

ASX and Media Release

28 December 2012

BROKEN HILL MINERAL RESOURCES AND ORE RESERVES UPDATE

Highlights

- The Ore Reserve has been established and a new Life of Mine plan for Southern Operations has been developed with economic production for approximately 10 years as of 30 June 2012
- As at 30 June 2012 the new ore reserve stands at 11.7 million tonnes containing 6.2% zinc, 4.8% lead and 50g/t of silver.
- The Mineral Resource has decreased by 4.4% to 21.7 million tonnes containing 9.2% zinc, 7.0% lead and 89 g/t of silver
- The new Broken Hill Mineral Resource & Ore Reserve takes account of the previous 12 months of mining depletion
- Mining depletion and a lower metal price environment have resulted in a lower tonnage in the latest Ore Reserve, however, there is an increase in grade resulting in only a 6.7% decrease in contained metal (combined zinc and lead) in the 2012 Ore Reserve compared to the 2011 Ore Reserve
- There is a substantial Resource base for potential conversion to Reserves at a later date
- Resource and Reserve drilling will be continuing in 2013 at Broken Hill's Southern Operations to increase confidence around existing resources and reserves, and potentially extend the Resource.
- The 30 June 2012 Ore Reserve and Mineral Resource estimates for Southern Operations have been independently reviewed by AMC Consultants Pty Ltd ("AMC")
- Notwithstanding lower metal prices and a continuing high Australian dollar against the US dollar, the 2012 Ore Reserve and life of mine is reflective of the sustained improvements in productivities at Broken Hill, including modernisation of the mining fleet, improved milling recoveries and process improvements

Perilya (ASX:PEM), the Australian zinc, lead and silver miner today announced the updated 2012 Ore Reserve and Mineral Resource statement for its Broken Hill Operation.

Perilya said that the Ore Reserves and the mining plan associated with this Reserve will maintain a production life at the Southern Operations at current mining rates of around 10 years from 30 June 2012, of which the first 8 years is based on the Ore Reserve. An additional 2 years of planned production is from material not yet included in the resource.

In addition, significant Mineral Resources exist outside of the reported Ore Reserve which could be converted to Ore Reserves at a later date; providing further opportunity to extend the life of mine at Broken Hill Operations.

The security of the Ore Reserves has been maintained as a result of continued improved operational performance and improved net revenue being received for silver, principally as a consequence of the silver buy-back transaction announced in July 2009 and long term hedging contracts expiring at the end of 2012.

Perilya's Managing Director, Paul Arndt, said "*it is important to note that whilst the current economic climate of low metal prices, together with mining depletion over the previous 12 months, has resulted in a lower tonnage reported as Ore Reserves, the reported Reserves are at a higher grade to those previously reported, resulting in only a minimal reduction in combined contained metal (zinc and lead).*"

"In addition, extensional drilling in and around the Southern Operations, which was suspended in late 2008 in response to the Global Financial Crisis and depressed global markets for base metals, adversely impacted on our ability to replace Ore Reserves and Mineral Resources lost as a consequence of mining depletion. However,

“the Company recommenced drilling in and around its Southern Operations during 2011, which will provide greater potential for further increases in Ore Reserves and Mineral Resources in the future.”

He added: “As noted previously, notwithstanding the extensional drilling being undertaken, the announcement of this year’s Ore Reserve and Mineral Resource indicates that as we move forward it will become increasingly difficult to replace Ore Reserves and Mineral Resources at Broken Hill’s Southern Operations. Future extension of our Broken Hill Operations will increasingly come from the development of satellite projects such as the Potosi/Silver Peak mine, which is on target for commissioning March 2013 and the potential re-opening of the North Mine Uppers, and in particular the potential development of the high grade North Mine Deeps area. The development study into the North Mine Uppers is continuing with a development decision anticipated in 2013.”

“In combination with the Southern Operations, the development of the Potosi/Silver Peak mines and the potential re-opening of the North Mine Uppers and development of the North Mine Deeps area confirms that Broken Hill remains a world class asset and will be a significant base metals producer for a long period of time.”

“It is important to note that notwithstanding the difficult global economic and metal price environment we find ourselves in, in addition to the approximately 10 years mine life at Broken Hill:

- the recently announced increase in Ore Reserves and Mineral Resources and mine life extension at Perilya’s Cerro de Maimón copper/gold/silver mine in the Dominican Republic;*
- the development of the Potosi/Silver Peak mines in Broken Hill;*
- the development study underway on Perilya’s North Mine at Broken Hill;*
- the development study into the North Moolooloo zinc silicate project in South Australia;*
- the development study into Perilya’s Moblan lithium project in Quebec Canada;*
- the further extension of the reserve and resource base at Broken Hill; and*
- the potential development of other feed sources for the Broken Hill concentrator (such as the North Mine Uppers and the North Mine Deeps projects),*

Perilya is entering the New Year with an extremely strong and growing annual production base and a suite of development options.”

“Our task going forward is to ensure this improvement is sustained and to sensibly progress the expansion opportunities that lie before us at Broken Hill and elsewhere in our global suite of assets”.

In December 2012 AMC reviewed the methodologies and processes used to prepare the Southern Operations Mineral Resource and Ore Reserve estimates. AMC has reviewed all resource and reserve estimates for Southern Operations since 2008.. In each case AMC reported that in its opinion, the overall approaches and methodologies used to estimate the Mineral Resources and Ore Reserves were consistent with or exceeded accepted industry practice and appropriate for the style of mineralisation and mining practices that occurs at Broken Hill.

Since Perilya acquired the Broken Hill deposit in 2002 a total of approximately 19.0 million tonnes of ore have been mined containing approximately 1.8 million tonnes of contained zinc and lead. The Ore Reserves have been consistently replenished through classification of areas as economic during development planning and resource extension drilling. Contained zinc and lead metal within the Ore Reserve is currently 1.27 million tonnes, which compares favourably to the 1.28 million tonnes at the time of acquisition of the Broken Hill Operation. Perilya is evaluating further areas for potential inclusion in the Mineral Resource.

Mineral Resources and Ore Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition (The Joint Ore Reserves Committee Code – JORC). The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Ore Reserves.

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BROKEN HILL OPERATION MINERAL RESOURCES AND ORE RESERVES UPDATE

The Broken Hill Operation Mineral Resources and Ore Reserve estimates, which include mines and satellite deposits at the Southern Operations; North Mine; Potosi; Silver Peak; Central Blocks; Flying Doctor and Pinnacles, have been updated as at 30 June 2012 (see Table 1 which contains the classified Mineral Resource and Ore Reserve statements).

The Ore Reserve, which only applies to the Southern Operations, is approximately 11.7 million tonnes ("Mt") at an average grade of 6.2% zinc, 4.8% lead and 50 g/t silver (2011: 14.7Mt at 5.3% zinc, 4.0% lead and 43 g/t silver).

The combined Broken Hill Operation Mineral Resource (Measured, Indicated and Inferred) for the Southern Operations; North Mine Uppers; North Deeps; Potosi; Silver Peak; Central Blocks; Flying Doctor; and Pinnacles (1130 and Henry George deposits), is approximately 21.7 Mt at an average grade of 9.2% zinc, 7.0% lead, and 89 g/t silver (2011: 22.7Mt at an average grade of 9.0% zinc, 7.0% lead and 86 g/t silver).

The Broken Hill Operation Mineral Resources and Ore Reserve data for all mines and deposits is set out in Table 1 and Figures 1 and 2.

Importantly, the security of the updated Ore Reserve has been maintained as a result of continuing improvements in the scheduling of mining activities which has established an economic production life at the Southern Operations of approximately 8 years from 30 June 2012, based on the Ore Reserve. An additional 2 years mining activities have been scheduled from material not yet included in the resource in addition to this 8 years. Substantial Mineral Resources from the Southern Operations, North Mine, Potosi and other satellite deposits may be converted to Ore Reserves at a later date, which could further extend the life of the Broken Hill Operation.

Ore Reserves were estimated from the available Mineral Resource at the Southern Operations, by developing conceptual designs and applying mining factors and costs based on those currently seen in Broken Hill Operations.

The Ore Reserves were estimated using Perilya Broken Hill's budget costs (2013 Budget) price and operating cost assumptions, including long-term metal prices of US\$2,205 per tonne of zinc, US\$2,205 per tonne of lead and US\$25.20 per oz of silver with an AUD/US exchange rate that reduces over time from \$1.03 in 2012 down to \$0.93 by 2015.

The Mineral Resource for the Southern Operations, North Mine Upper (down to 26 level) and Potosi was estimated using a cut-off of 7.0% combined zinc and lead. For the North Mine Deeps, below the 26 level, a cut-off of approximately 8% combined zinc and lead was used, for Silver Peak a 5% combined zinc and lead cut-off grade was used and for Henry George, Central Blocks and 1130 deposits a 2% to 5% combined zinc and lead variable cut-off was used. The Flying Doctor deposit was estimated using a 2% combined zinc and lead cut-off, based on mineralised horizons that had nominal 5% combined zinc and lead (high grade) or 1% combined zinc and lead (low grade) boundaries.

In December 2012 AMC reviewed the methodologies and processes used to prepare the Southern Operations Mineral Resource and Ore Reserve estimates. AMC reviewed the methodologies and processes used to prepare the Mineral Resource estimates for the Potosi and Flying Doctor deposits (amongst others) in 2008, but due to limited changes in the estimates for these deposits, did not review the methodologies or processes in 2012. AMC reported, in its opinion, the overall approach and methodology used to estimate the Mineral Resources was consistent with accepted industry practice and appropriate for the style of mineralisation that occurs at Broken Hill. With respect to the Mineral Resource reported for the Southern Operations, only Resources that lie within the currently planned mining outlines have been reported, although some mineralisation also exists outside these outlines. AMC considers that the Mineral Resource for Southern Operations provides a suitable basis for estimating the Ore Reserve. A full copy of AMC's Statement is attached on page 8.

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Ore Reserves.

North Mine

The Mineral Resource for the North Mine Upper stands at 1.0 Mt containing 7.0% zinc, 9.0% lead and 140 g/t silver and the Mineral Resource for the North Mine Deeps is 3.3 Mt containing 11.5% zinc, 13.8% lead and 224 g/t silver.

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Perilya is continuing the development study of the North Mine, including the Upper and North Mine Deeps projects. Under the right economic circumstances and mining approach this resource remains a significant part of Perilya's long term future.

Potosi

The Potosi deposit contains a number of discrete bodies that make up the Mineral Resource. The Potosi Resource was revised in 2009 based on re-modelling of an extensional drilling program, using the same modelling parameters and methodology as for 2008. The Inferred Mineral Resource for Potosi is currently 1.6 Mt containing 14.0% zinc, 3.0% lead and 46 g/t of silver. The Potosi Mineral Resource includes two mining zones – Potosi North and Potosi Extended. In addition, the adjacent Silver Peak deposit, which is being developed simultaneously with the Potosi deposit as a combined project, contains an Inferred Mineral Resource of 0.4 million tonnes at 5.0 % zinc, 9.0 % lead and 77 g/t of silver.

Perilya commenced development of the Potosi/Silver Peak mines in late 2010 and anticipates full commissioning late in the first quarter of 2013. Further drilling is underway on the Potosi/Silver Peak mines and the Company anticipates releasing a Resource update for this project during 2013.

Flying Doctor

Perilya is continuing the regulatory approval process for this project to enable early mining when metal prices improve.

Outlook and Strategy

In light of Perilya's sustained performance above guidance during 2012 (resulting in an increase in production guidance during the year from 110,000 to 120,000 t of contained zinc and lead metal to 120,000 to 130,000 t of contained zinc and lead), Perilya is targeting combined production of 120,000-130,000 tonnes of contained zinc and lead per annum and 1.4 million to 1.6 million ounces of silver per annum from its Southern Operations.

Perilya is focused on:

- Exceeding the production targets set under the new operating plan, at its Southern Operations, to further improve the financial viability and cash flows from the operation;
- Minimizing the impact of the appreciating Australian dollar on the cost profile to ensure the re-positioned Broken Hill Operation remains competitive on the industry cost curve and ensuring the profit margins of the Broken Hill Operation;
- Continuing to improve productivity rates ;
- Extending the life of the Broken Hill Operation in a sustainable manner;
- Maintaining flexibility to rapidly increase production in response to market price and economic conditions;
- Complete development of the Potosi/Silver Peak mines targeting full commissioning during the first quarter 2013 ramping up to full production by year's end; and
- Continuing with work to strengthen our development pipeline at the Southern Operations and our nearby mine deposits at the North Mine Uppers, North Mine Deeps and Flying Doctor.

To date Perilya has been able to sustain the transformational improvements in productivity achieved through 2009/2010, resulting in a reserve life at the Southern Operations of 8 years as of 30 June 2012, with another 2 years of material not yet included in the resource planned for mining. Confidence in the existence of this material is based on knowledge of the historic mining activities. Furthermore, we have significantly reduced production costs despite the appreciation of the Australian dollar. Going forward our focus will be on ensuring these improvements continue to be sustained and to rapidly develop, as appropriate, the expansion opportunities that are before us.

Table 1: Mineral Resources and Ore Reserves - Broken Hill Operation

Mineral Resource and Ore Reserve as at 30th June 2012			Tonnes	Zinc	Lead	Silver
			'000	%	%	g/t
Resource	Southern Operations	Measured	4,600	9.5	6.9	71
		Indicated	5,600	8.9	5.8	64
		Inferred	1,500	10	10	102
		Total	11,700	9.3	6.8	72
	North Mine Uppers (Above 26L)	Measured	400	7.40	8.00	155
		Indicated	300	7.3	8.4	150
		Inferred	300	7	11	109
		Total	1,000	7	9	140
	North Deeps (Below 26L)	Measured	2,100	11.40	13.90	216
		Indicated	1,200	11.7	13.6	239
		Total	3,300	11.5	13.8	224
	Potosi	Inferred	1,600	14	3	46
		Total	1,600	14	3	46
	Silver Peak	Inferred	400	5	9	77
		Total	400	5	9	77
	Central Blocks	Inferred	700	5	4	43
		Total	700	5	4	43
	Flying Doctor	Indicated	900	3.1	4.2	43
		Inferred	600	3	4	46
		Total	1,500	3	4	44
	Henry George	Inferred	1,300	8	1	14
		Total	1,300	8	1	14
	1130	Inferred	200	12	1	7
		Total	200	12	1	7
	Total	Measured	7,100	9.9	9.0	119
		Indicated	8,000	8.6	6.9	91
		Inferred	6,600	9.1	5.1	56
		Total	21,700	9.2	7.0	89
	Resource at 30 June 2011		22,700	9	7	86
Reserve	Southern Operations	Proved	5,400	7.3	5.9	59
		Probable	6,400	5.1	3.8	41
		Total	11,700	6.2	4.8	50
		Reserve at 30 June 2011	14,700	5.3	4.0	43

Mineral Resource cutoff grade (combined Pb and Zn): North Mine Deeps 8%, Henry George / 1130 / Central Blocks variable 2-5%, Silver Peak 5%, all other resources 7%.

Notes

All Mineral Resources and Ore Reserves figures reported represent estimates at 30 June 2012. Competent Persons Statements are provided on page 7 of this report.

Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Ore Reserves (i.e. Ore Reserves are a sub-set of Mineral Resources and are not additive).

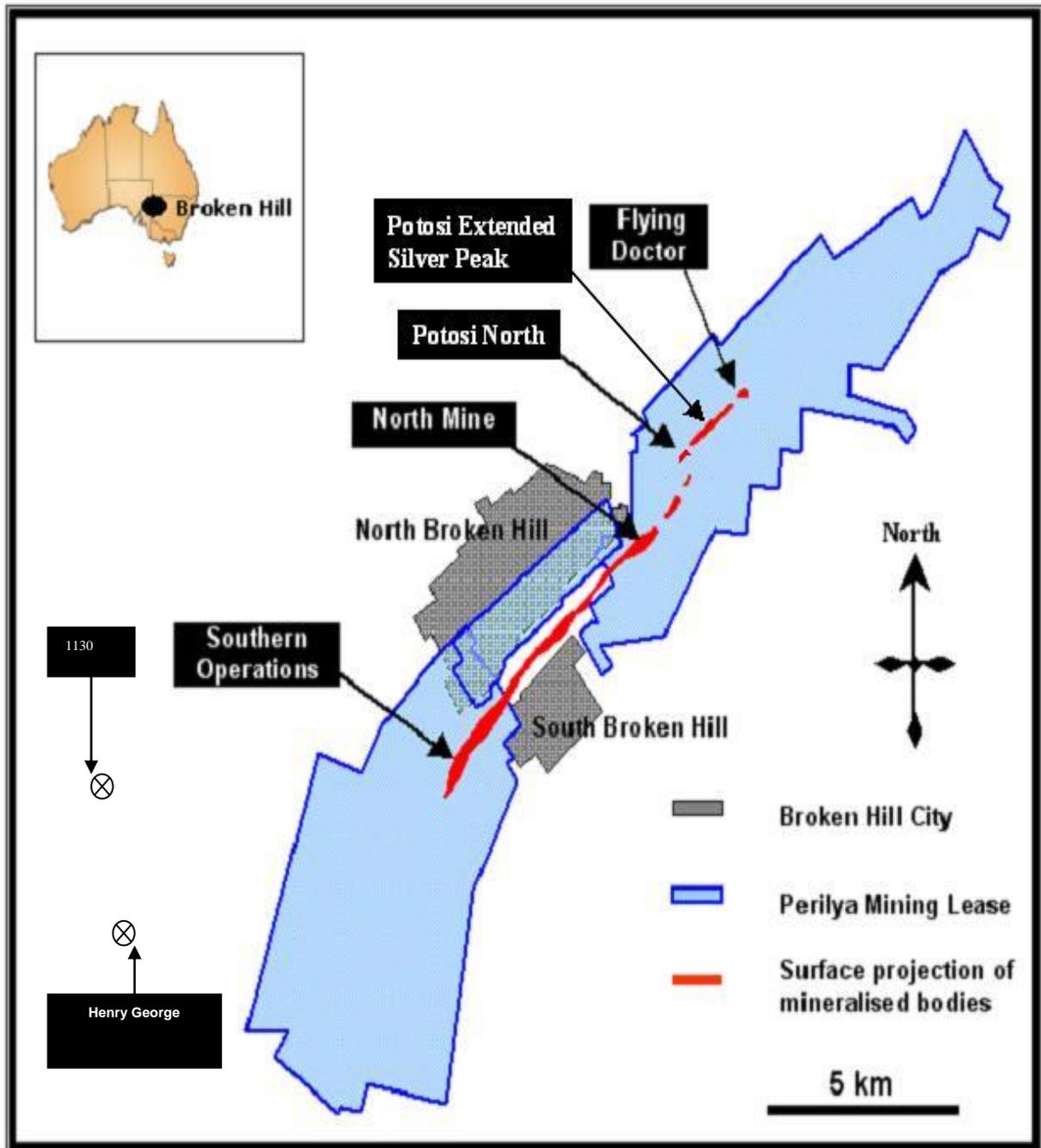
Rounding, conforming to the JORC Code, may cause some computational discrepancies.

Mineral Resources and Ore Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (The Joint Ore Reserves Committee Code – JORC).

Due to the conservative method used for estimating Mineral Resources at Broken Hill using life-of-mine designs, there is the potential for the Ore Reserve tonnage to be greater than the Mineral Resource tonnage when mining dilution is included in the Ore Reserve estimate.

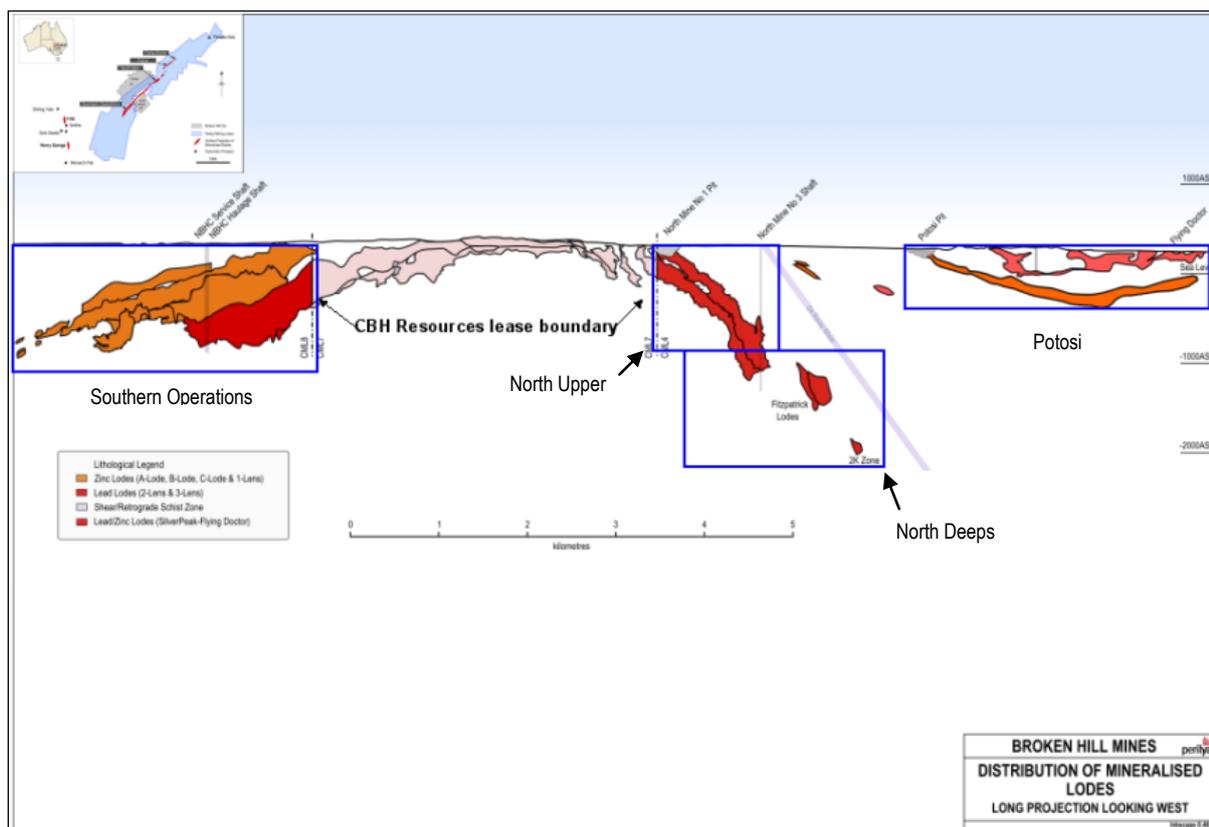
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Figure 1: Perilya Broken Hill Mines Mineral Resource areas in relation to the lease boundaries and the city of Broken Hill



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Figure 2: Long Projection of the Mineral Resources and Ore Reserve locations along the main mineralisation trend within Broken Hill



COMPETENT PERSON STATEMENTS

Attribution Statements

The information in this report that relates to Mineral Resources for the Southern Operations, is based on information compiled by Sonia Konopa who is a full-time employee of AMC and is a member of the Australian Institute of Geoscientists. Ms. Konopa has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she 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'. Ms. Konopa consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Mineral Resources for the Southern Extensions, Silver Peak, North Mine Uppers, Potosi, Central Blocks, Flying Doctor, Pinnacles (1130 and Henry George deposits) North Mine Deep is based on information compiled by Mr Noel Carroll who is a full-time employee of Perilya and is a member of the Australian Institute of Geoscientists. Mr Carroll has 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'. Mr Carroll consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Ore Reserves for Southern Operations is based on information compiled by Mr Justin Woodward who was at the time of compiling the report a full-time employee of Perilya and is a member of the Australasian Institute of Mining and Metallurgy. Mr Woodward has 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'. Mr Woodward consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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AMC CONSULTANTS PTY LTD - STATEMENT FOR PERILYA BROKEN HILL

In December 2012 AMC conducted a technical review of the methodologies and processes used to prepare the Southern Operations Mineral Resource and Ore Reserve estimates. AMC previously reviewed the methodologies and processes used to prepare Mineral Resource estimates for the Potosi and Flying Doctor deposits in 2008 (amongst others) but due to limited changes in the estimates for these deposits did not review the methodologies or processes in 2012.

The 2012 review was restricted to assessment of the risks relating to the input data quality, the processes and the methodologies used to estimate the Mineral Resource and Ore Reserve. The review did not involve detailed checks of the actual estimations.

AMC is of the opinion that the overall approach and methodology used to estimate the Mineral Resources is consistent with accepted industry practice and is appropriate for the style of mineralisation that occurs at Broken Hill. AMC has not identified any fatal flaws that could have a material impact on the Mineral Resources as reported.

With respect to the Mineral Resource reported for Southern Operations, only resources that lie within the currently planned mining outlines have been reported, although some mineralisation also exists outside these outlines. AMC believes this to be a conservative but prudent approach considering the remnant mining nature of the operation. AMC considers that the Mineral Resource for Southern Operations provides a suitable basis for estimating the Ore Reserve.

The Ore Reserve for Southern Operations is based on the Measured and Indicated Resource contained within the planned mining outlines. AMC considers that the mining factors applied to allow for ore recovery and dilution are appropriate for the nature of the mining operations, which involves extraction of remnant ore blocks as well as unmined lodes.

AMC believes that the reported Ore Reserve provides a sound basis for predicting the likely tonnages and grades that will be extracted from the planned mining outlines.

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