

Quarterly Activities Report

for the three months ended 31 December 2012

HIGHLIGHTS

Highlights

Broken Hill finished the year with another strong production quarter producing approximately 31,264 tonnes of combined zinc and lead, resulting in a full year production of 130,953 tonnes of combined zinc and lead, exceeding both the January 2012 guidance of 110kt-120kt of combined zinc and lead and the September revised annual guidance of 125kt-130kt of combined zinc and lead. Notional¹ net C1 cash costs for the quarter were US\$0.73/lb of payable zinc, with a full year notional net C1 cash costs of US\$0.62/lb of payable zinc (at the lower end of full year guidance of US\$0.60-0.70/lb of payable zinc).

Development work at the Potosi & Silver Peak mines on track to commence mine production at the end of the March quarter 2013 (with a contribution to concentrate production being seen from the 2nd quarter), ramping up to full production by year's end.

Annual metal production from the Cerro de Maimón mine was 11,505 t of copper, 13,924 oz of gold and 346,794 oz of silver. Total production was in-line with annual guidance of 10,500-11,000 t copper, 14,000-15,000 oz gold and 320,000-400,000 oz silver. Actual net C1 cash costs for the quarter were US\$0.52/lb of payable copper with YTD actual net C1 cash costs of 0.62/lb of payable copper at the lower end of the full year market guidance of US\$0.60 – US\$0.80/lb of payable copper.

Corporate

- The Company's strong operational focus in difficult economic times, evidenced by the sustained global economic downturn, depressed metal prices and a very strong AUD against the US dollar, has seen a continuation of very strong operating results and a disciplined, sustained control on costs at both the Broken Hill and Cerro de Maimón operations.
- Perilya's Executive Management team was further strengthened and rejuvenated during the quarter with the appointment of an experienced General Manager in David Hume at Broken Hill and the rotation of Andrew Lord (formerly the General Manager at Broken Hill) to the role of Executive General Manager for the Americas and President of CMD, Perilya's Dominican subsidiary, with Peter Trout (formerly the EGM for the Americas and President of CMD) returning to a corporate role responsible for managing the pursuit of acquisitions and internal development projects outside of the Dominican Republic and the Broken Hill corridor.

Broken Hill

- Metal production for the quarter totaled 31,264 tonnes of combined zinc and lead.
- Together with the previous three quarters of strong production the December quarter result delivered full year performance of 130,953 tonnes of combined zinc and lead, exceeding both the January 2012 annual guidance and the September revised annual guidance of 110kt-120kt and 125kt-130kt of combined zinc and lead respectively.
- Quarterly notional net C1 cash costs (US\$0.73/lb of payable zinc) were slightly above annual guidance range (US\$0.60-0.70/lb) due to lower head grades and the continued adverse effects of a strong Australian dollar and weaker than anticipated by-product metal prices. 2012 full year average notional net C1 cash cost is \$0.62/lb of payable zinc, is at the lower end of the full year market guidance of US\$0.60-0.70/lb of payable zinc.
- Concentrator throughput of 416,000 tonnes during the quarter was 4% above plan.
- Mine production exceeded plan by 2%.
- Potosi development and resource drilling progressed to plan.

¹ Notional net C1 cash cost assumes that all production including by-product produced during the quarter are sold during the quarter.

² References throughout this report to Cerro de Maimón production volumes for the quarter are provisional, final assay results are pending

DR Highlight Points

- Total metal production for the quarter of 2,638 t of copper, 3,384 oz of gold and 79,737 oz of silver.
- Excellent availability in both milling circuits partly offset the impact of lower metallurgical recoveries in the sulphide circuit and lower feed grades and recoveries in the oxide circuit seen during the quarter.
- Actual net C1 cash costs for the quarter of US\$0.52/lb of payable copper (well below annual guidance), with full year actual net C1 cash costs of US\$0.62/lb of payable copper at the lower end of annual market guidance of US\$0.60 - \$US0.80/lb of payable copper.
- Mining volumes declined relative to the previous quarter with 1.4 Mt mined (compared to 1.6 Mt in Q3) as a result of the mining contractor's planned two week Christmas shutdown. Mined sulphide and oxide ore quantities were 156 kt (-11%) and 1 kt (-99%) respectively and reflected the Christmas shutdown and the cessation of oxide ore mining.

Exploration & Development

- A Farmin and Joint Venture arrangement was signed with Hammer Metal Limited for the Dee Range Project, Rockhampton, Queensland, pursuant to which Perilya grants Hammer a right to acquire, by way of a farm-in an undivided 60% interest in the project by incurring expenditure of A\$4,000,000 over a period of 4 years on exploration and evaluation activities.
- The Cerro De Maimón diamond drilling program continued in the December quarter to test for extensions outside of the new resource model and also to provide higher confidence within the resource envelope. Drilling completed during the quarter totalled 832.30 m. To the south east of the resource model drilling has intercepted a narrow sulphide lens within a wide hydrothermal alteration zone.
- Additional moderate to high-grade assay results were received from exploration drilling in the Little Broken Hill area completed during the previous quarter. Highlights include 4.0m @ 1.53% Zn, 0.53% Pb & 4ppm Ag in LBH103, 0.40m grading 22.34% Zn, 0.01% Pb & 2ppm Ag in LBH 105 and 0.60m grading 14.74% Zn, 0.07% Pb & 7ppm Ag in LBH107. Initial results of down-hole electromagnetic surveys completed on the holes have identified several off-hole responses which may require further drill testing.

MD/CEO's COMMENTS

We have continued to see a very strong operational performance from both Australia and the Dominican Republic. This is demonstrated by our performance against guidance both for physical production and cash costs. The strong last quarter completed an outstanding annual result at both operations. The strong Australian dollar and generally depressed zinc and lead prices places pressure on our Australian operations and it is pleasing to see the way in which all employees have responded. Along with good operating performance we have seen some outstanding results in safety with an extended run without any lost time injury over the quarter.

The quarter has seen good progress made on the development of Potosi and we expect to see this mine making contribution to a physical production in the second quarter, in line with previous guidance. We have also seen a further update for the Life of Mine for Southern Operations at Broken Hill with a life of almost ten years still ahead.

Our new General Manager, David Hume, has commenced at Broken Hill and post the end of the quarter Andrew Lord replaced Peter Trout as EGM Americas, based in the Dominican Republic. Peter will now focus on both the development of internal projects and Mergers and Acquisitions.

The next year presents a number of challenges. With the Australian dollar remaining strong good cost control will be maintained as a key focus. We will be looking to successfully commission Potosi and a lot of focus will be placed around the board approval and subsequent development of a cadmium and zinc removal circuit at Cerro D'Maimon. In addition the potential development of an underground mine at Cerro de Maimón and the potential re-opening of the North Mine are all matters that we anticipate will be considered by the board.

In terms of overall guidance we are looking to produce a combined tonnage of 140 000 to 150 000 tonnes of lead and zinc from Broken Hill (including Potosi, which will be back-end loaded) at a cash cost of US65-80 c/lb of Zinc (net of by-product costs). For the Dominican Republic we are anticipating a production of 11 000 to 12 000 tonnes of copper at a cash cost net of by-product credits of US80 – 100 c/lb.

A handwritten signature in blue ink that reads "Paul Arndt".

Managing Director and CEO
30 January 2013

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BROKEN HILL OPERATIONS

Mining Operations

The December quarter saw the Broken Hill Operations deliver another strong production performance. Above plan concentrator throughput together with higher than expected zinc head grade resulted in zinc concentrate production being 10% above plan. Head grade for lead and silver was slightly below plan. The total ore processed during the quarter was again above plan, with tonnes milled exceeding plan by 4%.

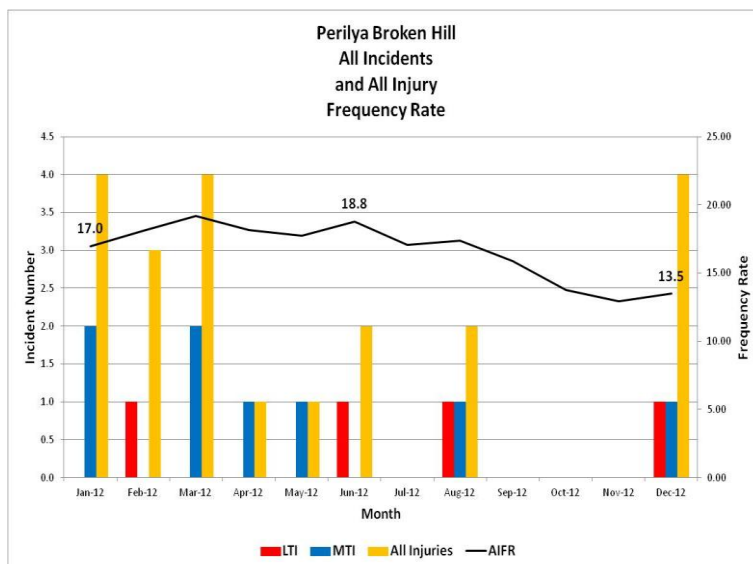
Following six consecutive quarters of meeting or exceeding the production plan, the December quarter has finished off a strong full year operating performance with above plan production of 130,953 tonnes of combined zinc and lead in concentrates, exceeding both the January 2012 guidance of 110,000 – 120,000 tonnes of combined zinc and lead and also the revised mid-year guidance of 125,000 – 130,000 tonnes of combined zinc & lead.

Mining operation exceeded planned ore production for the quarter by 2%, embedding improvements made in previous quarters. Full year mine production performance was 5% above plan. Mine development performance in new headings was below plan, due in part to additional emphasis on rehabilitation of older development.

Concentrator operations for the quarter continued to match mine production and treated a total of 416,000 tonnes. Zinc recovery in the December quarter averaged 92.2%, exceeding a plan of 89.9%. Lead recovery averaged 82.0% against a plan of 88.5% with the below-plan performance a result of lower than expected head grades for lead.

Safety

The December quarter has seen two injury free months followed by four injuries in December totalling one more injury than both of the previous quarters. The proactive safety activities increased significantly in this quarter in an effort to reverse the trend in injuries. The All Injury Frequency Rate moved down slightly from 15.9 to 13.5 and the Lost Time Injury Frequency Rate fell from 4.0 to 2.6. There was one lost time injury and one medically treated injury during the quarter. The Lost Time injury occurred when an operator driving a vehicle in the underground environment ran over a large rock and jarred his back. The Medically Treated injury occurred when technician working on drilling equipment pushed a spanner through the sole of his boot and into his foot requiring 3 stitches before returning to work.



The roll out of updated training packages and refresher training for operators continues at the rate of 580 accreditations per month. The Broken Hill operation has been accredited as a Rolling Stock operator by the Independent Transport Safety Regulator. A number of trials of the 'hook and pull' of wagons directly from the site by the main line operator have been successfully conducted and the full implementation will take place in mid-January. Training of supervisors and support staff in leadership skills continues with 94 leaders undertaking one day workshops to introduce tools and develop skills to aid communication in the workplace.

Key performance indicators for the quarter

- Average notional net C1 cash costs per pound of payable zinc at US\$0.73 was slightly above annual guidance of US\$0.60-0.70/lb of payable zinc. The 2012 full year average notional net C1 cash cost is \$0.62/lb.
- The All Injury Frequency Rate down from 16.5 to 13.5.
- Mining production and hoisting rates were 2% above plan for the quarter.
- Southern Operations development advance of 2,206m was 8% below plan for the quarter.
- Concentrator throughput of 416,000 tonnes was 4% above plan for the quarter.
- The combined (zinc & lead) grade of ore processed during the quarter was 8.5% versus a plan of 8.9%.

Production and Sales

During the quarter 406,400 tonnes of ore was mined from the Southern Operation, 2% above plan.

The combined lead and zinc concentrate produced during the quarter was 57,300 tonnes, which exceeded plan by 2.5%.

The combined (zinc & lead) grade of ore processed during the quarter was 8.5% (down from 9.4% combined in the previous quarter).

Combined metal production of 31,264 tonnes resulted in full year result of 130,953 tonnes of combined zinc and lead, exceeding both January 2012 annual guidance of 110,000t - 120,000t and mid-year revised annual guidance of 125kt-130kt of combined zinc and lead.

Production Statistics - Tables

Table 1: Broken Hill Quarterly Production

	Dec Qtr 2012	Sep Qtr 2012
PRODUCTION STATISTICS		
Ore		
Total Ore Mined (kt)	406.4	428.5
Total Ore Treated (kt)	416.0	420.6
Zinc		
Grade (%)	5.2	5.3
Concentrate (kt)	41.2	41.2
Contained Zinc (kt)	20.0	19.8
Payable Zinc (kt)	16.7	16.6
Lead		
Grade (%)	3.3	4.2
Concentrate (kt)	16.1	21.7
Contained Lead (kt)	11.2	15.3
Payable Lead (kt)	10.7	14.5
Silver		
Grade (g/t)	34.3	40.5
Contained Silver (Moz)	0.318	0.409
CASH COST & OPERATING MARGIN (US\$/lb zinc)		
Average Price Received	0.89	0.87
Direct Cash Costs	1.21	1.19
By-product credits ^(*)	(0.73)	(0.94)
Zinc treatment charges	0.24	0.26
Net Notional Cash Cost	0.73	0.51
Cash Operating Margin	0.16	0.36

^(*) Silver & Lead production net of treatment charges, freight & handling and realised lead/silver hedging gains and losses

Net Cash Costs of Production

The notional net C1 cash costs of US\$0.73/lb of payable zinc for the quarter was slightly above guidance of US\$0.60 - \$US0.70/lb of payable zinc due to lower by-products credits. However the YTD notional net C1 cash costs of \$0.62/lb of payable zinc is well within the full year market guidance of US\$0.60 – US\$0.70/lb of payable zinc.

MARKETS

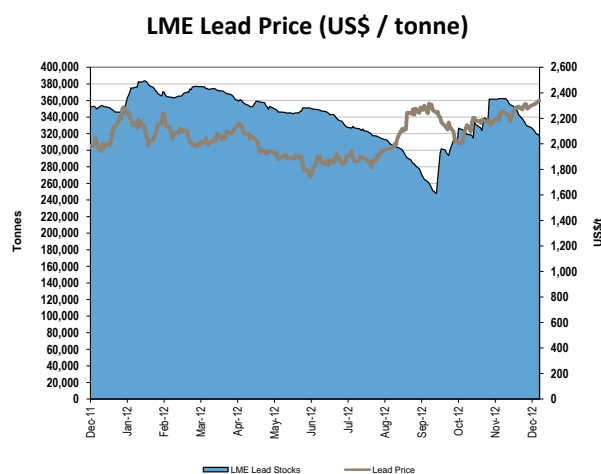
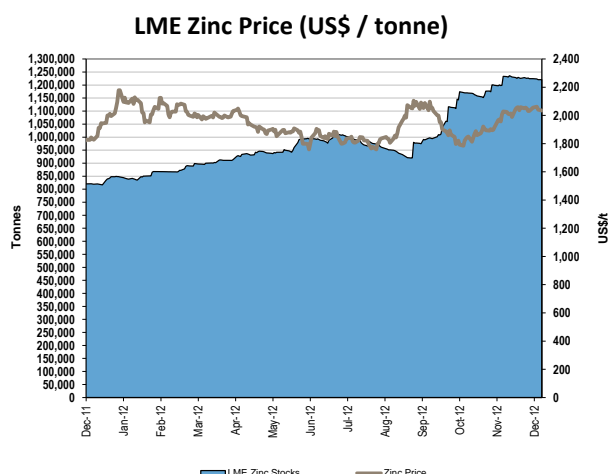
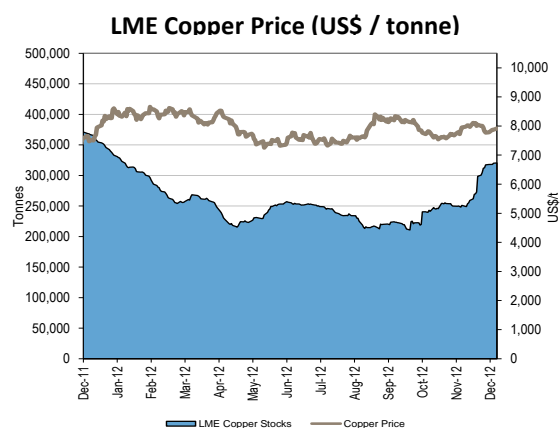
Lead prices increased during the quarter from its September low of US\$1,982/tonne to a high of US\$2,340/tonne. Average prices quarter on quarter increased by US\$224/tonne.

Zinc prices increased during the quarter from its September low of US\$1,836/tonne to a high of US\$2,062/tonne. Average prices quarter on quarter increased by US\$61/tonne.

Copper prices also increased during the quarter from its September low of US\$7,640/tonne to a high of US\$8,325/tonne. Average prices quarter on quarter increased by US\$203/tonne.

The AUD/USD exchange rate fluctuated between 1.0161 and 1.0550 during the December quarter, with an average of 1.0387 (September 12 quarter average of 1.0385)

In general commodity prices were higher in this quarter compared to the previous quarter and although world economic conditions still remain challenging, they appear to be stabilising. Perilya's outlook for the base metal market is still positive with supply constraints in the medium term occurring in both zinc and lead with the closure of several large mines now pushed back to 2015 and 16 with few alternatives available to increase production within the same timeframe.



CERRO DE MAIMÓN OPERATIONS

Sustained high plant availability partially offset lower metallurgical recovery and lower oxide circuit feed grades at the Cerro de Maimón mine. Total mill feed to the two processing plants was 191 kt (195 kt) which enabled metal production of 2,638 t of copper (-14%), 3,384 oz of gold (-8%) and 79,737 oz of silver (-23%).

Mining

Total mined volumes decreased compared to the previous quarter with 1.4 Mt mined (1.6 Mt). Waste movement ceased in mid-December as a result of a planned Christmas vacation period for the mining contractor's employees.

Less ore was mined during the quarter (157 kt versus 287 kt in Q3) as the pit floor deepened. The full completion of mining in the final oxide benches exposed the sulphide mineralisation in the northern pit sector which has provided an additional source of sulphide ore for mill feed blending.

Rain levels were moderate during the period with the exception of October which was affected by heavy rainfalls that restricted mining in the lower benches.

Work on final lift in the tailings co-disposal facility and the installation of the impermeable liner was completed in the quarter. Engineering design continued for the new waste rock and tailings co-disposal facility. Road construction between the open pit and new co-disposal facility site was well advanced at the quarter's end.

Upgrades were made to the western water diversion channel to assist water management.

Updated pit slope design criteria were received from the geotechnical consultant and preliminary pit designs have been prepared using this data and the 2012 mineral resource estimate.

The underground mining study was completed during the quarter and identified a preferred mine layout and mining method. Two economically viable scenarios were identified and will be further evaluated following the definition of the final open pit design. The final open pit and preliminary underground designs will be integrated to determine the most favourable overall mining plan.

Sulphide circuit

Mill feed reduced slightly from 136 kt to 127 kt as a result of slightly lower throughput rates in November and December. The mill feed grade of 2.6% Cu was the same as the previous quarter while recovery declined to 80% (86%) due to more complex ore mineralogy. Higher zinc grade in the ore feed created more challenging flotation conditions and careful blending ensured that all concentrate shipments remained within sales specification.

Precious metal feed grades increased to 1.0 g/t Au (0.9 g/t) and 32 g/t Ag (29 g/t). Quarterly copper concentrate production was 12,463 t (14,554 t) with 17,800 t of concentrate exported in seven shipments. Metal production was 2,638 t Cu (3,076 t), 1,592 oz Au (1,844 oz) and 65,880 oz Ag (83,334 oz).

Further metallurgical laboratory test-work was initiated to validate the process flow sheet for copper and zinc separation from primary ores. Preliminary engineering design for the preferred process flow sheet was completed and long lead items identified. The intended flow sheet comprises a fine grinding and flotation circuit that will allow an increase in the mill throughput rate and the potential to produce a separate zinc concentrate

Oxide Circuit

Mill feed totalled 64 kt (59 kt) at grades of 1.1 g/t Au (1.2 g/t) and 13 g/t Ag (18 g/t). Mill feed was entirely sourced from stockpiled ores following the completion of oxide ore mining in the fourth quarter.

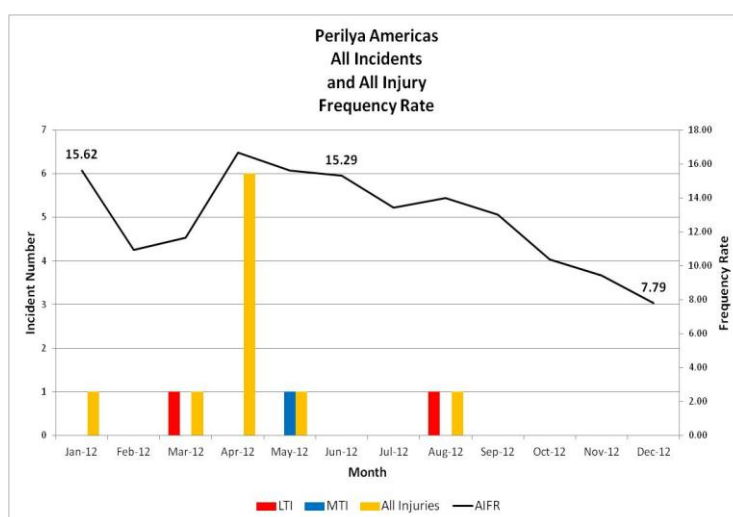
Gold and silver metallurgical recovery of 82% and 51%, respectively, were lower than recoveries in the previous quarter. As a result of lower grades and recoveries, metal production declined to 1,792 oz Au (1,849 oz) and 13,857 oz Ag (19,717 oz). The impact of lower grade and recovery was partly offset by very good plant availability and higher throughput rates that have resulted from ongoing process improvements.

Safety

The December quarter has seen an improved focus on proactive elements of Perilya's safety management system, especially 'fitness for work' testing, work place inspections and Tool Box talks. There have been no injuries in the quarter so each of the injury Frequency Rates continue to fall.

Other

The company supported a range of community development activities and inaugurated several new community projects during the quarter. Participants in the micro-finance program have developed numerous new small businesses without loan default. Several language and vocation training programs were also completed.



In December, Perilya's local subsidiary company was presented with the Dominican Exporter of the Year Award by the Dominican Association of Exporters (ADOEXPO) at a major ceremony in Santo Domingo.

Production Statistics - Tables

Table 2: Cerro de Maimón Quarterly Production

Cerro de Maimon	Dec Qtr	Sep Qtr
Quarterly Production & Cash Cost	2012	2012

PRODUCTION STATISTICS

Sulphide Plant		
Sulphide ore processed (tonnes)	127,238	135,974
Copper grade (%)	2.6	2.6
Gold grade (g/t)	1.0	0.9
Silver grade (g/t)	32.0	28.9
Oxide Plant		
Oxide ore processed (tonnes)	63,526	59,128
Gold grade (g/t)	1.08	1.16
Silver grade (g/t)	13	18
Gold (ounces)	1,792	1,849
Silver (ounces)	13,857	19,717
CASH COST & OPERATING MARGIN (US\$/lb copper)		
Average price received	3.59	3.54
Direct cash cost	2.16	1.86
By-products credit	(1.65)	(1.37)
Net cash cost	0.52	0.49
Cash operating margin	3.07	3.05

Net Cash Costs of Production

The actual net C1 cash costs of US\$0.52/lb of payable copper for the quarter was slightly above the previous quarter's US\$0.49/lb of payable copper due to lower copper production. This was partially offset by increased by-products credits due to higher gold and silver prices for the quarter.

The YTD actual net C1 cash costs is \$0.62/lb of payable copper is at lower end of the full year market guidance of US\$0.60 – US\$0.80/lb of payable copper.

POTOSI MINE

Work has continued on the underground development on both the Silver Peak and Potosi declines. During the quarter 201m of development was completed in the Silver Peak decline and 216m of development was completed in the Potosi decline and 144m of development was completed on the "North Ramp Up" (NRU) drive – the connection between the Potosi Decline and the Silver Peak Decline. In all some 1,006m of development advance was completed in the quarter.

Orebody development commenced in upper levels of the Potosi deposit during the quarter and will build up in the March quarter in preparation for commencement of stope production.

Resource definition drilling completed during the quarter totalled 3,730m and targeted Potosi 5, 6, 11, 12 and 13 levels and Silver Peak 5 Level. This phase of drilling involves systematically closing up the drill hole spacing to a 25m x 25m pattern around and within the economic zones in the inferred resource model to allow updating of resource estimation and stope planning. A total of 7,666m of resource diamond drilling was completed in 2012.

Initial assay results received in the quarter confirmed the high grade and lenticular nature of the deposits. Diamond drilling will continue in early 2013, focussing on deeper sections of the Potosi and Silver Peak orebodies as drill site accesses become available. Intersections using a 7.0% Pb/Zn cut off are shown in table 3 below.

Table 3: Potosi Diamond Drill Intercepts

BHID	LOCATION	EAST	NORTH	RL	EOH	BRG	DIP	FROM	TO	WIDTH (m)	PbZn %	Ag g/t
SP12135	5 LEVEL	9013	11951	10131	101.2	47	-9	67.5	69.0	1.6	10.1	88.4
SP12137	5 LEVEL	9013	11950	10131	80.1	118	-30	63.8	66.0	2.3	35.5	220.4
PD12168	5 LEVEL	9006	11196	10098	30	92	20	0.0	4.6	4.6	16.3	35.8
								6.0	7.0	1.0	8.3	7.0
								14.6	15.9	1.3	11.4	48.2
								23.5	27.0	3.6	29.1	53.3
PD12167	5 LEVEL	9007	11207	10098	30	92	19	19.0	20.0	1.0	8.5	12.0
PD12169	5 LEVEL	9007	11183	10098	30	92	21	3.9	6.8	3.0	21.0	58.2
								20.7	21.7	1.0	13.2	23.0
								22.5	23.6	1.1	17.1	20.0
PD12171	5 LEVEL	8995	11157	10097	30.2	279	-12	3.7	4.9	1.3	39.1	32.1
								7.0	9.7	2.7	39.8	72.6
PD12172	5 LEVEL	8994	11146	10096	30.5	242	-41	3.6	6.0	2.5	17.3	79.4
PD12170	5 LEVEL	8995	11157	10096	41	271	-40	11.9	13.6	1.7	24.3	43.7
PD12173	6 LEVEL	8991	11186	10078	50	50	24	8.8	9.9	1.1	27.5	63.9
PD12112	6 LEVEL	8991	11185	10078	45	117	23	5.5	8.0	2.5	20.8	46.2
PD12113	6 LEVEL	8991	11186	10078	50	83	29	0.0	1.4	1.4	12.3	40.5
								5.7	7.4	1.7	24.4	54.0
								14.0	15.0	1.0	10.8	34.0
								17.3	19.0	1.7	9.3	5.2
								40.0	41.0	1.0	8.5	22.0
PD12098	6 LEVEL	9017	11241	10074	42.5	292	0	9.4	11.8	2.4	28.0	39.1
								18.0	19.0	1.0	9.2	48.0
								25.1	27.0	1.9	14.7	26.8
								31.0	32.0	1.0	29.0	96.0
								35.0	36.0	1.0	7.5	84.0
PD12097	6 LEVEL	9017	11241	10074	40	269	-6	3.0	4.0	1.0	10.8	26.0
								6.1	10.1	4.0	23.1	17.8
								14.2	15.2	1.0	13.9	21.0
								20.7	21.9	1.2	8.4	33.9
PD12111	6 LEVEL	9018	11243	10074	75.5	337	-10	0.0	2.0	2.0	16.4	61.0
								5.2	7.2	2.0	9.8	25.9
								8.8	10.5	1.7	13.4	20.0
								12.0	14.0	2.0	8.9	16.0
								31.0	32.0	1.0	12.2	23.0
								44.7	46.4	1.8	33.4	115.9
								53.0	54.0	1.1	17.8	108.0
								61.0	62.0	1.0	10.3	0.0
63.5	65.8	2.3	23.6	99.8								
PD12102	11 LEVEL	9067	11572	9972	89.1	241	-5	42.0	43.8	1.8	10.4	10.1
								44.3	46.9	2.6	9.9	14.3
PD12103	11 LEVEL	9067	11574	9972	71.1	248	-50	25.5	30.0	4.5	23.1	25.1
								31.0	32.0	1.0	7.0	12.0
PD12100	11 LEVEL	9068	11571	9972	60.3	217	-23	33.9	35.3	1.4	9.9	22.1
PD12180	11 LEVEL	9101	11701	9954	130.2	241	-3	81.3	82.5	1.2	21.7	76.9
PD12177	11 LEVEL	9101	11699	9953	125.3	225	-15	93.3	95.0	1.7	9.4	6.2
								99.2	100.3	1.1	25.0	72.2
PD12179	11 LEVEL	9101	11700	9953	107.2	239	-17	67.0	68.0	1.0	7.9	10.0
								79.1	80.5	1.5	12.9	25.3
								87.0	89.0	2.0	11.0	22.8
								91.0	92.0	1.0	7.6	22.0
PD12176	11 LEVEL	9101	11699	9953	135.2	224	-26	57.0	58.5	1.5	10.7	32.0
								96.4	99.5	3.2	31.1	14.7
PD12186	12 LEVEL	9064	11759	9941	81.7	256	-35	21.0	22.0	1.0	10.9	22.0
								51.8	54.5	2.7	23.0	31.9
								66.4	68.4	1.9	17.4	56.3
PD12140	12 LEVEL	9065	11762	9940	120	288	-4	41.0	43.3	2.3	26.7	103.0
PD12144	12 LEVEL	9065	11762	9940	80.1	311	-6	72.6	76.8	4.2	27.2	25.1
PD12185	12 LEVEL	9064	11759	9940	62.2	256	-7	29.2	30.5	1.3	15.6	28.5
								46.7	47.7	1.0	24.8	8.6
PD12141	12 LEVEL	9065	11761	9939	80.2	288	-33	50.1	52.0	1.9	29.0	18.0
								61.5	64.0	2.6	36.0	25.1
PD12187	12 LEVEL	9064	11759	9939	101.1	256	-51	57.3	58.7	1.4	28.8	23.6
								62.9	65.0	2.1	27.7	25.4
PD12142	12 LEVEL	9065	11761	9939	107.2	288	-50	61.5	62.7	1.3	27.6	10.8

BHID	LOCATION	EAST	NORTH	RL	EOH	BRG	DIP	FROM	TO	WIDTH (m)	PbZn %	Ag g/t
								68.8	72.9	4.1	37.8	12.6
PD12145	12 LEVEL	9065	11761	9939	110	311	-27	59.8	60.8	1.0	7.8	14.0
								71.0	74.3	3.3	25.2	34.3
								77.1	78.2	1.1	14.8	33.0
PD12146	12 LEVEL	9065	11761	9939	129.2	311	-43	75.1	77.7	2.6	34.8	11.2
								81.0	82.7	1.7	8.3	33.0
PD12183	13 LEVEL	9060	11715	9936	65.1	234	26	52.0	55.0	3.0	10.7	46.3
PD12152	13 LEVEL	9061	11717	9935	55.9	296	1	21.2	23.0	1.9	13.5	25.7
PD12147	13 LEVEL	9061	11715	9934	60.5	234	2	54.0	55.0	1.0	12.4	64.0
PD12150	13 LEVEL	9061	11715	9933	62	267	-30	48.0	49.0	1.0	13.9	34.0
PD12153	13 LEVEL	9061	11717	9933	67.9	296	-31	55.9	57.0	1.1	11.3	37.0
								63.9	65.2	1.3	36.8	15.0
PD12148	13 LEVEL	9061	11715	9933	73	234	-27	48.7	51.8	3.1	27.7	19.6
PD12154	13 LEVEL	9060	11717	9933	84.5	296	-50	53.8	55.2	1.4	43.2	8.4
								62.6	64.7	2.1	24.7	15.0
PD12156	13 LEVEL	9061	11715	9933	80.1	267	-50	48.2	49.7	1.5	9.9	15.9
								54.0	55.0	1.0	8.0	52.0

- Notes:**
- Hole prefix: PD - Potosi
SP - Silver Peak
 - Composite calculated with a minimum grade of combined Pb/Zn of 7%;
 - Minimum composite width: 1m
 - Maximum internal dilution: 0.5m;
 - Minimum external dilution grade: 5%

EXPLORATION REPORT

BROKEN HILL AREA

No exploration drilling was completed during the quarter however final assay results were received from drilling completed on priority VTEM airborne electromagnetic targets in the July-September period. Additional encouraging results were returned from the Little Broken Hill area reported in the last quarter where a broad zone of low-grade mineralization and alteration was intersected.

Intersections of 5.8m grading 1.71% Zn, 0.04% Pb & 6ppm Ag and 4.0m grading 1.53% Zn, 0.53% Pb & 4ppm Ag were returned from LBH103 on the 554900 Section. Also on the same section, LBH105 returned 0.40m grading 22.34% Zn, 0.01% Pb & 2ppm Ag as well as 1.8m grading 3.98% Zn, 1.30% Pb & 10ppm Ag (Fig. 3, Table 4). Assays were also returned from two holes completed on the 554650 Section where LBH107 returned 0.6m grading 14.74% Zn, 0.07% Pb & 7ppm Ag and LBH108 returned 3.0m grading 2.94% Zn, 0.17% Pb & 2ppm Ag. (Fig. 2, Table 4).

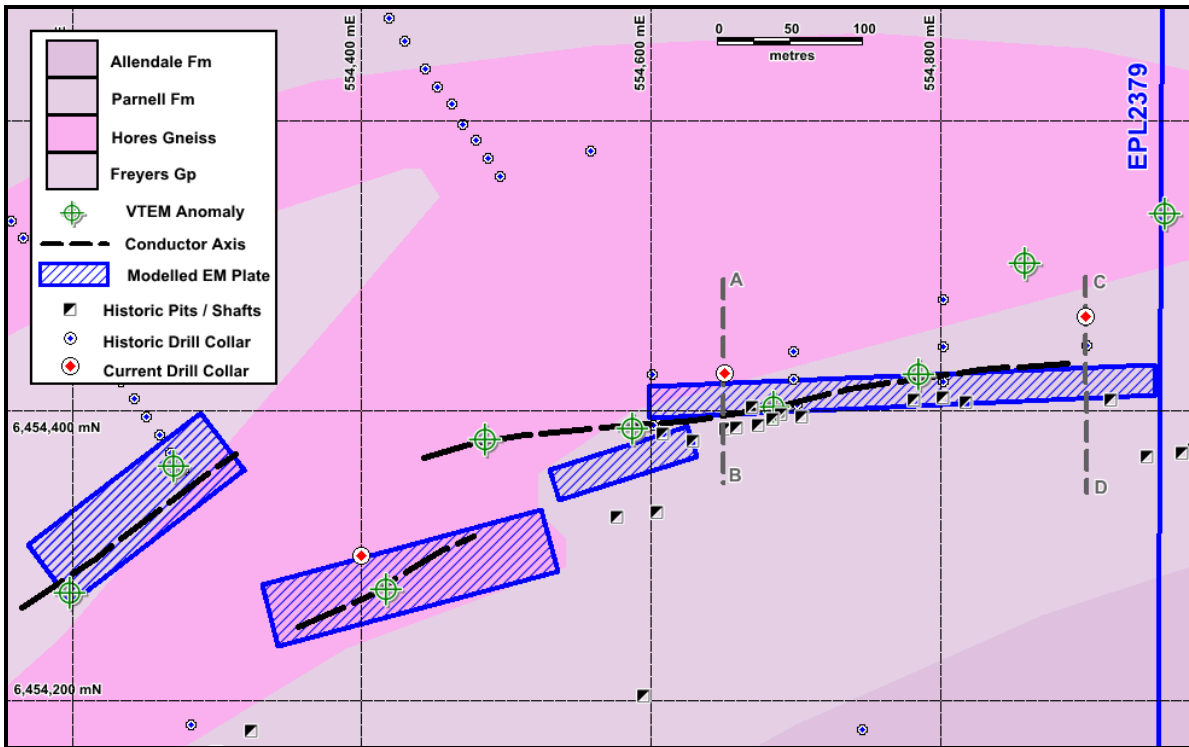
Down-hole electromagnetic surveys on selected holes completed during the July-September drill program were also undertaken during the quarter. Final interpretation of the data is pending however initial review of data from the Little Broken Hill area suggests that several off-hole responses were identified from the surveying. Final interpretation of the data will be completed in the March quarter which will determine if follow-up drilling in the area is required.

Surface geophysical surveying was also initiated over several additional high-priority VTEM targets in December. A total of 10 targets were selected for ground surveying in order to more clearly define the responses for potential drill testing although additional surveys may be completed prior to demobilizing the survey crew. Ground surveying will continue through January.

Table 4 – Little Broken Hill Area Drill Hole Summary (AGD66)

Hole ID	Easting	Northing	Azimuth	Dip	Length (m)	Comments / Results
LBH103	554,950	6,454,460	180	-55	138	5.8m @ 1.71% Zn, 0.04% Pb, 6ppm Ag from 29.2m 4.0m @ 1.53% Zn, 0.53% Pb, 4ppm Ag from 53.0m
LBH104	554,400	6,454,300	180	-72	174	0.65m @ 3.07% Zn, 0.04% Pb, 2ppm Ag from 43.60m 0.40m @ 32.33% Zn, 0.61% Pb, 2ppm Ag from 55.50m <i>-reported last quarter</i>
LBH105	554,895	6,454,460	180	-80	172	0.40m @ 22.34% Zn, 0.01% Pb, 2ppm Ag from 32.9m 1.80m @ 3.98% Zn, 1.30% Pb, 10ppm Ag from 110.2m
LBH106	554,895	6,454,460	180	-90	193	0.25m @ 2.36% Zn, 0.03% Pb, 7ppm Ag from 55.80m 2.15m @ 6.34% Pb, 0.12% Zn & 39ppm Ag from 128.55m <i>-reported last quarter</i>
LBH107	554,640	6,454,420	205	-56	119	0.60m @ 14.74% Zn, 0.07% Pb, 7ppm Ag from 79.7m
LBH108	554,640	6,454,420	180	-80	145	3.00m @ 2.94% Zn, 0.17% Pb, 2ppm Ag from 54.0m

Figure1: Little Broken Hill Drill Location Plan



Little Broken Hill Drill Sections
Figure 2 – 554650mE Section:

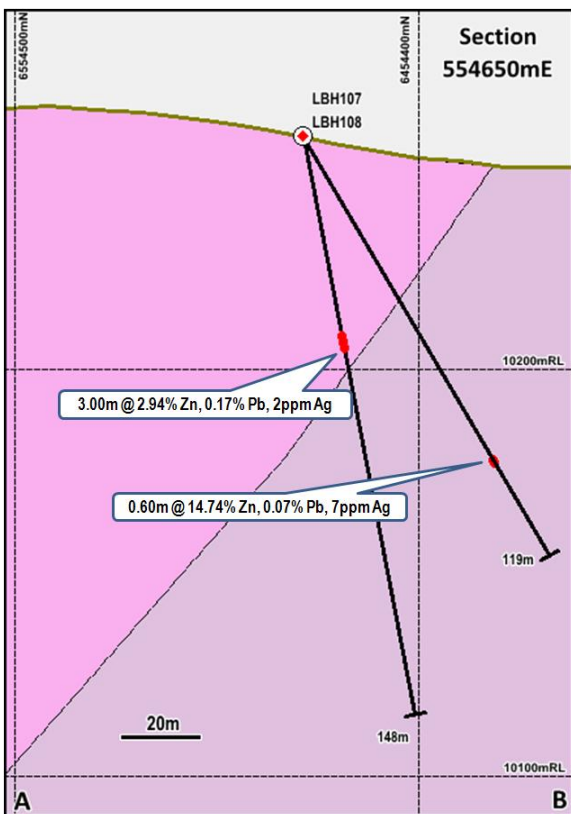
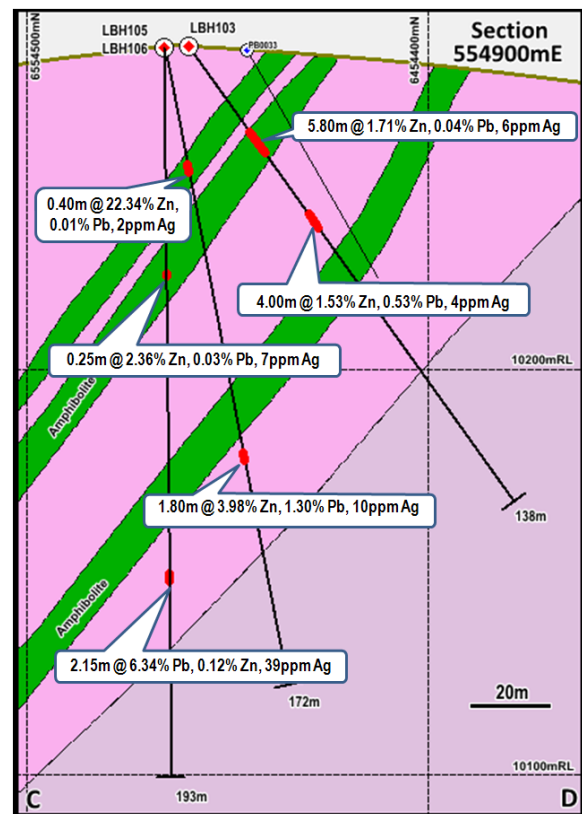


Figure 3 – 554900mE Section:



FLINDERS ZINC PROJECT

A short diamond drill program was initiated in the Flinders area late in the quarter. A total of 1,372 m of drilling was completed in 8 drill-holes. The drilling targeted anomalous geochemical trends identified from re-sampling of PERILYA LIMITED

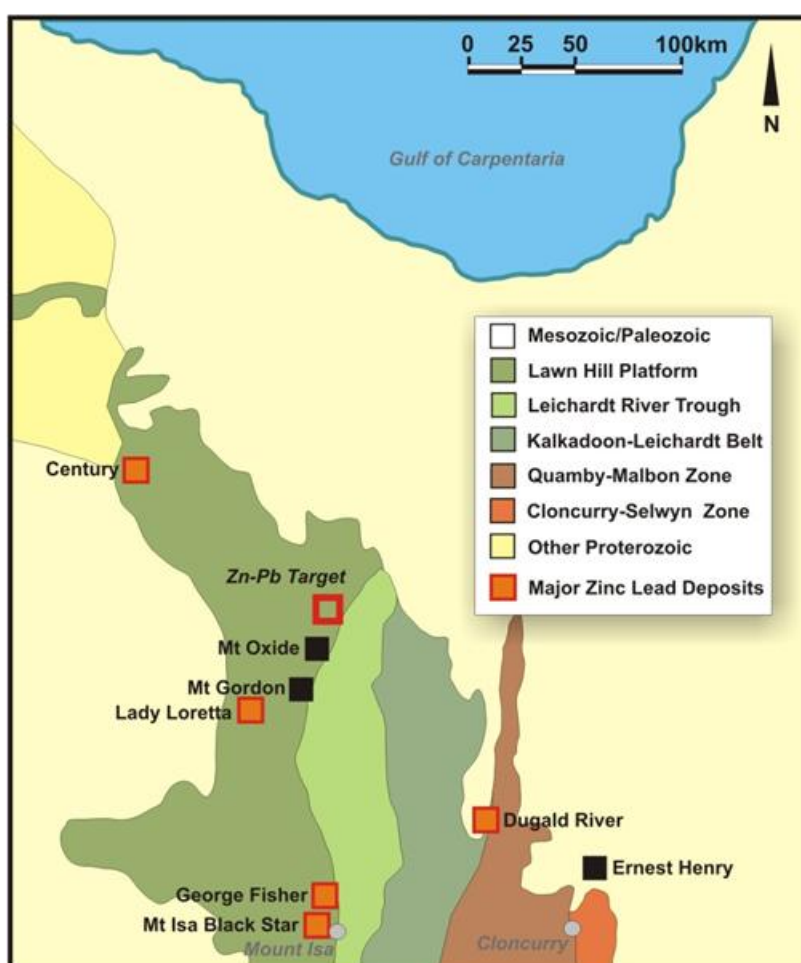
historic drill-holes in the area and was based on the results of alteration and trace element dispersion halos identified around the recently discovered North Moolooloo deposit. Targets included the Northgate, Aristotle and Emu prospect areas. No significant zinc mineralization was intersected based on initial hand-held XRF sampling of the holes however final assay lab results are pending. Strongly anomalous zinc mineralization and hematite alteration were however encountered in the Emu prospect area which may require follow-up drilling. Work to be completed in the March quarter will continue with the generation of targets for field evaluation and/or drill-testing based on further geochemical sampling and review of regional geophysical and multi-spectral data-sets.

MOUNT OXIDE COPPER PROJECT

The Mt Oxide Copper Project study program is currently on hold as a number of opportunities for the Mt Oxide deposit are being reviewed.

Perilya's Theresa zinc target is located 20 km north east of the Mt Oxide deposit and is contained within the same Mid-Proterozoic sediments that host the Century, Mount Isa, George Fisher, MacArthur River giant zinc-lead deposits (see Figure 4). At Theresa a hand-held XRF (Niton) soil survey carried out in late 2011 produced widespread anomalous zinc and lead assays immediately north of several historical drill holes. Past drilling appears likely to be too shallow to provide geochemical definition through the stratigraphy. To assist targeting field work scheduled for late in the March Quarter will provide greater geochemical definition, including mineral stratigraphic profiling and geophysics. A drill program is planned to test the best targets in the June Quarter.

Figure 4 – Location of the Zn – Pb Target



DEE RANGE PROJECT

Farmin and Joint Venture

A Farmin and Joint Venture agreement was signed with Hammer Metals Limited for the Dee Range gold and base metal project near Mount Morgan in central Queensland. Pursuant to this agreement, Perilya grants Hammer a right to acquire, by way of a farm-in, an undivided 60% interest in the project by incurring expenditure of

A\$4,000,000 over a period of 4 years on exploration and evaluation activities. Hammer undertakes to Perilya a minimum expenditure of A\$700,000 to fly and process a VTEM survey in the first 8 months of the Farm-in period.

THE AMERICAS

DOMINICAN REPUBLIC

Cerro de Maimón Mine Exploration

Diamond drilling continued to test for mineralised extensions outside of the new resource model in the December Quarter with 832.30m produced from 3 holes. Drilling of these holes returned low level copper values with the location of these drill shown in Figure 5. December quarter assay results, including those not received during the September Quarter, are displayed in Table 5.

Work continued on the interpretation and modelling of structural features and will be integrated accordingly into the geological model that will assist the current underground study.

The Cerro de Maimón mine environment is relatively underexplored. Field work continued in the Maimón Concession targeting oxide (Au-Ag) opportunities in the immediate vicinity of the Cerro de Maimón Mine with the completion of a low detection soil geochemistry sampling of four lines to the SE of the Cerro de Maimón-Rio Sin prospect area where a discrete gold anomaly has been outlined. Additional soil sampling is now underway towards the SE with progress advancing for an IP geophysical survey to be carried out during the March quarter.

Figure 5 - Cerro de Maimón Deposit – Showing Recent Drilling

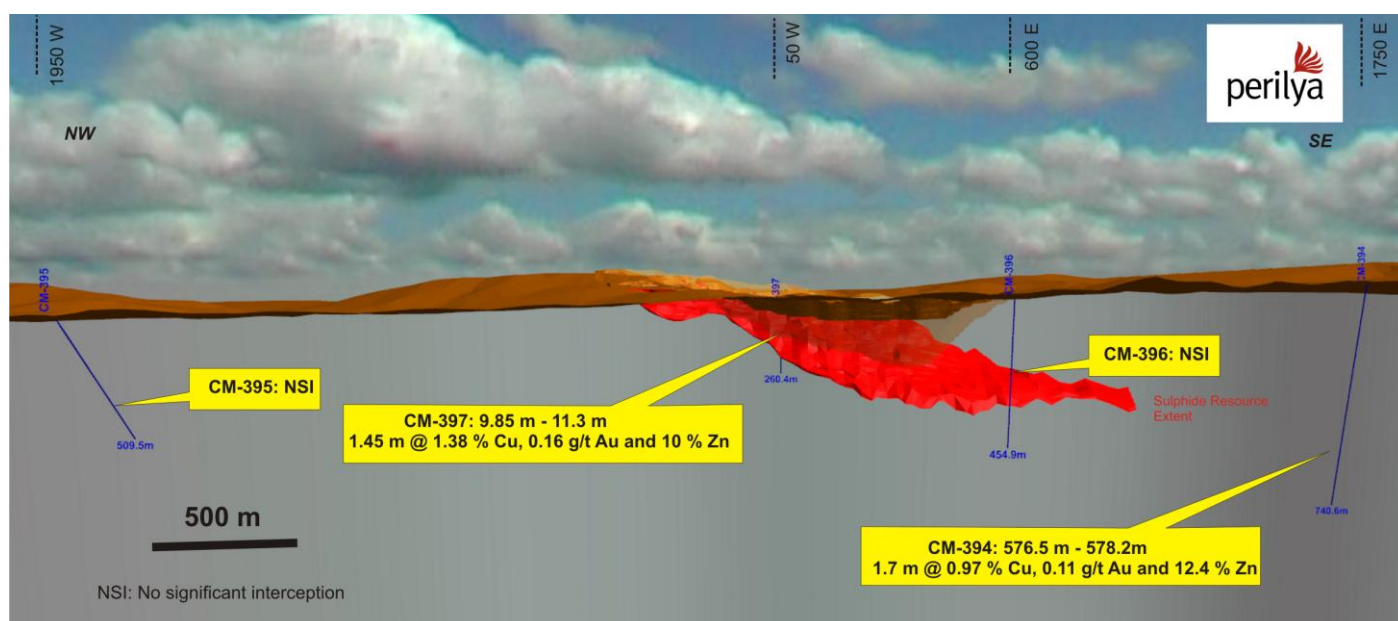


Table 5: Latest Cerro de Maimón Drilling Intercepts

Hole ID	Collar-Co-ordinates			Azimuth	Dip	Down hole Interval			Cu %	Au g/t	Ag g/t
	East	North	RL			From (m)	To (m)	Interval (m)			
CM-394	370042	2086211	207.00	55	-80	576.5	578.2	1.7	0.972	0.11	12.4
CM-395	367579	2088981	153.00	55	-50	NSI					
CM-396	369205	2087017	184.00	55	-84	NSI					
CM-397	369034	2087702	110.66	55	-50	9.85	11.3	1.45	1.38	0.16	10

Notes:

Results displayed are based on a 0.5% Cu cut-off

Minimum length 1 m

NSI: No significant intercepts

Cumpié Hill Nickel Laterite Deposit

The project's Environmental Impact Assessment (EIA) was submitted to the Ministry for Environment and Natural Resources in July. The regulator has provided initial feedback relating to the EIA report content and modifications are underway to address the Ministry's requirements.

Bayaguana District

The Bayaguana District is a major hydrothermal system located approximately 60 kilometres east of the Cerro de Maimón Mine and hosts several geologically significant copper and gold deposits. The concessions contain a number of prospective targets with the largest being the Doña Amanda porphyry deposit.

Land access negotiations and environmental permitting continued during the Quarter in preparation for the drilling of targets identified from the integrated 3D geological and geophysical model of the Doña Amanda Lithocap. Landowner authorisations were completed in the last quarter and a change of qualification was submitted to the Environmental Ministry to advance the permitting process. Subject to permitting approvals, the drilling program at Bayaguana is expected to commence during the first half of 2013.

The Bayaguana District contains a number of prospective targets with an effort now underway in the first half of 2013 to align these to JORC.

CANADA

Moblan Lithium Deposit (60% Owned)

The Moblan West lithium deposit, located in northern Quebec, is 60% owned by the Company and 40% by SOQUEM Inc. ("SOQUEM").

A scoping study report into the development of an open pit mine and ore processing facility was completed in Q3. The Joint Venturers reviewed and considered the scoping study's recommendations during Q4. Following this review, a work program is being prepared to examine a number of opportunities and synergies that may enhance the project's value.

The Pre-Development Agreement (PDA) with the Cree Nation of Mistissini was completed during the quarter and a formal signing ceremony is planned for 2013. Baseline environmental studies continued at the project site during the quarter.

CORPORATE

Cash and Investments at 31 December 2012

At 31 December 2012, the Company held cash, deposits and investments totalling \$62.5 million (30 September: \$76.4 million), represented by:

- Free cash of \$37.6 million (30 September: \$50.5 million);
- Secured cash deposits of \$24.4 million supporting performance bonds required under various mining licences at Broken Hill and security required for the environmental insurance policy related to the Cerro de Maimón mine.
- Other investments of \$0.5 million (market value).

During the quarter, the Company made its scheduled second principal repayment of US\$9.1 million on the China Development Bank acquisition facility, as well as spending AUD\$11 million on the continued development of the Potosi mine.

Debt

At 31 December 2012 Perilya has US\$147.5 million of corporate debt (being debt other than equipment finance in the ordinary course of business), down from US\$156.6 million at the end of the September quarter, which comprises:

- US\$77.5 million 5-year funding for GlobeStar acquisition from China Development Bank (**CDB**);
- US\$30 million working capital facility from Industrial and Commercial Bank of China (**ICBC**); and
- US\$40 million working capital facility from China Development Bank (**CDB**).

Perilya also has approximately \$5.6 million in operating debt solely related to mobile equipment financing which is payable over a three to five year period.

Hedging Policies

During the quarter, Perilya entered into lead and zinc hedges for shipments with January and February 2013 Quotation Period. Details are presented in the following table.

Hedging Contracts Summary (as at 31 December 2012)

	2013 Quarter Ending		Total Positions
		Mar-13	
Zinc			
Tonnes	tns	13,188	13,188
Price	A\$/tn	1,963	1,963
Lead			
Tonnes	tns	10,217	10,217
Price	A\$/tn	2,214	2,214

CORPORATE DETAILS

Board of Directors:

Zhang Shuijian	Non- Executive Chairman
Patrick O'Connor	Non- Executive Deputy Chairman
Paul Arndt	Managing Director/CEO
Wang Wen	Non-Executive Director
Anna Liscia	Non-Executive Director
Minzhi Han	Executive Director

Principal & Registered Office:

Level 8
251 Adelaide Terrace
Perth Western Australia 6000
ABN : 85 009 193 695

Share Registry

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 8 9323 2000

Facsimile: +61 8 9323 2033

Email: perth.services@computershare.com.au

Capital Structure:

Ordinary Shares	769,316,426
Unlisted Options	7,837,177
Performance Rights	53,900

Major Shareholders:

Shenzhen Zhongjin Lingnan	
Nonfemet Co. Ltd	53.37%
L1 Capital Pty Ltd	11.28%
Accorn Capital Limited	5.35%

Australian Stock Exchange Listing

ASX Code: PEM

Company Secretary:

Paul Marinko +61 8 6330 1000

Contact Details:

Email: perilya@perilya.com.au
Website: www.perilya.com.au
Telephone: +61 8 6330 1000
Facsimile: +61 8 6330 1099

COMPANY PROFILE

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 Nonfemet Co. Ltd, China's third largest zinc producer.

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