



(ABN 85 009 193 695)

**PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

*This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under
ASX Listing Rule 4.3A*

Current Reporting Period: Financial Year ending 30 June 2009

Previous Reporting Period: Financial Year ending 30 June 2008

APPENDIX 4E - PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009



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The information contained in this preliminary financial report is to be read in conjunction with the last annual report of Perilya Limited for the year ended 30 June 2008 and with any public announcements made during the reporting period.

For more information about Perilya Limited, please visit www.perilya.com.au

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				2008 \$A'000		2009 \$A'000
Revenue from ordinary activities	down	22.6%	from	273,124	to	211,524
Loss after tax from ordinary activities	down	46.5%	from	(140,235)	to	(75,089)
Loss after tax attributable to members	down	46.5%	from	(140,235)	to	(75,089)

DIVIDENDS/DISTRIBUTIONS

	Amount per security	Franked amount per security at 30% tax
Final dividend for the year ended 30 June 2009	nil	nil

No interim dividend was paid for the year ending 30 June 2009 and the directors have decided not to pay a final dividend for the year ending 30 June 2009.

NET TANGIBLE ASSETS PER SHARE

	2008	2009
Net tangible assets per share	0.75	0.21

EXPLANATION OF RESULTS

See commentary on results at page 9 of this report

APPENDIX 4E - PRELIMINARY FINAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009



DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST IN THE PERIOD

Since the last annual reporting date one new 100% owned subsidiary company was incorporated in Australia, namely:

- Mount Oxide Pty Ltd

The assets, liabilities and results of this company, for the year ending 30 June 2009, are included in the financial statements of this report. There were no other entities over which control has been gained or lost over the period however the Group has renamed some of the subsidiary companies during the course of the year and details of these changes are provided in the notes to this preliminary report.

AUDIT REPORT

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

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009



	Notes	2009 \$000	2008 \$000
Revenue from continuing operations	3	211,524	273,124
Other income	3	540	25,515
Changes in inventories of finished goods and work in progress		(19,723)	27,923
Raw materials, power and consumables used		(63,125)	(59,111)
Employee benefits expense		(64,787)	(81,243)
Depreciation and amortisation expense		(10,035)	(48,334)
External services and consultants		(30,930)	(49,635)
Freight and handling		(40,319)	(30,526)
Royalties		(5,327)	(6,871)
Foreign exchange loss		(1,421)	(3,544)
Other expenses from ordinary activities		(15,923)	(13,813)
Impairment of property, plant and equipment	4	(5,396)	(135,769)
Impairment of available-for-sale financial assets	9	(7,126)	(13,858)
Impairment of exploration, development and evaluation assets		(9,235)	(38,462)
Impairment of other assets	16	-	(122)
Finance costs	5	908	(12,781)
Share of loss from associates accounted for using the equity method		(138)	(521)
Loss before income tax		(60,513)	(168,028)
Income tax (expense)/benefit	6	(14,576)	25,772
Loss from continuing operations		(75,089)	(142,256)
Profit from discontinued operations	7	-	2,021
Loss for the year attributable to members of Perilya Limited		(75,089)	(140,235)
Loss per share from loss from continuing operations attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share	18	(27.9)	(73.1)
Diluted loss per share	18	(27.9)	(73.1)
Loss per share from loss attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share	18	(27.9)	(72.1)
Diluted loss per share	18	(27.9)	(72.1)

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009



	Notes	2009 \$000	2008 \$000
ASSETS			
Current assets			
Cash and cash equivalents	8	36,906	26,532
Trade and other receivables		24,580	11,690
Current tax assets		-	2,967
Inventories		20,463	31,300
Available-for-sale financial assets	9	11,420	40,856
Derivative financial instruments	10	3,496	129,143
Total current assets		96,865	242,488
Non-current assets			
Restricted cash		24,565	10,444
Trade and other receivables		60	37
Inventories		-	8,754
Investments accounted for using the equity method	16	-	-
Exploration, development and evaluation expenditure		15,000	15,193
Mine properties in use		404	-
Property, plant and equipment		23,857	30,818
Total non-current assets		63,886	65,246
Total assets		160,751	307,734
LIABILITIES			
Current liabilities			
Trade and other payables		31,684	51,940
Borrowings		5,997	20,211
Provisions		6,392	14,721
Prepaid income		2,356	1,938
Deferred option premiums		-	30,332
Derivative financial instruments	10	3,671	7,701
Total current liabilities		50,100	126,843
Non-current liabilities			
Borrowings		2,583	5,794
Provisions		24,349	24,777
Prepaid income		-	2,710
Total non-current liabilities		26,932	33,281
Total liabilities		77,032	160,124
Net assets		83,719	147,610
EQUITY			
Contributed equity	11	154,287	106,539
Reserves	12	25,451	62,001
Retained profits	13	(96,019)	(20,930)
Total equity		83,719	147,610

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009



	Contributed equity \$'000	Retained earnings / Accumulated losses \$'000	Reserves \$'000	Total equity \$000
Balance at 1 July 2007	106,047	123,234	(80,008)	149,273
Changes in the fair value of available-for-sale financial assets (net of tax)	-	-	766	766
Changes in the fair value of cash flow hedges (net of tax)	-	-	140,022	140,022
Net income recognised directly in equity	-	-	140,788	140,788
Loss for the year	-	(140,235)	-	(140,235)
Total recognised income and expense for the year	-	(140,235)	140,788	553
Contributions of equity, net of transaction costs	1,020	-	-	1,020
Dividends provided for or paid (note 14)	-	(3,929)	-	(3,929)
Employee share options – value of employee services	-	-	520	520
Perilya Employee Share Acquisition plan	(528)	-	701	173
	492	(3,929)	1,221	(2,216)
Balance at 30 June 2008	106,539	(20,930)	62,001	147,610

	Contributed equity \$'000	Accumulated losses \$'000	Reserves \$'000	Total equity \$000
Balance at 1 July 2008	106,539	(20,930)	62,001	147,610
Changes in the fair value of available-for-sale financial assets (net of tax)	-	-	(1,105)	(1,105)
Changes in the fair value of cash flow hedges (net of tax)	-	-	(32,907)	(32,907)
Net expense recognised directly in equity	-	-	(34,012)	(34,012)
Loss for the year	-	(75,089)	-	(75,089)
Total recognised income and expense for the year	-	(75,089)	(34,012)	(109,101)
Contributions of equity, net of transaction costs	43,574	-	-	43,574
Dividends provided for or paid (note 14)	-	-	-	-
Employee share options – value of employee services	-	-	(17)	(17)
Perilya Employee Share Acquisition plan	4,174	-	(2,521)	1,653
	47,748	-	(2,538)	45,210
Balance at 30 June 2009	154,287	(96,019)	25,451	83,719

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009



	Notes	2009 \$000	2008 \$000
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		194,245	278,429
Cash payments in the course of operations (inclusive of GST)		(245,203)	(262,656)
		(50,958)	15,773
Hedge book closure		60,314	-
Payments on redundancies and associated employment benefits		(13,375)	-
Interest received		3,147	6,533
Interest and other finance costs paid		(1,326)	(1,964)
Income tax refunds received/(payments made)		2,967	(30,264)
Net cash (outflow)/inflow from operating activities		769	(9,922)
Cash flows from investing activities			
Payments for mine properties		(411)	(48,154)
Payments for property, plant and equipment		(5,157)	(29,661)
Payments for exploration and evaluation		(9,042)	(22,331)
Payments for purchase of available-for-sale financial assets		-	(28,470)
(Payments for)/returns of performance guarantee bonds		(14,121)	15,147
Payments for other bonds		(21)	(3)
Proceeds from sale of available-for-sale financial assets		16,351	44,553
Proceeds from sale of tenements		-	2,555
Proceeds from sale of property, plant and equipment		225	6,233
Funds advanced to associates		(138)	(350)
Net cash outflow from investing activities		(12,314)	(60,481)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		43,574	354
Payments for shares acquired by the Perilya Employee Share Acquisition Plan		(362)	(3,112)
Dividends paid to company's shareholders		(10)	(3,423)
Proceeds from borrowings		-	40,000
Repayment of borrowings		(14,423)	(38,090)
Repayment of finance lease liabilities		(6,860)	(6,258)
Net cash (outflow)/inflow from financing activities		21,919	(10,529)
Net (decrease)/increase in cash and cash equivalents		10,374	(80,932)
Cash and cash equivalents at the beginning of the financial year		26,532	147,455
Reclassification of cash to available-for-sale financial assets	9	-	(39,991)
Cash and cash equivalents at end of the year	8	36,906	26,532

The above consolidated cash flow statements should be read in conjunction with the accompanying notes

COMMENTARY ON RESULTS

FOR THE YEAR ENDED 30 JUNE 2009



OVERVIEW

The consolidated entity recorded a net loss after tax (NLAT) of \$75.1 million for the 12 months to 30 June 2009, compared to a NLAT of \$140.2 million in the previous year. The result included a first half loss after tax of \$77.2 million compared with a much improved second half profit after tax of \$2.1 million.

The significant improvement in second half earnings is a combination of both an increase in zinc and lead prices and a step change in operating productivities at Broken Hill, which resulted from the decision to resize the operation in the first half.

Highlights for the second half of the year included the following:

- Cash costs at Broken Hill almost halved from US\$1.08/lb of payable zinc in the first half to US\$0.58/lb of payable zinc in the second.
- Positive cashflow and earnings from both the Broken Hill Operation and the continued sale of Beltana zinc silicate stockpiles.
- Continuous improvement at the Broken Hill Operations in operating costs and productivity (tonnes mined per employee) achieved throughout the second half compared to the first half, which saw the Company move to a lower production and cost profile.
- Material reduction in head office costs.

As a result of these improvements and on the back of higher metal prices the consolidated entity recorded an after tax profit in the second half of the financial year of \$2.1 million. Importantly, these results, post resizing, demonstrate the capability of the Broken Hill Operation to not only withstand periods of weak metal prices but for it to be extremely well positioned to benefit from expected increases in metal prices when the global economic conditions start to improve.

SUMMARY OF FINANCIAL AND OPERATING PERFORMANCE	2008-09 Financial Year			2007-08 Financial Year Total
	1 July – 31 Dec H1	1 Jan - 30 June H2	Financial Year Total	
Financial				
Revenue (\$Million)	113.0	98.5	211.5	273.1
Net (loss)/profit after tax (\$Million)	(77.2)	2.1	(75.1)	(140.2)
Cash flow from operations (\$Million) *	(46.6)	(12.9)	(59.5)	(9.9)
Total assets (\$Million)	135.5	160.8	160.8	307.7
Shareholders equity (\$Million)	39.6	83.7	83.7	147.6
Broken Hill -Production				
Zinc (contained metal - tonnes)	40.1	35.2	75.3	91.3
Lead (contained metal -tonnes)	20.4	27.7	48.1	52.4
Zinc grade (%)	5.3%	5.4%	5.3%	5.8%
Lead grade (%)	3.0%	4.4%	3.7%	3.5%
Broken Hill - Cash costs and cash operating margin (US\$/lb zinc)				
Average price received	0.73	0.57	0.66	1.19
Net cash costs	1.08	0.58	0.85	1.03
Cash operating margin	(0.35)	(0.01)	(0.19)	0.16

* before income from closure of hedge book which realised \$60.3 million in H1.

Introduction of New Major Shareholder

The second half of the year also saw the introduction of Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd ("Zhongjin Lingnan") as a 50.1% shareholder. This welcome new partnership has brought not only financial stability to Perilya via a \$45 million capital injection in February 2009, but a strong and focused base metals operator from China. Zhongjin Lingnan is China's third largest zinc producer and is listed on the Shenzhen stock exchange with a market capitalisation of approximately CNY25.0 billion (A\$4.4 billion). Zhongjin's main activities comprise mining and smelting activities at its key operations at the Shaoguan and Danxia Smelters and the Fankou Lead/Zinc Mine.

COMMENTARY ON RESULTS

FOR THE YEAR ENDED 30 JUNE 2009

**Termination of Silver Sales Agreement (Subsequent to the end of the Financial Year)**

On 16 July 2009, the Company announced it had completed a transaction to terminate the Silver Sale Agreement with Coeur d'Alene Mines Corporation and CDE Australia Pty Ltd. The transaction will have a positive impact in a number of areas, including:

- Increase in future cash flow and earnings capability at Broken Hill;
- Lower cash operating costs (C1) by approximately US\$0.10 – US\$0.12/lb payable zinc (at current silver prices & USD/AUD exchange rate); and
- Enable Perilya to re-assess the potential of mining high silver grade deposits in the region, including North Mine, Potosi and the North Mine Deeps projects.

As a result of this transaction, the Company anticipates a further decrease in its targeted cash costs at its Broken Hill Operation to approximately US\$0.50 - US\$0.55/lb payable zinc in the 2010 financial period.

FINANCIAL RESULTS

The consolidated entity's reported net loss after tax of \$75.1 million included the following significant items (the majority of which were incurred in the first half and which were reflective of the resizing of the Broken Hill Operation as a consequence of low metal prices):

- Resizing costs including redundancy costs of approximately \$9.7 million and mine closure costs at the Potosi and North Mines of \$0.8 million;
- pre-tax impairment charges of \$21.8 million relating to the value of available for sale financial assets (\$7.1 million), exploration properties (\$9.2 million) and plant and equipment (\$5.5 million); and
- write-off of net deferred tax assets of \$32.7 million as, in the current financial environment, it is not probable that these benefits will be realisable.

RECONCILIATION TO UNDERLYING FINANCIAL RESULTS AFTER THE ADD-BACK OF ONE-OFF SIGNIFICANT ITEMS		2008-09 Financial Year			2007-08 Financial Year		
A\$ Million	Note	Pre-tax	Tax effect	Net impact after tax	Pre-tax	Tax effect	Net impact after tax
Net loss from continuing operations		(60.5)	(14.6)	(75.1)	(168.0)	25.8	(142.2)
Add back significant items:							
Resizing at Broken Hill Operation	(a)	10.5	(2.5)	8.0	-	-	-
Impairment losses	(b)	21.8	(6.5)	15.3	188.2	(56.5)	131.7
Adjustment to deferred income (silver sale)		-	-	-	(36.0)	10.8	(25.2)
(Profit)/loss on sale of investments		1.7	(0.5)	1.2	(16.0)	4.8	(11.2)
Non recognition of net deferred tax asset		-	32.7	32.7	-	24.8	24.8
Underlying financial result		(26.5)	8.6	(17.9)	(31.8)	9.7	(22.1)

(a) Broken Hill Operation resizing and closure of hedge book

On 21 August 2008, the Company commenced the implementation of a new operating plan aimed at resizing the Broken Hill operation in light of the low metal prices at the time. The new operating plan is focused on a lower tonnage profile around mining remnant pillars and stopes with low development requirements in the Southern Operation and was fully implemented by the end of the first half.

Regrettably, the new operating plan resulted in a large reduction in manning levels and the consequential payment of significant redundancy costs. The Company also incurred the cost associated with placing the North Mine and the Potosi decline on care and maintenance. Further cost reductions were also made in the corporate office and across exploration activities. The total pre-tax cost of the resizing (from a P&L perspective) was \$10.5 million (cashflow impact of approximately \$14.1 million).

In conjunction with the resizing, Perilya closed-out its hedge book realising approximately \$60.3 million in cash. The hedge book was closed to realise its inherent financial value and to strengthen the company's balance sheet at the time. Proceeds from the hedge book closure were used to fund the resizing of the Broken Hill Operation (including redundancy costs, care and maintenance programs and working capital requirements) and the repayment of \$10 million in short-term borrowings.

The gains arising from the closure of the hedge book will be recognised over the FY2009 and FY2010 financial accounts, in accordance with the Group's accounting policy and in compliance with AIFRS.

COMMENTARY ON RESULTS

FOR THE YEAR ENDED 30 JUNE 2009

**(b) Impairment**

Impairment losses included the following significant items (all of which were reflected in the first half).

IMPAIRMENT LOSSES (A\$ Million)	2009 Pre-tax impact	2008 Pre-tax impact
Impairment of Broken Hill operating and exploration assets	3.5	163.2
Impairment of Mount Oxide property plant and equipment	2.0	-
Other exploration assets	9.2	10.1
Available-for-sale financial assets	7.1	13.9
Sundry	-	1.0
Total impairment losses (pre-tax)	21.8	188.2

The Board believes that despite these write downs, the operational changes implemented at Broken Hill will allow the operation to maintain a production level that is financially viable whilst retaining the ability to re-establish increased production in the future if metal prices increase. Indeed, during the June quarter of 2009, the Broken Hill Operation returned to both a cash and earnings accretive position.

(c) Non-recognition of deferred tax asset

Under the resized operations at Broken Hill, in the Board's opinion, it is not probable Perilya will have sufficient future taxable profit to offset against carried forward unused tax losses. Therefore no deferred tax asset has been recognized. The value of deferred tax assets that are currently un-recognized at 30 June 2009 is \$57.6m including \$19.7m of unused tax losses. The assets will be brought to account, and thereby lower future income tax expense, should Perilya maintain a profitable profile in the future.

Sales Revenue

Average US dollar zinc prices fell by 45.9% and lead by 49.5% during the reporting period. A weakening of the AUD during the reporting period has helped offset some of the fall in metal prices; however, ultimately revenues for the period were down 22.6% to \$211.5 million from \$273.1 million achieved in the previous year.

Broken Hill physical sales volumes for lead were slightly lower than last year by 7.1% and zinc was higher by 13.1% but the drop in metal prices offset this increase. Beltana's zinc silicate sales volumes were 21.6% higher than last year.

Cash and Deposits

At 30 June 2009, cash totalled \$36.9 million while additional deposits totalling \$24.6 million supported performance guarantee for mining licences.

As at 30 June 2009, the consolidated entity also held \$11.4 million of 'available for sale investments', comprising \$10.0 million held in commercial paper and the \$1.4 million balance held in a number of listed and unlisted equity investments.

Debt

At 30 June 2009 Perilya has zero corporate debt (being debt other than equipment finance in the ordinary course of business) and approximately \$10.4 million in operating debt solely related to mobile equipment financing which is payable over a five year period.

Perilya's policy of maintaining zero corporate debt over the past year has enabled it to take advantage of the extremely competitive funding opportunity to finance the termination of the Silver Sale Agreement with Coeur (discussed further below).

Financial Position

At 30 June 2009 the company had net assets of \$83.7 million and an excess of current assets over current liabilities of \$46.8 million.

BROKEN HILL OPERATION

Production for the twelve months ended 30 June 2009 was 75,421 tonnes of contained zinc and 48,111 tonnes of contained lead, (2008: 91,295 tonnes of contained zinc and 52,412 tonnes of contained lead). The drop in production was a direct result of the resizing at Broken Hill to a lower production and lower cost profile.

Whilst the cash operating costs at the Broken Hill Operation for the year reduced an impressive 17% to US\$0.85/lb, the performance improvement of the 2nd half as compared to the 1st was even more dramatic – a 46% drop in C1 costs to US\$0.58 cents per pound zinc (2008: US\$1.08/lb zinc). This was achieved largely on the back of lower operating costs and productivity improvements.

COMMENTARY ON RESULTS

FOR THE YEAR ENDED 30 JUNE 2009



Further reductions in cash operating costs are forecast on the back of the Company's recent announcement of the termination of the Company's silver sale agreement, which will further underpin the viability of the Broken Hill operations, with the additional silver credits expected to reduce Broken Hill's cash operating costs by approximately US\$0.10-US\$0.12/lb of payable zinc at current silver price and USD/AUD exchange rates.

The improved operational results post resizing continue to demonstrate the capability of the Broken Hill operation to not only withstand periods of weak metal prices but for it to be extremely well positioned to benefit from expected increases in metal prices when the global economic conditions start to improve.

In the June 2009 quarter, the Company received approval from the EPA in South Australia for the export of lead concentrates out of its ship loading facility at Port Pirie. As previously announced, the Company's off-take agreement for lead concentrates with Nyrstar expires 31 December, 2009. With the EPA approval now in place, the Company is in a position to commence exports of its lead concentrates to other potentially higher margin markets with effect from 1 January, 2010.

Production for Broken Hill in the coming 12 months is forecast to be approximately 120,000 tonnes of contained zinc and lead (combined) at an average C1 cash operating cost of between US\$0.50 – US\$0.55/lb payable zinc (based on current metal prices and exchange rates).

FLINDERS PROJECT

The Flinders Project is located 520 kilometers north of Adelaide in the Flinders Ranges of South Australia, and provides Perilya with a high grade niche zinc silicate product which is sold into the South East Asian markets.

Sale of the Beltana zinc silicate stockpiles continues to generate positive cash flows, despite lower metal prices than last year. Work continues on assessing the viability of the Reliance Project which is considered the most likely deposit to follow Beltana as a source of zinc silicate production.

During the reporting period, the Company successfully completed 10 shipments of Beltana high grade and blended intermediate grade ore for a total sales profile of 32,602 tonnes of contained zinc (2008: 26,800).

A total of 160,398 tonnes of zinc silicate ore is stockpiled at 30 June 2009 at an approximate average grade of 30.5% zinc (2008: 263,520 tonnes at 31.0%), for a total of 48,983 tonnes of contained zinc (2008: 81,585 tonnes). Sales of the stockpiled ore are expected to be completed over the coming 12 months.

MOUNT OXIDE PROJECT

The Mount Oxide project is located in the Mount Isa region Western Succession that includes several major sediment hosted breccia copper deposits. The deposit was intermittently mined between 1920 and 1971 by way of a small open pit and underground operation. The project lies 25 kilometers north of the existing Mount Gordon mine operated by Aditya Birla Minerals Limited.

During the first half of the year, the Company completed an extensive 5 month drilling program, which resulted in an increase in the Mineral Resources by 10% to 224,000 tonnes of contained copper.

CORPORATE**Dividend**

No final dividend will be paid.

Investments

During the year Perilya sold its investment in Silver Lake Resources Limited (which comprised 9% of their issued shares) resulting in net cash proceeds of \$4.8 million.

Revenue Protection

During the year and in conjunction with the resizing of the Broken Hill Operations, the Company closed out its hedge book realising \$60.3 million in cash, net of option premiums. Subsequent to this, the company's revenue protection strategy was restricted to Quotational Period hedging only.

COMMENTARY ON RESULTS

FOR THE YEAR ENDED 30 JUNE 2009



However, in the June quarter Perilya took advantage of the increases in both zinc and lead prices to fix the sales price for a proportion of its future revenue from both Broken Hill and Beltana and protect the cash and earnings margin from these sales.

As at 30 June 2009 the Company had the following hedge contracts in place:

		Sep 09 Quarter	Dec 09 Quarter	Mar 10 Quarter	TOTAL POSITIONS
ZINC:-					
Forwards	Tns	13,750	10,700	2,830	27,280
Price	A\$/tn	\$ 2,027	\$ 2,092	\$ 1,996	\$ 2,049
LEAD:-					
Forwards	Tns	8,650	9,550	-	18,200
Price	A\$/tn	\$ 1,920	\$ 1,960	-	\$ 1,941

The hedging contracts as at 30 June, 2009 were “in the money” by approximately AUD\$0.8 million.

The Company has elected to not treat these contracts as effective hedging under AIFRS. As such, the change in the value of these contracts will be reflected directly in the Income Statement rather than through a hedging reserve. As most positions mature before the end of December 2009, the impact on the financial results for the six months to December 2009 is expected to be minimal.

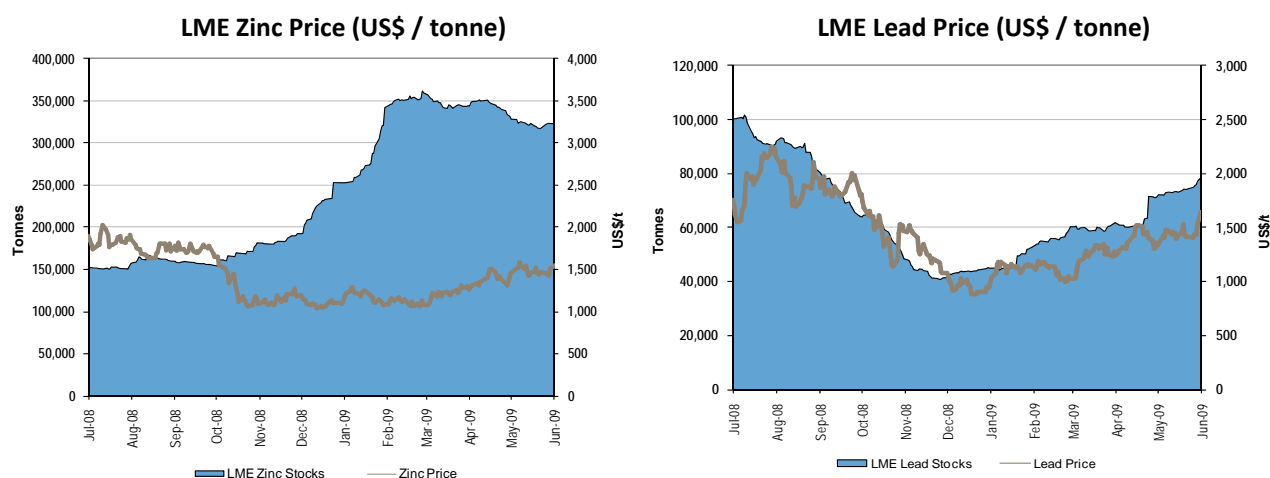
Subsequent to the end of the year, the Company commenced a hedging program for approximately 40 – 50% of its silver production from Broken Hill to help protect the USD revenue required to repay the debt facility established to fund the silver buy-back (refer earlier commentary). The program, once complete, will have a tenor equal to the expected term of the debt facility, enabling Perilya to sensibly manage its debt repayment obligations yet remain exposed to the long term spot silver price.

It is the Company’s view that the silver hedging will be considered effective under AIFRS and as such hedge accounting will be applied to these contracts.

METALS MARKETS

During the period zinc price dropped 17.1% to US\$1,555/tn or US\$0.71/lb (30 June 2008: US\$1,875/tn & US\$0.85/lb) on the back of an increase in zinc stocks and the global financial crisis. The lead price dropped 0.3% to US\$1,730/tn or US\$0.78/lb (30 June 2008: US\$1,735/tn & US\$0.79/lb).

Current demand for all metals remains relatively weak globally, however, notwithstanding this present weakness, Perilya continues to believe that zinc and lead market fundamentals remain sound over the medium to longer term.



COMMENTARY ON RESULTS

FOR THE YEAR ENDED 30 JUNE 2009



MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Termination of Silver Sale Agreement with Coeur d'Alene Mines Corporation

Subsequent to the end of year, and as announced on 16 July 2009, Perilya signed an agreement with CDE Australia Pty Ltd ("CDEA") and Coeur d'Alene Mines Corporation ("Coeur") terminating Perilya's obligations to deliver a further 11.2 million ounces of silver under the Silver Sale Agreement between the parties executed in 2005.

The payment to extinguish the agreement of US\$55 million will enable Perilya to sell those previously committed ounces into the spot market. The 11.2 million ounces have a face value of approximately US\$157 million (basis US\$14.00/oz).

The termination of the agreement has been funded by an unsecured credit facility of US\$50 million with the balance being paid out of Perilya's cash reserves. The funds are being provided via a guarantee facility granted by Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd ("Zhongjin Lingnan") to our financiers. The facility is not secured over any of the assets of Perilya. The total cost of funding to Perilya (including facility fees and guarantee fees payable to Zhongjin Lingnan), in aggregate comprise less than 3% plus LIBOR p.a. (basis is three month LIBOR).

The transaction will have a positive impact in a number of areas, including:

- Increase in future cash flow and earnings capability at Broken Hill;
- Lower cash operating costs (C1) by approximately US\$0.10 – US\$0.12/lb payable zinc (at current silver prices and USD/AUD exchange rate); and
- Enable Perilya to re-assess the potential of mining high silver grade deposits in the region, including North Mine, Potosi and the North Mine Deeps projects.

The termination of the agreement was completed on 31 July 2009.

Change in Financial Year

Subsequent to the end of the quarter, the Australian Securities and Investments Commission ("ASIC") granted relief to enable Perilya to change its financial year end date from 30 June to 31 December. The change of year end enables Perilya to align its financial year end date with that of its majority shareholder, Zhongjin Lingnan.

The change of year end will not affect the 30 June 2009 year end; Perilya will still report its full year results for the 12 months to 30 June 2009 in accordance with ASIC and ASX reporting timelines.

The grant of ASIC relief means that the next financial year of Perilya will be a transitional one from 1 July 2009 to 31 December 2009 (i.e. six months). Thereafter, Perilya will report to ASIC and the ASX as normal with respect to a 31 December financial year end.

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)

**1. BASIS OF PREPARATION OF PRELIMINARY FINANCIAL REPORT**

This preliminary financial report has been prepared in accordance with the Australian Stock Exchange Listing rules as they relate to Appendix 4E and in accordance with the measurement requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report of Perilya Limited for the year ended 30 June 2008 and with any public announcements made by Perilya Limited during the reporting period in accordance with the 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 30 June 2008.

This preliminary financial report is presented in Australian dollars. The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report, therefore amounts in this preliminary financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparative figures may have been re-stated where they provide further clarity to the financial report.

(a) Reclassification of cash on deposit to available-for-sale investments

Investments in commercial paper were classified under cash and cash equivalents as 'Deposits at call' in years prior to 2008 as it was considered to meet the definition of cash - being a highly liquid investment, readily convertible into known amounts of cash and subject to insignificant risk of change in value. In line with conditions experienced in financial markets during the 2008 reporting period at the 30 June 2008 balance date the Group reclassified these deposits to 'Current assets - Available-for-sale financial assets' as these deposits were no longer considered to meet the definition of cash and cash equivalents. As at the current balance date these deposits are still classified as 'Current assets - Available-for-sale financial assets'.

2. FINANCIAL REPORTING BY BUSINESS AND GEOGRAPHIC SEGMENTS**(a) Description of segments****Business segments**

The Group is currently organised on a global basis into the following divisions by product and service type.

Base metals mining

Mining and extraction of base metal ores primarily zinc, lead and silver

Gold mining

Mining and extraction of gold ore

Exploration

Exploration for and evaluation of base metal ore deposits

Investment and administration

Investment and administration of the corporate office

The segment disclosure comparative for 2008 below includes a discontinued operation segment which relates to those revenues and expenses that were previously disclosed under 'gold mining' in segment disclosures. For information on the sale of our gold mining operation and associated gold assets see note 7.

Geographical segments

The consolidated entity operates in two main geographical areas with primary operations being undertaken in Australia, the home country of the parent entity, and secondary operations (exploration) and principal customers in the South East Asia region.

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



2. FINANCIAL REPORTING BY BUSINESS AND GEOGRAPHIC SEGMENTS (CONTINUED)

(b) Primary reporting format – business segments

	Base metals mining	Exploration	Investment & administration	Total continuing operations	Gold Mining - Discontinued operation plus sale of gold exploration assets (note 7)	Consolidated
2009	\$'000	\$'000	\$'000	\$,000	\$'000	\$'000
Sales to external customers	210,674	-	-	210,674	-	210,674
Other revenue/income	652	-	738	1,390	-	1,390
Total segment revenue/income	211,326	-	738	212,064	-	212,064
Segment result	(31,112)	(9,235)	(20,028)	(60,375)	-	(60,375)
Share of net losses of associates				(138)	-	(138)
Loss before income tax				(60,513)	-	(60,513)
Income tax (expense)/benefit				(14,576)	-	(14,576)
Loss for the year				(75,089)	-	(75,089)
Segment assets #	78,872	15,000	66,879	160,751	-	160,751
Unallocated assets						-
Total assets						160,751
Segment liabilities *	70,770	-	1,265	72,035	-	72,035
Unallocated liabilities						4,997
Total liabilities						77,032
Investments in associates	-	-	-	-	-	-
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	9,736	2,000	115	11,851	-	11,851
Depreciation and amortisation expense	9,932	-	103	10,035	-	10,035
Impairment losses taken to profit and loss	3,396	11,235	7,126	21,757	-	21,757
Other non-cash expenses	(303)	-	66	(237)	-	(237)

Investment and administration segment assets include cash on deposit.

* Base metals mining segment liabilities include derivative financial instrument liabilities and prepaid silver income.

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



2. FINANCIAL REPORTING BY BUSINESS AND GEOGRAPHIC SEGMENTS (CONTINUED)

(b) Primary reporting format – business segments (continued)

	Base metals mining	Exploration	Investment & administration	Total continuing operations	Gold Mining - Discontinued operation plus sale of gold exploration assets (note 7)	Consolidated
2008	\$'000	\$'000	\$'000	\$,000	\$'000	\$'000
Sales to external customers	266,522	-	-	266,522	5,277	271,799
Other revenue/income	6,453	42	25,622	32,117	46	32,163
Total segment revenue/income	272,975	42	25,622	298,639	5,323	303,962
Segment result	(128,962)	(38,420)	(125)	(167,507)	1,961	(165,546)
Share of net losses of associates				(521)	-	(521)
Profit before income tax				(168,028)	1,961	(166,067)
Income tax expense				25,772	60	25,832
Profit for the year				(142,256)	2,021	(140,235)
Segment assets #	193,909	15,193	87,381	296,483	-	296,483
Unallocated assets						2,967
Total assets						299,450
Segment liabilities *	130,700	-	20,339	151,039	-	151,039
Unallocated liabilities						801
Total liabilities						151,840
Investments in associates	-	-	-	-	-	-
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	80,137	-	3,467	83,604	-	83,604
Depreciation and amortisation expense	47,858	-	476	48,334	7	48,341
Impairment losses taken to profit and loss	134,877	38,462	14,872	188,211	-	188,211
Other non-cash expenses	10,832	-	520	11,352	-	11,352

Investment and administration segment assets include cash on deposit.

* Base metals mining segment liabilities include derivative financial instrument liabilities and prepaid silver income.

(c) 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	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Australia	70,095	128,123	160,474	296,251	11,851	83,604
South East Asia	140,579	143,676	277	232	-	-
	210,674	271,799	160,751	296,483	11,851	83,604
Unallocated assets			-	2,967		
Total assets			160,751	299,450		

Segment revenues from sales to external customers are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



3. REVENUE AND OTHER INCOME

	2009 \$000	2008 \$000
REVENUE		
<i>Sales revenue</i>		
Sale of goods	210,674	230,488
Accelerated release of pre-paid silver revenue	-	36,034
	210,674	266,522
<i>Other revenue</i>		
Interest	695	6,339
Rent and sub-lease rentals	155	263
	211,524	273,124
OTHER INCOME		
Net gain on sale of available-for-sale financial assets	-	19,734
Net gain on disposal of property, plant & equipment	194	-
Net gain on sale of tenements	-	42
Gain on ineffective hedging	-	5,589
Other income	346	150
	540	25,515
FROM DISCONTINUED OPERATIONS (see note 6 for 2008 details)		
Revenue	-	5,277
Other income	-	46

4. PROPERTY, PLANT AND EQUIPMENT IMPAIRMENT LOSSES

Property, plant and equipment losses recognised comprise:

	2009 \$000	2008 \$000
Mine properties	-	74,657
Plant and equipment	5,396	61,112
Total impairment losses	5,396	135,769

Further details on these impairment losses and other impairment losses are provided in the 'Commentary on results' section on page 10.

5. FINANCE COSTS

	2009 \$000	2008 \$000
Imputed interest expense on presold silver	-	7,084
Unwinding of discount on rehabilitation provision	(2,234)	3,748
Interest and finance charges paid/payable	1,326	1,949
Total finance costs	(908)	12,781

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



6. INCOME TAX

(a) Income tax expense/(benefit)

	Notes	2009 \$000	2008 \$000
Current tax (benefit)/expense		-	-
Deferred tax (benefit)/expense		14,576	(26,452)
Adjustments for current tax of prior periods		-	620
Income tax (benefit)/expense		14,576	(25,832)
Income tax (benefit) / expense is attributable to:			
Results from continuing operations		14,576	(25,772)
Results from discontinued operations		-	(60)
Aggregate income tax expense/(benefit)		14,576	(25,832)
Deferred income tax (benefit)/expense included in income tax expense/(benefit) comprises			
(Increase)/decrease in deferred tax assets	(g)	25,630	(20,004)
(Decrease)/increase in deferred tax liabilities	(i)	(11,054)	(6,448)
Deferred tax expense		14,576	(26,452)

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	2009 \$000	2008 \$000
(Loss)/profit from continuing operations before income tax expense	(60,513)	(168,029)
(Loss)/profit from discontinued operations before income tax expense	-	1,961
	(60,513)	(166,068)
Tax at the Australian tax rate of 30% (2008: 30%)	(18,154)	(49,820)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income		
Non deductible expenses	16	150
Share-based payments	(5)	156
Write-down of deferred tax assets	20,529	17,399
Unused tax losses for which no deferred tax asset has been recognised	12,183	7,488
	14,569	(24,627)
Adjustments for current tax of prior periods	-	620
Other adjustments	7	(1,825)
Income tax (benefit)/expense	14,576	(25,832)

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)

**6. INCOME TAX (CONTINUED)****(c) Amounts recognised directly in equity**

	2009 \$000	2008 \$000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity		
Net deferred tax (debited)/credited directly to equity	14,576	(60,062)

(d) Tax losses

	2009 \$000	2008 \$000
Unused Australian revenue tax losses for which no deferred tax asset has been recognised	65,570	24,960
Potential tax benefit @ 30%	19,671	7,488
Unused foreign tax losses for which no deferred tax asset has been recognised	803	803
	20,474	8,291

(e) Deferred tax

	Notes	2009 \$000	2008 \$000
Deferred tax asset	(f)	7,703	35,643
Set-off of deferred tax liabilities of parent entity pursuant to set off provisions		(7,703)	(35,643)
Net deferred tax asset		-	-
Deferred tax liability	(h)	7,703	35,643
Set-off of deferred tax liabilities of parent entity pursuant to set off provisions		(7,703)	(35,643)
Net deferred tax liability		-	-

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)

**6. INCOME TAX (CONTINUED)****(f) The deferred tax asset balance comprises temporary differences attributable to:**

	Notes	2009 \$000	2008 \$000
Mine properties in use		12,477	14,798
Provision for rehabilitation and restoration		5,942	6,613
Employee benefits		3,280	5,236
Accruals		1,830	1,413
Derivatives held for trading		896	-
Available-for-sale financial assets		6,532	5,074
Provision for obsolescence		174	205
Property, plant and equipment		13,092	16,503
Prepaid income		707	-
Cash flow hedges		-	2,310
Other items		701	890
Deferred tax asset unable to be carried		(37,928)	(17,399)
Net deferred tax assets		7,703	35,643
Deferred tax assets to be recovered within 12 months		6,940	18,077
Deferred tax assets to be recovered after more than 12 months		763	17,566
		7,703	35,643

(g) Movements in deferred tax asset:

	Notes	2009 \$000	2008 \$000
Opening balance at 1 July		35,643	51,376
Credited/(charged) to the income statement	(a)	(25,630)	20,004
Credited/(charged) to equity - hedging reserve	12(a)	(2,310)	(35,684)
Credited/(charged) to equity - available-for-sale financial assets fair value reserve	12(a)	-	(53)
Closing balance at 30 June		7,703	35,643

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



6. INCOME TAX (CONTINUED)

(h) The deferred tax liability balance comprises temporary differences attributable to:

	Notes	2009 \$000	2008 \$000
Receivables		20	131
Inventories		1,400	1,404
Fair value derivatives		1,138	2,114
Exploration and evaluation		4,500	4,558
Treasury shares		493	988
Available-for-sale financial assets fair value		(198)	276
Cash flow hedges		-	25,878
Other		350	294
Net deferred tax liabilities		7,703	35,643
Deferred tax liabilities to be settled within 12 months		2,888	18,077
Deferred tax liabilities to be settled after more than 12 months		4,815	17,566
		7,703	35,643

(i) Movements in deferred tax liability

	Notes	2009 \$000	2008 \$000
Opening balance at 1 July		35,643	17,490
Charged/(credited) to the income statement	(a)	(11,054)	(6,448)
Charged/(credited) to equity – available-for-sale financial assets fair value reserve	12(a)	(473)	276
Charged to equity – hedging reserve	12(a)	(16,413)	24,325
Closing balance at 30 June		7,703	35,643

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



7. DISCONTINUED OPERATION AND DISPOSAL GROUP OF ASSETS

(a) Description

In March 2007 Perilya Limited announced the suspension of operations at its Daisy Milano mine site and the transition of this operation to a care and maintenance basis pending its intended sale. On 27 August 2007 the sale of the Daisy Milano mine operation, along with other gold exploration projects, comprising Mount Monger, Moyagee and Honeymoon Well was announced. The sale of the Honeymoon Well asset, to MPI Nickel Pty Ltd, was completed on 12 November and the sale of the Daisy Milano mine operation and Mount Monger and Moyagee assets, to Silver Lake Resources Limited, was completed on 14 November 2007. The Daisy Milano operation disposed of is reported in the 2008 financial year as a discontinued operation and the group of assets disposed of as the 'disposal group'.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in note 2 – Segment information.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented in the 2008 column are for the period ended 14 November 2007.

	2009 \$000	2008 \$000
Revenue (note 3)	-	5,277
Other income	-	46
Expenses	-	(4,051)
Profit before income tax	-	1,272
Income tax (expense) / benefit	-	266
Profit after income tax of discontinued operation	-	1,538
Gain on sale of the disposal group before income tax	-	689
Income tax expense	-	(206)
Gain on sale of the disposal group after income tax	-	483
Profit from discontinued operations	-	2,021
Net cash inflow/(outflow) from operating activities	-	2,617
Net cash inflow/(outflow) from investing activities*	-	7,000
Net cash inflow/(outflow) from financing activities	-	(9,617)
Net increase in cash generated by the operations	-	-

* includes cash inflow from the sale of the disposal group of assets

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



7. DISCONTINUED OPERATION AND DISPOSAL GROUP OF ASSETS (CONTINUED)

(c) Carrying amounts of assets and liabilities of the disposal group

The carrying amounts of assets and liabilities of the 2008 discontinued operations and disposal group of assets, as at the date of sale of 14 November 2007 were:

	14 November 2007 \$000
Inventories	318
Exploration and evaluation expenditure	6,016
Mine properties	3,169
Property, plant and equipment	1,949
Total assets	11,452
Borrowings	391
Total liabilities	391
Net assets	11,061

(d) Details of the sale of the disposal group

	2009 \$000	2008 \$000
Net consideration received and receivable*		
Cash	-	7,000
Available-for-sale financial assets	-	4,500
Gold sales royalty (at \$5 per oz to maximum of \$250,000)	-	250
Total net disposal consideration	-	11,750
Carrying amount of net assets sold	-	(11,061)
Gain on sale before income tax	-	689
Income tax expense	-	(206)
Gain on sale after income tax	-	483

* net of transaction costs associated with sale

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

(a) Reconciliation to cash at the end of the year

	2009 \$000	2008 \$000
Cash at bank and in hand	36,906	26,532
Cash at the end of the year as per consolidated cash flow statement	36,906	26,532

Cash at bank is deposited in trading accounts with major financial institutions under normal terms and conditions appropriate to the operations of the accounts.

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



9. CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2009 \$000	2008 \$000
At beginning of the year	40,856	4,344
Additions	-	33,273
Reclassification of commercial paper from cash and cash equivalents ^(a)	-	39,991
Reclassifications from non-current available-for-sale financial assets ^(b)	-	1,486
Disposals	(19,096)	(44,555)
Impairment of securities ^(c)	(526)	(4,017)
Impairment of commercial paper ^(c)	(6,600)	(9,841)
Net revaluation gain/(loss) transferred to equity	(3,214)	20,175
At end of year	11,420	40,856
Comprising:		
Commercial paper	10,027	30,150
Listed Australian equities	695	8,887
Unlisted Australian equities – options	88	1,305
Unlisted overseas equities	610	514
	11,420	40,856

(a) Commercial paper

As outlined in note 1, investments in commercial paper were classified under cash and cash equivalents as 'Deposits at call' in years prior to 2008 as it was considered to meet the definition of cash being a highly liquid investment, readily convertible into known amounts of cash and subject to insignificant risk of change in value. In line with conditions experienced in financial markets during the 2008 reporting period, at the 30 June 2008 balance date the Group reclassified these deposits to available-for-sale and this classification is retained as at 30 June 2009 balance date.

(b) Transfers from/to non-current available-for-sale financial assets

The Group designates available-for-sale assets as a current asset if it has an intention to dispose of the investment within 12 months of the balance sheet date and as a non-current asset if sale intentions are expected to be greater than 12 months of the balance sheet date. Sale intentions, and therefore asset classification between current and non-current for individual investment holdings, depend on a number of factors including re-assessment at each reporting date of individual holdings from strategic, asset return, and capital investment considerations. At 2009 balance date all available-for-sale financial assets are classified as current.

(c) Impairment

In 2009 given objective evidence that the assets were impaired, an analysis was undertaken and the assets written down to assessed fair value with the impairment loss of \$7,126,000 recognised against available-for-sale financial assets comprising \$6,600,000 against commercial paper and \$526,000 against securities (2008: \$13,858,000 comprising \$9,841,000 against commercial paper and \$4,017,000 against securities). These losses were recognised in the income statement.

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



10. DERIVATIVE FINANCIAL INSTRUMENTS

	2009 \$000	2008 \$000
Current assets		
Forward metal sale contracts – held for trading	3,496	-
Forward metal sale contracts - cash flow hedges	-	72,239
Forward metal sale option contracts - cash flow hedges	-	34,278
Forward currency option contracts - cash flow hedges	-	22,626
Total current derivative financial instrument assets	3,496	129,143
Total derivative financial instrument assets	3,496	129,143
Current liabilities		
Forward metal sale contracts – held for trading	3,671	-
Forward metal sale contracts - cash flow hedges	-	7,701
Total current derivative financial instrument liabilities	3,671	7,701
Total derivative financial instrument liabilities	3,671	7,701

The Group closed out its 2008 hedge book during August 2008 realising \$60,314,000 in cash (at market value less costs of sale at the time of sale and after payment of deferred option premium liabilities). For the period from September 2008 to March 2009 hedging policy was restricted to Quotation Period (“QP”) hedging (i.e. hedging of product sales as they occur) to manage the Group’s revenue protection, however in the June quarter, as announced, the Group recommenced hedging a proportion of future zinc and lead sales. Management has elected to not treat these contracts as effective hedging under AIFRS and as such, the change in value of these contracts has been reflected directly in the income statement rather than through the hedging reserve in equity.

11. CONTRIBUTED EQUITY

	2009 Shares	2008 Shares	2009 \$000	2008 \$'000
Opening balance of issued and fully paid shares	196,882,640	196,276,377	113,474	112,454
Shares issued to Zhongjin Lingnan Mining (HK)	197,672,000	-	45,465	-
Less: transaction costs arising from shares issued	-	-	(1,891)	-
Dividend re-investment plan issues	-	346,263	-	667
Options exercised from employee share option plan issues	-	260,000	-	353
30 June closing balance of issued and fully paid shares	394,554,640	196,882,640	157,048	113,474
Opening balance of treasury shares	(2,900,420)	(2,028,850)	(6,935)	(6,407)
Plus: Treasury shares purchased	(655,381)	(1,730,450)	(362)	(3,112)
Less: Perilya ESAP shares issued to participants	1,760,965	858,880	4,536	2,584
30 June closing balance of treasury shares	(1,794,836)	(2,900,420)	(2,761)	(6,935)
Total consolidated contributed equity	392,759,804	193,982,220	154,287	106,539

As at 30 June 2009:

- i. options over unissued shares in Perilya Limited totalled 8,700,000 (2008: 3,050,000); and
- ii. rights over unissued shares in Perilya Limited totalled 151,800 (2008: 702,000).

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



12. RESERVES

	2009 \$000	2008 \$000
Available-for-sale financial assets fair value reserve (net of tax)	(462)	643
Share-based payments reserve	3,828	6,366
Hedging reserve – cash flow hedges (net of tax)	22,085	54,992
Balance 30 June	25,451	62,001

a) Movements

	2009 \$000	2008 \$000
Available-for-sale financial assets fair value reserve		
Balance 1 July	643	(123)
Revaluation	(3,214)	20,987
Plus/(less): Deferred tax on revaluation	964	(6,296)
Transfer to net profit	1,636	(19,892)
Plus/(less): Deferred tax on transfer	(491)	5,967
Balance 30 June	(462)	643
Share-based payments reserve		
Balance 1 July	6,366	5,145
Option expense	(17)	520
Perilya ESAP shares expensed	2,015	3,285
Issue of shares held by Perilya ESAP Trust to employees	(4,536)	(2,584)
Balance 30 June	3,828	6,366
Hedging reserve – cash flow hedges		
Balance 1 July	54,992	(85,030)
Revaluation - gross	(18,188)	132,777
Plus/(less): Deferred tax on revaluation	5,456	(39,833)
Transfer to net profit	(28,822)	67,255
Plus/(less): Deferred tax on transfer	8,647	(20,177)
Balance 30 June	22,085	54,992

13. (ACCUMULATED LOSSES)/RETAINED PROFITS

Movements in (accumulated losses)/retained profits were as follows:

	2009 \$000	2008 \$000
Balance 1 July	(20,930)	123,234
Net loss for the year	(75,089)	(140,235)
Dividends (note 13)	-	(3,929)
Balance 30 June	(96,019)	(20,930)

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



14. DIVIDENDS

	2009 \$000	2008 \$000
Nil final ordinary dividend for the year ended 30 June 2008 (2007: 1 cent fully franked)	-	1,963
Nil interim ordinary dividend for the year ended 30 June 2009 (2008: 1 cent fully franked)	-	1,966
Total dividends provided for or paid	-	3,929
Dividends paid in cash or satisfied by the issue of shares under the Perilya dividend reinvestment plan during the year ended 30 June 2008 were as follows:		
Paid/payable in cash	-	3,262
Satisfied by issue of shares under Dividend Reinvestment Plan (as approved by shareholders on 29 November 2006)	-	667
	-	3,929

(a) Dividends not recognised at year end

Subsequent to the end of the financial year end the directors have decided that a final dividend will not be paid in respect of the year ending 30 June 2009.

15. CONTINGENCIES

(a) Contingent liabilities

Silver sale agreement with Coeur d'Alene Mines Corporation (Coeur)

In October 2005 Perilya sold 17.2 million ounces of payable silver to CDE Australia Pty Ltd (CDEA) a wholly owned Australian subsidiary of Coeur d'Alene Mines Corporation (Coeur) for an upfront payment of US\$36.0 million. Coeur was also required to pay an ongoing US\$2.00 per ounce as each ounce of silver is produced plus a refining charge of US\$0.31 per ounce (indexed to CPI).

As at 30 June 2009 approximately 6.0 million ounces of payable silver have been delivered into this contract. As disclosed at note 20, subsequent to the end of the 2009 financial year, a financial settlement between the parties to the contract was agreed that removed any future obligation by Perilya to deliver the approximately 11.2 million ounces of silver to CDEA from its Broken Hill operations.

Apart from the items disclosed above there were no other known contingent assets or liabilities which were not provided for in the financial statements of the Group as at 30 June 2009.

16. INVESTMENTS IN ASSOCIATES

Information relating to 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	
		2009 %	2008 %	2009 \$'000	2008 \$'000
Southstar Diamonds Limited*	Explorer	nil	50	-	-
				-	-

* Southstar Diamonds Limited was wound up and de-registered in May 2009 and as at balance date no investments in associates are held.

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



16. INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) Movement

The movement in investments in associate comprises:

	2009 \$000	2008 \$000
Balance 1 July	-	293
Advances to associate	139	350
Share of losses after tax	(139)	(521)
Impairment loss taken to profit and loss	-	(122)
Balance 30 June	-	-

17. INTERESTS IN JOINT VENTURES

Joint venture operations

Companies within the economic entity are participants in the following joint ventures as at 30 June 2009. The joint ventures are not separate legal entities, they are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenue or profit. The percentage interests at each reporting date may vary depending on the monies expended by the joint venturers. The Group'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	
			2009	2008
Coultra ⁽¹⁾	NSW	Base metals exploration	80	80
Greenshire ⁽¹⁾	NSW	Base metals exploration	90	90
Redan	NSW	Base metals exploration	49	-
Stirling Vale ⁽¹⁾	NSW	Base metals exploration	70	70
Beltana Corridor ⁽¹⁾	SA	Base metals exploration	85	70
Blinman (Minotaur) ⁽¹⁾	SA	Base metals exploration	80	80
Mt Frome ⁽¹⁾	SA	Base metals exploration	90	90
Reephook ⁽¹⁾	SA	Base metals exploration	85	85
Malaysia Wide ⁽²⁾	Malaysia	Gold and base metals exploration	50	50
Ranau ⁽²⁾	Malaysia	Gold and base metals exploration	50	50
Dee Range ⁽¹⁾	QLD	Gold and base metals exploration	90	90
Ulam Range ⁽¹⁾	QLD	Gold and base metals exploration	90	90
Kanowna	WA	Gold exploration	76	30
Rustenberg ⁽²⁾	South Africa	Platinum group metals exploration	52	50

(1) Indicates the interest in the joint venture is controlled by Perilya Limited or its associated subsidiary and is not jointly controlled.

(2) Indicates jointly controlled ventures

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)

**18. EARNINGS PER SHARE****(a) Basic earnings per share**

	2009 cents	2008 cents
Loss from continuing operations attributable to the ordinary equity holders of the company	(27.9)	(73.1)
Profit from discontinued operations	-	1.0
Loss attributable to the ordinary equity holders of the company	(27.9)	(72.1)

(b) Diluted earnings per share ^(e)

	2009 cents	2008 cents
Loss from continuing operations attributable to the ordinary equity holders of the company	(27.9)	(73.1)
Profit from discontinued operations	-	1.0
Loss attributable to the ordinary equity holders of the company	(27.9)	(72.1)

(c) Reconciliation of earnings used in calculating basic and diluted earnings per share

	2009 \$'000	2008 \$'000
Loss from continuing operations	(75,089)	(142,256)
Profit from discontinued operations	-	2,021
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	(75,089)	(140,235)

(d) Weighted average number of shares used as the denominator

	2009	2008
Weighted average number of ordinary shares used in the denominator in calculating basic earnings per share	269,382,679	194,636,819
Adjustments for calculation of diluted earnings per share	-	-
Unlisted options and performance rights ^(e)	-	-
Weighted average number of ordinary shares and potential ordinary shares used in the denominator in calculating diluted earnings per share	269,382,679	194,636,819

(e) Information concerning the classification of securities

Treasury shares (as disclosed in note 11) are deducted from total shares on issue for the purposes of calculating earnings per share.

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 years ended 30 June 2009 and 30 June 2008 as the effect on the loss recorded from both continuing operations and the loss attributable to ordinary equity holders would be anti-dilutive. Options have not been included in the determination of basic earnings per share.

Performance rights granted to employees under the Perilya Long Term Share Incentive Plan are considered to be potential ordinary shares however as they were initially issued in October 2007 and do not vest for a minimum of 3 years they have not been included in determination of diluted earnings per share. Performance rights have not been included in the determination of basic earnings per share.

NOTES TO THE PRELIMINARY FINAL REPORT

30 JUNE 2009 (CONTINUED)



19. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries and controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2009 %	2008 %
Perilya Broken Hill Pty Ltd*	Australia	Ordinary	100	100
Perilya Daisy Milano Pty Ltd	Australia	Ordinary	100	100
Perilya Exploration Pty Ltd (formerly Ranger Minerals Pty Ltd)	Australia	Ordinary	100	100
Perilya Investments Pty Ltd (formerly Kolmar Pty Ltd)	Australia	Ordinary	100	100
Noble Mining Corporation Pty Ltd	Australia	Ordinary	100	100
Perilya Flinders Pty Ltd (formerly Freehold Mining Ltd)*	Australia	Ordinary	100	100
Perilya Management Pty Ltd (formerly Strike Energy Pty Ltd)	Australia	Ordinary	100	100
Riverpoint Holdings Pty Ltd	Australia	Ordinary	100	100
Powerform Investments Pty Ltd	Australia	Ordinary	100	100
Richview Investments Pty Ltd	Australia	Ordinary	100	100
Mt Oxide Pty Ltd	Australia	Ordinary	100	-
Perilya Employee Share Acquisition Plan - Tax Deferred Trust	Australia	-	100	100
Perilya (Malaysia) Sdn Bhd	Malaysia	Ordinary	100	100

20. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Termination of silver sale agreement with Coeur d'Alene and unsecured funding facility

The silver sale agreement between Perilya Limited and CDE Australia Pty Ltd (CDEA) and Coeur d'Alene Mines Corporation (Coeur) was terminated with financial settlement occurring on 31 July 2009. The cost of settlement for Perilya to discharge its obligations under this contract amounted to US\$55,000,000 (AUD\$66,417,000).

The termination of the silver sale agreement as disclosed above was partly funded by an unsecured credit facility of US\$49,500,000 from funds provided by a guarantee facility granted by Shenzhen Zhongjin Lingnan Nomfemet Co. Ltd (Zhongjin Lingnan) to Perilya's financiers with the balance paid from the Groups available cash reserves. The total cost of funding to Perilya (including facility fees and guarantee fees payable to Zhongjin Lingnan, in aggregate comprise comprises less than 3% plus LIBOR p.a. (basis is three month LIBOR).

Change of financial year end date to 31 December

The Australian Securities and Investment Commission ("ASIC") granted relief to enable the company to change its financial year end date from 30 June to 31 December. The granting of this relief means that the next financial year of the company will be a transitional one from 1 July 2009 to 31 December 2009 (i.e. six months). Thereafter the company will report its results as normal with respect to a 31 December financial year end.

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Company Secretary

Paul Marinko

Auditors

PricewaterhouseCoopers
Chartered Accountants
QV1, 250 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-au.computershare.com

Investor Calendar

The following releases are expected to be made by:

June 2009 Financial Report	September 2009
September Quarterly Activities Report	31 October 2009
June 2009 Annual Report	October 2009
Annual general meeting	November 2009
December Quarterly Activities Report	31 January 2010
December 2009 Preliminary Final Report	28 February 2010
December 2009 Financial Report	March 2010
December 2009 Annual Report	April 2010