Quarterly Report

for the three months ended 30 June 2007

- Full year production from Broken Hill of 92,100 t of zinc and 60,500 t of lead
- 60% reduction in net cash operating costs to US$0.58 per pound zinc
- Beltana open pit (Flinders project) ahead of schedule -10,544 t of high grade ore stockpiled at 33.9% zinc
- Significant exploration results include 30.4 m at 5.2% copper, 48 ppm silver and 426 ppm cobalt at Mount Oxide and 36.0 m at 31.8% zinc at Reliance (Flinders project)

Broken Hill

Increased quarterly production of 22,000 tonnes zinc and 14,500 tonnes lead coupled with higher lead prices, resulted in net cash operating costs of US$0.58/lb, being 60 per cent lower than the previous quarter. Cash operating margin of US$0.85/lb zinc was comparable to that achieved in the first half of 2006/07.

The fifth anniversary of Perilya's ownership of the Broken Hill mine was marked on 1st June. Since acquisition, the operation has produced 642,000 tonnes of zinc, 298,000 tonnes of lead and 8.6 million ounces of silver. During this period, the ore reserve has been broadly maintained.

The lead price has more than tripled during the past year to over US$1.40/lb - as the sixth largest lead mine in the world, Broken Hill is well positioned to benefit from this favourable trend.

The Potosi exploration decline progressed to 448 metres beyond the portal entrance.

Flinders

Open pit mining operations at Beltana continue ahead of schedule and under budget. A total of 10,544 tonnes of high grade ore at an average grade of 33.9 per cent zinc was mined during the quarter.

Resource drilling at Reliance has returned excellent results, including 36 metres at 31.8 per cent zinc from 58 metres.

The process of obtaining development approvals has commenced for the Reliance, Moolooloo, Aristotle and Aroona2 deposits, located within 15 kilometres of the Beltana operation.

Mount Oxide

Two drill rigs at the Mount Oxide copper project targeting extensions to the 112,000 tonne resource have reported excellent intercepts including 30.4 metres at 5.2 per cent copper, 48 parts per million silver and 426 parts per million cobalt from 192.6 metres. A fifty hole program is planned for the current field season.

Corporate

The cash balance at the end of the quarter increased to $173.0 million. Divestment of non core assets continued during the quarter with the sale of the investment in Platmin Limited for A$14.1 million. The currency options acquired in the March quarter significantly reduced the company's exposure to the escalating USD/AUD exchange rate.

Len Jubber
Chief Executive Officer
Date: 19 July 2007

Broken Hill

Safety

The operation achieved a record 174 days without a lost time injury by end of June and at the time of issuing this report 1,000,000 man hours had been worked without an LTI – a significant achievement reflective of the strong safety culture.

Production

The focus of the mining operations during the quarter was on ramping up production with the transition from line-of-sight to tele-remote loading being successfully accomplished. Broken Hill is now one of the largest users of tele-remote loading in the world. While the transition adversely impacted on overall production during the quarter, productivity had surpassed that previously achieved with line-of-sight loading by quarter's end.

The second half of the quarter saw record development advance rates contributing to the rebuilding of the number of development headings required to achieve target production levels. The number of available development headings will be further increased in the September quarter.

Redeployment of the North Mine loaders to assist in the production ramp up at the Southern Operations reduced the ore contribution from this source to 15,400 tonnes. The equipment has subsequently been returned to operating activities at the North Mine.

Ore grades were in line with expectation given the high proportion of ore sourced from development headings as well as the current practice of mining all available stopes given the current high metal prices.

The quarter marked a significant milestone with the 1st of June being the 5th anniversary of Perilya acquiring the Broken Hill operations. In that period 642,000 tonnes of zinc, 298,000 tonnes of lead and 8.6 million ounces of silver have been produced. During the same period, the ore reserve has been broadly maintained.

Cash Operating Margins

An increased cash operating margin of US$0.85/lb zinc was driven by a higher average zinc price received (up 25% on prior quarter) and a lower net cash cost per pound zinc (down 60% on prior quarter).

The operating costs benefited from higher zinc production but also higher cost credits generated from improved lead production and prices, and represents the lowest cash cost since the March 2006 quarter.

Broken Hill is the 6th largest lead mine in the world and therefore stands to benefit substantially from the tightness in the lead market.

Business Improvement Projects

Good progress was achieved on the business improvement projects during the quarter as follows:

- *Pillars Project.* The project to double output from the high grade pillars zone in the Southern Operations is on track to deliver a production rate of 250,000 tonnes per annum by the end of the 2008 financial year.
- *Equipment availability, utilisation and productivity improvement*. The development of a load/haul fleet optimisation strategy will see a partial replacement of the aged mobile equipment during 2007/08. This investment, coupled with continuing improvements in productivity, will target a reduction in the overall fleet size.
- *Increasing production capacity through improved mine planning and scheduling*. New visual scheduling software was identified and implemented facilitating more effective mine planning co-ordination in the high stope mining environment.
- *Reducing operating costs through a wide ranging review of operating practices*. A complete benchmarking of the Southern Operations against a suite of comparable mines was undertaken to identify improvement targets with a number of potential cost saving measures being established for further assessment.
- *Improving operational control through the effective use of new technologies.* Completed the first stage commissioning of the in-stream analysis ("ISA") system in the concentrator. On the completion of calibration, the ISA system will enable better tuning of the plant and, significantly, allow more efficient short milling campaigns giving greater flexibility in batch treating different ore types.

Broken Hill Quarterly Production & Cash Costs	June Qtr 2007	March Qtr 2007	12 Months 06/07	12 Months 05/06
PRODUCTION STATISTICS				
Ore				
Southern Operation (kt)	390.9	238.0	1,580.1	1,843.9
North Mine (kt)	15.4	26.3	138.0	207.8
Total Ore Mined (kt)	406.3	264.3	1,718.1	2,051.7
Total Ore Treated (kt)	406.2	273.6	1,751.7	2,031.1
Zinc				
Grade (%)	6.0	4.9	5.8	7.6
Recovery (%)	90.4	87.9	90.2	92.9
Concentrate (kt)	45.0	24.2	186.1	285.9
Contained Zinc (kt)	22.0	11.8	92.1	144.1
Payable Zinc (kt)	18.4	10.0	77.2	121.2
Concentrate Inventory (kt)	5.7	3.8	5.7	27.6
Lead				
Grade (%)	4.1	3.5	4.0	4.2
Recovery (%)	87.7	85.5	86.8	87.5
Concentrate (kt)	19.9	11.6	82.8	102.0
Contained Lead (kt)	14.5	8.5	60.5	74.8
Payable Lead (kt)	13.8	8.0	57.5	71.0
Concentrate Inventory (kt)	2.0	1.8	2.0	-
Silver				
Grade (g/t)	43.9	39.2	41.7	45.4
Recovery (%)	75.0	73.3	74.0	74.1
Contained Silver (Moz)	0.415	0.225	1.679	2.125
CASH COST & OPERATING MARGIN (US$/lb zinc)				
Average Price Received	1.43	1.14	1.47	0.95
Direct Cash Costs	0.91	1.42	0.80	0.46
By-product credits	(0.60)	(0.43)	(0.49)	(0.25)
Zinc treatment charges	0.27	0.44	0.43	0.32
Net Cash Cost	0.58	1.43	0.75	0.53
Cash Operating Margin	0.85	(0.29)	0.72	0.42

Figure 1: Metal Produced and Cash Operating Costs

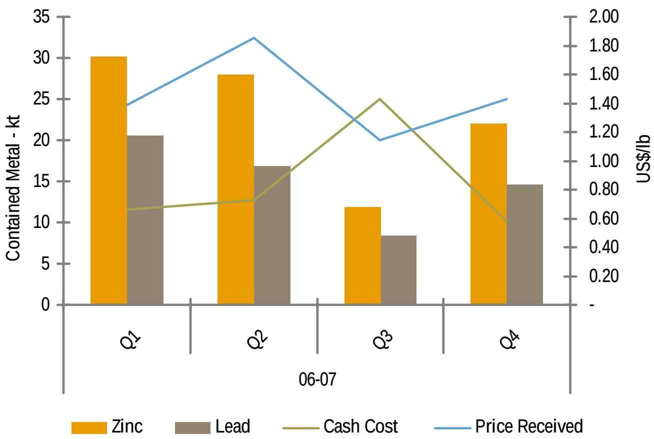
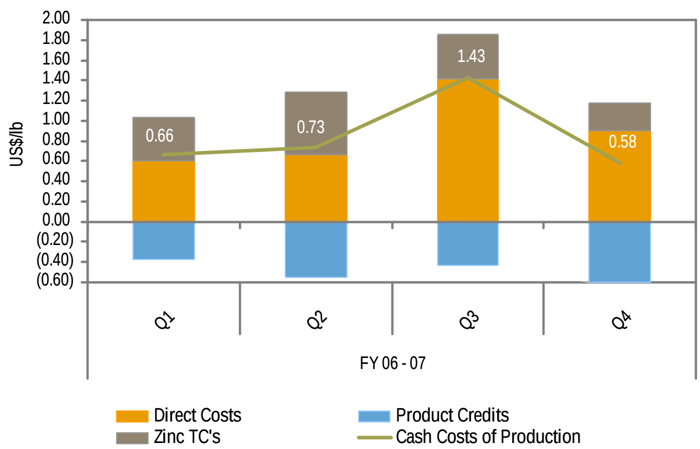


Figure 2: Net Cash Cost Per Pound Zinc

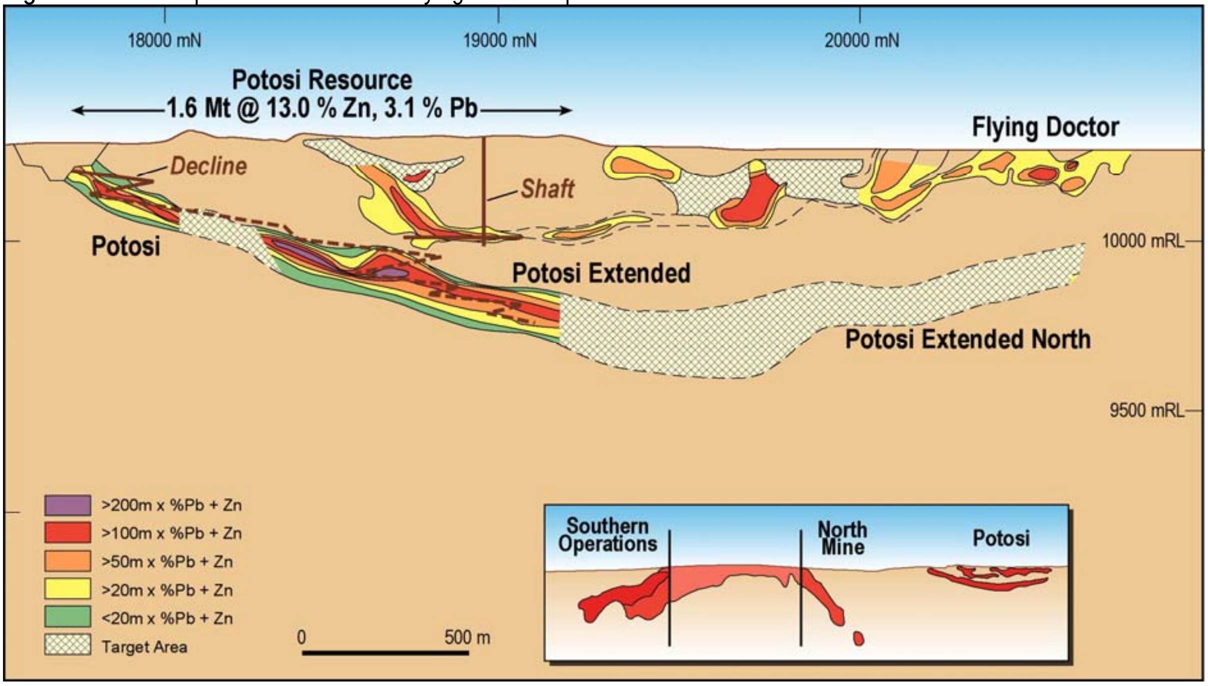


Potosi Exploration Decline

The Potosi exploration decline advanced a total of 178 metres to 448 metres from the portal, during the June quarter. The first ventilation rise was completed in May. First development ore to supplement Broken Hill production is expected in the September quarter.

A drilling campaign is targeting extensions to the existing 1.6 Mt resource beyond Potosi Extended and in the gap between Potosi North and Potosi Extended.

Figure 3: Potosi Exploration Decline and Flying Doctor deposit



Flying Doctor

The mineral resource estimate for the Flying Doctor deposit has increased by 96 per cent to 520,000 tonnes at 5.4 per cent zinc, 7.1 percent lead and 72 grams per tonne silver. This follows the inclusion of results from drilling conducted during 2006/07.

Preliminary planning indicates the potential for an economic open cut operation that could provide a fourth separate source of ore to the Broken Hill concentrator. Infill drilling to upgrade the resource estimate to indicated status is planned for the September quarter.

Table 1: Flying Doctor Mineral Resource Estimate

Category	Tonnes	Pb %	Zn %	Ag g/t
Inferred	520,000	7.1	5.4	72
Total	520,000	7.1	5.4	72

North Mine Deeps Pre-Feasibility Study

The Pre Feasibility Study completed by Australian Mining Consultants is being assessed by the company and a decision on the next phase of this project will be made in the September quarter.

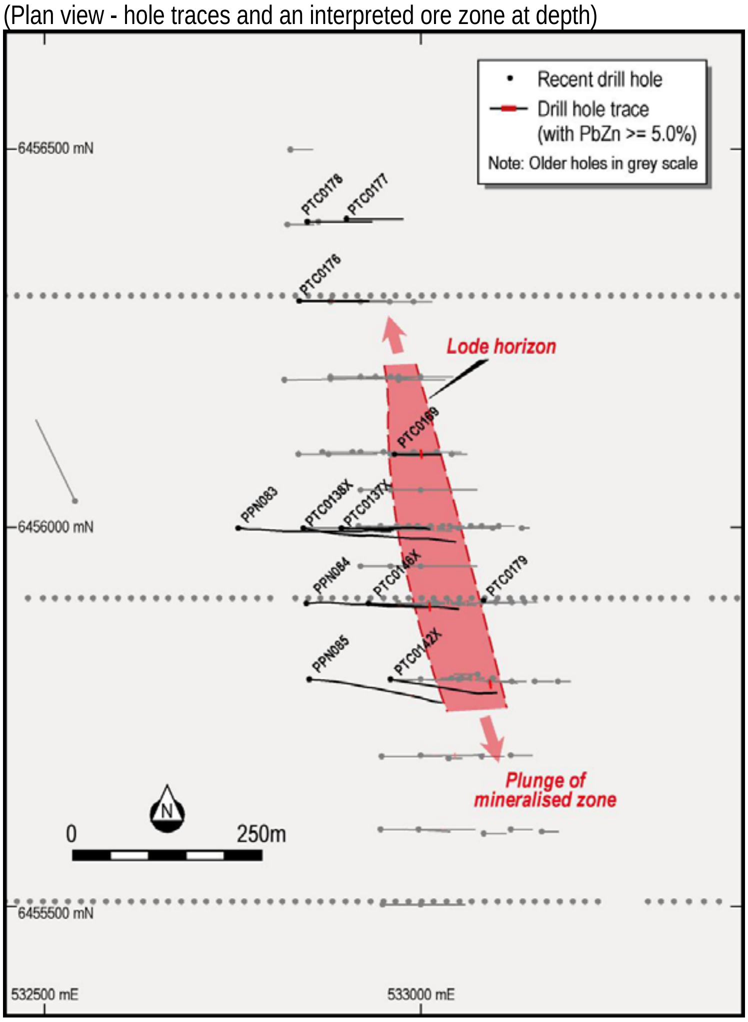
Henry George

Drilling has continued to intersect narrow, high grade mineralisation on broadly spaced 100 metre sections at Henry George over a strike length of approximately 500 metres. Mineralisation is open to the south, with the results received during the quarter shown below in Table 2.

Table 2: Henry George Drill Results, 5 per cent zinc cut off, 2 metre internal dilution, > 4m per cent.

Hole ID	Northing	Easting	Azi	Dip	From (m)	To (m)	Interval (m)	Pb %	Zn %	Ag (ppm)
PPN084	6455901	532848	88.9	-59	235.2	235.7	0.5	0.3	24.7	23
PPN085	6455800	532852	93.9	-60	274.4	275.1	0.7	2.1	11.2	70
PTC0138X	6455800	532960	92.9	-48.5	198.6	201.2	2.6	0.0	10.1	1
PTC0146X	6455900	532930	92.9	-61.5	164.6	165.9	1.3	0.3	6.7	14
					171.6	173.9	2.3	1.8	10.3	41
PTC0169	6456097	532965	89.9	-60	72.0	74.0	2.0	0.6	20.9	13
PTC0176	6456300	532840	89.9	-60	85.0	86.0	1.0	0.0	11.1	0

Figure 4: Location of drilling at Henry George, open to south
(Plan view - hole traces and an interpreted ore zone at depth)



Further drilling is planned to test along strike and down dip for thicker intercepts and to define the potential for open pittable resources. Drilling is also planned at a number of other targets nearby with strong geochemical and geophysical targets including Sam Deed, 11:30 and Monarch Flat.

Flinders Zinc Project

The Flinders project is located 520 kilometres north of Adelaide in the Flinders Ranges of South Australia.

Phase One – Beltana Open Cut Mining Operation

The first phase of the project comprises a twelve month open cut mining and on-site crushing program followed by direct shipment of zinc oxide ore through Port Pirie to smelters in Asia.

A total of 10,544 tonnes of high grade material was stockpiled during the June quarter. At current zinc prices, this stockpile contains sufficient payable metal to cover all the capital costs associated with the Beltana project.

The mining campaign is expected to be completed by early 2008 by which time a total of 150,000 tonnes of high grade direct shipping ore ("DSO") at approximately 38 per cent zinc will have been produced.

The first shipment of high grade DSO is expected in the December quarter with sales continuing over a two to three year period. High grade zinc sales for the 2007/08 financial year are forecast at 15,000 tonnes increasing to 20,000 tonnes in subsequent years.

A potential market has been identified for an intermediate grade product of approximately 30 per cent zinc which will increase the total tonnes of product available for sale to approximately 392,000 tonnes.

Table 3: Beltana Quarterly Production and Cash Costs

	June Qtr 2007	March Qtr 2007	12 Months 06/07	12 Months 05/06
PRODUCTION STATISTICS				
Total Tonnes Mined	1,639,006	332,987	1,971,994	0
High Grade (HG)				
Tonnes Mined	10,544	0.0	10,544	0
Zinc Grade (%)	33.9	0.0	33.9	0.0
Low Grade (LG)				
Tonne Mined	6,287	0.0	6,287	0
Zinc Grade (%)	21.0	0.0	21.0	0.0
Potential Intermediate Product (HG+LG)				
Tonnes Mined	16,831	0.0	16,831	0
Zinc Grade (%)	29.1	0.0	29.1	0.0
Cash Mining Costs ($/t)				
Total Cash Operating per tonne mined	2.82	2.26	2.73	0.00

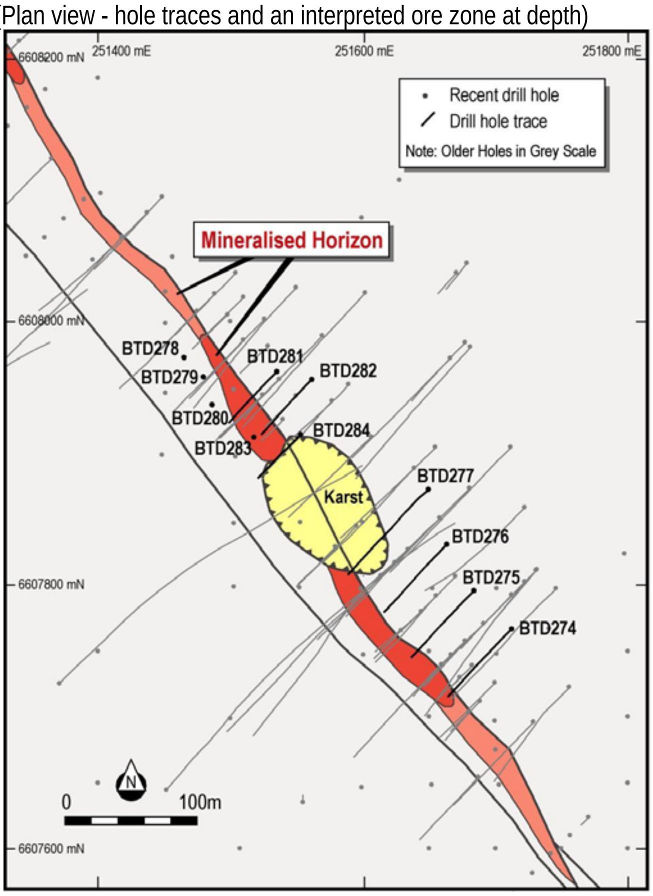
Both the operating and capital costs to date are below those reported in the feasibility study.

Cost savings have also been identified through more efficient use of the storage capacity within the shed allowing internal partition wall positions to be optimised.

Figure 5: Beltana open pit

Phase Two – Evaluate Potential Deposits along Strike

Figure 6: Location of diamond drilling at Reliance.
(Plan view - hole traces and an interpreted ore zone at depth)



Diamond drill hole BTD281 at Reliance has reported the best intercept ever at this deposit of 36 metres at 31.8 per cent zinc from 58 metres (Figure 6, Table 4). This result increases the confidence in the resource and provides SG data and material for mineralogical and metallurgical sampling. The southern margin of the karst is still not defined which leaves potential to increase the resource. Further drilling is planned to increase the resource confidence and expand the known resource.

Drilling programs in the September quarter will define the resources at Aristotle and Aroona2 as well as test a number of regional prospects close to the Beltana operation including Aroona, Emu, Sundown and Wallrider. These prospects have potential for defining shallow high grade resources and large deeper systems.

The process for obtaining development approvals for the Moolooloo, Aristotle, Aroona2 and Reliance deposits, all located within 15 kilometres of the Beltana operation, has commenced.

Table 4: Reliance Drill Results, 10 per cent zinc cut off, 5 metre internal dilution

Hole ID	Northing	Easting	Azi	Dip	From (m)	To (m)	Interval (m)	Zn %	Pb %
BTD275	6607796	251684	225	-60	91.4	92.4	1.0	10.2	0.1
BTD281	6607962	251535	225	-60	58.0	94.0	36.0	31.8	2.0
BTD282	6607956	251562	225	-60	86.0	87.0	1.0	17.2	0.3
BTD283	6607912	251518	0	-90	44.1	53.0	8.9	18.8	0.5

Daisy Milano

The Daisy Milano operation was suspended on 8 March 2007 and placed on care and maintenance as part of the gold asset divestment process.

Batch processing of ore at the Greenfields plant continued during the quarter producing 3,673 ounces of gold at a cash operating cost of $731 per ounce. Closing stockpiles, containing 3,790 ounces of gold, are expected to be processed in the first quarter of the 2008 financial year.

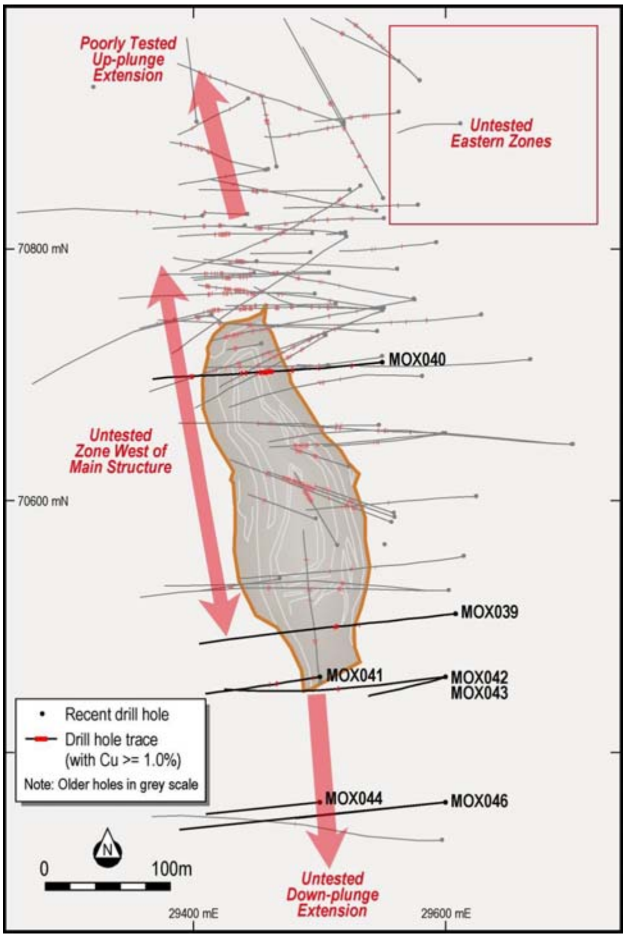
Table 5: Daisy Milano Quarterly Production and Cash Cost of Production

	June Qtr 2007	March Qtr 2007	12 Months 06/07	12 Months 05/06
Mining				
Ore Mined (t)	-	25,640	97,775	111,288
Ore Grade (g/t)	-	8.8	8.0	7.6
Contained Gold (oz)	-	7,268	25,190	27,298
Ore Stockpiles (t)	15,234	29,143	15,234	3,481
Processing				
Ore treated (t)	16,079	39,855	88,950	110,707
Head grade	7.3	9.3	8.8	7.5
Gold Recovery (%)	98.0	98.0	98.1	96.3
Gold Produced (oz)	3,673	11,654	24,779	25,573
Cash Cost of production (A$/oz)	731	554	590	596
Gold Sales (oz)	7,609	8,031	26,289	24,139

Mount Oxide Copper Project (100%)

The Mount Oxide project is located approximately 25 kilometres north of the Mount Gordon operation in the Mount Isa district.

Figure 7: Location of Drilling at Mount Oxide, Extending Mineralization to South
(Plan view - hole traces and an interpreted ore zone at depth)



A 50 hole drill program to target expansion of the existing 112,000 tonnes copper resource in all directions commenced in the June quarter. Seven holes were completed during the quarter and a second rig mobilised to site in June.

Hole MOX40 drilled to test a structure in the central part of the resource and provide geotechnical and metallurgical samples, has returned the best results ever at Mount Oxide including 30.4 metres at 5.2 per cent copper, 48 parts per million silver and 426 parts per million cobalt as well as 4 metres at 5.5 per cent copper, 62 parts per million silver and 670 parts per million cobalt. (Table 6, Figure 7).

Drilling to the south has also encountered copper mineralisation, with results returned up to hole MOX42. Drilling will also be targeting a postulated southern plunge to the mineralization and a near surface intense alteration system to the north of the deposit.

A scoping study for the current resource base demonstrating the potential for the deposit has led to the commencement of initial permitting work and the start of metallurgical and geotechnical work.

Table 6: Mount Oxide Drill Results, 0.5 per cent copper cut off, 2 metre internal dilution, > 4 metre per cent.

Hole ID	Northing	Easting	Azi	Dip	From (m)	To (m)	Interval (m)	Cu %	Ag (ppm)	Co (ppm)
MOX039	70510	29608	264	-60	182.0	188.0	6.0	2.2	12	78
MOX040	70710	29550	261	-63	53.0	60.0	7.0	1.1	1	109
					114.0	116.1	2.1	1.1	21	2150
					156.0	160.0	4.0	5.5	62	670
					192.6	223.0	30.4	5.2	48	426
					239.0	250.0	11.0	1.0	10	190
					332.0	342.0	10.0	1.1	7	2301
MOX041	70460	29500	264	-69	95.0	98.6	3.6	2.4	18	57
					112.5	115.0	2.5	1.9	18	58
MOX042	70460	29600	252	-60	166.6	169.0	2.4	2.6	18	33

Regional exploration is underway with a number of targets being followed up in the field including co-incident gravity-magnetic targets and radiometric anomalies associated with historical workings. A strong haematite alteration system less than one kilometre east of the known deposit is untested and will be drilled during the season.

Corporate

Cash Flows

At 30 June 2007, cash and short term deposits totalled $173.0 million (March quarter - $151.8 million).

Key cash flow items were:

- Higher metal production and sales from Broken Hill generated $34.9 million in operating cash flow
- Capital expenditure at Broken Hill totalling $16.9 million on resource extension drilling, mine development and mobile equipment replacements
- Beltana and Potosi project development expenditure of $5.4 million
- Exploration expenditure of $4.7 million; and
- The sale of the company's shareholding in Platmin Limited for $14.1 million

Revenue Protection

Currency Protection

Revenues in June were protected through call options that were exercised at US$0.8200 compared to the average spot rate of US$0.8426.

As at 30 June 2007, the company had further call options over A$280 million of projected receipts for the 2008 financial year at a strike price of US$0.8325. Important to note that whilst the use of options protects the company against an increase in the AUD relative to the USD it still maintains exposure to the benefits of a decrease.

At the current spot exchange rate of US$0.8750 this equates to a A$13.6 million benefit to both pre tax earnings and cash flow for the 2008 financial year.

Metal Forward Sales

Perilya has entered into Australian dollar denominated forward sales contracts for approximately 20 per cent of forecast zinc sales and 46 per cent of forecast lead sales out to June 2009. This represents less than 10 per cent of the current ore reserves at Broken Hill.

A summary of the company's forward sales, including QP hedging, is shown below in Table 7:

Table 7: Forward Sales (as at 15 July 2007)

	2007/08 (*)			2008/09		
	AUD Contracts	USD Contracts	TOTAL	AUD Contracts	USD Contracts	TOTAL
Zinc						
Tonnes	24,000	5,550	29,550	15,301	-	15,301
Price (A$/t)	2,451	3,537	2,789	3,766	-	3,766
Lead						
Tonnes	34,178	8,224	42,402	33,242	-	33,242
Price (A$/t)	1,478	2,358	1,736	1,748	-	1,748

(*) Includes QP Hedging

Metal Put Options

The company recently acquired put options over approximately 50 per cent of forecast lead sales to June 2008. These put options provide the right, but not the obligation, to sell lead at an agreed strike price on a future date (refer Table 8).

The overall effect of these USD lead put options and the AUD call options is a minimum achievable price of A$2,703 per tonne on the 38,647 tonnes hedged in 2008, whilst maintaining upside exposure to a rising lead price and/or a weakening AUD.

Table 8: Lead Put Options (as at 15 July 2007)

	Jul 07 - Dec 07	Jan 08 - Jun 08	2007/08
Tonnes	15,554	23,093	38,647
Strike Price (US$/t)	2,400	2,150	2,251
Strike Price (A$/t) (*)	2,883	2,583	2,703

(*) converted at the US$0.8325 strike price of USD/AUD currency options in place for FY2008. Strike prices exclude the cost of the option premium.

Changes to Board of Directors

During the quarter Mr Guy Travis and Mr Chang Keun Choi resigned from the Board.

Mr Travis played a significant role in the growth and development of Perilya during his five years of service on the Board following the merger with Ranger Minerals and retired to pursue other business interests. Mr Choi retired after two years of service as the representative of Korea Zinc, who remain long-term supporters of Perilya providing important offtake arrangements for zinc concentrate.

The Board will seek to shortly appoint suitable candidates to the roles of Non-executive Director who have the requisite skills and expertise to assist Perilya into its next phase of sustainable long-term growth.

Divestment of Gold Business

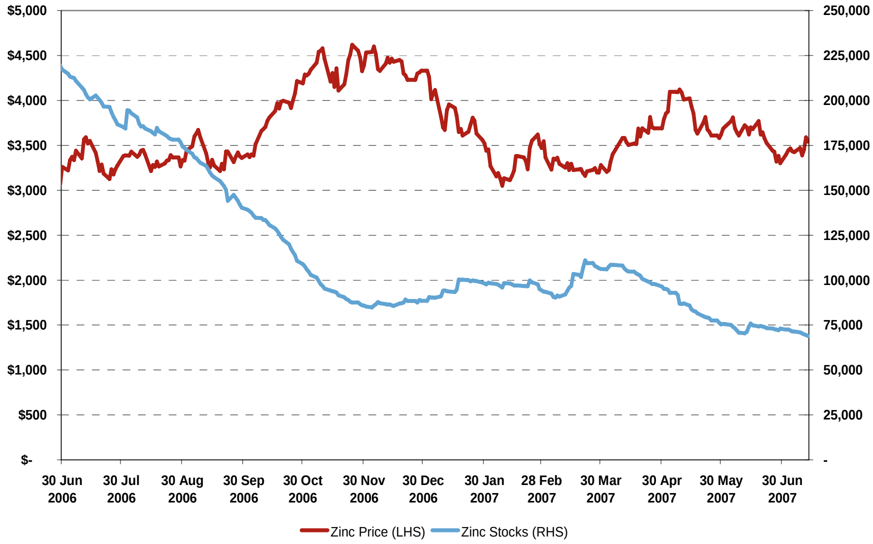
The divestment process has resumed following the hiatus associated with the suspension of mining activities in March.

Full Year Result and Final Dividend

The company expects to release the results for the 2007 financial year, including details of the final dividend, during the week commencing 20 August 2007.

Metal Markets

Zinc (LME stockpiles & US$ Cash Price per tonne)

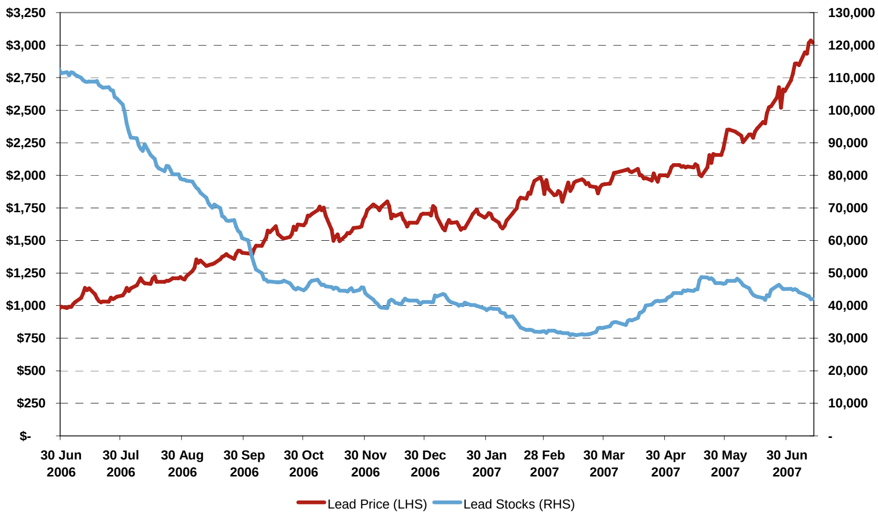


Zinc stocks at the London Metal Exchange have fallen steadily during the quarter returning to less than 70,000 tonnes by 11 July.

The zinc price started the quarter at US$3,290 and increased to a high of US$4,120 before finishing at US$3,300. Subsequent to the quarter end, zinc has rallied 7 per cent to US$3,540 by 13 July.

The zinc price increased by 1.9 per cent during 07/08.

Lead (LME stockpiles & US$ Cash Price per tonne)



Lead stocks at the London Metal Exchange began the quarter at 33,250 tonnes and have increased steadily to 45,075 tonnes at quarter end.

The lead price has increased by 37 per cent to US$2,647 during the quarter. The lead price increased by 172 per cent during 06/07. Subsequent to the end of the quarter the price has increased a further 14 per cent to US$3,018 by 13 July.

Attribution Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Bruce G.D. Hooper who is a full-time employee of the company and is a member of the Australian Institute of Geoscientists. The Flying Doctor Mineral Resource estimate was completed under the overall supervision and direction of Mr. Jared Broome who is a member of the Australian Institute of Geoscientists (AIG). Bruce Hooper and Jared Broome have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Bruce Hooper and Jared Broome consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Company Profile

Perilya Limited is a leading Australian base metals mining and exploration company. Perilya owns and operates the iconic Broken Hill zinc, lead and silver mine in New South Wales, Australia and the Beltana high grade zinc mine in South Australia. The company is strengthening its project pipeline with an exploration decline at the Potosi deposit in Broken Hill, exploration at the Mount Oxide copper deposit in Queensland and the Flinders Project in South Australia. Perilya has a strong balance sheet with low debt levels and is actively seeking growth opportunities through acquisition.

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

Corporate Details

Board of Directors:

Patrick O'Connor	Non-Executive Chairman
Len Jubber	CEO & Managing Director
Peter Harley	Non-Executive Director
Phil Lockyer	Non-Executive Director

Capital Structure:

Ordinary Shares	196,296,377
Unlisted Options	4,490,000

Major Shareholders:

Young Poong/Korea Zinc, Ltd	9.8%
AXA Asia Pacific Holdings Limited	9.3%
Barclays Global Investors Australia Ltd	9.3%
Delta Partners LLC / Charles Jobson	5.6%

Australian Stock Exchange Listing

ASX Code:	PEM

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