PRELIMINARY FINAL REPORT
for 12 months ended 30 JUNE 2005

PERILYA

Perilya Limited – ABN 85 009 193 695

12 months ended 30 June 2005 ("current period")

Results for announcement to the market

	2003/04 $'000		2004/05 $'000
Revenue from ordinary activities	up 2% from 194,153	to	198,363
Profit / (loss) from ordinary activities after tax attributable to members	down from 12,887	to	(4,713)
Net profit / (loss) for the period attributable to members	down from 12,887	to	(4,713)

Dividends

No dividends were paid or declared by Perilya Limited in the current period or during the period since balance date.

Explanation of revenue

Revenue from ordinary activities in the current period of $198.4 million, included $191.1 million of revenue from operating activities, an increase of $33.4 million on the previous year ended 30 June 2004, principally due to increased lead production and higher lead and zinc prices. Revenue from the sale of investments reduced from $30 million in the previous year to $4.2 million in year to 30 June 2005.

Explanation of profit

The loss from ordinary activities after tax attributable to members in the current period of $4.7 million was after writing down the carrying value of the portfolio of exploration projects by $13.7 million following a review of the capitalised expenditure accumulated over many years. The Broken Hill Operation made a profit before interest and tax of $9.6 million for the year compared to a loss of $3.8 million the previous year.

Audit Report

This preliminary final report is based on accounts which are in the process of being audited.

Consolidated statement of financial performance

	Notes	12 months to 30 June 2005 $'000	30 June 2004 $'000
Revenue from operating activities	2	**191,111**	157,726
Revenue from outside operating activities	2	**7,252**	36,427
Revenue from ordinary activities (excluding shares of equity accounted net profits of associates and joint venture partnership)	2	**198,363**	194,153
Movements in stockpiles		**546**	3,205
Raw materials, power and consumables		**(50,542)**	(54,664)
Employee benefits expensed		**(45,230)**	(36,892)
Depreciation and amortisation		**(20,454)**	(18,274)
External services and consultants		**(28,367)**	(26,587)
Insurance expense		**(5,000)**	(4,513)
Rates and property taxes		**(2,696)**	(2,298)
Rental expense on operating leases		**(163)**	(139)
Royalties		**(5,366)**	(4,070)
Foreign exchange loss		**(1,600)**	(1,561)
Freight and handling		**(22,315)**	(19,683)
Price linked payments		**(7,338)**	(1,833)
Exploration written off		**(13,715)**	(296)
Written down value of investments disposed of		**(679)**	(7,773)
Written down value of property, plant and equipment disposed of		**-**	(1,851)
Written down value of exploration tenements net of associated rehabilitation provision disposed of		**-**	480
Other expenses from ordinary activities		**(2,481)**	(1,501)
Borrowing costs	4	**398**	(1,462)
Shares of net profits of associates accounted for using the equity method		**(145)**	3,842
Profit /(loss) from ordinary activities before related income tax expense		**(6,784)**	18,283
Income tax (expense) / benefit	3	**2,071**	(5,396)
Profit /(loss) from ordinary activities after related income tax expense		**(4,713)**	12,887
Net profit /(loss) attributable to members of Perilya Limited	8	**(4,713)**	12,887
Total changes in equity attributable to members of Perilya Limited other than those resulting from transactions with owners as owners		**(4,713)**	12,887
		Cents	Cents
Basic earnings per share	13	**(2.8)**	8.0
Diluted earnings per share	13	**(2.8)**	7.7

The above Consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

	Notes	As at **30 June 2005** **$'000**	 30 June 2004 $'000
Current assets			
Cash assets	5	**12,022**	31,111
Receivables		**9,608**	8,493
Inventories		**12,751**	11,106
Other financial assets		**8,724**	1,857
Other		**2,072**	5,614
Total current assets		**45,177**	58,181
Non-current assets			
Restricted Cash	5	**9,588**	9,584
Receivables		**11**	1,370
Investments accounted for using the equity method	6	**90**	4,999
Other financial assets		**869**	1,314
Exploration and evaluation expenditure		**15,756**	27,216
Mine properties		**66,350**	42,368
Property, plant and equipment		**49,894**	48,370
Deferred tax assets		**-**	-
Total non-current assets		**142,558**	135,221
Total assets		**187,735**	193,402
Current liabilities			
Payables		**25,350**	19,919
Interest bearing liabilities		**4,965**	26,260
Current tax liabilities		**316**	307
Provisions		**12,592**	11,260
Total current liabilities		**43,223**	57,746
Non-current liabilities			
Interest bearing liabilities		**7,660**	9,029
Deferred tax liabilities		**1,649**	4,099
Provisions		**19,850**	23,704
Total non-current liabilities		**29,159**	36,832
Total liabilities		**72,382**	94,578
Net assets		**115,353**	98,824
Equity			
Parent entity interest			
Contributed equity	16	**99,286**	78,044
Retained profits	8	**16,067**	20,780
Total equity		**115,353**	98,824

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

	Notes	12 months to 30 June 2005 $'000	30 June 2004 $'000
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of goods and services tax)		**207,172**	176,740
Cash payments in the course of operations (inclusive of goods and services tax)		**(174,486)**	(168,159)
Interest received		**1,444**	1,688
Interest and other finance costs paid		**(3,599)**	(1,710)
Income taxes paid		**(370)**	153
Net cash inflow (outflow) from operating activities	11	**30,161**	8,712
Cash flows from investing activities			
Payment for purchase of investments		**-**	(2,208)
Repayment of funds advanced to controlled entities		**-**	-
Payments for mine properties		**(16,401)**	(10,917)
Payments for deferred stamp duty		**(801)**	(779)
Payments for production linked payment		**(6,183)**	(7,078)
Payments for property plant and equipment		**(10,229)**	(6,655)
Payments for exploration and evaluation		**(15,563)**	(11,995)
Payments of funds advanced to other entities		**(150)**	-
Proceeds from sale of Fortnum tenements		**-**	500
Proceeds from return of capital from associate		**-**	7,124
Funds advanced to external parties		**-**	(1,367)
Movement in monetary backing for performance guarantees		**(4)**	(955)
Proceeds from sale of investments		**1,235**	-
Proceeds from sale of equity investments		**-**	30,080
Proceeds from sale of plant and equipment		**-**	386
Net cash inflow (outflow) from investing activities		**(48,096)**	(3,864)
Cash flows from financing activities			
Proceeds of funds from issue of shares		**20,442**	1,842
Repayment of hire purchase liability		**(4,094)**	(1,609)
Repayment of convertible notes		**(19,352)**	-
Funds advanced to associates		**(150)**	-
Payment of Ranger Minerals Ltd dividends		**-**	(95)
Proceeds from borrowings		**2,000**	-
Net cash inflow (outflow) from financing activities		**(1,154)**	138
Net increase (decrease) in cash held		**(19,089)**	4,986
Cash at the beginning of the financial year		**31,111**	26,125
Cash at the end of the financial year	5	**12,022**	31,111
Financing arrangements			
Non-cash financing and investing activities	12		

Refer to note 5 for information on cash balances held by the entity.

Commentary on results

Perilya Limited recorded an after tax loss of $4.7 million (2003/04: $12.9 million profit) following the write-down of exploration projects by $13.7 million.

The Broken Hill Operation made a profit before interest and tax of $9.6 million for the year (2003/04: $3.8 million loss) and generated net cash from operations (after capital expenditure but before the price and production linked payments totaling $12.8 million) of $22.8 million (2003/04: $3.2 million outflow) from the treatment of 1.9 million tonnes of ore (2003/04: 2.1 million tonnes).

Lead head grades increased from the 2003/04 level of 3.2% to 3.8% and zinc head grade increased from 7.4% to 7.7%. Lead concentrate production of 85,300 tonnes was the highest annual production since Perilya commenced production in September 2002. Zinc concentrate production was 261,300 tonnes.

Despite the 10.6% reduction in annual ore production and global pressure on consumable costs, continuing improvements in operating efficiencies restricted the increase in the unit cash costs of production from US$0.39 per pound of payable zinc to US$0.41 per pound.

The Daisy Milano gold project, acquired in January 2005, commenced mining development ore during the second half of the year with the mining of the main ore body scheduled to commence in September 2005. A loss of $1.4 million was recognised for the year based on the processing and sale of 20,059 tonnes of mainly development ore, averaging 8.0 grams per tonne to produce 4,827 ounces of gold.

The carrying value of the extensive 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. The diverse portfolio which is characterized by its range of commodities and locations within proven mineralised systems provides Perilya with many organic growth opportunities.

A net profit before tax of $3.6 million was recognised during the year from the sale and impairment of non strategic investments (2003/04: $22.6 million). At 30 June 2005 the Company held listed investments with a carrying value of $8.7 million and a market value on that date of $9.5 million.

Dividend

No dividends were paid or declared by Perilya Limited during the year ended 30 June 2005 or up to 29 August 2005.

Cash flow

The cash inflow from operating activities was $30.2 million (2003/04: $8.7 million).

The cash outflow from investing activities of $48.1 million (2003/04: $3.9 million) comprised $23.2 million on mine development and plant and equipment at Broken Hill, $15.3 million on the evaluation and development at Daisy Milano and $6.1 million (excluding Daisy Milano) on exploration and evaluation. In addition, $6.2 million in production linked payments, associated with the purchase of Broken Hill, were paid.

The cash outflow from financing activities of $1.2 million (2003/04: $0.1 million inflow) included the repayment of the US$15 million convertible note loan (A$19.4 million) and receipt of $20.4 million from the issue of 19.2 million fully paid ordinary shares to the Korea Zinc Group at $1.01 per share, 0.8 million shares fully ordinary shares to the Ridgeview Group at $0.97 per share and the exercise of 2.5 million options at an average price of $0.44 per share.

Liquidity and Funding

Cash and deposits at 30 June 2005 totaled $21.6 million (30 June 2004: $40.7 million). In addition, the Company has available a $20 million standby financing facility from YK Australia Pty Limited, a subsidiary of the Korea Zinc Group. The facility was drawn down by $2 million as at 30 June 2005.

Net debt (available cash and deposits less borrowings) stood at $0.6 million as at 30 June 2005 (30 June 2004: $4.2 million)

Notes to and forming part of the consolidated financial statements

Note 1 : Basis of financial report preparation

This general purpose financial report is for the year ended 30 June 2005, and has been prepared in accordance with the Australian Stock Exchange Listing Rules as they relate to Appendix 4E and in accordance with Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus views), other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001. It is recommended that this report be read in conjunction with any public announcements made by Perilya Limited and its controlled entities during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year.

Note 2 : Revenue

	12 months to	
	30 June 2005	30 June 2004
	$'000	$'000
Revenue from operating activities		
Sale of goods	**191,111**	157,726
Revenue from outside the operating activities		
Interest revenue	**1,444**	1,688
Other revenue	**1,573**	2,773
Proceeds from sale of property, plant and equipment	**-**	1,386
Proceeds from sale of exploration prospect	**-**	500
Proceeds from sale of investments	**4,235**	30,080
	7,252	36,427
Revenue from ordinary activities (excluding share of equity accounted net profits of associates)	**198,363**	194,153

Note 3 : Income Tax

The income tax expenses for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:

	12 months to 30 June 2005 $'000	30 June 2004 $'000
Profit from ordinary activities before income tax expense	**(6,784)**	18,283
Income tax calculated @ 30% (2004 - 30%)	**(2,035)**	5,485
Tax effect of permanent differences		
Non-deductible expenses	**28**	55
Tenement acquisition costs	**4**	262
Share of net losses /(profits) of associates	**44**	(297)
Uplift in assets on tax consolidation	**-**	(706)
Capital losses utilised	**-**	(1,071)
Taxable capital gains on sale of investments	**-**	7,957
Accounting gain on sale of investments	**-**	(6,692)
Tax gain on sale of assets	**-**	179
Income tax adjusted for permanent differences	**(1,959)**	5,172
Timing differences and tax losses not brought to account as FITB	**6**	6
Under / (over) provision in prior year	**(118)**	218
Aggregate income tax expense / (benefit)	**(2,071)**	5,396
Aggregate income tax expense comprises:		
Current taxation provision	**497**	388
Deferred income tax provision	**(2,450)**	4,790
Under (over) provision in prior year	**(118)**	218
	(2,071)	5,396

Tax losses

The directors estimate that that the potential future income tax benefit at 30 June 2005 in respect of foreign tax losses not brought to account is	803	797

This benefit for foreign tax losses will only be obtained if:

(i) the entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or
(ii) the losses are transferred to an eligible entity in the consolidated entity, and
(iii) no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the losses.

Tax consolidation legislation

Perilya Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation retrospectively as of 18 October 2002. The financial effect of the implementation of the legislation has been recognised in subsequent financial statements. The impact on the income tax expense for the year is disclosed in the tax reconciliation above.

The wholly-owned entities have fully compensated Perilya Limited for deferred tax liabilities assumed by Perilya Limited on the date of the implementation of the legislation and have been fully compensated for any deferred tax assets transferred to Perilya Limited.

The entities have also entered into a tax sharing and funding agreement. Under the terms of this agreement, the wholly-owned entities reimburse Perilya Limited for any current income tax payable by Perilya Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised within the aggregate intercompany balance due to/payable by Perilya Limited. In the opinion of the directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Perilya Limited .

Note 4 : Borrowing costs

Profit from ordinary activities before income tax expense include borrowing costs made up as follows:

	12 months to	
	30 June 2005	30 June 2004
	$'000	$'000
Unwinding of discount on production linked payments	**(18)**	355
Interest and finance charges paid/payable	**2,042**	1,810
Exchange losses/ (gains) on foreign currency borrowings	**(2,422)**	(703)
Borrowing costs expensed/(credited)	**(398)**	1,462

Note 5 : Cash assets

	As at	
	30 June 2005	30 June 2004
	$'000	$'000
Cash at bank and on hand	**10,023**	12,109
Cash on deposit	**1,999**	19,002
	12,022	31,111

Cash reconciliation

Balances as above	**12,022**	31,111
Add: Restricted Cash	**9,588**	9,584
Total of Cash assets plus Restricted Cash	**21,610**	40,695

Restricted Cash comprises deposits and commercial bills that are used for monetary backing for performance guarantees.

Cash assets plus Restricted Cash includes deposits and commercial bills which bear both fixed and floating interest rates ranging from 4.45% p.a to 5.42% p.a (2004: 4.90% p.a to 5.48% p.a).

Note 6 : Investments in associates

Information relating to the associates is set out below. These shareholdings are treated as investments in associates and are accounted for in the consolidated financial statements using the equity method of accounting.

Name of company	Principal activity	Ownership interest		Consolidated carrying amount	
		2005 %	2004 %	**2005 $'000**	2004 $'000
Southstar Diamonds Ltd (i)	Explorer	**50**	50	**90**	69
Strike Oil Ltd (ii)	Oil and gas explorer	**21**	36	**-**	4,930
				90	4,999

(i) Southstar Diamonds Limited was a non-listed investment as at 30 June 2005.

(ii) On 5 August 2004 Strike Oil Limited listed in the Australian Stock Exchange and raised new equity through an initial public offering ("IPO"). Prior to the listing and IPO, Perilya held 36% shareholding in Strike Oil Limited, had two members on the board of directors and held a contract which prohibited Strike Oil Limited from undertaking certain events without Perilya's approval. Subsequent to the listing and IPO, Perilya's equity holding in Strike Oil Limited has reduced to 20.6%, the contractual obligations have been eliminated and Perilya only has one member on the board of directors. As Perilya no longer has a significant influence in the company's operational and financial policies, Perilya has ceased equity accounting its interest in Strike Oil Limited. The holding in Strike Oil Limited is now reflected in Current assets - Other financial assets.

	2005 $'000	2004 $'000
Movements in carrying amounts of investments in associates		
Carrying amount at the beginning of the financial year	**4,999**	13,923
Share of profits /(losses) from ordinary activities after income tax	**(145)**	3,897
Advance to associate	**150**	-
Share of preference dividends	**-**	(55)
Cost of investments purchased during the year	**-**	1,956
Disposal of equity accounted investments	**-**	(7,156)
Return on capital	**-**	(4,273)
Dividends received	**-**	(2,850)
Transfer of Comet Ridge no longer equity accounted	**-**	(443)
Transfer of Strike Oil no longer equity accounted	**(4,914)**	-
Carrying amount at the end of the financial year	**90**	4,999

	2005 $'000	2004 $'000
Results attributable to associates		
Profits / (losses) from ordinary activities before income tax	**(145)**	3,897
Profits / (losses) from ordinary activities after income tax	**(145)**	3,897
Share of preference dividends	**-**	55
	(145)	3,842
Retained profits / (losses) attributable to associates at the beginning of the financial year	**877**	(2,965)
Adjustment for entity no longer equity accounted	**(1,201)**	-
Retained profits / (losses) attributable to associates at the end of the financial year	**(469)**	877
Share of associates' contingent liabilities		
Exploration commitments	**99**	2,880
Summary of the performance and financial position of associates		
Profit / (Loss) from ordinary activities after income tax expense	**(303)**	12,397
Assets	**129**	9,833
Liabilities	**(458)**	(458)

Note 7 : Contingent Liabilities and Contingent Assets

There were no contingent liabilities assets or liabilities which were not provided for in the financial statements of the economic entity and the Company as at 30 June 2005 other than:

CONTINGENT LIABILITIES

Broken Hill - Price Linked Payments

In accordance with an agreement between Perilya Limited, Perilya Broken Hill Limited and Pasminco Limited, price participation payments are payable if the spot zinc price averages in excess of US$950/tonne in any one quarter. The amount payable is 10% of the amount that the average zinc price is in excess of US$950/tonne multiplied by the tonnes of zinc plus lead concentrates sold to Zinifex in the quarter. These potential royalty payments cease 7.5 years after 31 May 2002 or the payment of A$30 million, whichever occurs first. Payments made in the year ended 30 June 2005 total A$6.6 million. At 30 June 2005, the cumulative amounts paid and payable total $A9.1 million. The price of zinc was US$1,223 per tonne at 30 June 2005.

Potential payments pursuant to this arrangement cannot be reliably measured and have not been recognised in the Statement of financial position.

Daisy Milano Cash Flow Payments and Production Royalty Payments

(i) On 31 January 2005 Perilya Daisy Milano Ltd exercised its option to acquire the Daisy Milano mine. As part of the acquisition cost Perilya is required to pay the Ridgeview Group a $5 million Cash Flow Payment commencing once Perilya has recouped all past operating and capital expenditure, exploration expenditure and the acquisition costs. The Cash Flow Payments are to be paid monthly at the rate of 30% of the mine's net positive cash flow up to the point in time Perilya has mined in aggregate 250,000 tonnes of ore, then at a rate of 35% until the $5 million has been paid. Potential payments pursuant to this arrangement cannot be reliably measured and have not been recognised in the statement of financial position.

(ii) After payment of the $5 million Cash Flow Payment, Perilya is required to pay the Ridgeview Group a production royalty up to $5 million. The Production Royalty Payment is payable at the rate of:

- $15/oz if the gold price and the head grade is less than A$600/oz and 13 g/t respectively.
- $30/oz if either the gold price or the head grade exceed the above amounts.
- $50/oz if both the gold price and head grade exceed the above amounts.

Potential payments pursuant to this arrangement cannot be reliably measured and have not been recognised in the statement of financial position.

CONTINGENT ASSETS

Fortnum Sale Proceeds

As part payment for the Fortnum Gold Project, Perilya will receive $500,000 upon commencement of production by Gleneagle Gold Limited at the Fortnum mine and, after the first 50,000 ounces of production, a royalty at the rate of $10 per ounce, up to a maximum of $2 million. These amounts have not been recognised in the financial statements.

Note 8 : Retained profits

	As at	
	30 June 2005 $'000	30 June 2004 $'000
Retained profits at the beginning of the financial year	**20,780**	7,893
Net profit /(loss) attributable to members of Perilya Limited	**(4,713)**	12,887
Retained profits at the end of the financial year	**16,067**	20,780

Note 9 : Interests in joint ventures

The economic entity's aggregate interests in the assets and liabilities of each of its joint ventures is reflected in the following asset and liability categories in the financial statements.

	As at 30 June 2005 $'000	30 June 2004 $'000
Current assets		
Receivables	**33**	26
Other	**1**	1
Total current assets	**34**	27
Non-current assets		
Exploration and evaluation	**2,736**	8,878
Property, plant and equipment	**69**	74
Total non-current assets	**2,805**	8,952
Total assets	**2,839**	8,979

Companies within the economic entity are participants in the following joint ventures as at 30 June 2005. The percentage interests may vary depending on the monies expended by the joint venturers. The economic entity's percentage interests in future output if all the venturers fulfil their obligations to the joint ventures are as follows

Joint venture	Location	Principal activity	% holding 30 June 2005	% holding 30 June 2004
Dee Range	QLD	Gold and base metal exploration	90	30
Ulam Range	QLD	Gold and base metal exploration	90	30
Malaysia Wide	Malaysia	Gold and base metal exploration	50	50
Ranau	Malaysia	Gold and base metal exploration	50	50
Beltana Corridor	SA	Base metal exploration	85	85
Blinman (Minotaur)	SA	Base metal exploration	80	80
Mt Frome	SA	Base metal exploration	90	90
Reephook	SA	Base metal exploration	85	85
Kanowna	WA	Gold exploration	30	30
Kalbarra	WA	Gold exploration	27	27
Holleton	WA	Gold exploration	90	90
Honeymoon Well	WA	Gold exploration	70	70
South Mt Woods	SA	Gold and base metal exploration	50	50
Yancowinna	NSW	Base metal exploration	100	89
Aroona	SA	Base metal exploration	90	90
Jillawarra	WA	Base metal exploration	70	-
Coultra	NSW	Base metal exploration	80	-
Stirling Vale	NSW	Base metal exploration	70	-
Greenshire	NSW	Base metal exploration	90	-
Rustenberg	South Africa	PGM exploration	50	-

Note 10 : Commitments for expenditure

	As at 30 June 2005 $'000	30 June 2004 $'000
Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year - Operating Leases	**122**	212
Within one year - Finance Lease	**5**	-
Later than one year but not later than 5 years - Operating Leases	**-**	136
Later than one year but not later than 5 years - Finance Lease.	**13**	-
	140	348
Representing:		
Non-cancellable operating leases	**122**	348
Non-cancellable finance leases	**18**	-
	140	348

The operating lease relates to Perilya's head office situated at 31 Ventnor Avenue, West Perth. The lease terminates at the end of January 2006.

Hire Purchase Commitments

	30 June 2005 $'000	30 June 2004 $'000
Commitments in relation to hire purchase contracts are payable as follows:		
Within one year	**5,584**	4,495
Later than one year but not later than 4 years	**6,043**	9,860
	11,627	14,355
Less: Unexpired hire purchase finance charges	**1,015**	1,641
Commitments recognised as a liability in the financial statements	**10,612**	12,714

Tenement Commitments

Perilya maintains current rights of tenure to tenements which require outlays of expenditure until the tenement is relinquished. Estimated expenditure outlays for 2005/2006 are $5.0 million on exploration tenements and $12.6 million on the Broken Hill mine tenements (2004/2005: $16.0 million). These commitments relate to tenement lease rentals and the minimum expenditure requirements of the Western Australian, New South Wales, Queensland, Malaysian and South Australian Mines Departments attaching to the tenements.

Under certain circumstances, these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations. Further outlays in respect of tenements will continue beyond 2005/2006, however the amount is impractical to quantify.

Capital Commitments

There were no capital commitments contracted for, but not provided for, in the financial statements at 30 June 2005 or 30 June 2004.

Supply Contracts

Perilya Broken Hill Limited has entered into take or pay contracts with the Silverton Tramway Company Limited for the provision of shunting operation services and with Country Energy for the provision of water at the Broken Hill Operations. The minimum expenditure commitment is $2.8 million per year (2004/05 : $10.5 million).

	As at 30 June 2005 $'000	30 June 2004 $'000
Finance leases		
Commitments in relation to finance leases are payable as follows:		
Within one year	**5**	-
Later than one year but not later than 5 years	**13**	-
Less: Unexpired Charges	**5**	-
Total lease liabilities	**13**	-

Note 11 : Cash reconciliation

	12 months to 30 June 2005 $'000	30 June 2004 $'000
Profit / (loss) from ordinary activities after income tax	**(4,713)**	12,887
Depreciation and amortisation	**20,454**	18,274
Exploration and Evaluation written off	**13,715**	380
Share of loss (gain) of associate	**145**	(3,842)
Unwinding of discount on production linked payments	**(17)**	355
Interest on deferred stamp duty	**-**	(22)
Realised exchange gain on settlement of loan	**(2,422)**	-
Diminution on carrying value of investments	**813**	-
Loss - (profit) on sale of exploration prospects	**-**	(167)
Loss - (profit) on sale of plant and equipment	**-**	465
Loss - (profit) on sale of Investments	**(3,556)**	(22,563)
Excess rehabilitation provision reversed on Fortnum mine	**-**	(815)
Unrealised foreign exchange (gain) / loss	**42**	(802)
Change in operating assets and liabilities		
Decrease / (increase) in trade debtors	**(1,015)**	2,250
Decrease / (increase) in inventories	**(1,645)**	(3,044)
Decrease / (increase) in prepayments	**3,542**	(2,846)
Decrease / (increase) in tax assets	**-**	3,567
Increase / (decrease) in trade creditors	**3,456**	1,612
Increase / (decrease) in provisions	**3,803**	1,737
Increase / (decrease) in deferred tax liabilities	**(2,441)**	1,286
Net cash inflow from operating activities	**30,161**	8,712

Note 12 : Non-cash financing and investing activities

	12 months to 30 June 2005 $'000	30 June 2004 $'000
Shares acquired in Gleneagle Gold Ltd as part consideration for disposal of Fortnum mine assets (i)	**-**	1,000
Shares acquired in Green Rock Energy Ltd (ii)	**3,000**	-
Acquisition of plant & equipment on H.P. (iii)	**1,990**	11,452
Shares issued as part consideration for the Daisy Milano acquisition (iv)	**828**	-

(i) Gleneagle Gold Ltd
As part of the sale of Fortnum Gold project, Perilya Limited received 5 million shares in Gleneagle Gold Limited valued at $0.20 per share.

(ii) Green Rock Energy Ltd
On 10 May 2005 Perilya Limited acquired 7.5 million ordinary shares and 7.5 million "A" class performance shares as sales proceeds for their 50% interest in the geothermal energy project at Olympic Dam in South Australia.

(iii) Hire Purchase of plant and equipment
During the year ended 30 June 2005, Perilya entered into hire purchase contracts amounting to $2.0 million to finance the acquisition of underground mobile equipment for the Broken Hill and Daisy Milano Operations.

(iv) Daisy Milano
In conjunction with the purchase of Daisy Milano the Company issued shares to the Ridgeview Group.

Note 13 : Earnings per share

	12 months to 30 June 2005 Cents	30 June 2004 Cents
Basic earnings per share	**(2.8)**	8.0
Diluted earnings per share	**(2.8)**	7.7

Weighted average number of shares

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**168,121,022**	161,657,982
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**168,121,022**	167,853,562
Reconciliations of earnings used in calculating earnings per share	**$'000**	$'000
Net profit	**(4,713)**	12,887

Information concerning the classification of securities

Options granted to employees under the Perilya Limited Employee Share Option Plan are considered to be potential ordinary shares and have not been included in the determination of diluted earnings per share for the year ended 30 June 2005 as the effect, on the $4.7 million loss, would be anti-dilutive. The options were however included in the determination of diluted earnings per share for the comparative year. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 17.

Note 14 : Segment information

12 months to 30 June 2005	**Base metals mining $'000**	**Gold mining $'000**	**Exploration $'000**	**Investment & Administration $'000**	**Consolidated $'000**
Total sales revenue	188,390	2,721	-	-	191,111
Other revenue	949	310	-	5,993	7,252
Total segment revenue	189,339	3,031	-	5,993	198,363
Segment result	9,598	(1,411)	(13,715)	(1,111)	(6,639)
Share of net profits of associates					(145)
Loss from ordinary activities before income tax expense					(6,784)
Income tax benefit					2,071
Net loss attributable to members of the parent entity					(4,713)
Segment assets	119,815	24,157	15,756	28,007	187,735
Unallocated assets					-
Total assets					187,735
Segment liabilities	36,593	2,921	-	2,061	41,575
Unallocated liabilities					30,807
Total liabilities					72,382
Investments in associates	-	-	-	90	90
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	26,200	19,330	2,255	298	48,083
Depreciation and amortisation expense	19,143	1,201	-	110	20,454
Other non-cash expenses	-	-	-	-	-

12 months to 30 June 2004	Base metals mining $'000	Gold mining $'000	Exploration $'000	Investment & Administration $'000	Consolidated $'000
Total sales revenue	157,476	250	-	-	157,726
Other revenue	2,638	1,500	-	32,289	36,427
Total segment revenue	160,114	1,750	-	32,289	194,153
Segment result	(3,808)	516	(296)	18,029	14,441
Share of net losses of associates					3,842
Profit from ordinary activities before income tax expense					18,283
Income tax benefit					(5,396)
Net loss attributable to members of the parent entity					12,887
Segment assets	115,323	-	27,216	50,588	193,127
Unallocated assets					275
Total assets					193,402
Segment liabilities	33,502	-	1,706	848	36,056
Unallocated liabilities					58,522
Total liabilities					94,578
Investments in associates	-	-	-	4,999	4,999
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	28,446	-	14,043	121	42,610
Depreciation and amortisation expense	18,229	-	-	45	18,274
Other non-cash expenses	-	-	296	-	296

Secondary reporting - geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non- current segment assets	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000	**2005 $'000**	2004 $'000
Australia	**107,420**	141,561	**187,609**	190,907	**48,083**	42,610
Korea	**90,943**	52,592	**-**	-	**-**	-
Malaysia	**-**	-	**126**	2,495	**-**	-
	198,363	194,153	**187,735**	193,402	**48,083**	42,610

Note 15 : Broken Hill Operations

The production, sales and financial information for the Broken Hill Operations are as follows:

	First Half 2005 $m	Second Half 2005 $m	Full Year 2005 $m	Full Year 2004 $m
PRODUCTION				
Ore treated ('000 tonnes)	971	913	1,884	2,109
Head grade - Zinc (%)	7.6%	7.8%	7.7%	7.4%
- Lead (%)	3.3%	4.3%	3.8%	3.2%
- Silver (g/t)	36	46	41	34
Zinc concentrates ('000 tonnes)	133.8	127.5	261.3	282.4
- Zinc grade (%)	50.3%	50.7%	50.5%	49.7%
- Contained zinc ('000 tonnes)	67.4	64.6	132.0	140.4
Lead concentrate ('000 tonnes)	36.8	48.5	85.3	79.3
- Lead grade (%)	71.7%	71.6%	71.6%	68.8%
- Contained lead ('000 tonnes)	26.3	34.8	61.1	54.2
- Contained silver (million oz's)	0.8	1.1	1.9	1.7
SALES				
Zinc concentrate ('000 tonnes)	123.1	141.8	264.9	275.9
Lead concentrate ('000 tonnes)	35.7	48.9	84.6	80.3
FINANCIAL PERFORMANCE				
Revenue				
Gross sales	117.2	150.7	267.9	234.8
Treatment charges	(34.9)	(44.6)	(79.5)	(77.3)
Other revenue	0.8	0.1	0.9	2.6
Total revenue	**83.1**	**106.2**	**189.3**	**160.1**
Cash production costs	61.7	63.0	124.7	121.0
Non cash production costs	9.4	9.7	19.1	18.3
Non production costs	16.4	20.0	36.4	27.8
Change in stock	(5.8)	5.3	(0.5)	(3.2)
Total cost of sales	**81.7**	**98.0**	**179.7**	**163.9**
Profit before interest and tax	**1.4**	**8.2**	**9.6**	**(3.8)**
BALANCE SHEET				
Current assets	34.2	25.7	25.7	25.2
Non current assets	92.5	94.1	94.1	90.1
Total assets	**126.7**	**119.8**	**119.8**	**115.3**
CAPITAL EXPENDITURE				
Mine capital development	6.2	6.0	12.2	10.9
Property, plant and equipment	5.6	5.4	11.0	17.5
Total capital expenditure	**11.8**	**11.4**	**23.2**	**28.4**
UNIT COSTS				
Zinc cash costs - (US$/lb)	0.40	0.41	0.41	0.39
- (A$/lb)	0.55	0.54	0.55	0.56
Zinc total costs - (US$/lb)	0.47	0.49	0.48	0.46
- (A$/lb)	0.64	0.64	0.64	0.65

Note 16 : Issued and quoted securities

	2005 Shares	2004 Shares	2005 $'000	2004 $'000
Opening balance of issued and fully paid ordinary shares	**164,020,332**	**159,385,332**	**78,044**	**76,202**
Share placement	20,026,907	-	20,152	-
Options exercised	2,475,000	4,635,000	1,090	1,842
Balance of issued and fully paid ordinary shares at end of reporting period	**186,522,239**	**164,020,332**	**99,286**	**78,044**

Note 17 : Options issued and outstanding

Options over Perilya Limited ordinary shares issued and outstanding under the Perilya Employee share option plans at the date of this report are:

Number	Exercise Price	Expiry Date
300,000	$ 1.00	16/10/2006
2,000,000	$ 0.45	16/11/2006
170,000	$ 0.45	19/11/2006
550,000	$ 0.70	31/12/2006
100,000	$ 1.40	14/01/2007
700,000	$ 0.80	31/08/2007
700,000	$ 0.97	21/05/2009
2,100,000	$1.00 / $1.20 / $1.40	9/08/2009
850,000	$ 0.88	20/08/2009
3,000,000	$ 1.01	16/05/2010
1,000,000	$ 1.13	16/05/2011
1,000,000	$ 1.26	16/05/2012
12,470,000		

During the year 7,950,000 options were issued under the plan.

The above options are exercisable at various vesting dates from the date of allotment to three years from the date of allotment at the exercise price.

If a request to exercise options has not been made to the Company by the expiry date then the options will, subject to the terms of the plan and the election of the individuals, be exercised or lapse.

Note 18 : Net tangible assets per share

	12 Months to	
	30 June 2005	30 June 2004
Net tangible assets per share ($)	0.62	0.59

Note 19 : Disposal of controlled entity

Perilya Geothermal Energy

On the 10 May 2005 Perilya Limited sold to Green Rock Energy Ltd (formerly Mokuti Mining Limited) its controlled entity, Perilya Geothermal Energy Pty Ltd which held a 50% interest in the geothermal energy project surrounding the Olympic Dam mine in South Australia for a consideration of 7.5 million ordinary shares in Green Rock Energy and 7.5 million "A" Class performance shares which were converted to fully paid ordinary shares on the drilling of the first exploratory well on the geothermal leases.

Details of the disposal are as follows:

	$'000
Consideration	
Shares	3,000
Total disposal value	3,000
Cost of identifiable net assets of controlled entity disposed	
Capitalised Exploration Expenditure	212
	212
Gain on disposal of controlled entity	2,788

Note 20 : Commodity prices and exchange rates

The spot and average commodity prices and exchange rates have been as follows:

	ZINC		LEAD		SILVER		
	US$/lb	A$/lb	US$/lb	A$/lb	US$/oz	A$/oz	US$/A$1.00
Spot Prices							
As at 31 December 2003	0.46	0.61	0.34	0.45	5.97	7.95	0.75
As at 30 June 2004	0.39	0.57	0.44	0.64	5.91	8.56	0.69
As at 31 December 2004	0.58	0.74	0.48	0.62	6.77	8.69	0.78
As at 30 June 2005	0.55	0.73	0.42	0.55	7.10	9.34	0.76
Average Prices							
Average for 6 months to 31 December 2003	0.40	0.58	0.26	0.38	5.12	7.46	0.69
Average for 6 months to 30 June 2004	0.48	0.64	0.38	0.51	6.47	9.38	0.74
Average for 12 months to 30 June 2004	0.44	0.62	0.32	0.45	5.74	8.08	0.71
Average for 6 months to 31 December 2004	0.46	0.63	0.42	0.57	6.84	9.33	0.73
Average for 6 months to 30 June 2005	0.59	0.76	0.45	0.58	7.06	9.17	0.77
Average for 12 months to 30 June 2005	0.52	0.70	0.43	0.58	6.95	9.27	0.75

Note 21 : International Financial Reporting Standards

The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

Perilya has established a project team to manage the transition to AIFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team is chaired by the Group Financial Controller and reports quarterly to the audit committee.

The project team has analysed the AIFRS and has identified the accounting policy changes that will be required. The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. The expected financial effects of adopting AIFRS are shown for each line item in the statements of financial performance and statements of financial position, with descriptions of the differences. No material impacts are expected in relation to the statements of cash flows.

Although the adjustments disclosed in these notes are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change should the AASB or IASB amend or issue additional standards and/or interpretations. Therefore, until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted

a) Financial Instruments

The group will be taking advantage of the exemption available under AASB 1 to apply AASB 132 '*Financial Instruments Disclosure and Presentation*' and AASB 139 '*Financial Instruments: Recognition and Measurement*' with effect from 01 July 2005. Under AASB 132 the current classification of financial instruments issued by entities in the consolidated entity would not change.

Notwithstanding the later adoption of the above standards, the company has identified the following financial instruments adjustments required.

Under AASB 139 '*Financial Instruments: Recognition and Measurement*' (IFRS equivalent: IAS 39) assets are classified into one of four categories:

a) Assets available for sale.
b) Assets held for trading.
c) Investments held to maturity.
d) Loans and receivables originated by the enterprise and not held for trading.

The investments held by the Perilya Group are classed as "Assets available for sale". In terms of this classification Perilya is required to value the assets at each reporting date at the market value. The movement in each reporting date valuation, for financial years ended on or after 30 June 2006, is transferred to a "Fair Value Adjustment Reserve" unless the Board of Directors consider any reduction in market value to be a permanent diminution in value in which case the difference will be expensed in the Profit and Loss. Fair value adjustments prior to the financial year ended 30 June 2005 is taken directly to a Fair Value Adjustment Reserve in Equity. When the investments are sold, the cumulative adjustments associated with the investments sold, if any, will be transferred from the Fair Value Adjustment Reserve to the Profit and Loss. The fair value adjustment as at 1 July 2005 and credited to Fair Value Adjustment Reserve on investments will be:

	As at 1 July 2005 $'000
Fair value adjustment	1,845

The company has identified the Broken Hill Operation's price linked payment as an embedded derivative. The impact of this adjustment has not as yet been quantified. The price linked payment is payable to the Administrators of Pasminco if the spot zinc price averages in excess of US$ 950/tonne in any one quarter. These potential payments cease on 30 November 2009, or the payment of $30 million, whichever occurs first.

b) Deferred tax liability

Under *AASB 112 Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognized directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognized directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005 a decrease in the consolidated entity deferred tax liabilities of $550,000 ($780,000 decrease on transition) at 30 June 2005 would have been recognised as a result of a discounted rehabilitation provision.

c) Provisons, Contingent Liabilities and Contingent Assets

Under AASB 137 '*Provisions, Contingent Liabilities and Contingent Assets*' the provision for rehabilitation and restoration is to be the estimated total future rehabilitation and restoration costs discounted to a present value.

For new mining projects, the discount value of the estimated total future rehabilitation and restoration costs will be the initial provision. Each subsequent reporting period, the amount of the provision will be adjusted by:

a) any change in the estimated future rehabilitation and restoration costs of existing workings
b) an increase in the estimated future rehabilitation and restoration costs for new workings and
c) the discount associated with the change in either the life of the project and the discount rate.

Changes in the estimated total future rehabilitation and restoration costs for existing and new workings are capitalized under mine properties.

Perilya Limited's policy for rehabilitation and restoration costs under existing GAAP was to accrue the total estimated future rehabilitation and restoration costs on an undiscounted basis. On implementation of the IFRS equivalent accounting standards, Perilya will be required to present value the provision for rehabilitation and restoration costs and charge the difference to Retained Income.

For the financial year ended 30 June 2004 an amount of $1.8 million (after taxes of $0.8 million) will be credited to Retained Income in the consolidated financial statements.
For the financial year ended 30 June 2005 an amount of $0.8 million will be debited to the Profit and Loss (before taxes of $0.2 million) in the consolidated financial statements

In determining the present value of the rehabilitation and restoration reserve a discount rate of 5.5% was applied.

d) Impairment of Assets

Under AASB 136 *'Impairment of Assets'*, entities are no longer able to assess whether assets are impaired by using an undiscounted recoverable amount test. Entities will be required to determine recoverable amount as the higher of fair value less costs to sell and value in use. Discounted cash flows must be used to determine recoverable amount.

The impact of the application of AASB 136 has not been quantified as at 30 June 2005.

e) Share based payments

Under AASB 2 '*Share-based Payment'*, from 1 July 2004, the consolidated entity is required to recognise an expense for those options that were issued to employees after 7 November 2002 but that had not vested by 1 January 2005.

This will result in a change to the current accounting policy under which no expense is recognised for equity-based compensation.

If the policy required by AASB 2 has been applied during the year ended 30 June 2005, consolidated retained profits at 30 June 2005 would have been lower, with a corresponding increase in the share-based payment reserve. For the year ended 30 June 2005, the consolidated employee benefits expense would have been $520,000 higher ($35,000 recognised on transition) with a corresponding increase in the net movement in the share based payment reserve.

f) Other revenue disclosures

Under AIFRS, the revenue recognised in relation to the sale of non-current assets is the net gain on the sale. This is in contrast to the current Australian GAAP treatment under which the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. The net impact on the profit or loss of this difference is nil.

If the policy required under AIFRS had been applied during the year ended 30 June 2005, the consolidated revenue from ordinary activities would have been $679,000 lower with a corresponding decrease to other expenses.

Under AASB 123 *'Borrowing Costs'* foreign exchange gains on interest bearing liabilities are not included in borrowing costs. This is in contrast to the current Australian GAAP treatment under which the foreign exchange gains are recognised as borrowing costs.

If the policy under AIFRS had been applied during the year ended 30 June 2005 the consolidated revenue from ordinary activities would have been $2,422,000 higher with a corresponding increase to borrowing costs.