

Half-Year Financial Results

for the six months ending 30 June 2013

30 August 2013

PERILYA REPORTS INTERIM HALF-YEAR LOSS AFTER TAX OF \$19.6 MILLION

Perilya (ASX:PEM) today released its half-yearly financial results for the six months ended 30 June 2013, reporting a loss after tax of \$19.6 million (down on the \$5.4 million NPAT for the corresponding period last year) on revenue from operations of \$139.1 million for the period (down 14% from the \$161.3 million for the corresponding period last year).

KEY POINTS

- Net loss before tax of \$29.2 million (down from a net profit before tax of \$8.3 million for the corresponding period last year).
- Net loss after tax of \$19.6 million (down from net profit after tax of \$5.4 million for the corresponding period last year).
- Net cashflow from operating activities of \$22.5 million for the 6 months to 30 June (down 15% on the corresponding period last year of \$26.4 million).
- A foreign exchange loss of \$12.1 million relating to the revaluation of the Company's USD borrowings as a consequence of the decline in the Australian dollar against the US dollar in May and June, which impacts the Income Statement for the half-year ended 30 June.
- The significant decrease in the AUD against the USD also resulted in a foreign exchange gain of \$20.2 million relating to the translation of the net assets from the Company's American operations. In accordance with the accounting standards, this gain is recognised in the Statement of Changes in Equity instead of the Income Statement for the half-year.
- Free cash on hand at 30 June of \$67.2 million (up from \$37.6 million at 31 December 2012).
- As highlighted in Perilya's June quarterly report, during the period Perilya rolled-over and increased its working capital facilities with its existing bankers and entered into an additional new working capital facility with China Construction Bank.
- Contained metal production for Cerro de Maimón for the period of 5,320 tonnes of copper (in-line with full year guidance of 11,000-12,000 kt copper), 8,708 ounces of gold (well ahead of the corresponding period last year, 6,847oz) and 186,736 ounces of silver (ahead of the corresponding period last year, 164,006oz).
- Cerro de Maimón net C1 cash costs for the period of US\$0.89/lb of payable copper, well within full-year market guidance of US\$0.80-US\$1.00/lb of payable copper.
- Contained metal production for Broken Hill for the period of 54,300 t combined zinc and lead, in-line with revised annual guidance of 115kt-125kt of combined metal (down 16% on the corresponding period last year of 64,600 t of combined metal).
- Broken Hill notional net C1 cash costs* for the period of US\$0.93/lb of payable zinc, against full-year market guidance of US\$0.65-US\$0.80/lb of payable zinc.

- Cash operating margin of (US\$0.05/lb) of payable zinc (down from US\$0.22/lb of payable zinc for the corresponding period last year) reflects lower metal prices for both zinc and by-product credits, lead and silver, and, as previously advised to the market, geotechnical issues in the first half that reduced access to planned high grade production areas resulting in greater reliance on established lower grade ore blocks to achieve production volumes.
- Total planned metal production at Broken Hill for the half year was adversely impacted by the conscious decision during the first quarter to shift to owner/operator at Potosi and the decision to slow the rate of development in response to the current economic circumstances. The decision resulted in a reduction in spend at Potosi and a focus on increased drilling underground giving Perilya a better understanding of the ore-body, resulting in far greater confidence in the mining inventory and confidence of further improvement going forward.
- The adverse impact of lower metal prices, a strong Australian dollar for most of the half and restricted access to higher grade production stopes were partially off-set by a strong focus on direct costs with direct cash costs at Broken Hill slightly lower at US\$1.39/lb of zinc (down from US\$1.44 for the corresponding period last year).

Perilya's Managing Director, Paul Arndt said *"The first half of 2013 was particularly difficult one for Perilya's Broken Hill operations and one which presented many challenges to the Company, which is reflected in the financial performance for the half year. This was highlighted by:*

- *continuing weakness in base and precious metals prices during the period;*
- *a continuation of a strong Australian dollar against the US dollar up until mid-May;*
- *geotechnical issues experienced at Broken Hill in some of the older sections of the mine temporarily restricting access to planned higher-grade production stopes; and*
- *the significant drop in the Australian dollar against the US dollar from May through June and beyond resulted in an unrealised exchange rate loss of \$12.1 million in May and June in connection with the Company's US dollar denominated debt."*

Mr Arndt added, *"it is important to note that notwithstanding the unrealised loss of \$12.1 million relating to the Company's US denominated borrowings as a consequence of the fall in the value of the Australian dollar, longer term a lower Australian dollar will have a positive effect on Perilya's sales revenue and an increase in net assets due to foreign exchange gain on revaluation relating to the net assets from the Company's American operations, which, in the current half year resulted in a \$20.2 million gain recognised in the Statement of Changes in Equity."*

"We are also starting to reap the rewards from the improvements implemented during the first half with a 7% increase in combined zinc & lead metal production in the later part of the June quarter, which has continued to improve through July and August."

"We have also seen positive results from the concerted effort to continue to reduce costs across both sites but particularly at Broken Hill, which included a significant cut-back in the use of contractors and a limited redundancy program that saw staff numbers at site cut by 10%. The costs reduction program at Broken Hill saw direct cash costs reduce by 10% quarter on quarter in the June quarter, with those reductions being maintained into the second half. This has resulted in a notional net C1 cash cost for the month of June coming down to US\$0.70/lb of zinc, with this level of notional C1 cash cost being maintained through July and into August. Given this improvement in direct costs, the recent improvement in metal prices, particularly for lead and silver (by-product credits), improved production and improved grades as a consequence of being able to re-access higher-grade production stopes, Perilya is maintaining its full year C1 cash costs guidance at Broken Hill."

In its June quarterly report, Perilya took the prudent step in the circumstances to revise down slightly its annual production guidance at Broken Hill for 2013 to produce a combined tonnage of approximately 115,000 to 125,000 tonnes of zinc and lead. In light of the production improvements achieved in the latter half of the June half-year and the fact that Perilya has overcome much of the geotechnical issues that previously prevented it from accessing the planned higher grade production stopes, Perilya is maintaining its revised Broken Hill production guidance for the full year."

"Perilya is also maintaining its full year guidance for production and C1 cash costs at Cerro de Maimón, at 11,000-12,000t of contained copper at a C1 cash-cost net of by-product credits of US\$0.80-US\$1.00/lb of copper."

Mr Arndt further added that, *"It is important to note that notwithstanding the adverse metal price environment and the unanticipated short term production issues experienced at Broken Hill, the combined operations continue to produce a positive EBITDA and they remain cashflow positive. We anticipate that, given we are moving back to normal rates of production at Broken Hill in the second half and re-accessing the higher grade planned production stopes, net operational cashflow will continue to improve."*

Further details on the Interim Half-Yearly Results and the performance of the business are set out in the full Half-Yearly Report attached.

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About Perilya

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 Nonfermet Co. Ltd, China's third largest zinc producer.

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



(ABN 85 009 193 695)

INTERIM REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2013

*This interim report incorporating Appendix 4D is provided to the Australian Stock Exchange (ASX) under
ASX Listing Rule 4.2A.3*

Current Reporting Period: Six months ended 30 June 2013
Previous Reporting Period: Six months ended 30 June 2012

INTERIM REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2013

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 and any public announcements made by Perilya Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report covers the consolidated entity consisting of Perilya Limited and its subsidiaries. The financial report is presented in Australian dollars.

Perilya Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8
251 Adelaide Terrace
Perth, WA 6000

The interim financial report was authorised for issue by the directors on 30 August 2013. The Company has the power to amend and reissue the Financial Report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All press releases, financial reports and other information are available at our Investor Information section on our website: www.perilya.com.au.

For queries in relation to our reporting please call: + 61 8 6330-1000 (within Australia 08 6330-1000) or alternately email Perilya@perilya.com.au.

APPENDIX 4D

FOR THE HALF-YEAR ENDED 30 JUNE 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Six months ended 30 Jun 2013 \$'000	Six months ended 30 Jun 2012 \$'000	Change %
Revenue from ordinary activities	139,131	161,301	Down 14%
(Loss)/Profit after tax from ordinary activities	(19,621)	5,379	Down 465%
(Loss)/Profit after tax attributable to members	(19,621)	5,379	Down 465%

DIVIDENDS/DISTRIBUTIONS

	Amount per security	Franked amount per security at 30 % tax
2013 interim dividend	Nil	N/A
2012 interim dividend previous corresponding period	Nil	N/A

Record date for determining entitlements to the dividend

Not Applicable

Payment date for the interim dividend

Not Applicable

NET TANGIBLE ASSETS PER SHARE

	30 Jun 2013 \$/share	30 Jun 2012 \$/share
Net tangible assets per share	0.50	0.47

COMMENTARY ON THE RESULTS FOR THE PERIOD

The commentary on the results for the period is contained in the Directors' Report. This Interim Financial Report is to be read in conjunction with the 31 December 2012 Annual Financial Report.

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2013



The directors present their report on the consolidated entity comprising Perilya Limited ("Perilya" or "the Company") and its controlled entities ("the consolidated entity") during or at the end of the six months to 30 June 2013 ("the half-year"). Perilya is a company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS

The directors of Perilya Limited during the half-year and up to the date of this report were:

Name	Position	Independent
Shuijian Zhang	Non-Executive Chairman	No
Patrick O'Connor	Non-Executive Director & Deputy Chairman	Yes
Paul Arndt	Managing Director & Chief Executive Officer	No
Minzhi Han	Executive Director & General Manager, Metals Marketing	No
Anna Liscia	Non-Executive Director	Yes
Wen Wang	Non-Executive Director	No

No directors of Perilya Limited have resigned during the half-year.

CONSOLIDATED RESULTS

	Six months ended 30 Jun 2013 \$'000	Six months ended 30 Jun 2012 \$'000
Consolidated entity (loss)/profit attributable to members of Perilya	(19,621)	5,379

NON-IFRS INFORMATION DISCLOSURE

Cash costs per payable pound ("C1 cash costs") of zinc/copper sold, as disclosed in the directors report, are calculated as the cash costs (e.g. mining, milling and concentrating, on-site administration and general expenses, royalties, metal concentrate treatment charges, freight and marketing costs) less the net value of by-product credits. C1 cash costs are compared from period to period to assess the overall efficiency and effectiveness of the Group's mining operations. This measure is also provided to allow users of the Group's financial information to assess the Group's profit potential and performance relative to other companies in the industry.

"C1 cash costs" is a non-IFRS measure and is unaudited. However, all the financial numbers used to calculate cash cost items and by-product credits are directly extracted from IFRS compliant financial information. Notional C1 cash costs, assuming that all production including by products produced during the period are sold during the same period, are used in order to provide more meaningful information for the users of the Group's financial information.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial period consisted of mining and exploring base and precious metals.

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2013



REVIEW OF OPERATIONS AND FINANCIAL RESULTS

FINANCIAL RESULTS

Net Profit

\$ '000	6 Months to Jun 2013	6 months to Jun 2012
Revenue from Operations	139,131	161,301
Net Income:		
EBITDA	(1,039)	33,683
Net Interest	(3,236)	(2,714)
Depreciation & Amortisation	(24,956)	(22,699)
(Loss)/Profit before Tax	(29,231)	8,270
Income Tax Credit/(Expense)	9,610	(2,891)
Net (Loss)/Profit for the period	(19,621)	5,379

Sales revenue for the current 6 months of \$139,131,000 (June 2012: \$161,301,000) was derived from:

- sales of 52,494 tonnes of payable metal (zinc and lead) and 504,080 ounces of silver from Broken Hill South mine (June 2012: 53,312 tonnes of payable metal (zinc and lead) and 700,180 ounces of silver);
- sales of 5,410 tonnes of payable copper, 177,179 ounces of silver and 8,316 ounces of gold from Cerro de Maimon mine in the Dominican Republic (June 2012: 6,147 tonnes of payable copper, 150,956 ounces of silver and 7,014 ounces of gold).

The reduction in sales revenue was due to a combination of lower payable metal sold and lower commodity prices generally, particularly copper, gold and silver.

The decrease in net profit is due to:

- a foreign exchange loss of \$12,048,000 relating to the Company's USD borrowings in the current 6 months (Jun 2012: a loss of \$1,630,000) as a result of significant depreciated AUD against USD between 1 May 2013 and 30 June 2013 from 1.0384 to 0.9275; and
- lower sales and commodity prices as mentioned above.

Net Assets/Equity

The significant decline of AUD against USD during the current six months also resulted in a foreign exchange gain of \$20,302,000 relating to the translation of the net assets from the Company's America operations. In accordance with the accounting standard, such gain is recognised in the Statement of Changes in Equity instead of the Income Statement for the half-year. Therefore, notwithstanding the net loss of \$19,621,000 for the half-year, the net assets/equity of the Company increased by \$1,149,000 to \$382,792,000 as at 30 June 2013.

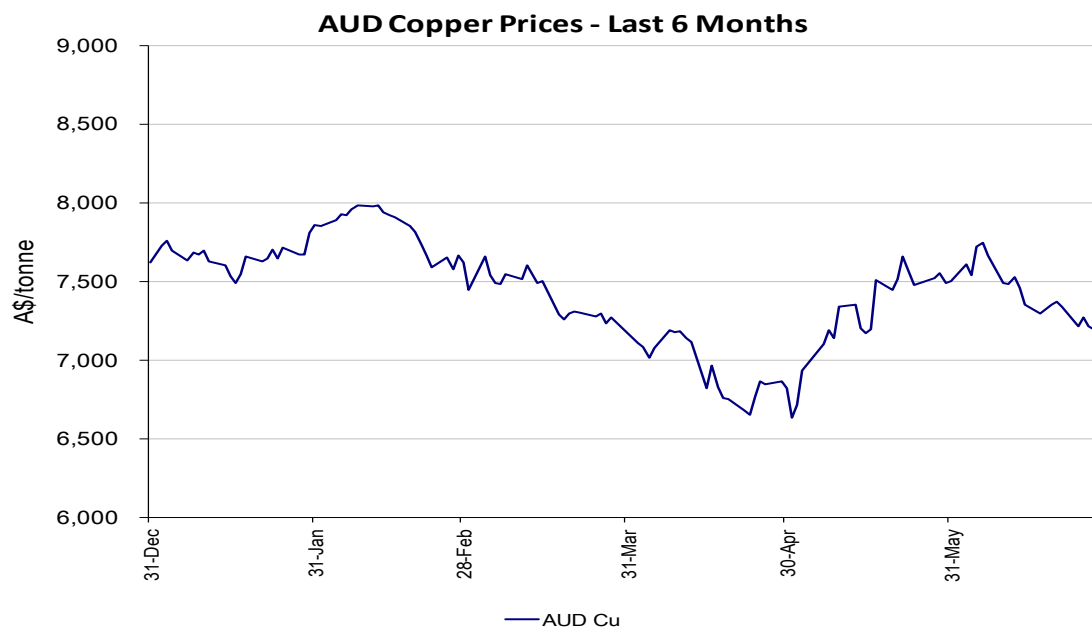
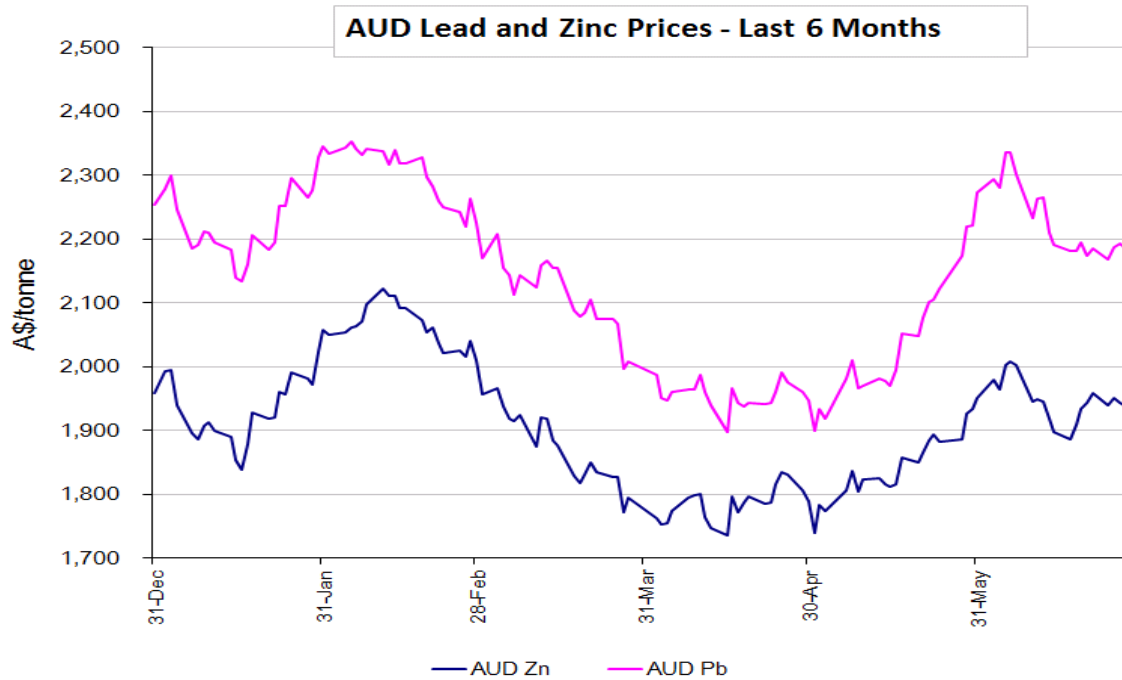
Metal Prices

Graphs below demonstrate the price history for zinc, lead and copper (in AUD terms) in the 6 months ended 30 June 2013.

The average copper prices in AUD for the 6 months ended June 2013, comparing to the same period in 2012, fell by 5%, whilst the average lead prices in AUD increased by 9% and average zinc prices in AUD

are similar to prices in the same period in 2012. This reflects the continued difficult pricing conditions we faced.

Chart: Zinc, Lead and Copper Prices for 6 months to 30 June 2013 (A\$/tonne)



DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2013

**CASH FLOW**

Group cash balance for the 6 months ended 30 June 2013 increased by \$29,540,000, leaving a closing cash balance of \$67,174,000.

Net cash from operations for the 6 months was \$22,487,000 (June 2012: \$26,409,000). The net cash contribution from operations was lower than the comparative 6 months due to lower sales of payable metal and lower commodity prices over the period.

Development and capital expenditure for the 6 months includes plant & equipment (\$7,735,000) and mine development (\$25,116,000) of which \$14,778,000 relates to the continued development of the Potosi/Silver Peak mine.

Exploration expenditure of \$2,164,000 was predominantly associated with the drilling programs at Cerro de Maimon, Broken Hill, Mount Oxide and Flinders.

During the period, the US\$30,000,000 unsecured working capital facility from Industrial and Construction Bank of China ("ICBC") was rolled-over.

Perilya also repaid the US\$40 million working capital facility to China Development Bank ("CDB") and subsequently entered into a new US\$45 million facility with CDB on improved terms, which was in two tranches, the first a US\$30 million 12-month working capital facility and the second a US\$15 million capital development facility for 3 years.

Perilya also entered into an unsecured US\$35 million 12-month working capital facility arrangement with China Construction Bank ("CCB") during the period.

BROKEN HILL OPERATIONS

Production was 34,600 tonnes of contained zinc and 19,700 tonnes of contained lead for the 6 months ended 30 June 2013, a 16% decrease in combined production tonnes from the same 6 months last year (30 Jun 2012: 37,000 tonnes of contained zinc and 27,600 tonnes of contained lead).

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2013



	6 months Jun 2013	6 months Jun 2012
PRODUCTION STATISTICS		
Ore		
Total Ore Mined (kt)	826.7	857.8
Total Ore Treated (kt)	825.5	855.8
Zinc		
Grade (%)	4.7	4.8
Concentrate (kt)	71.3	75.9
Contained Zinc (kt)	34.6	37.0
Payable Zinc (kt)	28.9	30.9
Lead		
Grade (%)	3.0	3.7
Concentrate (kt)	28.0	39.4
Contained Lead (kt)	19.7	27.6
Payable Lead (kt)	18.7	26.2
Silver		
Grade (g/t)	30.2	41.6
Contained Silver (Moz)	0.548	0.849
CASH COST & OPERATING MARGIN (US\$/lb zinc)		
Average Price Received	0.88	0.90
Direct Cash Costs	1.39	1.44
By-product credits ^(*)	(0.75)	(1.00)
Zinc treatment charges	0.29	0.24
Net Notional Cash Cost	0.93	0.68
Cash Operating Margin	(0.05)	0.22

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

The notional C1 net cash costs of production of US\$0.93/lb of payable zinc for the period, despite lower direct cash costs, was above the market guidance range of US\$0.65 - \$US0.80/lb of payable zinc predominantly due to lower lead and silver metal production and lower lead and silver prices (in USD terms) resulting in lower by-products credits.

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2013



CERRO DE MAIMON OPERATIONS

Production for the six months ended 30 June 2013 was 5,320 tonnes of contained copper, 186,736 ounces of silver and 8,708 ounces of gold (30 June 2012: 5,791 tonnes of contained copper; 164,006 ounces of silver and 6,847 ounces of gold).

Cerro de Maimon	6 months	6 months
Production & Cash Cost	Jun 2013	Jun 2012

PRODUCTION STATISTICS

Sulphide Plant		
Sulphide ore processed (tonnes)	257,242	229,658
Copper grade (%)	2.7	3.2
Gold grade (g/t)	1.0	1.0
Silver grade (g/t)	28.5	32.8
Copper concentrate produced (tonnes)	25,496	24,343
Copper concentrate grade (%)	20.9	23.8
Copper in concentrate (tonnes)	5,320	5,791
Gold in concentrate (ounces)	3,208	3,046
Silver in concentrate (ounces)	119,993	143,395
Oxide Plant		
Oxide ore processed (tonnes)	126,344	98,589
Gold grade (g/t)	1.59	1.41
Silver grade (g/t)	26	12
Gold (ounces)	5,500	3,801
Silver (ounces)	66,743	20,611

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

Average price received	3.42	3.77
Direct cash cost	2.23	1.82
By-products credit	(1.34)	(1.19)
Net notional cash cost	0.89	0.63
 Cash operating margin	 2.53	 3.14

The notional C1 net cash costs of US\$0.89/lb of payable copper for the period was within the market guidance range of US\$0.80 - \$US1.00/lb of payable copper. The increase compared to the previous period was attributable to lower copper in concentrate tonnes produced during the period as well as lower gold and silver metal prices.

CASH AND INVESTMENTS AT 30 JUNE 2013

At 30 June 2013, the Company held cash, deposits and investments totalling \$92,157,000 represented by:

- free cash of \$67,174,000;
- secured cash deposits of \$24,420,000 supporting performance bonds required under various mining licences at Broken Hill and security required for the environmental insurance policy related to the Cerro de Maimon mine; and
- Other investments of \$563,000 (market value).

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2013



DEBT

At 30 June 2013 Perilya has US\$187,479,000 of corporate debt (being debt other than equipment finance in the ordinary course of business) which comprises:

- US\$77,479,000 long-term funding for GlobeStar acquisition from China Development Bank ("CDB");
- US\$30,000,000 working capital facility from Industrial and Commercial Bank of China ("ICBC");
- US\$35,000,000 working capital facility from China Construction Bank ("CCB"); and
- US\$45,000,000 facility from China Development Bank ("CDB"), in two tranches firstly a US\$30,000,000 12 month working capital facility and secondly a US\$15,000,000 capital development facility for 3 years.

Perilya also has approximately \$11,365,000 in operating debt solely related to mobile equipment financing which is payable over a three to five year period.

FINANCIAL RISK MANAGEMENT

As at 30 June 2013, Perilya had the following outstanding forward sale hedging positions:

		2013 Quarter Ending	TOTAL
		Sep-13	POSITIONS
ZINC:-			
Tonnes	Tns	4,024	4,024
Price	A\$/tn	1,979	1,979
LEAD:-			
Tonnes	Tns	3,091	3,091
Price	A\$/tn	2,263	2,263

SUBSEQUENT EVENTS

Valuation of Perilya Broken Hill Land

On 19 October 2012, Lloyd AJ of the New South Wales Land and Environment Court ("**L&E Court**") allowed Perilya Broken Hill Limited's ("**PBHL**") appeal against a decision of the NSW Valuer-General to disallow PBHL's objection to the valuation of its parcels of mining leased land known as North, South and Potosi mines ("**Land**").

The NSW Valuer-General originally valued the Land at \$20.9 million but in allowing PBHL's appeal the L&E Court revoked this determination and ordered that the value of the Land be determined as \$4.9 million. In response to the L&E Court's decision, the NSW Valuer-General has amended the Register of Land Values kept by the NSW Valuer General to reflect the value determined by the L&E Court of \$4.9 million. Under s14DD(2) of the Valuation of Land Act 1916 the rates payable under the Local Government Act 1993 which are calculated by reference to land value must be recalculated to reflect the altered valuation and any overpayment made by Perilya must be refunded. Perilya is pursuing the Broken Hill City Council for approximately \$6.88 million in over paid rates between 2007 and 2010.

The matter has been the subject of an appeal to the NSW Court of Appeal by the NSW Valuer-General. The Court of Appeal delivered its judgment on 16 August 2013 ordering that the matter be referred back to the L&E Court for a re-hearing.

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2013



The receipt of the over paid rates is dependent on the outcome of the re-hearing.

Other than the above, there have been no other events subsequent to 30 June 2013 that have had an effect on the financial statements as presented that have not been recognised in these financial statements.

AUDITOR & AUDITORS' INDEPENDENCE DECLARATION

PricewaterhouseCoopers continues as the company's external auditor in accordance with section 327 of the *Corporations Act 2001* and the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 11.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the director's report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

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

Paul Arndt

Managing Director

Perth, Western Australia
30 August 2013



Auditor's Independence Declaration

As lead auditor for the review of Perilya Limited for the half-year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Perilya Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'CH', with a horizontal line extending to the right.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
30 August 2013

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CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2013


		CONSOLIDATED	
	Notes	Six months ended 30 June 2013 \$'000	Six months ended 30 June 2012 \$'000
Revenue		139,131	161,301
Other income		41	574
Changes in inventories of finished good & work in progress		(1,401)	6,206
Raw materials, power and consumables used		(45,271)	(46,054)
Employee benefits expense		(33,927)	(31,709)
Depreciation and amortisation expense		(24,956)	(22,699)
External services and consultants		(26,956)	(29,519)
Freight and handling		(11,604)	(13,636)
Royalties		(2,607)	(3,538)
Foreign exchange loss		(11,458)	(1,630)
Other expenses from ordinary activities		(6,459)	(7,634)
Finance costs		(3,749)	(3,376)
Fair value movement in financial assets at fair value through profit or loss		-	88
Impairment of available-for-sale financial assets		(15)	(104)
(Loss)/Profit before income tax		(29,231)	8,270
Income tax benefit/(expense)		9,610	(2,891)
(Loss)/Profit for the half-year		(19,621)	5,379
(Loss)/Profit attributable to:			
Owners of Perilya Limited		(19,621)	5,379
		(19,621)	5,379
Earnings per share for profit attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings per share		(2.6)	0.7
Diluted earnings per share		(2.6)	0.7

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 JUNE 2013



	CONSOLIDATED	
	Six months ended 30 June 2013 \$'000	Six months ended 30 June 2012 \$'000
(Loss)/Profit for the period	(19,621)	5,379
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Available -for-sale financial assets	53	(10)
Foreign currency translation	20,302	(444)
Income tax relating to components of other comprehensive income	(16)	136
Other comprehensive income/(expense) for the period, net of tax	20,339	(318)
Total comprehensive income for the period	718	5,061
Total comprehensive income for the period is attributable to:		
Owners of Perilya Limited	718	5,061
	718	5,061

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
FOR THE HALF-YEAR ENDED 30 JUNE 2013


		CONSOLIDATED	
		30 June 2013 \$'000	31 December 2012 \$'000
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		67,174	37,634
Trade and other receivables		34,120	48,375
Inventories		24,132	24,831
Current tax assets		1,283	-
Available-for-sale financial assets		563	524
Derivative financial instruments		96	-
Total current assets		127,368	111,364
Non-current assets			
Restricted cash		24,420	24,417
Trade and other receivables		101	101
Exploration, development and evaluation expenditure		205,109	186,556
Mine properties in use		241,436	225,430
Property, plant and equipment		77,599	66,604
Deferred tax assets		65,665	52,471
Total non-current assets		614,330	555,579
Total assets		741,698	666,943
LIABILITIES			
Current liabilities			
Trade and other payables		50,637	46,501
Borrowings	6	134,311	93,028
Other liabilities		14,988	13,647
Current tax liabilities		-	3,869
Derivative financial instruments		68	514
Total current liabilities		200,004	157,559
Non-current liabilities			
Borrowings	7	80,398	54,605
Provisions		40,642	39,605
Deferred tax liabilities		37,862	33,531
Total non-current liabilities		158,902	127,741
Total liabilities		358,906	285,300
Net assets		382,792	381,643
EQUITY			
Contributed equity	4	310,526	310,526
Reserves		18,746	(2,024)
Retained earnings		53,520	73,141
Total equity		382,792	381,643

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2013

CONSOLIDATED
Balance at 1 January 2013

Loss for the period

Other comprehensive income for the period

Total comprehensive income/(expense) for the period
Transactions with owners in their capacity as owners

Employee share options – value of employee services

Employee share acquisition plan

Balance at 30 June 2013

Contributed equity \$'000	Retained earnings \$'000	Reserves \$'000	Total equity \$000
310,526	73,141	(2,024)	381,643
-	(19,621)	-	(19,621)
-	-	20,339	20,339
-	(19,621)	20,339	718
-	-	385	385
-	-	46	46
-	-	431	431
310,526	53,520	18,746	382,792

Contributed equity \$'000	Retained earnings \$'000	Reserves \$'000	Total equity \$000
310,314	45,421	(595)	355,140
-	5,379	-	5,379
-	-	(318)	(318)
-	5,379	(318)	5,061
-	-	266	266
50	-	-	50
50	5,379	(52)	5,377
310,364	50,800	(647)	360,517

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 JUNE 2013



		CONSOLIDATED	
		Six months ended 30 June 2013 \$'000	Six months ended 30 June 2012 \$'000
	Notes		
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		164,388	186,599
Cash payments in the course of operations (inclusive of GST)		(131,222)	(142,210)
		33,166	44,389
Interest received		463	306
Interest and other finance costs paid		(3,272)	(2,708)
Income taxes paid		(7,870)	(15,578)
Net cash inflow from operating activities		22,487	26,409
Cash flows from investing activities			
Payments for mine properties		(25,116)	(26,462)
Payments for property, plant and equipment		(7,735)	(10,829)
Payments for exploration and evaluation		(2,164)	(4,617)
Proceeds from sale of property, plant and equipment		11	559
Receipts of other bonds		-	201
Net cash outflow from investing activities		(35,004)	(41,148)
Cash flows from financing activities			
Proceeds from adjustment to share issue costs	4	-	50
Proceeds from borrowings		84,538	12,291
Repayment of borrowings		(42,472)	-
Repayment of finance lease liabilities		(3,015)	(1,699)
Net cash inflow from financing activities		39,051	10,642
Net increase/(decrease) in cash and cash equivalents		26,534	(4,097)
Cash and cash equivalents at the beginning of the financial period		37,634	36,371
Effects of exchange rate changes on cash and cash equivalents		3,006	(998)
Cash and cash equivalents at end of the year		67,174	31,276

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2013



1. GENERAL INFORMATION

This condensed consolidated interim financial report of Perilya Limited and its controlled entities for the half-year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 30 August 2013.

Perilya Limited is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The nature of the operations and principal activities of Perilya Limited and its subsidiaries are the mining, production and marketing of base and precious metals and the exploration, evaluation and development of prospective base and precious metal areas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial report

This consolidated interim financial report for the interim half-year reporting period ended 30 June 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 and any public announcements made by Perilya Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those disclosed in the annual financial report for the year ended 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 30 JUNE 2013

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Working Capital Deficiency**

The Group had a working capital deficiency of \$72,636,000 as at 30 June 2013 (31 December 2012: \$46,195,000) due to expiring debt facilities becoming due and payable within 12 months, which is not unusual for Perilya as it has found the short term working capital facilities to be the most efficient and cost effective method of financing in the past. However should these facilities not be refinanced the Directors are confident that the working capital deficiency would be reduced in future periods as a result of the following:

- The Group is forecasting to generate positive operating cash flows from its Broken Hill and Cerro de Maimon operations that could be utilised to reduce outstanding debt;
- The Group is in discussions with financial institutions regarding the refinancing of existing working capital facilities and is currently assessing its options in this regard;
- In addition to the above, the Group could also avail itself of other sources of funding or deferral of expenditure, if required.

3. SEGMENT INFORMATION**(a) Description of segments**

Management have determined the operating segments based on the reports reviewed by the executive management team and board of directors that are used to make strategic decisions.

The executive management team and board of directors consider the business from an operational perspective and have identified six reportable segments as at 30 June 2013.

Base metals consist of lead and zinc production which is sold into Australia and global markets from both Broken Hill and Beltana, and copper and gold production and sale from the Cerro de Maimon mine located in the Dominican Republic. The executive management team considers these separately as they are three identifiable sites.

The Australia exploration segment operates predominantly in Australia with minor tenements held in Malaysia. This segment is monitored jointly as the only activity currently is in Australia.

The America exploration segment consists of exploration activities related to the non-producing mineral properties located primarily in the Dominican Republic and Canada.

The investment and administration segment represents all other activities including: hedging; management of financial instruments; investments and other head office costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 30 JUNE 2013



3. SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the executive management team and Board of Directors

The segment information provided to the executive management team and the board of directors for the reportable segments for the period ended 30 June 2013 is as follows:

	Metals mining			Exploration		Investment & administration \$'000	Adjustments & Eliminations \$'000	Consolidated \$'000
	Broken Hill \$'000	Beltana \$'000	Cerro de Maimon \$'000	Australia \$'000	America \$'000			
Total segment revenue	90,587	-	48,040	-	-	2,509	(2,005)	139,131
Other revenue/income	30	-	11	-	-	-	-	41
Reconciliation to total revenue	90,617	-	48,051	-	-	2,509	(2,005)	139,172
EBIT	(23,563)	(78)	15,467	-	-	(17,821)	-	(25,995)
Reconciliation of EBIT to operating profit/(loss) for the period								
Interest revenue	-	-	642	-	-	504	(632)	514
Finance costs	(795)	-	(111)	-	-	(3,476)	632	(3,750)
Profit/(loss) before income tax	(24,358)	(78)	15,998	-	-	(20,793)	-	(29,231)
Income tax benefit								9,610
Loss for the period								(19,621)
Depreciation and amortisation expense	(18,494)	-	(6,433)	-	-	(29)	-	(24,956)
Impairment losses taken to income statement	-	-	-	-	-	(15)	-	(15)
Segment assets ^{#*}	254,654	1,821	205,398	51,396	153,714	319,308	(244,593)	741,698
Total assets per the balance sheet								741,698
Segment liabilities ^{#*}	271,486	106	35,231	-	-	296,676	(244,593)	358,906
Total liabilities per the balance sheet								358,906
Acquisitions of property, plant and equipment, intangibles	30,518	-	2,333	1,215	949	-	-	35,015

[#] Investment and administration segment assets include cash on deposit.

^{*} Base metals mining segment assets/liabilities include derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 30 JUNE 2013


3. SEGMENT INFORMATION (CONTINUED)
(b) Segment information provided to the executive management team and Board of Directors (continued)

The segment information provided to the executive management team and the board of directors for the reportable segments for the period ended 30 June 2012 is as follows:

	Metals mining			Exploration		Investment & administration \$'000	Adjustments & Eliminations \$'000	Consolidated \$'000
	Broken Hill \$'000	Beltana \$'000	Cerro de Maimon \$'000	Australia \$'000	America \$'000			
Total segment revenue	109,666	-	50,993	-	-	2,371	(1,729)	161,301
Other revenue/income	574	-	-	-	-	-	-	574
Reconciliation to total revenue	110,240	-	50,993	-	-	2,371	(1,729)	161,875
EBIT	(4,558)	(121)	20,880	-	-	(5,217)	-	10,984
Reconciliation of EBIT to operating profit/(loss) for the period								
Interest revenue	-	-	334	-	-	642	(314)	662
Finance costs	(687)	-	(541)	-	-	(2,462)	314	(3,376)
Profit/(loss) before income tax	(5,245)	(121)	20,673	-	-	(7,037)	-	8,270
Income tax expense								(2,891)
Profit for the period								5,379
Depreciation and amortisation expense	(17,309)	-	(5,352)	-	-	(38)	-	(22,699)
Impairment losses taken to income statement	-	-	-	-	-	(104)	-	(104)
Segment assets [#] *	215,992	2,483	160,454	48,025	139,239	226,801	(155,758)	637,236
Total assets per the balance sheet								637,236
Segment liabilities [#] *	216,839	106	51,221	-	-	164,311	(155,758)	276,719
Total liabilities per the balance sheet								276,719
Acquisitions of property, plant and equipment, intangibles and other non-current	33,266	-	4,025	1,402	3,215	-	-	41,908

[#] Investment and administration segment assets include cash on deposit.

^{*} Base metals mining segment liabilities include derivative financial instrument liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 30 JUNE 2013


4. EQUITY SECURITIES ISSUED
(a) Movement in ordinary fully paid share capital

	30 June 2013 Shares	30 June 2012 Shares	30 June 2013 \$'000	30 June 2012 \$'000
Issues of ordinary shares during the half-year				
Opening balance of issued and fully paid shares	769,316,426	769,316,426	311,506	311,455
Plus: adjustment to share issue costs	-	-	-	50
Closing balance of issued and ordinary fully paid shares	769,316,426	769,316,426	311,506	311,505
Treasury shares (b)	(376,015)	(746,191)	(980)	(1,141)
Total consolidated contributed equity	768,940,411	768,570,235	310,526	310,364

(b) Movement in treasury shares

The following is a reconciliation of the movement in treasury shares, being shares held under the company's Employee Share Acquisition Plan (ESAP), which are held for the benefit of employees, but which have not vested to employees.

	30 June 2013 Shares	30 June 2012 Shares	30 June 2013 \$'000	30 June 2012 \$'000
Opening balance	(376,015)	(746,191)	(980)	(1,141)
Acquisition of shares by the Perilya Employee Share Acquisition Plan (ESAP) Trust	-	-	-	-
Perilya ESAP shares issued to participants	-	-	-	-
Closing balance	(376,015)	(746,191)	(980)	(1,141)

(c) Options on issue

As at 30 June 2013, there are Employee Options over unissued shares in Perilya Limited totalling 5,687,177 (30 June 2012: 7,837,177).

	Number	Exercise price	Grant date	Expiry date
Unlisted Employee Incentive Options	100,000	\$4.32	17.07.06	17.07.13
Unlisted Employee Incentive Options	2,589,721	\$0.87	04.06.10	31.03.14
Unlisted Employee Incentive Options	2,997,456	\$0.89	01.06.11	31.03.15
Total Options	5,687,177			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 30 JUNE 2013



4. EQUITY SECURITIES ISSUED (CONTINUED)

(d) Performance Rights on issue

During the reporting period 5,951,536 Performance Rights were approved and granted at the AGM held on 30 May 2013 (30 June 2012: 2,774,834).

Details of performance rights over unissued shares in Perilya Limited as at 30 June 2013 are set out below:

Number	Grant date	Vesting date	Expiry date
2,774,834	10 May 2012	31 Dec 2013 – 31 Dec 2015	31 Dec 2015
5,951,536	30 May 2013	31 Dec 2014 – 31 Dec 2016	31 Dec 2016
8,726,370			

5. DIVIDENDS PAID AND PROPOSED

No dividend is payable in respect of the 6 months ended 30 June 2013 and no dividend in respect of the year ended 31 December 2012 was paid in the reporting period.

6. CURRENT LIABILITIES - BORROWINGS

		CONSOLIDATED	
		30 June 2013 \$000	31 December 2012 \$000
Note			
Secured			
Finance leases		5,647	3,370
Loan facilities	(b)	57,189	60,757
Total secured current borrowings		62,836	64,127
Unsecured			
Insurance funding liabilities		974	-
Loan facilities	(a)	70,501	28,901
Total unsecured current borrowings		71,475	28,901
Total current borrowings		134,311	93,028

(a) Unsecured loan facilities

The USD \$30 million working capital facility from Industrial & Commercial Bank of China was rolled over in May 2013. The committed term of this working capital facility is 6 months, however, Industrial & Commercial Bank of China has discretion to extend this facility for a further 6 months after the committed term expires. The interest rate of the facility is 3-month LIBOR plus a margin of 2.2% per annum. The facility is not secured over any of the assets of Perilya.

Perilya has also entered into an unsecured USD \$35 million working capital facility arrangement with China Construction Bank during the period. The term of this facility is one year. The interest rate of the facility is 3-month LIBOR plus a margin of 2.6% per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 30 JUNE 2013



6. CURRENT LIABILITIES – BORROWINGS (CONTINUED)

(b) Secured loan facilities

A USD \$100 million long term facility from China Development Bank was obtained in 2010 to fund the acquisition of GlobeStar Mining of which USD \$91.2 million was utilised. The term of this facility is five years with the principal repayable at 5%, 10%, 25%, 25% and 35% on 8 December in each year. During 2011, USD \$4.6 million principal was repaid and during 2012, USD \$9.1 million principal was repaid. The interest rate on this facility is 3 month LIBOR plus a margin of 3.3% per annum. The facility is secured by the assets of Cerro de Maimon operations in the Dominican Republic from December 2011. The non-current portion of this loan is shown in note 7.

Perilya has repaid the USD \$40 million working capital facility to China Development Bank during the period and subsequently entered into a new USD \$45 million facility with China Development Bank which is in two tranches, the first is a USD \$30 million working capital facility on a 12 month term and the second is a USD \$15 million capital development facility over 3 years. The non-current portion of this loan is shown in note 7. The interest rate of the USD \$30 million working capital facility is 6-month LIBOR plus a margin of 2.6% per annum, and the interest rate of the USD \$15 million capital development facility is 6-month LIBOR plus a margin of 3.1% per annum. The facility is secured by the assets of Mt Oxide Pty Ltd and Perilya Freehold Mining Pty Ltd.

7. NON-CURRENT LIABILITIES - BORROWINGS

		CONSOLIDATED	
		30 June 2013 \$000	31 December 2012 \$000
Secured	Notes		
Finance leases		5,718	2,215
Loan facility	6(b)	74,680	52,390
Total secured non-current borrowings		80,398	54,605
Total non-current borrowings		80,398	54,605

8. CONTINGENCIES

Contingent liabilities

Land Tax relating to Perilya Broken Hill Land

On 17 December 2012, PBHL received a Land Tax Assessment Notice from the NSW Office of State Revenue relating to PBHL's North, South and Potosi mines. The assessment notice requires PBHL to pay land tax of approximately \$1.77 million with retrospective application covering the 5 year period between the 2008 and 2012 tax years. The assessment is inconsistent with the values recorded in the Register of Land Values kept by the NSW Valuer-General. Further, in light of the L&E Court's decision relating to valuation of PBHL land referred to under Note 10 below, the Company considers the amount of land tax claimed by the NSW Office of State Revenue to be excessive.

In the Company's view the levying of any land tax should await the outcome of litigation relating to the original decision of the L&E Court as this litigation is likely to have a material effect on the amount of land tax to be assessed. The Company has lodged an objection to the valuation used for the purposes of the Land Tax Assessment relating to all five years between 2008 and 2012 of assessment and the Chief Commissioner has granted the Company an extension of the obligation to pay in order to allow the objection to the underlying land valuations to be determined. The objection to the land valuations for land tax purposes for the years 2006-2011 inclusive are on the same basis as the Company's objection and successful appeal of the 2007 land valuation for the Company's Broken Hill Mining leases.

The land tax payment is dependent on the outcome of the re-hearing described under Note 10 below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 30 JUNE 2013

**9. RELATED PARTY TRANSACTIONS**

During the 6 months ended 30 June 2013, Perilya Limited entered into a contract with Shum Yip Nonfemet Hong Kong Limited ("Shum Yip"), a wholly owned subsidiary of Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd (the ultimate controlling party of Perilya Limited) for sale of zinc concentrate. The total net revenue amounted to USD \$17,135,357 for the 6 months ended 30 June 2013.

During the period, Perilya, in the ordinary course of business, received advance payment of USD \$5,160,000 from Shum Yip relating to a zinc concentrate shipment initially scheduled in June 2013. This amount was returned to Shum Yip in July 2013 due to delay in shipment. This transaction did not impact revenue for the period and the balance has been included within Trade and other payables in the balance sheet as at 30 June 2013.

Perilya's ultimate parent, Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd, is 39.23% owned by the People's Republic of China ("PRC") Government. The PRC Government also controls a number of state-owned companies in China. Therefore transactions with these companies are regarded as related party transactions. During the 6 months ended 30 June 2013, Perilya Limited entered into a contract with Jiangtong Southern (Hong Kong) Limited for sale of lead and zinc concentrate and Jiangxi Copper Company Limited for sale of copper concentrate. These two companies are either controlled or significantly influenced by the PRC Government. The total net revenue amount to USD \$21,149,522 with Jiangtong Southern (Hong Kong) Limited and USD \$12,238,926 with Jiangxi Copper Company Limited for the 6 months ended 30 June 2013.

The abovementioned sales were based on arm's length commercial terms and conditions, consistent with Perilya's Policy.

10. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE*Valuation of Perilya Broken Hill Land*

On 19 October 2012, Lloyd AJ of the New South Wales Land and Environment Court ("**L&E Court**") allowed Perilya Broken Hill Limited's ("**PBHL**") appeal against a decision of the NSW Valuer-General to disallow PBHL's objection to the valuation of its parcels of mining leased land known as North, South and Potosi mines ("**Land**").

The NSW Valuer-General originally valued the Land at \$20.9 million but in allowing PBHL's appeal the L&E Court revoked this determination and ordered that the value of the Land be determined as \$4.9 million. In response to the L&E Court's decision, the NSW Valuer-General has amended the Register of Land Values kept by the NSW Valuer General to reflect the value determined by the L&E Court of \$4.9 million. Under s14DD(2) of the Valuation of Land Act 1916 the rates payable under the Local Government Act 1993 which are calculated by reference to land value must be recalculated to reflect the altered valuation and any overpayment made by Perilya must be refunded. Perilya is pursuing the Broken Hill City Council for approximately \$6.88 million in over paid rates between 2007 and 2010. This amount was previously disclosed as a contingent asset in the 31 December 2012 annual financial report.

The matter has been the subject of an appeal to the NSW Court of Appeal by the NSW Valuer-General. The Court of Appeal delivered its judgment on 16 August 2013 ordering that the matter be referred back to the L&E Court for a re-hearing.

The receipt of the over paid rates is dependent on the outcome of the re-hearing.

Other than the above, there have been no other events subsequent to 30 June 2013 that have had an effect on the financial statements as presented that have not been recognised in these financial statements.

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 30 JUNE 2013



In the directors' opinion:

- (a) the financial statements and notes set out on pages 12 to 24 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.

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

Paul Arndt
Managing Director

Perth, Western Australia
30 August 2013



Independent auditor's review report to the members of Perilya Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Perilya Limited, which comprises the balance sheet as at 30 June 2013, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Perilya Limited Group (the consolidated entity). The consolidated entity comprises both Perilya Limited (the Company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and its performance for the half-year ended on that date; complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Perilya Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

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Independent auditor's review report to the members of Perilya Limited (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Perilya Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 30 June 2013 included on Perilya Limited's web site. The Company's directors are responsible for the integrity of Perilya Limited's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to be 'CH' followed by a flourish.

Craig Heatley
Partner

Perth
30 August 2013

SHAREHOLDER INFORMATION**Board of directors****Shuijian Zhang**

Non-Executive Chairman

Patrick O'Connor

Non-Executive Director & Deputy Chairman

Paul Arndt

Managing Director & Chief Executive Officer

Minzhi Han

Executive Director & General Manager, Metals Marketing

Anna Liscia

Non-Executive Director

Wen Wang

Non-Executive Director

Paul Marinko

Company Secretary & General Counsel

Head office and registered office

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Western Australia 6832

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Facsimile: +61 8 6330 1099

Email: Perilya@perilya.com.auWebsite: www.perilya.com.au**Company Secretary**

Paul Marinko

Auditors

PricewaterhouseCoopers
Chartered Accountants
125 St George's Terrace
Perth, Western Australia 6000

Stock exchange listing

The company's shares are listed on the Australian
Stock Exchange Limited
ASX Code: PEM

Shareholder communication

At Perilya, we are committed to the provision of timely, balanced shareholder communication, using plain language. The policy is provided on our website, along with our other corporate governance policies.

Half-year and annual financials

Copies of this report or earlier half-year or annual financial reports are available on our website at www.perilya.com.au/investor-information/company-reports or can be obtained by contacting Investor Relations (see details below).

Continuous disclosure

Copies of Perilya's announcements are available by visiting: www.perilya.com.au/investor-information or alternately register to receive ASX announcements via email by visiting: www.perilya.com.au/investor-information/subscribe

Website

Apart from information already noted, Perilya's website (www.perilya.com.au) also enables stakeholders to access other company information, for example copies of conference and forum presentations, details on directors and senior executives, information on current development projects etc, at their convenience.

Share registrar

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth Western Australia 6000

Website: www.computershare.com.au

