



# PERILYA

## Full Year Financial Result for the 12 months ended 30 June 2005

### Highlights

- Annual unaudited profit (before tax) of \$6.9 million before \$13.7 million exploration write-down
- Broken Hill operating profit \$9.6 million (2003/04 : \$3.8 million loss)
- Net cash flow from Broken Hill operations \$22.8 million (2003/04 : \$3.2 million deficit)
- Record lead production – 61.1 kt of contained lead
- First gold production from Daisy Milano provides second cash flow stream
- \$21.6 million cash and deposits at year end
- Borrowings reduced by 60% to \$12.6 million

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### Profit

Perilya Limited recorded an unaudited after tax loss of \$4.7 million for the 2004/05 financial year after a \$13.7 million write down of exploration projects. The Broken Hill operation generated a profit of \$9.6 million.

### Cash flow

Broken Hill operation generated \$22.8 net cash flow (after capital expenditure) but prior to production and price linked payments totaling \$12.8 million for the year.

The net cash outflow for the Group of \$19.1 million included net outflow of \$15.9 million on the Daisy Milano gold project, \$12.8 million on Broken Hill price and production linked payments and \$6.1 million on exploration.

### Operations

Zinc metal production was down 6% to 132,000 tonnes. However, lead and silver production from Broken Hill both increased by 12% to a record 61,100 tonnes of lead in concentrate and 1.9 million ounces of silver

### Development

The Daisy Milano gold project commenced mining development ore in the second half of the year producing an initial 4,827 ounces of gold, thus providing Perilya with a second cash flow stream.

Len Jubber  
CHIEF EXECUTIVE OFFICER  
29 August 2005

Phone : + 61 8 9423 1713

### Corporate

Borrowings were reduced by 60% to \$12.6 million following the repayment of the US\$15 million Korea Zinc convertible note loan.

Korea Zinc Group is now the largest shareholder following the issue of 19.2 million fully paid ordinary shares for \$19.4 million.

## FINANCIAL

### Profit

Perilya Limited recorded an after tax loss of \$4.7 million for the 2004/05 financial year after a \$13.7 million write-down of exploration projects (refer to Exploration).

Earnings from the Broken Hill operation of \$9.6 million before interest and tax, confirmed the steady improvement in operational performance coupled with favourable commodity prices, and reflected an improvement of \$13.4 million on the previous year.

TABLE 1 : Profit Summary

	2005 \$m	2004 \$m
Broken Hill operating profit before interest and tax	9.6	(3.8)
Profit from ordinary activities before depreciation, interest and tax	14.3 <sup>(1)</sup>	37.0 <sup>(2)</sup>
Net profit / (loss) after tax	(4.7)	12.9
Earnings per share after tax (cents per share)	(2.8)	8.0

(1) After \$13.7 million write-down of exploration projects

(2) Includes \$22.6 million profit before tax on sale of non strategic investments

### Cash Flow

Net cash flow from the Broken Hill operation for the year was \$22.8 million (after capital expenditure but before price and production linked payments totaling \$12.8 million), an increase of \$26.0 million on the previous year's negative cash flow of \$3.2 million.

The 2004/05 production and price linked payments, associated with the purchase of the Broken Hill operation, totaled \$12.8 million compared to \$7.6 million in the previous year. The outstanding production linked obligation totaling \$8.3 million will, at the current production rate, be eliminated by September 2006. The outstanding price linked obligations of up to \$20.9 million, which is contingent on the US dollar zinc price, will, at current zinc prices, be completed by end 2007. However, any obligation that may be outstanding as at November 2009 will be extinguished.

TABLE 2 : Cash Flow Summary

	Full Year 2004/05 \$m	Full Year 2003/04 \$m
Net cash flow from Broken Hill operation	22.8	(3.2)
Broken Hill Production Linked Payments	(6.2)	(7.1)
Broken Hill Price Linked Payments	(6.6)	(0.5)
Net cash flow from Daisy Milano gold project	(15.9)	(8.4)
Exploration	(6.1)	(4.9)
Corporate	(5.8)	0.8 <sup>(1)</sup>
Interest	(0.6)	0
Sale of Investments	1.2	30.1
Net change in borrowings	(22.3)	(3.6)
Proceeds from issue of shares	20.4	1.8
Net Cash Flow	(19.1)	5.0

(1) Includes a return of capital from Strike Oil of \$7.1 million

## Capital Expenditure

Capital expenditure during the year amounted to \$48.4 million (2003/04 : \$41.8 million).

TABLE 3 : Capital Expenditure

	Full Year 2004/05 \$m	Full Year 2003/04 \$m
<b>Broken Hill</b>		
- Mine Development	12.7	8.2
- Property, Plant & Equipment	11.0	18.6
<b>Daisy Milano</b>		
- Mine Development	12.1 <sup>(1)</sup>	7.8
- Property, Plant & Equipment	1.5	0.8
- Exploration tenements	4.1 <sup>(2)</sup>	-
<b>Exploration<sup>(3)</sup></b>	<u>7.0</u>	<u>6.4</u>
<b>Total</b>	<b>48.4</b>	<b>41.8</b>

(1) Includes \$8.1 million transferred from Exploration as part of the total \$17.0 million transferred to mine development

(2) Acquisition of Daisy Milano exploration tenements

(3) Includes expenditure on Broken Hill tenements

## OPERATIONS

### Base Metals

#### Broken Hill, NSW (100% owned by Perilya)

##### Record lead production

Annual production at Broken Hill was highlighted by record contained lead production of 61,100 tonnes following a significant improvement in head grades, up from 3.2% to 3.8%. Contained zinc production was 132,000 tonnes and contained silver was 1.9 million ounces.

Total ore mined from the South Operation and North Mine was 10.6% down on the previous year. Total ore mined in 2005/06 is expected to be approximately 2.1 Mt.

##### Cash cost US\$0.41/lb zinc

Despite the 10.6% reduction in annual ore production and global pressure on labour and consumable costs, continuing improvement in operating efficiencies restricted the increase in the cash cost from US\$0.39/lb zinc to US\$0.41/lb zinc.

TABLE 4 : Broken Hill Annual Production, Sales and Cash Costs

	12 Months to 30 Jun 2005	12 Months to 30 Jun 2004
<b>Production</b>		
Ore Mined (kt)		
South Operation	1,792	2,020
North Mine	93	89
Ore Treated (kt)	1,884	2,109
Zinc		
Grade (%)	7.7	7.4
Recovery (%)	91.1	89.5
Concentrate (kt)	261.3	282.4
Contained Zinc (kt)	132.0	140.4
Lead		
Grade (%)	3.8	3.2
Recovery (%)	86.5	82.2
Concentrate (kt)	85.3	79.3
Contained Lead (kt)	61.1	54.2
Silver		
Grade (g/t)	40.8	33.7
Recovery (%)	77.4	74.1
Contained Silver (Moz)	1.9	1.7
<b>Sales</b>		
Zinc concentrate (kt)	264.9	275.9
Lead concentrate (kt)	84.6	80.3
<b>Cash Costs</b>		
Cash cost/lb zinc (net of by-product credits) (US\$/lb)	0.41	0.39

## DEVELOPMENT

### Gold

First gold production from development ore

#### Daisy Milano, WA (100%)

The commencement of gold production from the Daisy Milano project in the June quarter has provided Perilya with its second cash flow stream. A total of 4,827 ozs of gold was produced during the year from the processing and sale of 20,059 tonnes of mainly development ore which averaged 8.0 grams per tonne.

TABLE 5 : Daisy Milano Annual Gold Production and Sales

	12 Months to 30 Jun 2005	12 Months to 30 Jun 2004
Ore Mined (t)	21,812	581
Ore Mined Grade (g/t)	8.09	8.12
Contained Gold (oz)	5,672	152
Ore Processed (t)	20,059	-
Ore Processed Grade (g/t)	7.96	-
Gold sales (oz)	4,827	-

*Note : Routine reporting of cash costs will commence in the September quarter.*

Stope mining commenced in August

Stope mining on Level 12 commenced in August, and the project is on track to increase production to approximately 10,000 tonnes per month by the end of September quarter.

The ore body reconciliation results derived through the development and early stope mining, coupled with resource drilling to be commenced in September, will allow completion of the project optimisation study by end 2005. The outcome of this study and the resource/reserve estimates will be reported in the December 2005 Quarterly Report.

## EXPLORATION

### General

Exploration expenditure  
\$7.0 million

#### Exploration Review

A comprehensive review of the exploration strategy has commenced, with the view of prioritising and accordingly funding future exploration activities.

The carrying value of the portfolio of exploration projects was written down by \$13.7 million to \$15.8 million following a review of the expenditure accumulated over many years. This adjustment does not diminish the prospectivity of the diverse portfolio, which is characterized by its range of commodities and location within proven mineralized systems. Importantly, the portfolio provides Perilya with numerous organic growth opportunities.

The expenditure on exploration activities during the year (excluding Daisy Milano) was \$7.0 million.

## RESOURCES & RESERVES

The Mineral Resource and Ore Reserve estimates as at 31 March 2005 are presented in Table 6.

### Broken Hill

The Broken Hill Mineral Resource of 17.73 Mt at 9.9% Zn, 5.9% Pb and 63g/t Ag includes the Ore Reserve of 10.45 Mt at 7.3% Zn, 4.2% Pb and 45 g/t Ag. Reserve depletion through annual production has been partially offset by the inclusion of lower grade ore previously excluded from the delineation of remnant ore blocks.

The 7% lead plus zinc cut-off grade used in the calculation of the resource and reserve estimates remains unchanged from the previous year.

### Flinders

The Flinders resource of 941,000 tonnes at 30.6% Zn remains unchanged from the previous year.

### Moyagee

The Moyagee resource of 887,000 tonnes at 7.8 g/t Au (223,500 oz) remains unchanged from the previous year.

### Mount Oxide

The Mount Oxide resource of 2.81 Mt at 2.9% Cu remains unchanged from the previous year.

### Daisy Milano

The first Daisy Milano resource and reserve estimate will be included in the December 2005 Quarterly Report.

TABLE 6 : Mineral Resource and Ore Reserve as at 31 March 2005

	Tonnes '000	Zinc %	Lead %	Silver g/t	Gold g/t	Copper %
<b>BROKEN HILL</b>						
Resources						
Measured	11,920	9.9	5.9	60		
Indicated	2,400	9.0	6.3	62		
Inferred	3,410	10.6	5.5	74		
<b>Total</b>	<b>17,730</b>	<b>9.9</b>	<b>5.9</b>	<b>63</b>		
Reserves						
Proved	7,730	7.4	4.3	45		
Probable	2,720	6.8	4.0	44		
<b>Total</b>	<b>10,450</b>	<b>7.3</b>	<b>4.2</b>	<b>45</b>		
Reserve at 31 March 2004	11,662	7.8	4.1	44		
<b>FLINDERS</b>						
Resources						
Indicated	318	34.0				
Inferred	623	28.9				
<b>Total</b>	<b>941</b>	<b>30.6</b>				
<b>MOYAGEE</b>						
Resources						
Inferred	887				7.8	
<b>MOUNT OXIDE</b>						
Resources						
Inferred	2,810					2.9

The information in this report that relates to Mineral Resources or Ore Reserves in respect of Broken Hill is based on information compiled by Christopher Mroczek and Jared Broome employees of the Company. In respect of Flinders and Moyagee the information that relates to Mineral Resources was compiled by Michelle Wild of Wildfire Resources. In respect of Mount Oxide the Mineral Resource was estimated by Western Metals Limited and is based on, and accurately reflects, information compiled by C. Gwatkin. J Broome is a member of the Australian Institute of Geoscientists and the others are Members of The Australasian Institute of Mining and Metallurgy. All have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'.

## CORPORATE

Cash and deposits  
\$21.6 million

### Cash & Short Term Deposits

Perilya held cash and deposits totalling \$21.6 million at 30th June 2005, including \$9.6 million of deposits supporting environmental rehabilitation bonds. This followed a year of investment including \$15.9 million in the development of the Daisy-Milano gold project, and the payment of price and production linked payments totalling \$12.8 million associated with the acquisition of the Broken Hill operation.

Balance sheet strengthened

### Debt

Borrowings were reduced by 60% to A\$12.6 million following repayment of the US\$15 million Korea Zinc convertible note loan. The borrowings comprise hire purchase commitments relating to underground mobile equipment at the Broken Hill and Daisy Milano operations, and a \$2 million drawdown of the \$20 million standby financing facility.

Net Debt was \$0.6 million with available cash largely offsetting the total borrowings of \$12.6 million.

### Investments

As at 30 June 2005, the market value of Perilya's holdings in listed entities totaled \$9.5 million.

186.5 million shares as at  
30 June 2005

### Issued Capital

Issued capital as at 30 June 2005 increased by 20.2 million shares to 186.5 million shares following the issue of 19.2 million shares valued at \$19.4 million to the Korea Zinc Group and the exercising of 1.0 million share options.

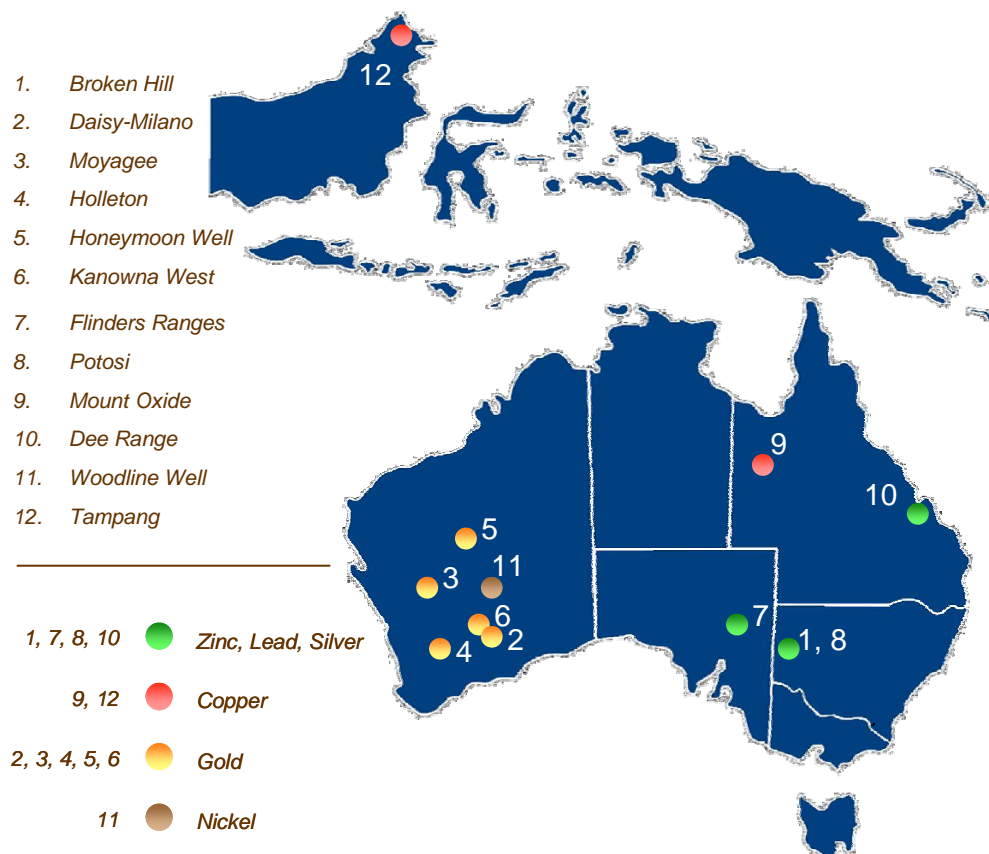
The Korea Zinc Group are now the largest shareholder in Perilya with a 10.34% holding.

### Dividend

No dividend has been declared for the 2004/05 year. An interim dividend will be considered at the end of the current half year pending a continuation of the improved operating performance.

## ABOUT PERILYA

Perilya Limited is an expanding diversified mining and exploration company. The Company owns and operates the Broken Hill lead, zinc and silver mine in New South Wales, Australia, making it one of Australia's largest base metal miners. The Company has recently commenced production from its Daisy Milano gold project located in Western Australia. It also has interests in exploration for gold and base metals, and investments in the energy sector.



## CORPORATE DETAILS

### Board of Directors:

Phillip Lockyer	Non-Executive Chairman
Len Jubber	CEO & Managing Director
Colin McIntyre	Non-Executive Director
Guy Travis	Non-Executive Director
Peter Harley	Non-Executive Director
Chang Keun Choi	Non-Executive Director

### Capital Structure:

Ordinary Shares	186,522,239
Unlisted Options	12,470,000

### Major Shareholders:

Acorn Capital	9.16%
Korea Zinc Company	5.17%
Young Poong Corporation	5.17%

### Stock Exchange Listing

Australian Stock Exchange  
ASX Code: PEM

### Principal & Registered Office:

Level 2, 31 Ventnor Avenue  
West Perth Western Australia 6005

### Contact Details:

Email: [perilya@perilya.com.au](mailto:perilya@perilya.com.au)  
Website: [www.perilya.com.au](http://www.perilya.com.au)  
Telephone: (61 8) 9423 1700  
Facsimile: (61 8) 9423 1787

### 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](mailto:perth.services@computershare.com.au)