

## ASX and Media Release

5 February 2009

### **PLACEMENT TO ZHONGJIN RECEIVES GREEN LIGHT:**

- **PEM SHAREHOLDERS VOTE OVERWHELMING IN FAVOUR OF ISSUE**
- **FIRB APPROVES ZHONGJIN TRANSACTION**

Perilya (ASX:PEM), the New South Wales zinc and lead miner, is pleased to announce overwhelming shareholder support for a \$45.5 million share placement to Zhongjin Lingnan, China's third largest zinc producer, following an extraordinary general meeting in Perth today.

Perilya also today advised shareholders at the meeting that Zhongjin Lingnan has received confirmation from the Federal Treasury under the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* that there are no objections under the Australian Government's Foreign Investment Policy to Zhongjin Lingnan acquiring an interest of up to 52% in Perilya (FIRB approval).

Under the terms of a Subscription Agreement, Zhongjin Lingnan Mining (HK) Company Limited (a wholly-owned subsidiary of Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd ("**Zhongjin Lingnan**") will be issued with new shares to acquire a 50.1% interest in Perilya in return for a cash injection.

Shareholders also approved a resolution to appoint Messrs Zhang Shuijian, Han Minzhi and Wang Wen to the Board on settlement of the placement, paving the way for Perilya's Board to be restructured to represent Zhongjin Lingnan's majority shareholding.

A meeting of the Board of Directors will be held in due course to finalise the composition of the Board and the new Board will be announced to shareholders.

In an overwhelming response where over 65 million proxy votes were received, the Board is pleased to note that approximately 95% of those proxy votes were cast 'For' the resolution, which was considered at the extraordinary general meeting held in Perth today. Shareholders who attended the meeting also voted overwhelmingly in favour.

Today's shareholders approval and approval by the Federal Treasury under the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* (FIRB Approval) and earlier approvals by all relevant Chinese regulatory authorities, now completes all of the key conditions precedent to the placement.

Perilya's Managing Director, Paul Arndt said we are delighted with the outcomes today. With the placement receiving overwhelming support, with approval of 95%<sup>1</sup> of Perilya shareholders, and today's announcement by the Federal Treasury to approve Zhongjin Lingnan's investment in Perilya.

"The conclusion by FIRB and the Federal Treasurer is a credit to all those involved and represents a sound decision during tough economic conditions in the resources industry. Importantly, this decision provides Perilya and the Broken Hill community with a positive future and helps to underpin ongoing employment in Broken Hill at a time of significant job losses in both the resources industry and across the broader economy," Mr Arndt said.

---

<sup>1</sup> Includes proxies for and open held at the meeting and representing over 30% of the voting stock of Perilya.

President of Zhongjin Lingnan and nominated Perilya Director elect, Mr Zhang Shuijian, said Zhongjin Lingnan will extend its support to future opportunities for Perilya and its shareholders as they arise.

“Perilya represents a good opportunity to invest in the Australian market, and we thank Perilya’s shareholders for their approval.

“Perilya is the only lead and zinc miner currently in production in the Broken Hill region and we look forward to strengthening the Company’s position for the benefit of all shareholders and employees,” Mr Zhang said.

Paul Arndt said securing the calibre of the Zhongjin Lingnan partnership is testimony to the value of Perilya’s people and its assets in Broken Hill.

“The placement of shares to Zhongjin Lingnan, together with all the difficult decisions already taken on resizing Perilya’s Broken Hill Operations puts Perilya in the best possible position to sustain its operations through the current market.

“Perilya has cash in the bank and no corporate debt. We have also achieved major improvements in productivity and fixed costs at the Broken Hill Operations, which are moving us significantly lower on the industry cost curve.

“Should metal prices increase in the future, Perilya is well-positioned to ramp-up production, enhance our financial position and extend the life at the Broken Hill Operations,” said Mr Arndt.

The share placement is scheduled to complete on or before Thursday, 12 February 2009.

A complete breakdown of the voting at today’s extraordinary general meeting follows in a separate announcement to the market.

ENDS

**Investors:**

Paul Arndt  
Managing Director  
+61 8 6330 1000

**Inquiries:**

Paul Marinko  
Company Secretary  
+61 8 6330 1000

**Media:**

Warrick Hazeldine/ Annette Ellis  
Purple Communications  
+61 8 9485 1254 / 0417 944 616

**About Perilya**

Perilya Limited is an Australian base metals mining and exploration company. Perilya is the operator of the Broken Hill zinc, lead, silver mine in NSW and the Flinders zinc silicate project in South Australia.

The Company’s operations at the iconic Broken Hill mine have recently been resized in a bid to improve productivity and to ensure operations are sustainable in the event of a prolonged period of low metal prices.

The Company continues to sell zinc silicate from its Beltana stockpiles in South Australia and evaluating development of nearby deposits including the Reliance deposit.

The Company is reviewing options for the development of the Mount Oxide Copper and Cobalt Project in the Mount Isa region in Queensland.

For more details, visit [www.perilya.com.au](http://www.perilya.com.au)