PRIME MINERALS LIMITED
TERMS AND CONDITIONS OF OPTIONS ON ISSUE ANNEXURE "I"

(i) Each Option entitles the holder to subscribe for one share at an exercise price of $0.20 per share ("Exercise Price").

(ii) The Options shall lapse at 5.00p.m. Western Standard Time on 31 October 2009.

(iii) The Options shall be exercisable wholly or in part by notice in writing to the Company at any time until the expiry date and upon payment of the designated exercise price per option.

(iv) There are no participating rights or entitlements inherent in these Options and holders of Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Options.

(v) Shares issued on the exercise of the options will rank pari passu with the then existing issued ordinary capital.

(vi) The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Options listed for Official Quotation, subject to the Company being a company listed on ASX.

(vii) In the event of any re-organisation of capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.

(viii) The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.