Quarterly Activities Report

for the three months ended 30 June 2013

HIGHLIGHTS

Highlights

Perilya's Cerro de Maimón mine produced[1] 2,747 tonnes of copper, 4,514 oz of gold and 88,807 oz of silver. The quarter's copper production is in-line with annual guidance of 11,000-12,000 tonnes copper, whilst both gold and silver production are ahead of Plan. Actual net C1 cash costs for the quarter was US$0.92/lb of payable copper in-line with full year guidance of US$0.80 – 1.00/lb of payable copper.

The Broken Hill operations continued to be impacted during the quarter by the focus on rehabilitation of priority older development headings in response to geotechnical issues which commenced in the first quarter 2013. This focus has resulted in reduced acccess to planned high grade production areas and a greater reliance on established lower grade ore blocks to achieve production volumes. The program is beginning to reap benefits and there was an increase in production on the previous quarter of around 7 percent to 29,058 tonnes of combined zinc and lead (including approximately 1,650 tonnes of metal from ore derived from trial stoping at Potosi). Silver production for the quarter was approximately 296,000 oz.

Notional[2] net C1 cash costs (US$0.94/lb of payable zinc) were significantly above annual guidance range (US$0.65-0.80/lb) due to lower head grades, particularly for by-product credits, and lower metal prices received for by-product credits (lead and silver). Continuing cost cutting initiatives during the quarter resulted in a reduction in direct cash costs in the order of US$0.15/lb of payable zinc, and combined with improving metal prices to deliver a strong improvement in the C1 cash cost in June (US$0.70/lb).

Corporate

Repayment of the US$40 million working capital facility with China Development Bank (**CDB**) during the quarter and continuing strong support and confidence shown by our bankers with:

- Roll-over of US$30 million working capital facility with Industrial and Commercial Bank of China (**ICBC**).
- New unsecured US$35 million working capital facility established with China Construction Bank (**CCB**)
- New unsecured US$30 million working capital facility established with CDB.
- New US$15 million 3-year capital development facility established with CDB.

Broken Hill

- Metal production for the quarter totaled 29,058 tonnes of combined zinc and lead which was higher than previous quarter, reflecting incremental improvements in head grades and plant recovery, but slightly below guidance.
- Intensive focus on rehabilitating critical sections of old mine development continued through the quarter and is starting to reduce the frequency of disruption due to geotechnical issues and allows access to recommence mining of higher grade production areas.
- As a result of progress made with the mine rehabilitation program some of the crews and equipment that have been engaged in this work were reallocated to primary development work late in the quarter as planned.
- Concentrator throughput of 434,200 tonnes was 2% above previous quarter, partly due to an increase in the tonnage contributed from trial mining at the Potosi operation.
- Diamond drilling continued in the Potosi and Silver Peak deposits focussing mainly on the lower sections of the Potosi resource. Encouraging results have been achieved from this portion of the deposit which indicate

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

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

potential for addition of high grade resource tonnage, which will likely offset tonnage losses anticipated from the earlier results in the upper section. Modelling and preliminary evaluation of these results will be undertaken in the September quarter.

- On-going development and trial stoping of the Potosi orebody continued during the quarter at the reduced activity and expenditure rates approved by the Board in February. Approximately 22kt of Potosi ore from trial stoping was delivered to the concentrator at estimated grades of 3.0% Pb and 3.25% Zn.
- Quarterly notional net C1 cash costs (US$0.94/lb of payable zinc) remained above annual guidance range (US$0.65-0.80/lb) due to below-plan production and and weak by-product metal prices. Some relief was received in the latter half of the quarter from the decline in value of the Australian dollar which, combined with an aggressive cost reduction program, resulted in C1 cash costs of US$0.70 for the month of June.
- Management's continuing focus on cost control and prudent management of cash is expected to continue to deliver below-plan expenditure positioning the business to take maximum advantage of opportunities in the event of further improvement in revenues and a favourable outcome from the Potosi drilling and trial mining programs in H2. This is shown in a reduction in direct cash costs at Broken Hill of a little over 10%.

Dominican Republic

- Total metal production for the quarter of 2,747 tonnes of copper, 4,514 oz of gold and 88,807 oz of silver, in-line with guidance.
- Good availability and sustained throughput rates have been the key factors in maintaining good production levels while minimizing the impact of slightly lower than budget Cu recovery (-6%) and head grade (-3%). Recoveries for Au and Ag both circuits and higher than plan head grades have pushed production levels up.
- Net C1 cash costs of US$0.92/lb of payable copper is within annual market guidance of US$0.80 – 1.00/lb.
- Despite the start of the rainy season, mining volumes for the period were ahead of budget with 1.5 Mt of ore and waste mined (1.7 Mt in previous quarter). This performance was maintained by continuing accelerated mining operations in the months of April and May. Additional unscheduled oxide ore was mined during the quarter. To date, 26 kt of unscheduled oxide ore (1.44 g/t Au) have been recovered. A total of 302,000 t of sulphide ore was mined during the period.
- Metallurgical test work and characterization on transitional ore continued throughout the quarter. At site, trials of new reagents have proven successful in increasing recovery. Site trials commenced in June with a reagent regime to treat ores with lower Cu/Zn ratio.

Exploration & Development

- NITON soil sampling has outlined a number of prospective zinc targets at the Mount Oxide tenement package in Queensland with results to 2.2% Zn. In addition several prospective Lead anomalies have been outlined, which include high grade results of 5% & 6% Pb. Follow-up sampling is currently underway in these areas with drill testing of these prospective targets to be carried out early in the September Quarter.

MD/CEO's COMMENTS

The June quarter saw a continuation of the difficult start for 2013 with continuing weakness in base and precious metals prices and, up until late May, a continuation of a strong Australian dollar against the US dollar. The months of May and June saw a significant depreciation in the value of the Australian dollar that, notwithstanding the positive effect this will have on Perilya's sales revenue if sustained, created a foreign exchange loss of $12.05 million relating to the Company's USD borrowings, which will impact the Income Statement for the half-year ending 30 June. This significant decrease in the AUD against the USD also resulted in a foreign exchange gain of $20.20 million relating to the translation of the net assets from the Company's American operations. In accordance with the acccounting standards, such gain will be recognised in the Statement of Changes in Equity instead of the Income Statement for the half-year.

We also saw significant improvement in the operations at Broken Hill during the later part of the quarter with a 7% increase in combined zinc and lead metal production and it is pleasing to see a positive trend as the improvements implemented during the first half start to take effect. There has also been a concerted effort to reduce costs that saw a significant cut back in contractor usage as well as a redundancy program that reduced staff numbers by ten percent. The strong focus on our cost reduction program at Broken Hill during the quarter saw a reduction in direct cash costs at Broken Hill of a little over 10% from the previous quarter. We expect both the production and cost trend to continue through the second half of the year as the full benefit of our improvement program begins to take effect.

We reported in the March quarterly on the geotechnical issues being experienced at Broken Hill in some of the older sections of the mine temporarily restricting access to planned higher grade production stopes. I am pleased to report that the intensive focus on rehabilitating critical sections of old mine development that continued through the quarter is starting to reduce the frequency of disruption due to geotechnical issues and is now allowing access to recommence mining of higher grade production areas. Notwithstanding that Broken Hill's Notional C1 cash costs for the first half are outside of guidance, given the significant improvements shown with a lower Australian dollar on by-product credits and the move back to higher grade production areas bearing fruit, Perilya is not revising its cash costs guidance for Broken Hill. We will, however, closely monitor these positive impacts on Broken Hill's notional C1 cash costs in the coming quarter and keep the market informed if any changes to annual guidance become necessary.

In light of the significant adverse impact on production exerienced during the first half as a result of geotechnical issues in the older sections of the mine, the decision to defer full ramp-up of the Potosi mine to 2014 and in response to adverse global economic conditions and continuing weakness in zinc and lead prices, Perilya will maintain a strong focus and priority on cost reduction and control at Broken Hill over production volume. Accordingly, Perilya is taking the prudent step of revising down slightly its annual production guidance for 2013 to produce a combined tonnage of approximately 115,000 to 125,000 tonnes of zinc and lead.

Production at the Cerro de Maimón mine continues to be strong with 2,747 tonnes of copper, 4,514 oz of gold and 88,807oz of silver produced during the quarter and we are maintaining full year guidance for both production and C1 cash costs of 11,000 to 12,000 tonnes of copper at a cash cost net of by-product credits of US$0.80 – 1.00/lb of payable copper.

It is important to note that notwithstanding the adverse metal price environment and the unanticipated short term production issues experienced at Broken Hill, the combined operations continue to produce a positive EBITDA and they remain cashflow positive. We anticipate that as we move back to normal rates of production at Broken Hill in the second half and re-access the higher grade planned production stopes, net operational cashflow will continue to improve.

The decision during the first quarter to shift to owner/operator at Potosi and the decision to slow the rate of development is reaping immediate rewards with a reduction in spend at Potosi and the focus on increased drilling underground giving us a better understanding of the ore-body, resulting in far greater confidence in the mining inventory and confidence of further improvement going forward.

I am also pleased to report the strong and continuing support of our bankers with the Company putting in place new credit facilities on better terms and rates than the facilities they replace, increasing our aggregate unsecured working capital facilities and introducing a new banker to our group, which now includes CCB, ICBC and CDB. This is a strong indication of the confidence of our financiers in our business and operating ability. Perilya finished the quarter off with free cash on hand of $67.2 million (up from $23 million at the end of the previous quarter).

Paul Arndt

Paul Arndt

Managing Director and CEO
31 July 2013

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BROKEN HILL OPERATIONS

Mining Operations

June quarter production at the Broken Hill Operations was 7% higher than the previous quarter due to incremental improvements in head grades and plant recovery however it remains below 2012 average levels because of lower head grades and the extensive rehabilitation of older areas of the mine necessitated by geotechnical issues experienced early in the first half of 2013. Good progress was made with rehabilitation of priority older development headings to establish safe access into high grade mining blocks and this will continue in the September quarter. It is anticipated that a flow-on positive impact on average mined grades will be achieved in the second half of the year. As a result of the progress made with the mine rehabilitation program some of the crews and equipment that have been engaged in this work were reallocated to primary development work late in the quarter as planned.

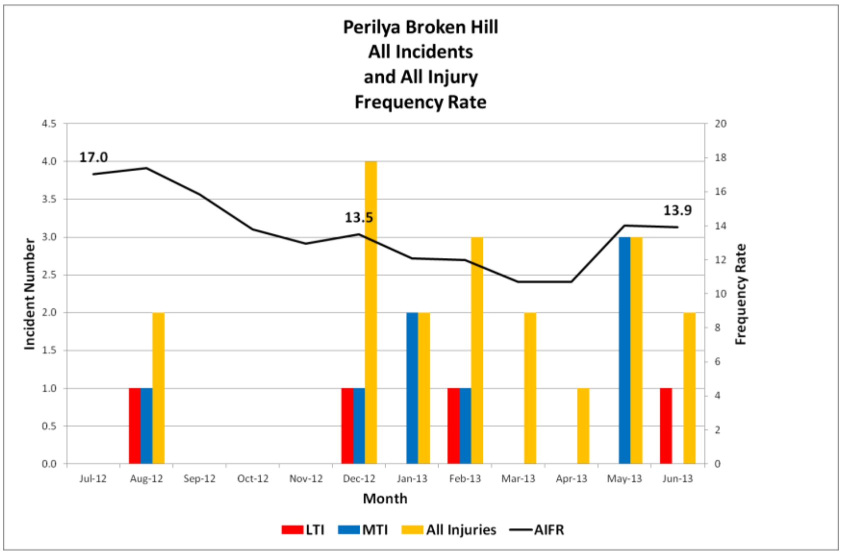
Total mined tonnage at Broken Hill was slightly above plan at 428.6kt (including approximately 22.2kt of ore produced from development and trial stoping at Potosi) for the quarter. Grades improved from the previous quarter with zinc at 4.80% and lead at 2.97%. The increase in zinc grade reflected improved availability of new primary stoping blocks while the continuing low lead grade was a function of limited availability of high grade pillar stopes in the lead lodes.

Trial mining and treatment of ore from the Potosi project commenced in March however volumes remain low at this stage with 22.2kt produced in the quarter. Following a review of the latest ore-body in-fill drilling results and their implications for the mine plan Potosi is expected to make only a modest contribution to combined ore production in calendar 2013. Following this review it was decided to reduce the on-going level of expenditure and focus on accessing the deeper portion of the Potosi orebody, which is indicated in recent drilling to have better continuity and greater widths of economic mineralisation. This measure has had immediate, significant cashflow benefits whilst critical in-fill drilling continues. The long term mining schedule will be re-optimised in the second half of 2013.

Concentrator throughput of 434,200 tonnes was 2% above previous quarter reflecting a modest increase in the tonnage of Potosi ore available to treat in the quarter. Metal production was 7% higher than previous quarter at 29,058 tonnes of combined zinc and lead (including approximately 1,650 tonnes of metal from Potosi ore derived from development and trial stoping at Potosi). This was a result of incremental improvements in throughput, head grades and zinc recovery. Zinc head grade was up 5% Q on Q at 4.80% while lead head grade was marginally higher at 2.97%. Metallurgical recovery for zinc was 90.0% (in-line with plan) and lead was 79.9% (slightly below plan).

Safety

The June quarter has seen the All-Injury Frequency Rate rise from 10.7 to 13.9 with one lost time injury, three medically treated injuries and two minor injuries in the period.



The total number of recordable injuries is a slight improvement over the previous three months but still represents an increase in the number of injuries over the twelve month period and an increase in the AIFR. The Lost Time injury occurred when an underground operator suffered a soft tissue injury to his back while digging at the face. He was admitted to hospital for observation but has since returned to normal duties. The Medically Treated injuries all were lacerations that required stiches; an operator cut his heel on the step of a jumbo, a storeman cut his arm on steel banding he was removing and a fitter cut his leg with cutters. All returned to normal duties on their next shift. The proactive safety activities were steady over the quarter with increased focus on quality of effort to reverse the trend in injuries. The Medically Treated Frequency Rate moved up from 4.4 to 5.1 and the Lost Time Injury Frequency Rate is steady at 2.5. There was one lost time injury and three medically treated injuries during the quarter.

Production and Sales

During the quarter 406,400 tonnes of ore was mined at Southern Operations and 22,168 tonnes of ore was mined in development and trial stoping at the Potosi mine.

The combined lead and zinc concentrate produced during the quarter was 53,112 tonnes (including 2,890 tonnes of combined lead and zinc concentrate produced development ore from trial stoping at Potosi), 1,200 tonnes up from the previous quarter due to higher zinc head grades and.

The combined (zinc & lead) grade of ore processed during the quarter was 7.8% (up from 7.6% combined in the previous quarter).

Production Statistics – Tables

Table 1: Broken Hill Southern Operations Quarterly Production

	Jun Qtr 2013	Mar Qtr 2013
PRODUCTION STATISTICS (SOUTHERN OPERATIONS ONLY)		
Ore		
Total Ore Mined (kt)	**406.4**	**420.3**
Total Ore Treated (kt)	**405.3**	**420.2**
Zinc		
Grade (%)	**4.8**	**4.6**
Concentrate (kt)	**36.4**	**34.8**
Contained Zinc (kt)	**17.7**	**16.9**
Payable Zinc (kt)	**14.7**	**14.1**
Lead		
Grade (%)	**3.0**	**3.0**
Concentrate (kt)	**13.8**	**14.2**
Contained Lead (kt)	**9.7**	**10.0**
Payable Lead (kt)	**9.2**	**9.5**
Silver		
Grade (g/t)	**28.8**	**31.5**
Contained Silver (Moz)	**0.256**	**0.293**
CASH COST & OPERATING MARGIN (US$/lb zinc)		
Average Price Received	**0.84**	**0.93**
Direct Cash Costs	**1.32**	**1.47**
By-product credits (*)	**(0.67)**	**(0.84)**
Zinc treatment charges	**0.30**	**0.28**
Net Notional Cash Cost	**0.94**	**0.91**
Cash Operating Margin	**(0.11)**	**0.01**

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

Key performance indicators for the quarter

- Average notional net C1 cash costs per pound of payable zinc at US$0.94 was above 2013 annual guidance of US$0.65-0.80/lb of payable zinc.
- The All Injury Frequency Rate increased to 13.9 as a result of 9 injuries, including 1 lost time injury during the quarter.
- Ore production of 428.6kt (including 22.2kt of ore derived from development and trial stoping at Potosi).
- Southern Operations development advance was 1,647m.
- An additional 1,550m of development rehabilitation was completed at Southern Operations which remains significantly higher than plan.

- 342m of development advance was achieved at the Potosi operation in-line with the revised mining plan introduced last quarter and a change-over to owner operation at the start of the quarter.
- Concentrator throughput of 434,200 tonnes was consistent with last year's tonnage and reflects the deferment of full scale production ramp-up at the Potosi project.
- The combined (zinc + lead) grade of ore processed during the quarter was 7.8%.

Net Cash Costs of Production

The notional net C1 cash costs of US$0.94/lb of payable zinc for the quarter is above our guidance of US$0.65 - $US0.80/lb of payable zinc due to lower lead and silver metal production and lower lead and silver metal prices which caused lower by-products credits.

CERRO DE MAIMÓN OPERATIONS

Good production levels, resulting from a combination of sustained over budget plant availability and throughput rates, translated into good quarterly production from Cerro de Maimón. Continuing from the previous quarter's trend, gold and silver metal production exceeded the plan.

Milled volumes totalled 197 kt, (10 kt more than the previous period). Metal production for this quarter was 2,747 t of copper (+ 7% above the previous quarter), 4,514 oz of gold (+8% above the previous quarter) and silver 88,807 oz of silver (-9% less than the previous quarter).

Mining

The wet season commenced in May and as a result the total mine production was restricted to 1.5 Mt (1.7 Mt in Q1 201). This change in the production profile is as expected. The mining plan however plan was surpassed by 3%. To date, additional 26 kt of oxide ore have been mined. This oxide ore is in addition to that anticipated in the mine plan. Sulphide ore volumes exceeded forecast plan (+24%).

Although rain has affected mining operations since mid-May, mining operations have continued in the lower benches to deepen the pit in the south-eastern sections of the pit.

Projects started to guarantee operational continuity, such as the earthworks for the co-disposal facility, continued during this quarter. Construction of access road of new Co-disposal facility was completed to the midpoint and stockpiling of construction waste commenced. A new stockpile area inside the existing co-disposal facility is being filled by high Zn content ore.

Sulphide circuit

133 kt of ore was processed in the sulphide circuit (124 kt – Q1 2013) with no significant delays that impacted metal production. Cu Concentrate production was higher than budget (+ 8.2%) with 4,921 tonnes produced. This was achieved as a result of increases in the throughput rate. Actions to enhance process control and mechanical availability started in 2012 continue.

Cu feed grade decreased from 2.6% to 2.5% in Q2 while metallurgical recovery increased from 77% to 79% as a result of a successful reagent trial. In June reagent trials aimed at successfully treating lower Cu/Zn ratio ore commenced. The gold feed grade remained steady compared with the previous quarter at 1.0 g/t. Silver feed grades slipped to 27.2 g/t (29.9 g/t last period).

Quarterly copper concentrate production was 13,438 t (12,058 t – Q1 2013) with 15,200 t of concentrate exported in seven shipments. One high cadmium shipment was dispatched during the period as per schedule. Metal production was 2,747 t Cu (2,574 t – Q1), 1,689 oz Au (1,518 oz – Q1) and 58,923 oz Ag (61,070 oz – Q1).

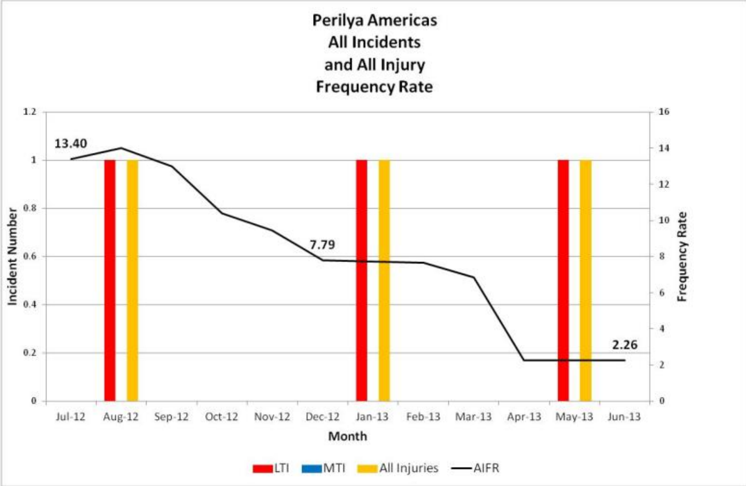
Metallurgical test work and characterization on transitional ore continued throughout the quarter. At site, trials of new reagents have proven successful in increasing recovery. Site trials commenced in June with a reagent regime to treat ores with lower Cu/Zn ratio.

Oxide Circuit

Mill feed totalled 64 kt (63 kt – Q1), with constant Au grade of 1.6 g/t Au (1.6 g/t Au – Q1) and lower Ag grade of 21 g/t (30 g/t Ag – Q1). Gold and silver metallurgical recovery of 86% and 67%, respectively, were higher than recoveries in the previous quarter (82% and 58%, respectively). Higher recovery resulted in Au metal production exceeding previous period's levels and budget at 2,825 oz Au (2,675 oz – Q1), while silver was 29,883 oz Ag (36,860 oz- Q1). Production was also boosted increased throughput rates achieved by good availability.

Safety

The continuing focus on proactive elements of Perilya's safety management system, especially 'fitness for work' testing, work place inspections and Tool Box talks has seen the continued downward trend in the All Injury Frequency Rate. The injury Frequency Rates remains constant at 2.3 even though there was one Lost Time Injury during the quarter. An operator was loading grinding media when he was crushed between two drums. He was admitted to hospital for observation over two days where it was confirmed that he did not suffer any injuries. He has since returned to normal duties.



Production Statistics - Tables

Table 2: Cerro de Maimón Quarterly Production

Cerro de Maimon Quarterly Production & Cash Cost	Jun Qtr 2013	Mar Qtr 2013
PRODUCTION STATISTICS		
Sulphide Plant		
Sulphide ore processed (tonnes)	**133,335**	**123,907**
Copper grade (%)	**2.6**	**2.7**
Gold grade (g/t)	**1.0**	**1.0**
Silver grade (g/t)	**27.2**	**29.7**
Copper concentrate produced (tonnes)	**13,438**	**12,058**
Copper concentrade grade (%)	**20.5**	**21.3**
Copper in concentrate (tonnes)	**2,747**	**2,574**
Gold in concentrate (ounces)	**1,689**	**1,518**
Silver in concentrate (ounces)	**58,924**	**61,070**
Oxide Plant		
Oxide ore processed (tonnes)	**63,507**	**62,837**
Gold grade (g/t)	**1.59**	**1.60**
Silver grade (g/t)	**21**	**31**
Gold (ounces)	**2,825**	**2,675**
Silver (ounces)	**29,883**	**36,860**
CASH COST & OPERATING MARGIN (US$/lb copper)		
Average price received	**3.24**	**3.60**
Direct cash cost	**2.10**	**2.36**
By-products credit	**(1.19)**	**(1.51)**
Net notional cash cost	**0.92**	**0.85**
Cash operating margin	**2.32**	**2.75**

Net Cash Costs of Production

The notional net C1 cash costs of US$0.92/lb of payable copper for the quarter was above the previous quarter's US$0.85/lb of payable copper due to lower gold and silver prices which caused lower by-products credits for the quarter but within guidance of US$0.80 - $US1.00/lb of payable copper.

Other

Projects initiated by Cormidom, Perilya's wholly owned subsidiary, through its Foundation have continued in the mine's surrounding communities, being the most noticeable during this period, the construction of chicken coops for breeding, technical training and literacy and dental health campaign. A Water supply project initiated in previous quarter was concluded and will be inaugurated as will a community centre also completed during the quarter.

POTOSI MINE

Development at the Potosi/Silver Peak project in the quarter was undertaken with a single crew after the demobilisation of the initial development contractor in March. This focussed on continuation of ore-body development in upper levels and extension of the Potosi decline to access planned diamond drilling positions.

Trial stoping continued successfully on the Potosi 5 level and further production drilling was carried out on the 6 and 7 levels which will now be brought into production sequentially. Initial results of this trial have been positive with minimal stope over-break and good reconciliation of grades back to geological estimates.

Resource definition drilling continued in the quarter focussing on the central and lower portions of the Potosi ore-body. Results achieved from these portions of the resource have been encouraging with significantly greater continuity and widths of economic grades than is exhibited in the upper zones.

Updating and initial evaluation of the resource model will be carried out in the September quarter as previously reported with a view to upgrading portions of the model to indicated resource classification and informing a decision on the scale and timetable of future operations at the project.

MARKETS

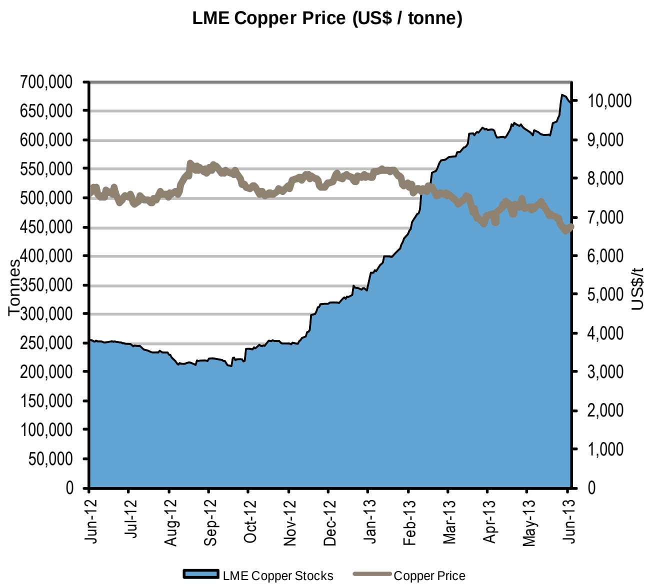
Lead prices decreased during the quarter from its February high of US$2,448/tonne to a low of US$1,949/tonne. Average prices quarter on quarter decreased by US$248/tonne.

Zinc prices decreased during the quarter from its February high of US$2,187/tonne to a low of US$1,784/tonne. Average prices quarter on quarter decreased by US$192/tonne.

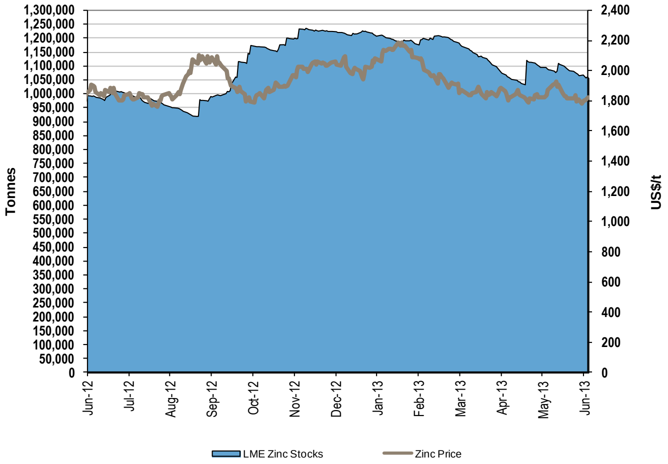
Copper prices also decreased during the quarter from its February high of US$8,221/tonne to a low of US$6,706/tonne. Average prices quarter on quarter decreased by US$784/tonne.

The AUD/USD exchange rate fluctuated between 0.9202 and 1.0553 during the June quarter, with an average of 0.9919 (March 13 quarter average of 1.0385).

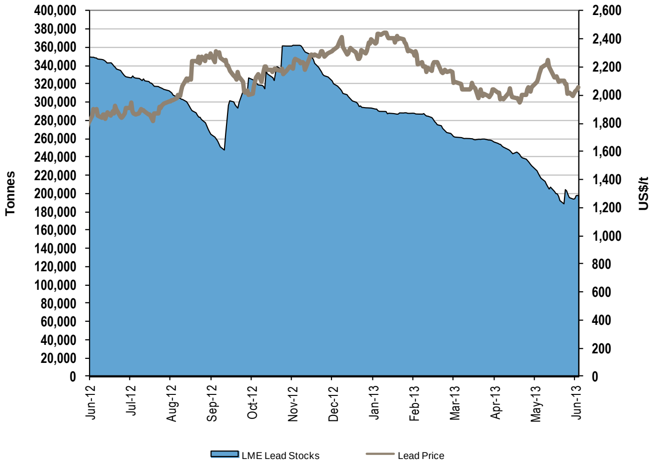
In general commodity prices were lower in this quarter compared to the previous quarter with prices drifting downwards due to the uncertainty of China's growth which created a volatile commodity market and which caused large fluctuations in metal prices during the quarter. Perilya still maintains a positive outlook for both zinc and lead and a large correction in the AUD late in the quarter was good news for both Perilya and exporters generally.



LME Zinc Price (US$ / tonne)



LME Lead Price (US$ / tonne)



EXPLORATION REPORT

BROKEN HILL AREA

Work in the Broken Hill region during the quarter consisted of the review of surface geophysical data and planning of diamond drilling on selected targets identified from the 2012 VTEM survey. Upon approval, drilling will concentrate on the Little Broken Hill, Pinnacles and Far West target tenement areas. Ongoing review of the airborne data has also identified several additional targets for follow-up work. Primarily these targets represent strong geophysical targets which may have seen previous exploration work and were thereby down-graded in the initial target selection process. Further review however has indicated that the conductors remain either only partially or completely untested by drilling. At the same time, review is allowing for relinquishment of low priority tenement areas and thereby reducing overall expenditure requirements for the region.

FLINDERS ZINC PROJECT

Work on the Flinders project during the quarter concentrated on field reconnaissance of targets on the North Flinders joint venture area, primarily the Third Plain and the Mt. Rugged Copper prospect areas. Most notably, handheld XRF surface soil surveying over the Third Plain area defined a strong zinc anomaly (>2,000ppm) similar in extent to that identified by previous conventional soil sampling. An increase in intensity at the southern extent of the anomalous trend along a structure similar to that hosting the Third Plain mineralization however has not been tested by historic drilling. Results of multi-element and whole rock sampling (pending) will be used to further define targets along this trend for potential drill testing.

The initial 3rd party testing of Beltana zinc silicate ores using a proprietary acid leach technique has had limited success. Potential may still exist for utilizing the technique on carbonate (smithsonite) ores; however such material is volumetrically minor in zinc deposits in the Flinders region.

PMG QUEENSLAND PROJECT

Perilya's new PMG project is located 20 km north east of the Mt Oxide deposit is contained within the same Mid-Proterozoic sediments that host the Century, Mount Isa, George Fisher, MacArthur River giant zinc-lead deposits (see Figure 1). The PMG prospect was originally called the Theresa Zinc prospect.

Field activities in the June Quarter included follow-up soil geochemistry using a hand-held XRF (Niton) instrument and reconnaissance geological mapping to better define a number of widespread zinc anomalies that were outlined by Perilya in 2011.

Currently NITON sampling has outlined a number of prospective zinc targets with results to 2.2% Zn. In addition several prospective lead anomalies have been outlined, which include high grade results of 5 & 6% Pb. Follow-up sampling is currently underway in these areas. The zinc and lead anomalism is shown in Figure 2. Interestingly the region including this area was the subject of intense exploration activity in the 1970's and 80's, and although some drilling has been carried out in the area none of these new targets have ever been drill tested.

Targets are now being reviewed and prioritized with work advancing on commencement of a 2,000m Reverse Circulation (RC) drill program in the 3rd week of July.

Figure 1 – Location of the PMG Zn – Pb Target

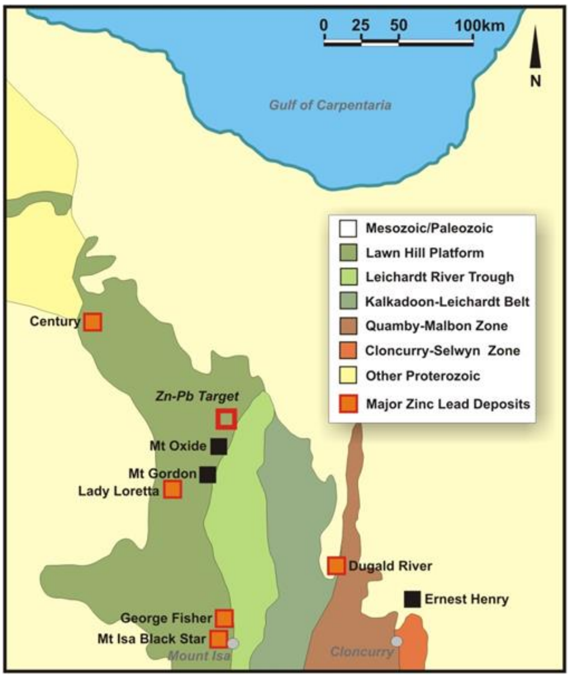
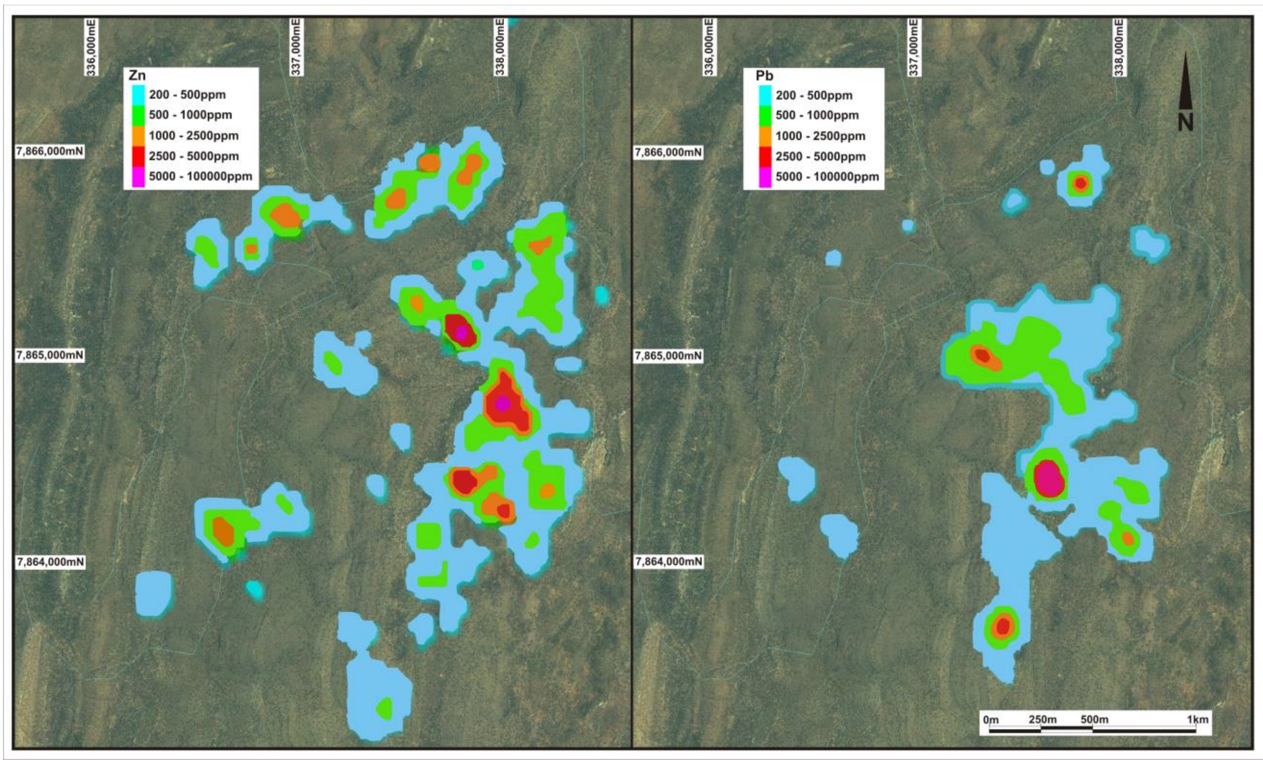


Figure 2 – PMG Zn – Pb Anomalies



A number of opportunities for the Mt Oxide copper deposit continue to be reviewed.

GOLDEN PEAKS PROJECT

Farmin and Joint Venture: EPM 15810 and MDL 13

Hammer Metals Limited earning a 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 project was originally called the Dee Range Project.

During the quarter Hammer contracted Geotech Airborne Pty Ltd to undertake a helicopter-borne Versatile Time Domain Electromagnetic (VTEM) Survey over the northern block of EPM 15810 and MDL 13.

The survey covered most of the favourable stratigraphy that hosts the now mined-out 8 million ounce Mount Morgan copper-gold deposit located immediately to the northwest. The purpose of the survey was to delineate bedrock EM conductors within the prospective sequence that could represent previously undetected massive sulphide bodies similar to the Mount Morgan deposit. Approximately 900 line kilometres were flown in the survey with both EM and magnetic data collected.

The preliminary survey dataset was forwarded to the geophysical consultants who have interpreted a range of conductors including several high priority VTEM anomalies, some of which correspond with known areas of alteration and mineralisation. Significantly, new areas with clusters of anomalous conductivity and no previous exploration have also been identified. Upon receipt of the final data more detailed assessment and modelling of the VTEM conductors will be undertaken prior to commencing field work.

THE AMERICAS

DOMINICAN REPUBLIC

Cerro de Maimón Exploration

The Cerro de Maimón mine environment is relatively underexplored with field work continuing to target oxide (Au-Ag) and Volcanic Massive Sulphide (VMS) opportunities and extensions in the immediate vicinity of the Cerro de Maimón Mine and on nearby concessions.

To assist targeting ground geophysics surveys and soil geochemistry sampling were completed in areas north of the Cerro de Maimón Mine and in the south eastern Rio Sin prospect areas. Preliminary chargeability results from the geophysical surveys are shown in Figure 3.

Soil geochemistry results as shown Figures 4 and 5 show strongly anomalous copper and gold anomalism extending south east of the Cerro de Maimón mine to the Rio Sin Prospect. Additional soil sampling was also completed to better define the extent of the anomalism. Additional infill geophysical surveys on the Rio Sin prospect are underway and should be completed early in the September Quarter. The potential in these areas remain high given that it is a highly unexplored province where only limited drilling has been completed to date, as past focus was mainly on developing the Cerro de Maimón Mine resource. No diamond drilling was completed during the Quarter with drilling to resume pending a review of the geochemistry and geophysical surveys.

Figure 3 - Cerro de Maimón Area – Showing Ground IP Grids Preliminary Results

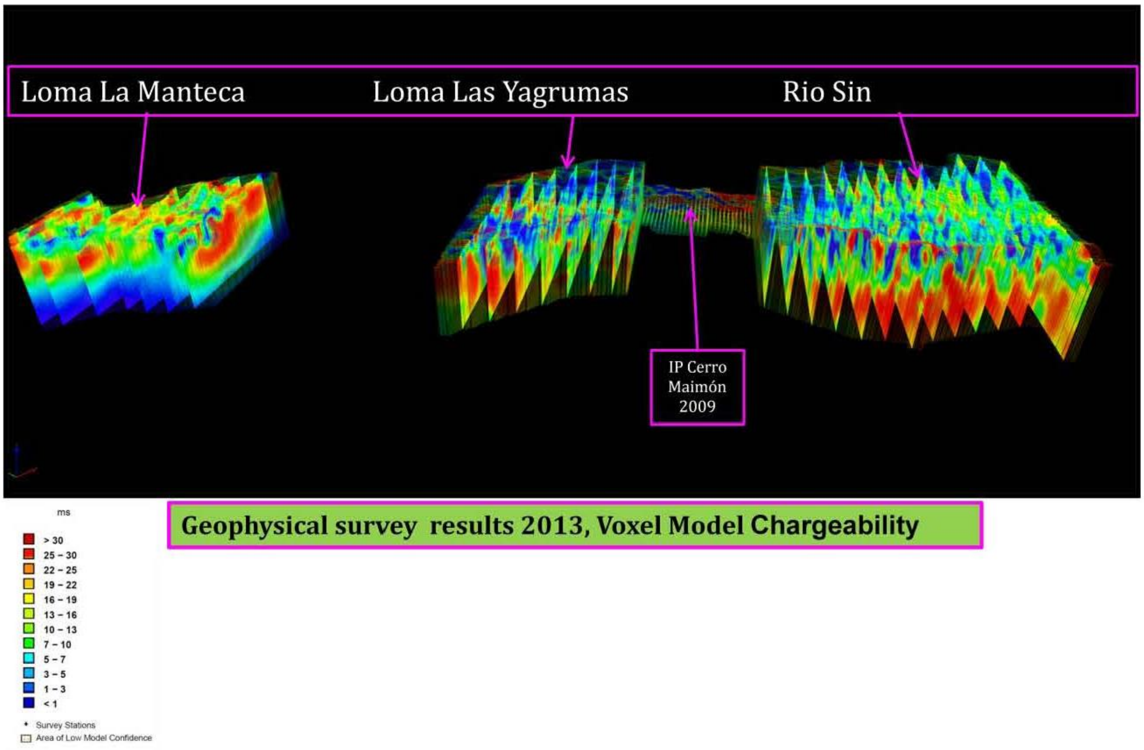


Figure 4- Cerro de Maimón Area – Showing Au Soil Results

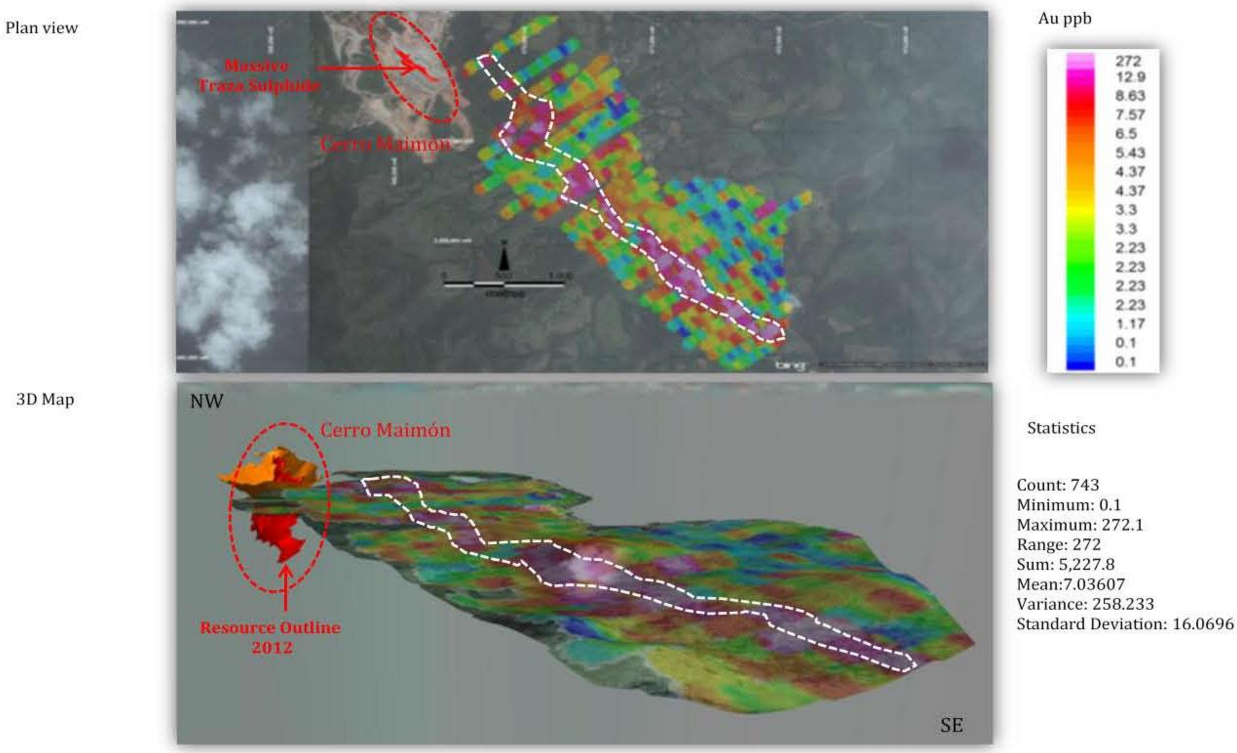
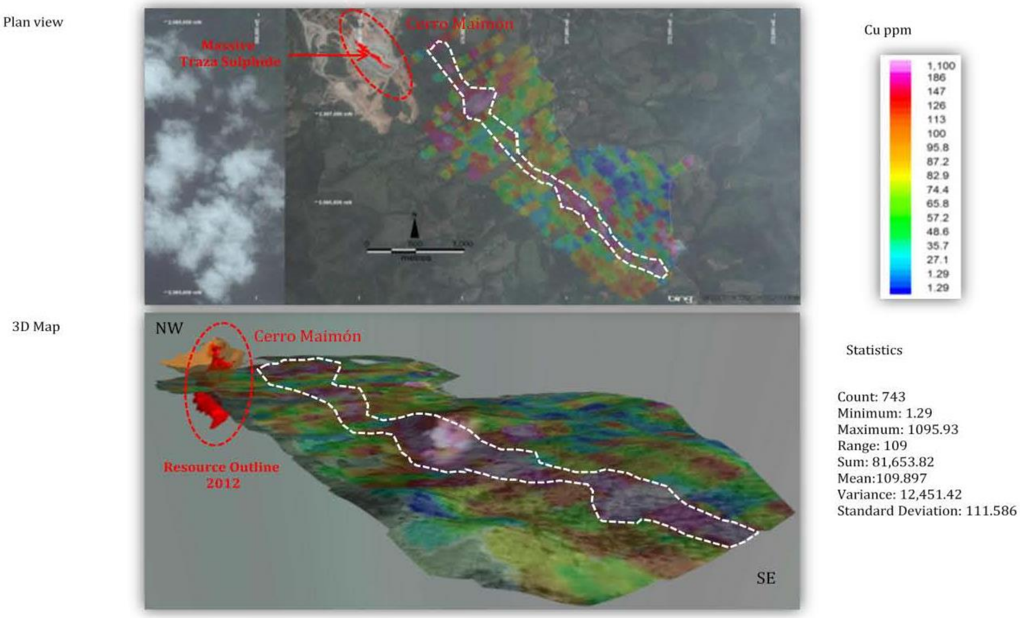


Figure 5- Cerro de Maimón Area – Showing Cu Soil Results



Cumpié Hill Nickel Laterite Deposit

The Cumpié Hill deposit is located within the Cerro de Maimón Block C1 mining tenement and has a NI 43-101 compliant estimated Indicated and Inferred mineral resources of 6.2 million tonnes, grading 1.5% nickel at a 1.0% nickel cut-off grade, containing an estimated 200 million pounds of contained nickel.

The project's EIA was submitted to the Ministry for Environment and Natural Resources in July 2012. The regulator has provided initial feedback relating to the EIA report content. Early in the March quarter, a revised report was issued to the Ministry in response to its requirements and Perilya is currently awaiting environmental permission.

At the present time, other works or studies have been paused while development or sale options are considered.

Bayaguana District

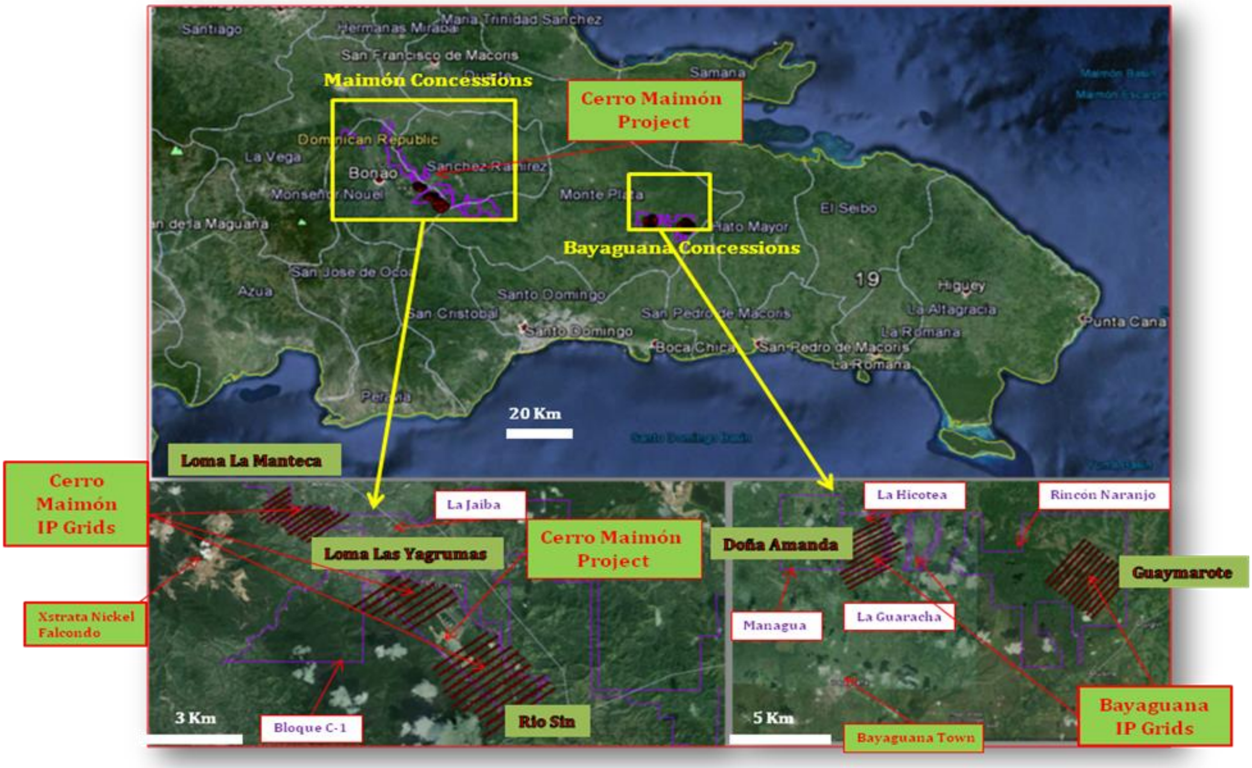
The Bayaguana District is a major hydrothermal system located approximately 60 kilometres east of the Cerro de Maimón Mine and hosts several geologically significant copper and gold deposits. The concessions contain a number of prospective targets with the largest being the Doña Amanda porphyry deposit.

A preliminary drilling plan for the Doña Amanda Prospect was completed with commencement of drilling subject to receiving permitting approvals. All Landowner authorisations have been completed.

To confirm the interpreted deep geophysical anomaly produced from an earlier survey and in preparation of drilling a deep IP geophysics survey was performed at the Doña Amanda and Guaymarote prospects. The geophysical surveys carried out over the Concessions, including Cerro de Maimón are shown in Figure 6. Survey results will be available early in the September Quarter.

During the quarter efforts have been made in reorganizing and validating all data bases, with this work scheduled for completion in the September Quarter.

Figure 6- Maimón and Bayaguana Concessions – Geophysical Surveys



CANADA

Moblan Lithium Deposit (60% Owned)

The Moblan lithium deposit, located in Québec, is 60% owned by Perilya and 40% by SOQUEM Inc. ("SOQUEM"). Perilya is the Joint Venture manager. The primary activities during the quarter related to surface exploration on the Moblan property and project enhancement opportunities.

A field campaign was completed over the eastern Moblan tenements to determine the spatial extent and orientation of untested pegmatite outcrops. Topsoil was removed from 12 sites to expose the outcrops for geological mapping and sampling. In general, the exposed pegmatite exhibited higher visual concentrations of the lithium-bearing spodumene mineral than observed in the outcrops that comprise the existing mineral resource. Assay results from 245 samples are expected during the third quarter and will be used to inform the design of a drilling program to test the sub-surface extent of the pegmatite deposits. These outcrops appear amenable to open pit mining and offer excellent potential to expand the mineral resource.

Electricity supply and generation options were further evaluated. Power self-generation was found to be more favourable than the construction of a transmission line between the Moblan site and the Québec electricity grid. Alternative lithium process routes and markets remain under consideration.

CORPORATE

Cash and Investments at 30 June 2013

At 30 June 2013, Perilya held cash, deposits and investments totalling $92.1 million (31 March 2013: $47.9 million), represented by:

- Free cash of $67.2 million (31 March 2013: $23.0 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 (31 March 2013: $24.4 million);
- Other investments of $0.5 million (market value) (31 March 2013: $0.5 million).

During the quarter, Perilya has spent AUD$3.6 million on the continued development of the Potosi mine.

Debt

Perilya repaid the US$40 million working capital facility to China Development Bank in the quarter and subsequently entered into a new US$45 million facility with China Development Bank which is in two tranches, the first is a US$30 million working capital facility on a 12 month term and the second is a US$15 million capital development facility over 3 years.

Perilya also entered into an unsecured US$35 million 12-month working capital facility arrangement with China Construction Bank during the quarter.

At 30 June 2013 Perilya has US$187.5 million of corporate debt (being debt other than equipment finance in the ordinary course of business) which comprises:

- US$77.5 million 5-year funding for GlobeStar acquisition from China Development Bank (**CDB**);
- US$15 million 3-year capital development facility from China Development Bank (**CDB**).
- US$30 million working capital facility from Industrial and Commercial Bank of China (**ICBC**);
- US$35 million working capital facility from China Construction Bank (**CCB**); and
- US$30 million working capital facility from China Development Bank (**CDB**).

Perilya also has approximately $11.4 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 July 2013 Quotation Period. Details are presented in the following table.

		2013 Quarter Ending Sep-13	TOTAL POSITIONS
ZINC:-			
Tonnes	Tns	4,024	**4,024**
Price	A$/tn	1,979	**1,979**
LEAD:-			
Tonnes	Tns	3,091	**3,091**
Price	A$/tn	2,263	**2,263**

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

Capital Structure:

Ordinary Shares	769,316,426
Unlisted Options	5,687,177
Performance Rights	8,726,370

Major Shareholders:

Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd	53.37%
L1 Capital Pty Ltd	12.89%
Accorn Capital Limited	5.35%

Australian Stock Exchange Listing

ASX Code: PEM

Company Secretary:

Paul Marinko +61 8 6330 1000

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Share Registry

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Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033
Email: perth.services@computershare.com.au

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