

Full Year Financial Results

for the year ending 31 December 2011

29 February 2011

PERILYA ANNOUNCES A NET PROFIT AFTER TAX OF \$38.75 MILLION FOR THE 12 MONTHS ENDING 31 DECEMBER 2011

Perilya (ASX:PEM) today released its preliminary financial results for the twelve month period ending 31 December 2011, reporting a net profit after tax of \$38.75 million, on operating revenue of \$360.19 million (up from \$243.66 million for the preceding period).

Key Financial Highlights:

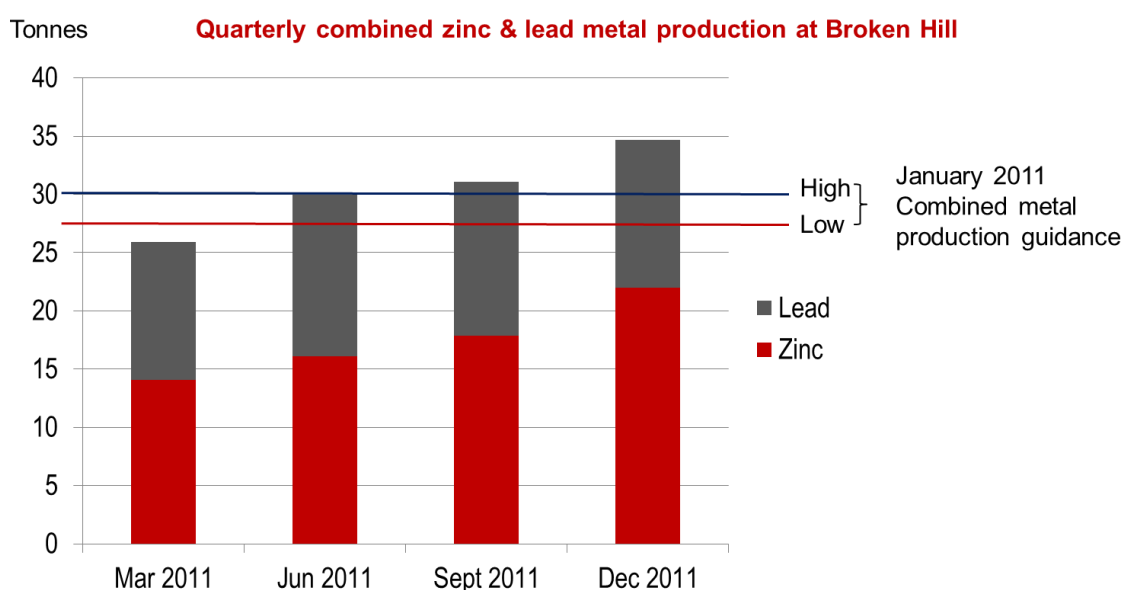
- Earnings before interest and tax of \$52.96 million (up from \$26.82 million for the corresponding period last year).
- A net profit after tax of \$38.75 million (\$74.17 million for the corresponding period last year, which includes a \$47.356 million one off adjustment of previously unrealised tax losses. Once these adjustments have been excluded for comparative purposes, the 2011 result is an \$11.9 million increase in operating profit after tax from the previous year).
- Free cash on hand of \$36.37 million (including repayment \$167.69 million in debt during the period).
- Net cashflow from operations of \$67.44 million for the period (up from \$53.13 million for the corresponding period last year).
- Sales revenue (net of treatment & refining charges) of \$360.19 million (up from \$243.66 million for the corresponding period last year).
- Earnings per share of 6.71 cents (after adjusting for the November 2011 rights issue, which resulted in approximately 243 million additional shares being issued during the period).
- Cerro de Maimón production for the full year of 11,707 t of contained copper, 15,763 oz of gold and 587,100 oz of silver ahead of revised market guidance of 10,000-11,000 t of copper, 15,500 oz of gold and 550,000-600,000 oz of silver (originally 9,300 t of copper, 15,000 oz of gold and 340,000 oz of silver) at a C1 cash cost for the full year of US\$0.39/lb of payable copper.
- Average price received for copper during the period was US\$3.99/lb resulting in the Cerro de Maimón generating a healthy cash operating margin of US\$3.60/lb of payable copper.
- Combined zinc and lead production of 121,700 tonnes (contained) produced at an average notional* C1 cash operating cost at Broken Hill of US\$0.56/lb of payable zinc – within market guidance of US\$0.50 – US\$0.60/lb of payable zinc.
- Average prices received for zinc during the period was US\$0.99/lb resulting in the Broken Hill Operations generating a healthy cash operating margin of US\$0.43/lb of payable zinc.
- Continuous improvement at both the Cerro de Maimón and the Broken Hill Operations in safety, operating costs and productivity (tonnes mined per employee) achieved throughout the period.
- Successful integration of the former TSX listed GlobeStar Mining Corporation, including the Cerro de Maimón copper, silver & gold mine in the Dominican Republic.
- Significant increase in Reserve & Resource and mine life announced during the period for Cerro de Maimón
- No impairment charges or impairment reversals during the period.

* Notional net C1 cash cost assumes that all production including by products produced during the quarter are sold during the period

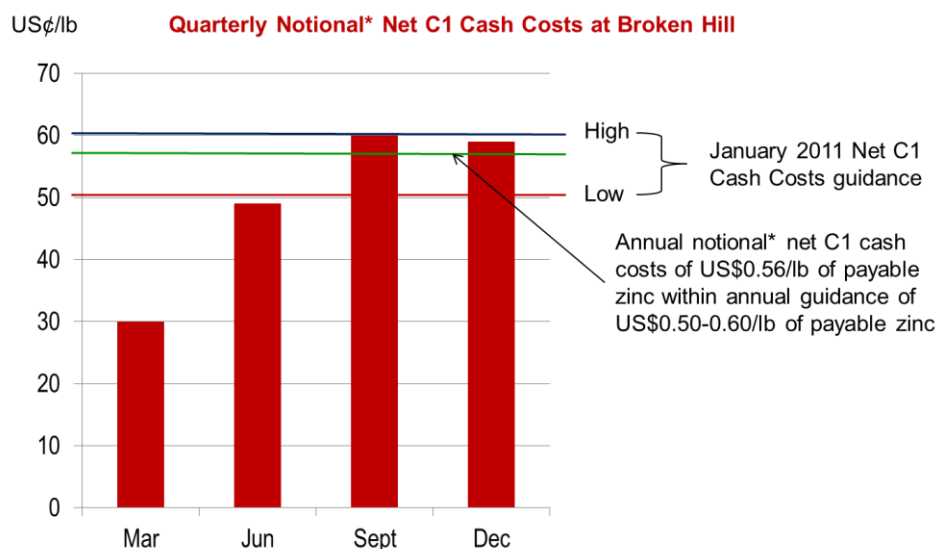
COMMENTARY

The results for the 12 months to 31 December 2011 saw another strong year from both the Company's Broken Hill and Cerro de Maimón Operations across all areas (including metal production, productivity, costs and safety performance), resulting in the Company meeting or exceeding market guidance for metal production and costs for both operations for the period.

The 2011 financial year witnessed an exceptionally strong operational performance from Perilya's Broken Hill operations. The production performance at Broken Hill for the year was an outstanding effort and showed the benefit of the application of disciplined management improvement programs in a mature mine. These outstanding performances are highlighted by mining production being both ahead of plan and 7% above corresponding period last year and the All Injury Frequency Rate dropping to 14.1 (compared with 17.2 at the corresponding time last year). These results are a reflection of the strong focus and delivery in terms of both production and safety performance by our entire team at Broken Hill. Combined metal production of 121,700 tonnes of contained lead and zinc was ahead of market guidance of 110,000-120,000 tonnes.

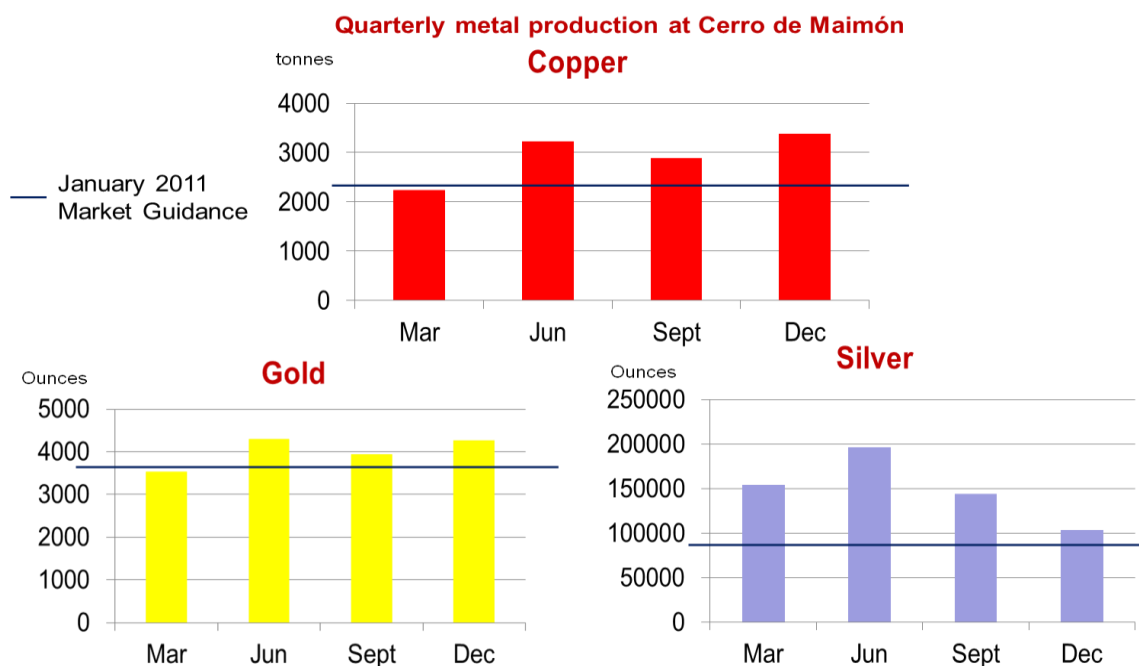


The Company has continued to maintain a very tight control on costs within the mine gate. The notional C1 cash costs for the period were US\$0.56/lb of payable zinc, within targeted C1 cash costs of US\$0.50 – US\$0.60/lb of payable zinc.

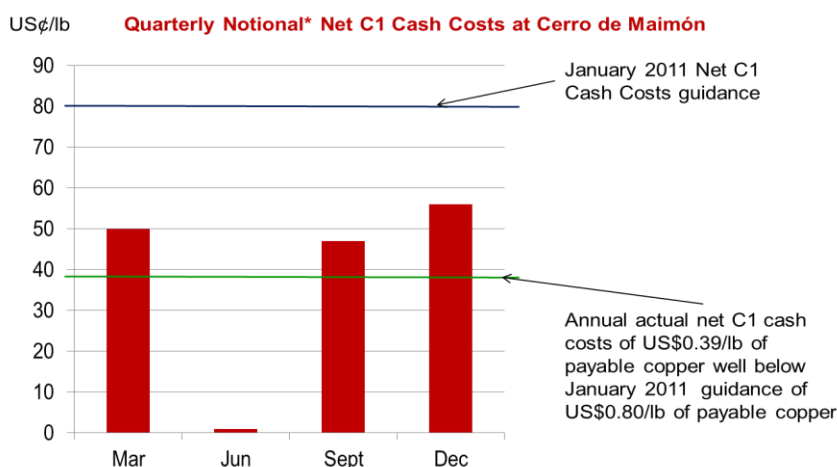


Just prior to the end of the year the new Resource and Reserve statement for Broken Hill was released re-affirming the long life still remaining in this asset.

At Cerro De Maimón the year also saw a very strong performance, with production cash costs well ahead of guidance. This is demonstrated with Perilya delivering during its first full year of ownership an increase of over 20% in copper metal production on the corresponding period last year. Annual metal production met or, in the case of copper, exceeded the revised market guidance, with total metal production of 11,707 t of copper, 15,763 oz of gold and 587,100 oz of silver. This outcome compares to the revised market guidance of 10,000 – 11,000 t of copper, 15,500 – 16,500 oz of gold and 550,000 – 600,000 oz of silver (originally 9,300 t of copper, 15,000 oz of gold and 340,000 oz of silver). The Company has maintained a very tight control on costs within the mine gate.



The C1 cash costs for the period were US\$0.39/lb of payable copper, well below January 2011 guidance of US\$0.80/lb of payable copper and within the range of July revised guidance of US\$0.30-0.40/lb of payable copper.



During the year Perilya released a new Resource and Reserve Statement for Cerro de Maimón which indicates a more than 50% increase of the mine life from the existing open pit for both the oxide and sulphide plants at current production rates. Under current price assumptions, as of the date the Report, the new Reserve shows

that despite three years of mining the oxide plant can be expected to run for almost 4 years (previous assumption 18 months remaining) and the sulphide circuit for at least 10 years (previous assumption 6 years remaining). These projections are all based on Ore Reserves from open pit mining and current processing rates producing approximately 10,000 tpa copper.

The year demonstrated that the operational efforts of Management and Perilya's acquisition strategy have been critical in combatting the adverse effects of falling commodity prices and continued strength of the Australian dollar experienced across the second half of 2011 and have continued into 2012.

Going forward into 2012 the impact of lower prices for by-products and high volatility make cost forecasting (net of by-product costs) difficult. For Broken Hill production guidance is expected to be in the range of 110,000-120,000 tonnes of combined lead and zinc metal, at a C1 cash cost of US\$0.60-0.70/lb of payable zinc (net of by-products). The adjustment in cash costs reflects the fall in by-product prices and the strength of the Australian dollar. As the Broken Hill operations are highly sensitive to these movements, a movement up in commodity prices and/or a fall in the Australian dollar will see a lowering of this number.

For Cerro De Maimón, building from this year's strong performance copper production in the range 10,500-11,000 tonnes is forecast, at a C1 cash cost of US\$0.60-0.80/lb (net of by-products). Gold production is forecast to be around 14,000-15,000 oz and silver production around 320,000-400,000 oz, reflecting lower forecast silver grades in the mine. The increase in cash cost forecast is a combination of anticipated lower silver production and lower by-product prices.

MANAGING DIRECTOR COMMENTS:

Perilya's Managing Director & CEO, Paul Arndt, commented on the financial year under review, saying that:

"The results for FY 2011 represent an outstanding result on all fronts including operational and financial performance and strategic growth. Perilya has achieved a strong profit result in a period that was heavily impacted by a sustained appreciation of the Australian dollar and a weakening of metal prices, particularly for zinc and to a lesser degree copper and lead."

"That such a positive result was achieved in a period of declines in Australian dollar metal prices underlines the importance of the Company's diversification and growth strategy highlighted by the newly acquired Cerro de Maimón mining operations, which provides both country and product suite diversification (into copper and gold) as well as a strongly accretive cashflow for the Company."

"Cerro de Maimón, under Perilya's first full year of ownership, has strongly exceeded historical performance, with mine production for 2011 under Perilya exceeding the corresponding period last year by around 15%. Metal production significantly exceeded both plan and January 2011 guidance to the extent that Perilya released a revised production and costs guidance in July with the full year production also meeting or exceeding the revised market guidance. C1 cash costs for the year were also well below January 2011 guidance and also within the downward revised July 2011 market guidance. 2011 also saw a significant improvement in safety performance for the Cerro de Maimón operations against historical performance. These results further reinforce that this strategic acquisition has de-risked the Company's previous reliance on the Broken Hill cashflow and reduces the impact of a strongly appreciating Australian dollar."

"Broken Hill operations continued to perform strongly where the Company has continued to maintain its tight control on costs with C1 costs for the year again being within guidance. Further, mine and metal production significantly exceeded plan and another record year was achieved in terms of safety performance. All of these accomplishments reinforce that the new operating plan implemented in 2008/2009 is delivering sustained productivity improvements and tight operating cost control, and places the Broken Hill Operations in a far stronger position to both endure the difficult market conditions experienced in the second half of 2011 and to generate solid cash flow and profitability as economic situations improve."

"We have made substantial investment during the course of the year both at existing operations and also in the commencement of development of Potosi, exploration and study at Mt Oxide and an active drilling program that has been reflected in the expanded Reserve and Resource and mine life at Cerro de Maimón."

“With the inclusion of the GlobeStar assets and internal projects currently under consideration, as we look forward, Perilya’s focus will be to:

- *Continue to manage Operations to be cash accretive through the current downturn in metal prices and continuing strength of the Australian dollar;*
- *Complete the Potosi development currently underway to achieve production in the 1st quarter of 2013;*
- *Further extend the Cerro de Maimón Resource;*
- *Complete the pre-feasibility study for underground extension at Cerro de Maimón;*
- *Review the opportunities for potential production of a separate zinc concentrate at Cerro de Maimón;*
- *Complete the study on North Mine at Broken Hill;*
- *Establish the future for Mt Oxide;*
- *Complete the study on Moblan Lithium Project and determine future strategy for this asset;*
- *Complete the development study on the Cumpié Nickel Project;*
- *Take advantage of lower asset prices to pursue acquisition opportunities as they present themselves.”*

“Perilya also completed a successful rights issue in late 2011 raising approximately \$102 million before costs providing a real strengthening to Perilya’s balance sheet at a time of uncertainty in global markets.

2011 has been a very active and exciting year for Perilya and we expect to build on the momentum created throughout 2012. As we look forward, the consistently strong operating performance, cost control, development activity and the strengthening of our balance sheet positions Perilya well in an environment of uncertain global markets and ensures Perilya is well leveraged to benefit from any upturn in commodity prices.

SUBSEQUENT EVENTS:

Post end of the period, Perilya has agreed new working capital facilities with its bankers subject to completion of necessary documentation.

POTOSI/SILVER PEAK MINE DEVELOPMENT:

In January 2011 Perilya announced that its Board had formally approved the development of the Potosi/Silver Peak mine, located two kilometres from Broken Hill following completion of a development study and receipt of all necessary state and local government approvals for the project to proceed.

The Potosi project which originally commenced development in March 2007, was put on care and maintenance in September 2008 due to rapidly falling commodity prices at the time and uncertainty in global financial markets.

The mine development commenced in August 2011 and will initially target mining approximately 1.6 million tonnes of ore at an average grade of 8.3% zinc, 3.1% lead and 38 grams/tonne of silver.

Capitalising on existing infrastructure and a highly experienced mining workforce at Broken Hill, the Potosi/Silver Peak project has relatively competitive fundamentals in the current metal price environment and is expected to increase combined metal production (zinc and lead) from Broken Hill by approximately 30,000 tonnes in its first full year of production ramping up to approximately 45,000 tonnes per annum in subsequent years.

Ore mined from the Potosi/Silver Peak operation will be trucked to Southern Operations concentrator for processing.

The Potosi/Silver Peak project development will require approximately 18 months prior to the stoping operation which will see full mine production commence in the first quarter of 2013 and, under the initial plan, will continue for approximately an additional 40 months.

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About Perilya

Perilya is an Australian base and precious metals mining and exploration company, which owns and operates the iconic Broken Hill zinc, lead, silver mine in NSW Australia and, with the successful takeover of GlobeStar Mining Corporation in December 2010, the Cerro de Maimón copper, gold & silver mine in the Dominican Republic. The Company's operations at the Broken Hill mine went through a resizing in 2008 which has resulted in significant improvement in productivity, profitability and cashflows resulting in an extension to the life of mine to approximately 10 years.

In addition to its mining operations, the Company has an active exploration and development program which includes exploration and development programs in the Broken Hill region NSW Australia and in the Flinders region of South Australia in the vicinity of its Beltana zinc silicate project. The Company also has extensive exploration programs underway on its Dominican Republic mining and exploration concessions that include a laterite nickel project and highly prospective copper, gold & silver targets near its Cerro de Maimón mine.

The Company is reviewing options for the development of the Mount Oxide Copper Project in the Mount Isa region in Queensland. In addition, the Company has a 60% interest in the Moblan lithium project located in Quebec, Canada, which is currently undergoing a development study (the remaining 40% is held by SOQUEM, which is an investment company owned by the Quebec Government in Canada).

Perilya is owned 53.37% by Shenzhen Zhongjin Lingnan Nonfermet Co. Ltd, China's third largest zinc producer.

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



(ABN 85 009 193 695)

**PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

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

Current Reporting Period: Financial Year ending 31 December 2011
Previous Reporting Period: Financial Year ending 31 December 2010

Appendix 4E

PRELIMINARY FINAL REPORT
12 MONTHS ENDED 31 DECEMBER 2011

Details of the reporting period and the previous corresponding period

Name of entity

Perilya Limited

ABN	Reporting period	Previous corresponding period
85 009 193 695	Year ended 31/12/11	Year ended 31/12/10

Results for announcement to the market

Revenues from ordinary activities	Up	48%	\$'000 to 360,193	
Profit from ordinary activities after tax attributable to members	Down	48%	to 38,751	
Dividends	Amount per security	Franked amount per security		
Interim dividend	- ¢	- ¢		
Final Dividend	- ¢	- ¢		
Record date for determining entitlements to the dividends	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px 10px;">Not applicable</td> </tr> </table>			Not applicable
Not applicable				
<p>Refer to the results announcement released in conjunction with this Appendix 4E to the market on 28 February 2012.</p>				

Consolidated income statement

For the 12 months ended 31 December 2011

	Notes	12 months to 31 December 2011 \$000	12 months to 31 December 2010 \$000
Revenue from operations	2	360,193	243,665
Other income		1,525	2,196
Changes in inventories of finished goods and work in progress		(3,022)	(8,505)
Raw materials, power and consumables used		(83,318)	(56,341)
Employee benefits expense		(50,148)	(44,030)
Depreciation and amortisation expense	3	(39,008)	(27,753)
External services and consultants		(62,355)	(40,833)
Freight and handling		(29,125)	(22,981)
Royalties		(7,257)	(6,934)
Foreign exchange (loss) / gain		(4,275)	3,387
Other expenses from ordinary activities		(19,993)	(13,362)
Finance costs	3	(10,234)	(1,328)
Impairment of available-for-sale financial assets	3	(149)	(361)
Fair value movement of financial assets through profit and loss		125	-
Profit before income tax		52,959	26,820
Income tax (expense) / benefit		(14,208)	47,356
Profit for the year		38,751	74,176
Profit is attributable to:			
Owners of Perilya Limited		38,751	74,176
Non-controlling interests		-	-
		38,751	74,176
Earnings per share from profit attributable to the ordinary equity holders of the company		Cents	Cents
Basic earnings per share	7	6.71*	13.5*
Diluted earnings per share	7	6.71*	13.5*

* Earnings per share has been restated to account for the November 2011 Rights Issue to shareholders in accordance with AASB 133.

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

Consolidated statement of comprehensive income

For the 12 months ended 31 December 2011

	12 months to December	31 2011 \$000	12 months to 31 December 2010 \$000
Profit for the year		38,751	74,176
Other comprehensive income			
Cash flow hedges		190	421
Available-for-sale financial assets		(9)	(122)
Foreign currency translation		(167)	(5,505)
Income tax relating to components of other comprehensive expense		(32)	1,562
Other comprehensive expense for the year, net of tax		(18)	(3,644)
Total comprehensive income for the year		38,733	70,532
Total comprehensive income for the year is attributable to:			
Owners of Perilya Limited		38,733	70,532
Non-controlling interests		-	-
		38,733	70,532

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

Consolidated balance sheet

31 December 2011

	Notes	31 December 2011 \$000	31 December 2010 \$000
ASSETS			
Current assets			
Cash and cash equivalents		36,371	90,516
Restricted cash		-	9,320
Trade and other receivables		64,181	36,774
Inventories		21,238	24,487
Available-for-sale financial assets		640	2,298
Held-for-trading financial assets		497	380
Derivative financial instruments		-	14,748
Total current assets		122,927	178,523
Non-current assets			
Restricted cash		24,652	24,669
Trade and other receivables		140	66
Exploration, development and evaluation expenditure		183,076	159,928
Mine properties in use		189,086	158,415
Property, plant and equipment		62,784	40,585
Deferred tax assets		51,175	48,919
Total non-current assets		510,913	432,582
Total assets		633,840	611,105
LIABILITIES			
Current liabilities			
Trade and other payables		49,120	48,124
Borrowings		43,221	150,676
Other liabilities		8,085	7,372
Current tax liabilities		15,743	3,156
Derivative financial instruments		8,646	28,938
Total current liabilities		124,815	238,266
Non-current liabilities			
Borrowings		80,195	85,982
Provisions		39,812	26,800
Derivative financial instruments		-	10,619
Deferred tax liabilities		33,878	29,659
Total non-current liabilities		153,885	153,060
Total liabilities		278,700	391,326
Net assets		355,140	219,779
EQUITY			
Contributed equity		310,314	210,008
Reserves		(595)	(1,020)
Accumulated profits	4	45,421	6,670
Non-controlling interests		-	4,121
Total equity		355,140	219,779

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

Consolidated statement of cash flows

For the 12 months ended 31 December 2011

	Notes	12 months to 31 December 2011	12 months to 31 December 2010
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		354,597	248,623
Cash payments in the course of operations (inclusive of GST)		(278,837)	(197,947)
		75,760	50,676
Interest received		1,796	4,636
Interest and other finance costs paid		(6,872)	(2,158)
Income taxes paid		(3,244)	-
Net cash inflow from operating activities	9	67,440	53,154
Cash flows from investing activities			
Payments for mine properties		(52,508)	(31,781)
Payments for property, plant and equipment		(24,969)	(21,607)
Payments for exploration and evaluation		(17,640)	(14,069)
Receipts of performance guarantee bonds		16	-
Payments for other bonds		(75)	(3)
Acquisition of GlobeStar, net of cash acquired	12	-	(167,633)
Restricted cash paid for acquisition of GlobeStar		-	(4,254)
Proceeds from sale of available-for-sale financial assets		1,488	8,935
Proceeds from sale of property, plant and equipment		950	815
Net cash (outflow) from investing activities		(92,738)	(229,597)
Net cash (outflow)/inflow from financing activities			
Proceeds from issues of shares and other equity securities		102,115	-
Payments for issues of shares and other equity securities		(1,809)	(46)
Payments for acquisition of non-controlling interests		(4,138)	-
Dividends paid to company's shareholders		(1)	(1)
Proceeds from borrowings		47,802	157,996
Repayment of borrowings		(167,697)	-
Repayment of finance lease liabilities		(3,082)	(4,422)
Net cash (outflow)/inflow from financing activities		(26,810)	153,527
Net (decrease) in cash and cash equivalents		(52,108)	(22,916)
Cash and cash equivalents at the beginning of the financial year		90,516	116,709
Effects of exchange rate changes on cash and cash equivalents		(2,037)	(3,277)
Cash and cash equivalents at end of the year		36,371	90,516

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

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

Notes to the consolidated income statement

1. Basis of accounting

These consolidated financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

This consolidated financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcements made by Perilya Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted are consistent with those of the previous financial year.

2. Revenue from ordinary activities

	12 months to 31 December 2011 \$000	12 months to 31 December 2010 \$000
<i>Sales revenue</i>		
Sale of goods	358,055	239,507
<i>Other revenue</i>		
Loss on ineffective hedging	(106)	(746)
Interest	2,104	4,772
Rent and sub-lease rentals	140	132
	360,193	243,665

3. Expenses

	12 months to 31 December 2011 \$000	12 months to 31 December 2010 \$000
Profit before income tax includes the following specific expenses:		
Depreciation:		
Buildings	167	40
Leasehold improvements	98	402
Plant and equipment	9,218	7,787
Total depreciation	9,483	8,229
Amortisation of mine properties	29,525	19,524
Total depreciation and amortisation expense	39,008	27,753
Impairment losses:		
Available-for-sale financial assets	149	361
Total impairment losses	149	361
Finance costs:		
Unwinding of discount on rehabilitation provision	1,612	(1,455)
Interest and finance charges paid/payable	8,622	2,783
Total finance costs	10,234	1,328

4. Statement of retained earnings showing movements

Consolidated retained profits

	31 December 2011 \$000	31 December 2010 \$000
Balance at the beginning of the year	6,670	(67,506)
Net profit for the year	38,751	74,176
Dividends	-	-
Balance at the end of the year	45,421	6,670

5. Details of individual and total dividends and dividend payments

	Total amount paid or payable \$'000	Amount per share \$	Franked amount per share
Final dividend: Current period	-	-	-
Previous period	-	-	-
Interim dividend: Current period	-	-	-
Previous period	-	-	-

In line with non-payment of a final dividend for the reporting period ended 30 June 2008, the directors of Perilya resolved to suspend the company's Dividend Reinvestment Plan until further notice.

6. Net tangible assets per share

	31 December 2011 \$000	31 December 2010 \$000
Net tangible assets per share	0.46	0.42

7. Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with AASB 133: *Earnings Per Share* are as follows.

	31 December 2011 \$'000	31 December 2010 \$'000
Net Profit/(loss):	38,751	74,176
<u>Adjustments:</u>		
Net profit/(loss) attributable to minority equity interest	-	-
Earnings/(loss) used in calculating basic and diluted earnings per share	38,751	74,176

	Current period Number of Shares*	Previous corresponding period Number of Shares *
Weighted average number of ordinary shares used in calculating basic earnings per share	577,365,009	548,773,565
<u>Effect of dilutive securities:</u>		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	577,365,009	548,773,565

	31 December 2011 cents	31 December 2010 cents
Earnings per share from profit attributable to the ordinary equity holders of the company		
Basic earnings per share	6.71*	13.5*
Diluted earnings per share	6.71*	13.5*

* The earnings per share calculations for the years ended 31 December 2011 and 2010 have been adjusted for the 1 for 2 Rights Issue announced to the market on 26 October 2011 in accordance with AASB 133 Earnings Per Share. The effect of this is to dilute the number of shares on issue by a factor of 1.0453 for the periods prior to the Rights Issue.

8. Details of associates and joint venture entities

Companies within the economic entity are participants in the following joint ventures as at 31 December 2011. 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	
			31 December 2011	31 December 2010
Coultra ⁽¹⁾	NSW	Base metal exploration	51	51
Greenshire ⁽¹⁾	NSW	Base metal exploration	90	90
Stirling Vale ⁽¹⁾	NSW	Base metal exploration	51	51
Beltana Corridor ⁽¹⁾	SA	Base metal exploration	85	85
Blinman (Minotaur) ⁽¹⁾	SA	Base metal exploration	80	80
Mt Frome ⁽¹⁾	SA	Base metal exploration	90	90
Reaphook ⁽¹⁾	SA	Base metal exploration	85	85
Aroona ⁽¹⁾	SA	Base metal exploration	80	80
Malaysia Wide ⁽²⁾	Malaysia	Gold and base metal	50	50
Ranau ⁽²⁾	Malaysia	Gold and base metal	50	50
Dee Range ⁽¹⁾	QLD	Gold and base metal	90	90
Ulam Range ⁽¹⁾	QLD	Gold and base metal	90	90
Moblan West ⁽¹⁾	Canada	Lithium exploration	60	60
Moblan East ⁽¹⁾	Canada	Lithium exploration	60	60
Kanowna	WA	Gold exploration	76	76
Rustenberg ⁽²⁾	South Africa	Platinum group metals	52	52

⁽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

	31 December 2011 \$'000	31 December 2010 \$'000
Group's share of joint venture entities' results:		
Loss from ordinary activities before tax	(53)	(33)
Income tax on ordinary activities	-	-
Loss from ordinary activities after tax	(53)	(33)
Adjustments	-	-
Share of net loss of associates and joint venture entities	(53)	(33)

9. Reconciliation of profit after income tax to net cash inflow from operating activities

	31 December 2011 \$'000	31 December 2010 \$'000
Profit for the year	38,751	74,176
Depreciation and amortisation	39,008	27,754
Non-cash share-based payments employee benefits expense	444	361
Net exchange differences	1,937	(7,042)
Impairment of available-for-sale financial assets	149	-
Fair value movement of financial assets through profit and loss	(125)	-
(Gain)/loss on sale of available-for-sale financial assets	13	(1,277)
(Gain) on sale of plant and equipment	(632)	(412)
Change in operating assets and liabilities		
(Increase)/decrease in trade debtors	(22,451)	(4,192)
Decrease/(increase) in other debtors	472	(854)
Decrease/(increase) in inventories	1,061	7,801
(Increase)/decrease in prepayments	(664)	3,506
Increase/(decrease) in trade creditors and other payables	1,137	2,718
Increase/(decrease) in provisions	13,599	(367)
Increase/(decrease) in tax assets and liabilities	10,952	(47,356)
(Decrease)/increase in hedge assets and liabilities	(16,211)	(1,662)
Net cash inflow from operating activities	67,440	53,154

10. Non-cash investing and financing activities

	31 December 2011 \$'000	31 December 2010 \$'000
Acquisition of plant and equipment on finance leases	7,038	3,451

11. Contingent Liability

In July 2010, Pacific Basin IHC (UK) ("Pacific Basin") gave notice of its intent to refer a dispute under an expired shipping contract between Perilya and Pacific Basin to arbitration under the terms of that contract's dispute resolution procedures. The quantum of Pacific Basin's claim is approximately US\$4.8 million. Perilya has requested a copy of all documentation and evidence to support Pacific Basin's claim, however, at the date of this report no documentation has been received by Perilya or its lawyers. The Arbitration hearing is scheduled for January 2013. Perilya has filed a counterclaim in the proceedings. Based on the information provided to date, Perilya's legal advice is that Pacific Basin's claim has little merit and is being defended accordingly.

12. Business Combination

On 31 December 2010, pursuant to a Take-over Bid, Perilya Limited ("Perilya" or "PEM") acquired 97.77% of the voting shares of GlobeStar Mining Corporation ("GMI"), a company registered and headquartered in Toronto and publicly listed on the Toronto Stock Exchange ("TSX").

The acquisition of GMI gives Perilya immediate access to a low cost operating project producing copper, gold and silver with a seven year mine life and potential to increase both mine life and production rate. It delivers geographical diversification through the addition of an operating asset outside Australia and also provides a presence in the Latin America region and a Spanish speaking exploration team with regional experience.

GMI's prime assets are the low cost Cerro de Maimón copper-gold-silver project and an extensive portfolio of exploration tenements covering base metals and nickel in the Dominican Republic and 60% ownership of the Moblan lithium development project in Quebec, Canada.

The total cost of the business combination was \$180.7 million.

The fair value of the identifiable assets and liabilities of GMI as at the date of acquisition were:

	Recognised on acquisition \$000	Carrying value \$000
Cash and cash equivalent	13,027	13,027
Restricted cash	5,231	5,231
Financial assets – held for trading	393	393
Receivables	15,393	15,393
Prepayments	1,514	1,514
Inventory	12,125	6,211
Property, plant and equipment	291	291
Mine properties	89,283	89,283
Exploration, evaluation expenditure	138,058	11,469
Long-term deposits	103	103
	275,418	142,915
Payables	11,837	11,837
Income tax payable	1,831	1,831
Borrowings	28,708	28,708
Derivatives	5,627	5,627
Provisions	4,925	4,925
Deferred tax liabilities	37,710	1,100
	90,638	54,028
Fair value of identifiable net assets	184,780	
Percentage of controlling interest	97.77%	
Fair value of identifiable net assets of controlling interest	180,660	
Goodwill arising on acquisition	-	
	180,660	
<u>Cost of business combination</u>		
Cash	180,660	
<u>Cash outflow on business acquisition</u>		
Cash consideration	180,660	
Net cash acquired with the subsidiary	(13,027)	
Net consolidated cash outflow	167,633	

The fair value of acquired trade receivables is \$8.2 million. The gross contractual amount due is \$8.2 million, of which nil is expected to be uncollectible.

Direct costs of \$1.3 million relating to the acquisition have been recognised as “external service and consultant expense” in the profit and loss for the year ended 31 December 2010.

From the date of acquisition, GMI contributed Nil to the revenue or net profit of Perilya for the year ended 31 December 2010.

Had the acquisition of GMI been completed on 1 January 2010, Group revenue for the financial year ended 31 December 2010 would have been \$333.4 million and Group net profit would have been \$83.1 million.

13. Segment reporting

Description of segments

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

The executive management team and board of directors consider the business from an operational perspective and have identified six reportable segments as at 31 December 2011.

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

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

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

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

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

The segment information provided to the executive management team and the board of directors for the reportable segments for the year ended 31 December 2011 is as follows:

	Base metals mining			Exploration		Investment & administration \$000	Adjustments & Eliminations \$000	Consolidated \$000
	Broken Hill \$000	Beltana \$000	Cerro de Maimón \$000	Australia \$000	America \$000			
Total segment revenue	231,732	75	126,323	-	-	2,063	-	360,193
Other revenue/income	1,023	-	84	-	-	418	-	1,525
Reconciliation to total revenue (note 4 and 5)	232,755	75	126,407	-	-	2,481	-	361,718
EBIT	11,828	(174)	68,820	-	-	(19,385)	-	61,089
Reconciliation of EBIT to operating profit/(loss) for the year								
Interest revenue	-	-	41	-	-	2,063	-	2,104
Finance costs	(1,855)	-	(606)	-	-	(7,773)	-	(10,234)
Share of net losses of associates	-	-	-	-	-	-	-	-
Profit/(loss) before income tax	9,973	(174)	68,255	-	-	(25,095)	-	52,959
Income tax expense								(14,208)
Profit for the year								38,751
Depreciation and amortisation expense	(28,761)	(13)	(10,199)	-	-	(35)	-	(39,008)
Impairment losses taken to income statement	-	-	-	-	-	(149)	-	(149)
Segment assets ^{#*}	213,515	10,994	157,575	46,624	136,452	190,667	(121,987)	633,840
Total assets per the balance sheet								633,840
Segment liabilities ^{#*}	204,230	105	69,679	-	-	126,673	(121,987)	278,700
Total liabilities per the balance sheet								278,700
Investments in associates	-	-	-	-	-	-	-	-
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	69,100	-	8,915	14,927	2,175	-	-	95,117

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

* Base metals mining segment assets and segment liabilities include derivative financial instrument assets and liabilities.

Appendix 4E
Final Report
Period ended 31 December 2011

The segment information provided to the executive management team and the board of directors for the reportable segments for the 12 months ended 31 December 2010 is as follows:

	Base metals mining			Exploration		Investment & administration \$000	Adjustments & Eliminations \$000	Consolidated \$000
	Broken Hill \$000	Beltana \$000	Cerro de Maimón \$000	Australia \$000	America \$000			
Total segment revenue	224,311	14,582	-	-	-	4,772	-	243,655
Other revenue/income	549	-	-	-	-	1,647	-	2,196
Reconciliation to total revenue (note 4 and 5)	224,860	14,582	-	-	-	6,419	-	245,861
EBIT	24,757	3,172	-	-	-	(4,553)	-	23,376
Reconciliation of EBIT to operating profit/(loss) for the year								
Interest revenue	-	-	-	-	-	4,772	-	4,772
Finance costs	1,064	-	-	-	-	(2,392)	-	(1,328)
Share of net losses of associates	-	-	-	-	-	-	-	-
Profit/(loss) before income tax	25,821	3,172	-	-	-	(2,173)	-	26,820
Income tax expense								47,356
Profit for the year								74,176
Depreciation and amortisation expense	(26,917)	(775)	-	-	-	(61)	-	(27,753)
Impairment losses taken to income statement	-	-	-	-	-	(361)	-	(361)
Segment assets ^{#*}	153,622	33,180	131,187	31,697	128,231	214,862	(81,674)	611,105
Total assets per the balance sheet								611,105
Segment liabilities ^{#*}	159,364	26,593	80,456	-	-	206,587	(81,674)	391,326
Total liabilities per the balance sheet								391,326
Investments in associates	-	-	-	-	-	-	-	-
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	67,458	-	87,770	-	132,399	-	-	287,627

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

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


14. Subsequent events

The Board of Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Statements in relation to accounts and audit

This report is based on accounts to which one of the following applies.

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited (refer audit attached report). | <input type="checkbox"/> | The accounts have been subject to review (refer attached review report). |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

Sign here:  Date: 29 February 2012
.....
(Company Secretary)

Print name: Paul Marinko.....