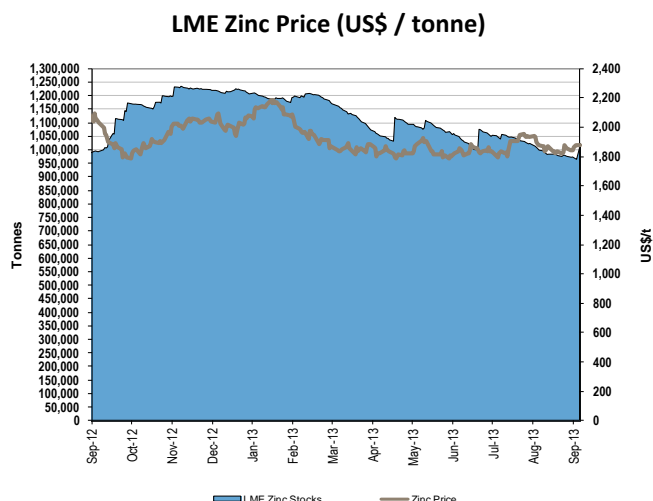
Copper prices decreased during the quarter from its June high of US\$7,422/tonne to a low of US\$6,719/tonne. Average prices quarter on quarter decreased by US\$75/tonne.

The AUD/USD exchange rate fluctuated between 0.8909 and 0.9496 during the September quarter, with an average of 0.9164 (June 13 quarter average of 0.9919).

In general commodity prices were slightly higher in this quarter compared to the previous quarter with the exception of copper although most commodities softened late in the quarter. The quarter also saw an improvement in world economic conditions with several European economies coming out of recession signalling a possible increase in demand for commodities and in particular base metals. Perilya firmly believes that the outlook for both zinc and lead is still positive.

LME Copper Price (US\$ / tonne)

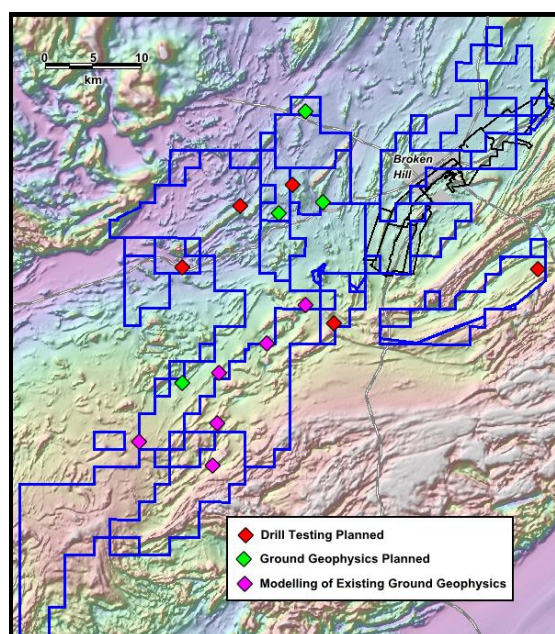




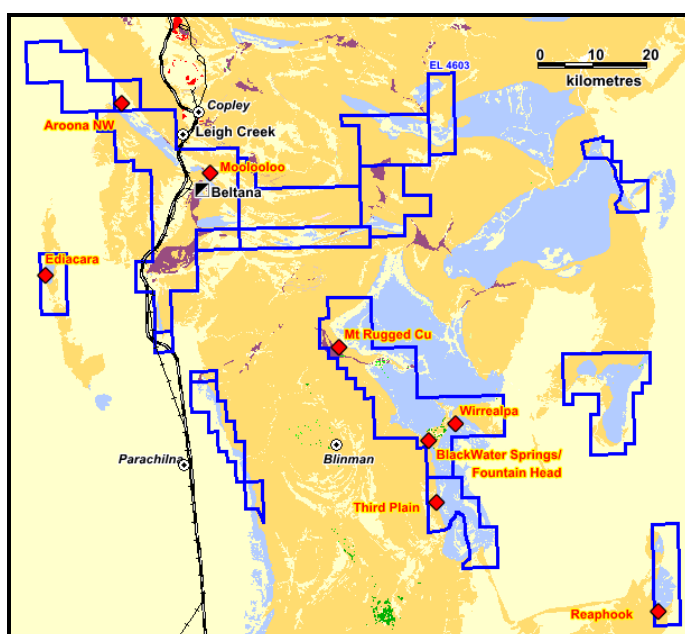
EXPLORATION REPORT

FLINDERS ZINC PROJECT

Regional reconnaissance work continued on the North Flinders project throughout the quarter. Rock chip sampling and handheld XRF soil surveying were completed on the Third Plain and Blackwater Springs – Fountain Head prospect areas as well as on several other historic prospects in the region. Significant anomalism was identified at the far north end of the Third Plain area where outcropping zinc silicate mineralization and strong alteration were identified but which have not been tested by historic drilling. Strong anomalies were also identified in the Blackwater Spring and Fountain Head areas, some over 2km in length, however additional work in this area is underway to focus future exploration efforts. Along the main Beltana-Aroona trend a promising target has also been identified approximately 500m south of the Moolooloo deposit where Aster multispectral data high-lighted a strong hematite alteration zone which has not been drill tested. Highly anomalous assays and trace element dispersion halos have been returned from surface sampling in the area and drill testing is planned for 2014.



Broken Hill VTEM Target Locations



Flinders Reconnaissance Target Areas

BROKEN HILL AREA

Limited work was completed in the Broken Hill region during the quarter with work progressing five existing VTEM targets to the drill ready stage. Review of the VTEM airborne data continued along with planning for follow-up ground geophysical surveying in the 4th quarter. Targets to be evaluated include those previously identified in areas which historical drilling is interpreted to have not fully tested the identified anomalies as well as several targets acquired through various recent tenement applications. An exhaustive compilation and review of available drilling

and geochemical data was also completed with the aim of rationalizing Perilya's large tenement package in the Broken Hill region.

PMG QUEENSLAND PROJECT

Reverse Circulation drilling was carried out at the PMG Zinc/Lead Prospect in the September Quarter to test prioritised anomalous surface zinc and lead geochemistry targets within dolomitic hosts. Targets had been earlier defined by NITON sampling which had produced surface results to 2.2% Zn and lead anomalies to 6% Pb. Five drill holes were completed for 1140 metres. As drilling progressed the original program was reviewed and modified (shortened) to test the best anomalies. Drilling of the target zones intercepted similar tenor of surface geochemistry for zinc, although no economic widths of mineralisation were intercepted. However, the area is still considered prospective given the limited drilling and that the surface geochemistry response indicates that stronger mineralisation should have been intercepted from drilling. Figure 2 shows the soil anomalism with drilling.

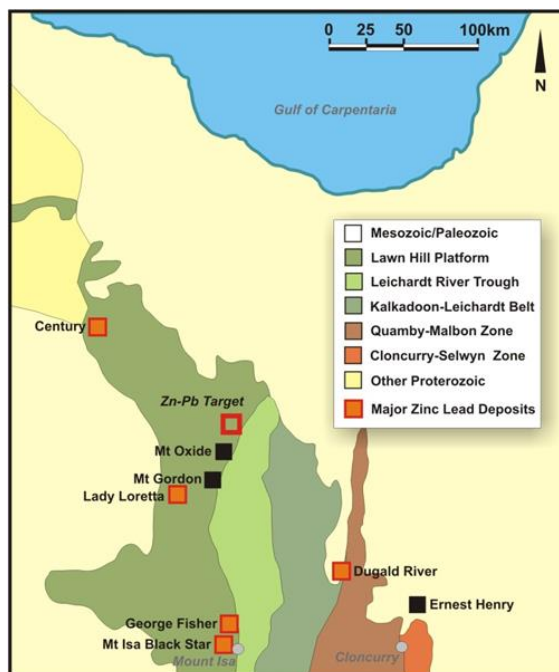


Figure 1 - Location of the PMG Zn – Pb Target

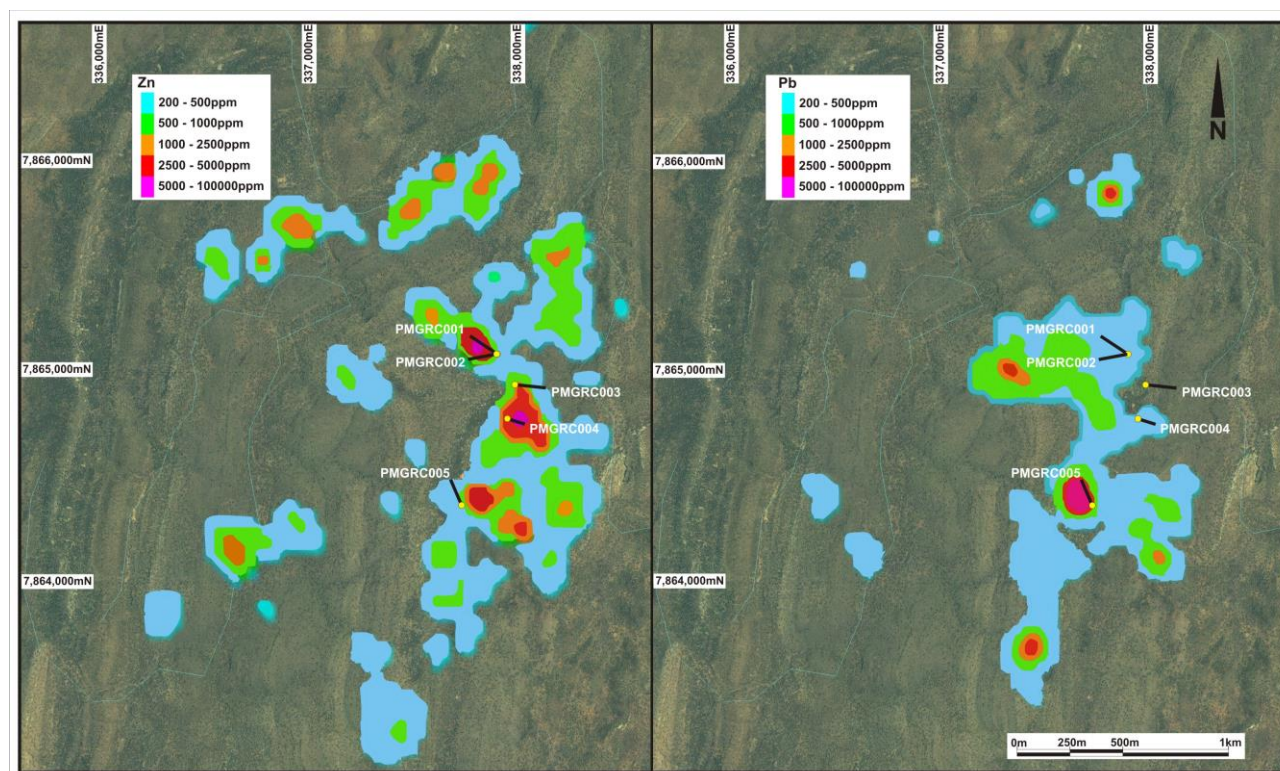


Figure 2 - PMG Area Showing Zn & Pb Anomalies with drill holes

A number of opportunities for the Mt Oxide copper deposit continue to be reviewed.

GOLDEN PEAKS PROJECT

Farmin and Joint Venture: EPM 15810 and MDL 13

Hammer Metals Limited can earn a 60% interest in the project by incurring expenditure of A\$4,000,000 over a period of 4 years on exploration and evaluation activities. The project was originally called the Dee Range Project.

Late in the quarter Hammer received the final processed data from Geotech Airborne Pty Ltd of the helicopter-borne Versatile Time Domain Electromagnetic (VTEM) Survey completed in the previous quarter.

The survey covered most of the favourable stratigraphy that hosts the now mined-out 8 million ounce Mount Morgan copper-gold deposit located immediately to the northwest. The purpose of the survey was to delineate bedrock EM conductors within the prospective sequence that could represent previously undetected massive sulphide bodies similar to the Mount Morgan deposit. Approximately 900 line kilometres were flown in the survey with both EM and magnetic data collected.

More detailed assessment and modelling of the VTEM conductors is now being undertaken prior to commencing field work.

THE AMERICAS

DOMINICAN REPUBLIC

Cerro de Maimón Exploration

Exploration in the June Quarter focused on low cost exploration activities on the relatively underexplored Cerro de Maimón Mine district and on nearby concessions.

September Quarter activities included the completion of ground geophysics surveys and soil geochemistry sampling within the Cerro de Maimón district north of the Cerro de Maimón Mine and to the south eastern Rio Sin prospect areas. As past exploration focus was mainly on developing the Cerro de Maimón Mine resource very little or no drilling has occurred in these other areas. Figure 3 shows the location of the Cerro de Maimón Mine location and main district prospects.

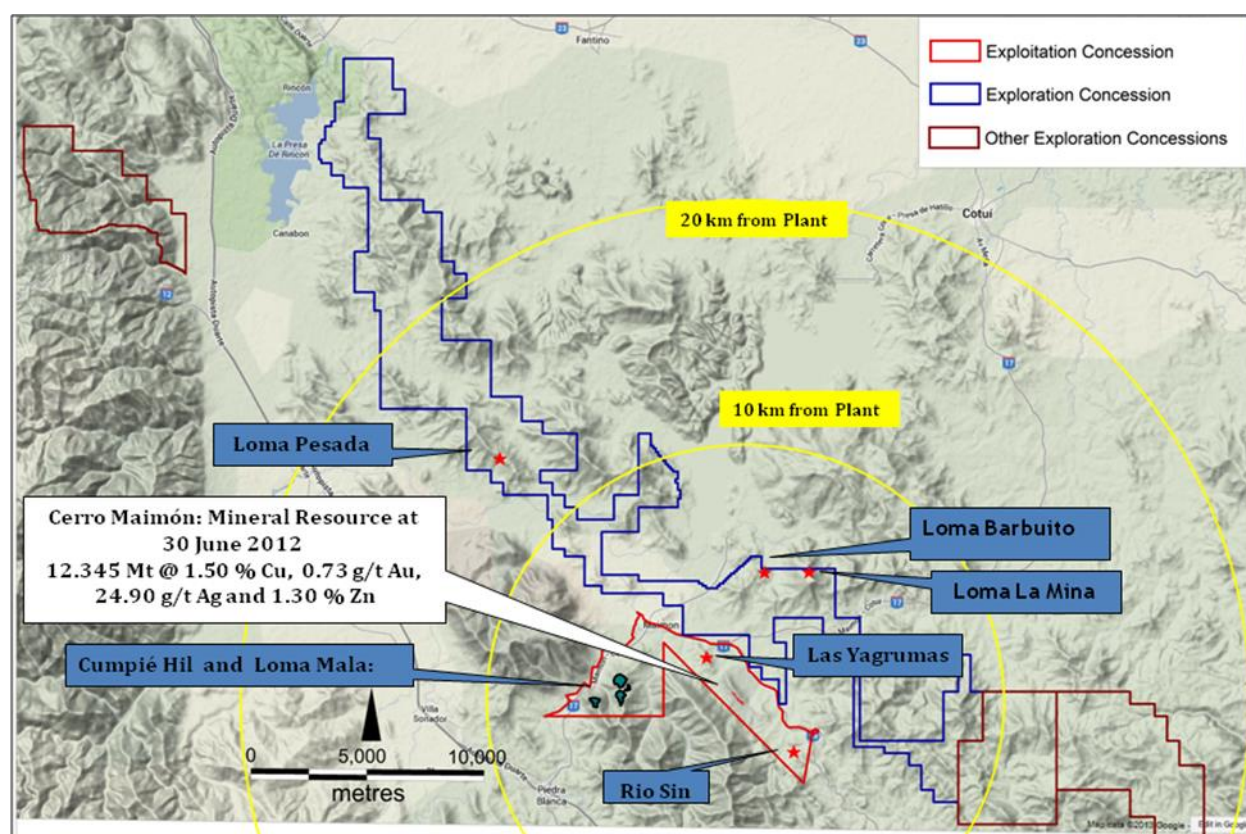


Figure 3 - Cerro de Maimón Regional Concessions and Prospects

Although final geophysical modelling, integration of all data, and interpretation of these areas is still ongoing a number of preliminary targets have been outlined and are shown in Figure 4. Exploration diamond drilling has not been carried out in 2013 however pending finalisation of the geophysical interpretation, target prioritisation, and board approval drilling should recommence in 2014.

To assist the current Underground Study drilling activities included sampling from metallurgical drilling as well as the completion of two diamond infill holes for a total of 306.3 meters to confirm the 1.40% Cu equivalent ore shape within the resource model. The Metallurgical drill sampling program commenced early August and by September end a total of 907.4 meters from 14 holes was completed. The Metallurgical drill sampling program should be finalised in the December Quarter.

Geotechnical drilling over the tailings dam was also carried out during the Quarter with a total of 174.85 meters completed from 7 drill holes.

During the quarter reorganizing and validating of data bases from all prospects was completed and alignment of a number of Canadian Instrument 43-101 resources to JORC is progressing with scheduled for completion in the last Quarter of 2013.

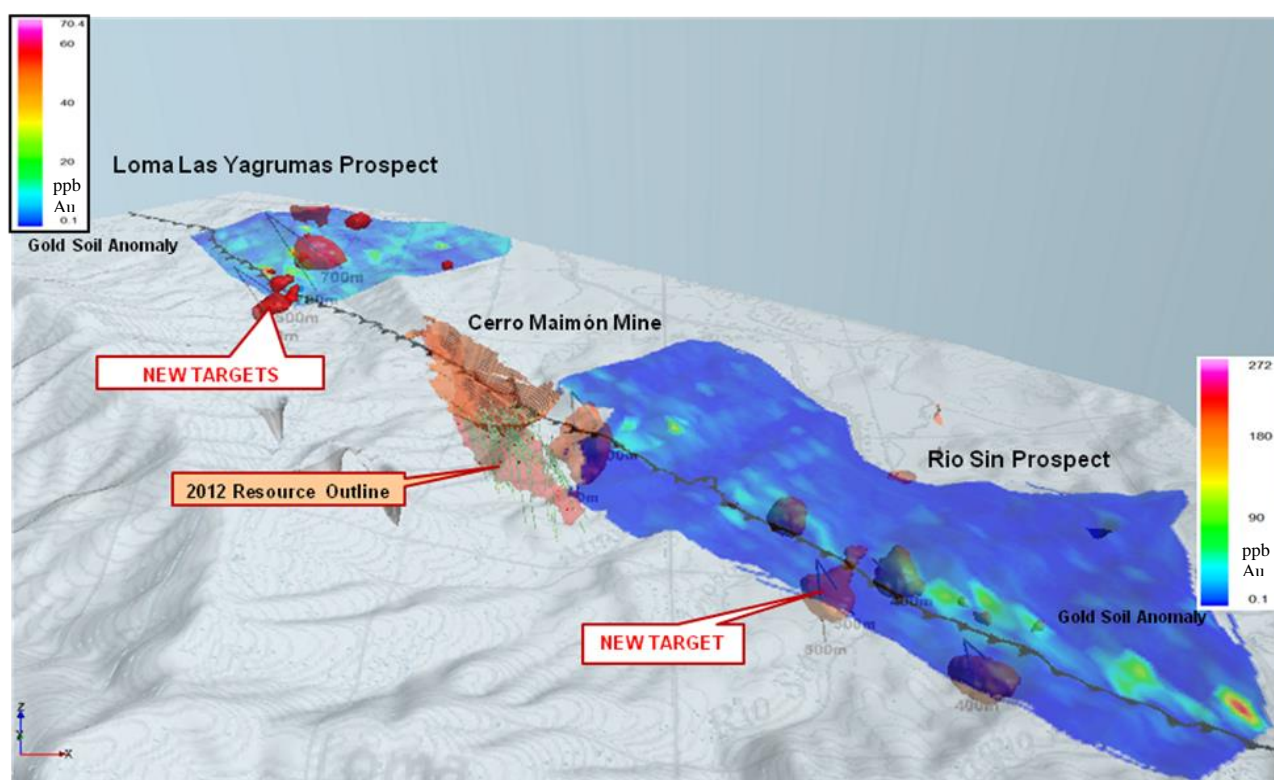


Figure 4 - Cerro de Maimón Area – Preliminary Interpreted Targets with Soil Geochemistry

Cumpi Hill Nickel Laterite Deposit

The Cumpi Hill deposit is located within the Cerro de Maimón Block C1 mining tenement.

Activities continue to be paused while development or sale options are considered.

Bayaguana District

The Bayaguana concessions contains a number of prospective targets in a major hydrothermal system located approximately 60 kilometres east of the Cerro de Maimón Mine.

The particular concession covering the prospective Doña Amanda prospect requires renewal of this concession before drilling can be undertaken. To assist drill planning a deep IP geophysics survey was performed at Doña Amanda and also at the Guaymarote prospect. Preliminary interpretations of these geophysical surveys are advancing and should be completed in the December Quarter. All Landowner authorisations have been completed.

Soil sampling for low level gold detection was completed during the Quarter and assays for two lines were received; the remaining samples will be analysed during the December Quarter.

CANADA

Moblan Lithium Deposit (60% Owned)

The Moblan lithium deposit, located in Québec, is 60% owned by Perilya and 40% by SOQUEM Inc. ("SOQUEM"). Perilya is the Joint Venture manager. The primary activities during the quarter related to surface exploration on the Moblan property.

A field visit was conducted to examine the results from the June Quarter work campaign, which was carried out over the eastern Moblan tenements to determine the spatial extent and orientation of untested pegmatite outcrops.

A drilling program to test the sub-surface extent of these pegmatite deposits is currently being developed.

CORPORATE

Cash and Investments at 30 September 2013

At 30 September 2013, Perilya held cash, deposits and investments totalling \$77.1 million (30 June 2013: \$92.1 million), represented by:

- Free cash of \$52.2 million (30 June 2013: \$67.2 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 (30 June 2013: \$24.4 million);
- Other investments of \$0.5 million (market value) (30 June 2013: \$0.5 million).

Debt

At 30 September 2013 Perilya has US\$187.5 million of corporate debt (being debt other than equipment finance in the ordinary course of business) which comprises:

- US\$77.5 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**);
- US\$35 million working capital facility from China Construction Bank (**CCB**); and
- US\$45 million working capital facility from China Development Bank (**CDB**).

Perilya also has approximately \$9.9 million in operating debt solely related to mobile equipment financing which is payable over a three to five year period.

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

Share Registry

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

Capital Structure:

Ordinary Shares	769,316,426
Unlisted Options	5,193,014
Performance Rights	7,818,638

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	12.89%
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