PRIME MINERALS LIMITED

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31 October 2007 | Quarterly Report | Ending 30 September 2007

OVERVIEW

Uranium anomalies identified over 8km from Prime's detailed low level airborne radiometric survey on its 100% owed Lake Mason Project area have now been field checked, and an air core drilling program is planned to commence at the Bolitho Bore and Redcastle anomalies in November 2007 (Refer Figures 1 & 2).

Prime's Greenland Rare Earth Elements project; planning is underway for the coming field season (Refer Figure 3).

Reed Resources Limited ("Reed") (ASX Code: RDR) recently announced a total upgraded Indicated and Inferred JORC Mineral Resource estimate of 23.6 Mt at 0.83% vanadium oxide, 17.9% titanium oxide and 48.6% iron oxide at a block cut-off grade of 0.5% Vanadium Oxide and reported that its Barrambie Resource is the highest grade vanadium resource in Australia. Reed's 6.84km^2 tenement area is centrally located within Prime's 418km^2 landholding, of which Prime's tenements contain 24 strike kilometres of similar vanadium targets. (Refer Figure 1 & 4).

Prime previously reported the completion of an airborne detailed low level radiometric-magnetic survey over its Barrambie project, which together with previous drilling and mapping identified 24 km of potential vanadium/titanium/iron mineralisation. During the Quarter, Prime carried out ground reconnaissance which has confirmed the interpreted extensions, or repetitions, of the known Barrambie deposit.

Prime intends to commence mapping and sampling programs in the next Quarter which will form the basis for a RC drilling program aiming to identify and quantify a deposit.

In line with its objectives, Prime Minerals Limited is aiming to identifying opportunities to acquire overseas mineral deposits that have the potential to be mines.

Lake Mason Uranium Project

The Prime Minerals Limited ("Prime"), 100% owned Lake Mason uranium project ("Lake Mason"), in Western Australia, lies 40km SW of BHP Billiton's Yeelirrie uranium deposit, which is the largest calcrete deposit in the world containing 52,000t of uranium oxide **(Refer Figure 1)**. The Yeelirrie deposit comprises a sheet-like body, some 9km long and 0.5km to 1.5km wide, averaging 3m in thickness and shares many similarities with Lake Mason.

The airborne survey confirmed the Bolitho Bore uranium mineralisation is developed over a strike of 8km of the Lake Mason drainage channel, and occupies both the north and south banks of the lake **(Refer Figure 2).** Radiometric anomalism within the lake also suggested that the uranium mineralisation previously drilled (assays up to 600 ppm uranium) at Bolitho Bore may extend under the lake to the southern shore approximately 3.5km in width.

During the quarter, ground reconnaissance was undertaken over the radiometric targets identified from the airborne survey. The field work has shown that recent sedimentation at Lake Mason is generally thin over an extensive, rather flat granitic substratum. Mineralised calcrete deposits of some substance occur in the already defined Bolitho Bore prospect area.

An air core drilling program has been planned to commence in November 2007. The drilling will commence at Bolitho Bore and spread out to test the flanks of this radiometric anomaly, including within and on the southern shores of the lake. Mineralogical studies and metallurgical tests will be undertaken on the drilled mineralisation, in particular to assess the uranium recovery rate in the various mineralised horizons, such as calcrete and clay.

Greenland Rare Earth Project

Prime was recently granted three exploration licences in Greenland, which it plans to explore for a potential range of high grade rare earth elements. The licenses cover an area of approximately 800km^2 in the South Western tip of Greenland. The tenements contain a number of occurrences of high grade rare earth elements, including uranium grading up to 45,500ppm, based on regional assessment work carried out mainly by the Geological Survey of Denmark and Greenland (GEUS). In this region uranium is used as a pathfinder mineral in exploring for associated minerals. There is no recorded drilling within any of the granted tenements.

The Prime tenements adjoin the Kvanefjeld deposit **(Refer Figure 3)** which is recognised as one of the world's largest undeveloped multi-element occurrences of Uranium and Rare Earth Oxides (REO). It has a reported JORC-compliant resource of 43,000t uranium metal within a global inferred resource of 126 million tonnes at a grade of 400 ppm uranium oxide per tonne. Kvanefjeld deposit joint venture partners, Greenland Minerals and Energy Limited (ASX Code: GGG) have reported extremely promising results from the largest exploration campaign ever to have occurred in Greenland.

The Prime project area is located close to infrastructure with excellent access to labour. It is within 20km of Narsaq, a coastal town with a highly skilled population of 3,500, including infrastructure facilities and a deep water shipping port. The project area abuts a number of small towns in the region, which offer infrastructure that will further enhance the logistics of future exploration programs. Prime is currently planning the exploration programs for the coming field season.

It should be noted that it is currently not possible to be granted a mineral license for the exploration of uranium in Greenland. The laws in Greenland relating to uranium and exploration are currently under review.

Barrambie Vanadium/Iron Project

Prime previously reported the completion of an airborne detailed low level radiometric-magnetic survey over its Barrambie project ("Barrambie") area, located 60km NNW of the town of Sandstone in Western Australia.

Prime's Barrambie project is secured by two exploration licences covering an area of 418km^2, which surround the Reed 6.84km^2 mining lease (11km long and 0.6km wide). Reed recently announced a total upgraded Indicated and Inferred JORC Mineral Resource estimate at 23.6 million tonnes at 0.83% vanadium oxide, 17.9% titanium oxide and 48.6% iron oxide at a block cut-off grade of 0.5% vanadium oxide and reported that it is the highest grade vanadium Resource in Australia. Reed also reported that the deposit remains open to the north and south, and at depth **(Refer Figure 4).**

Prime's recently flown radiometric survey, previous mapping, drilling and rock chip sampling have identified 24km of similar vanadium targets **(Refer Figure 4).**

During the Quarter, ground reconnaissance was undertaken over Prime's magnetic targets which are interpreted to be extensions, or repetitions, of the existing Barrambie deposit. Twenty seven samples were collected of which seventeen are vanadium, titanium and iron samples and five are for gold. Assay results are awaited.

Prime's consultant noted that there is good potential for additional vanadium, titanium and iron mineralisation to be found, in particular south of the mining lease area. Prime intends to commence mapping and sampling programs in the next Quarter which will form the basis for an RC drilling aiming to identify and quantify a deposit.

Vince Hyde
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The information in this announcement that relates to geophysical surveys has been reviewed by consultant Geophysicist Mr William Robertson, a Member of the Australian Society of Exploration Geophysicists, whose services are provided by Value Adding Geophysics. Mr Robertson has sufficient relevant experience in the styles of mineralisation and types of deposit under consideration, and in the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code), and consents to the inclusion of the information in the form and context in which it appears.

Figure 1: Lake Mason and Barrambie Project Location Plan

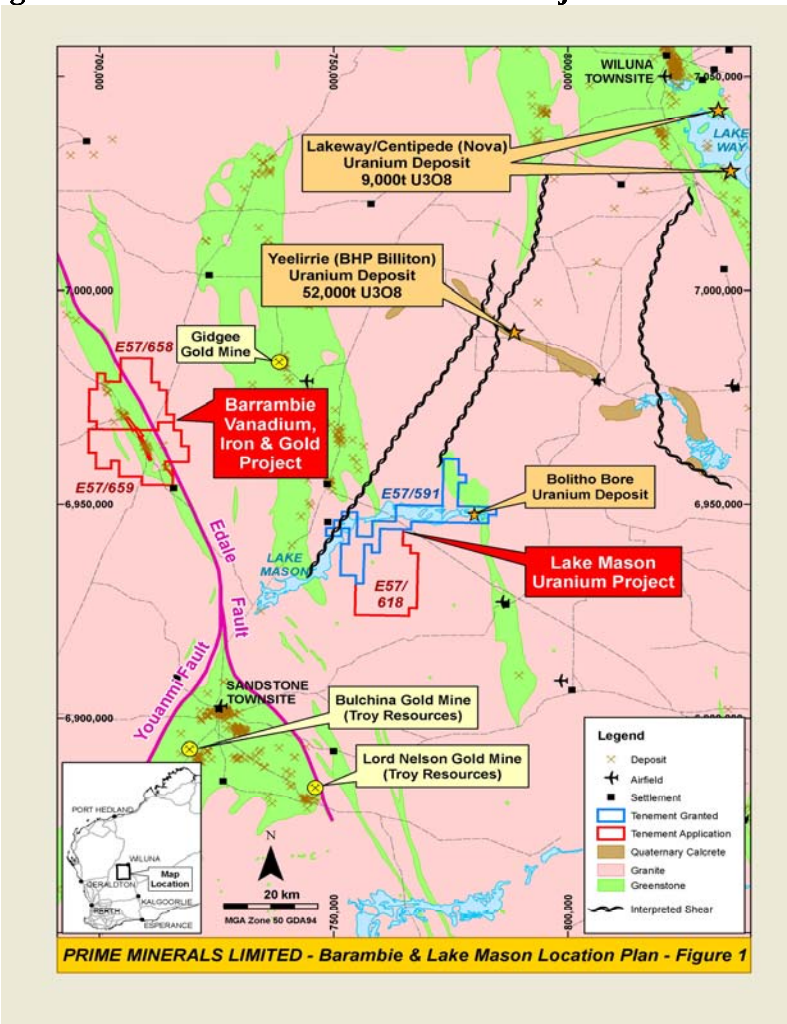

Figure 2. Bolitho Bore Deposit uranium anomaly

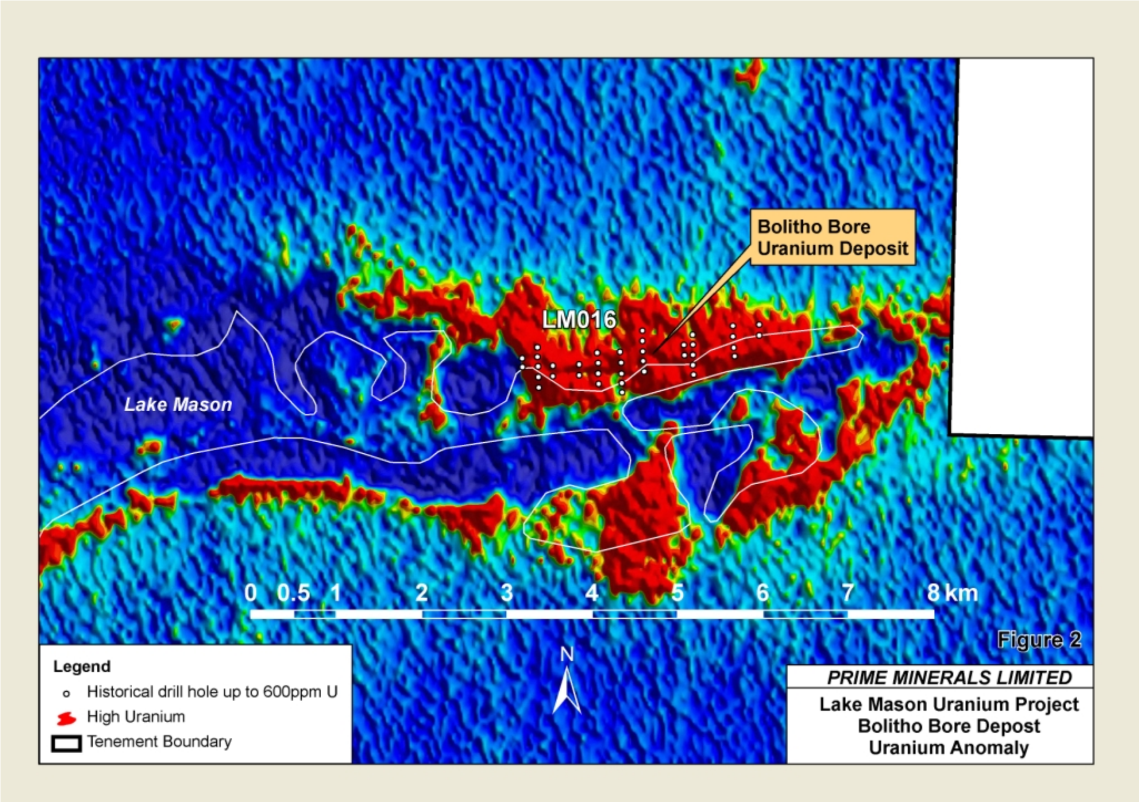

Figure 3: Greenland Rare Earth Project

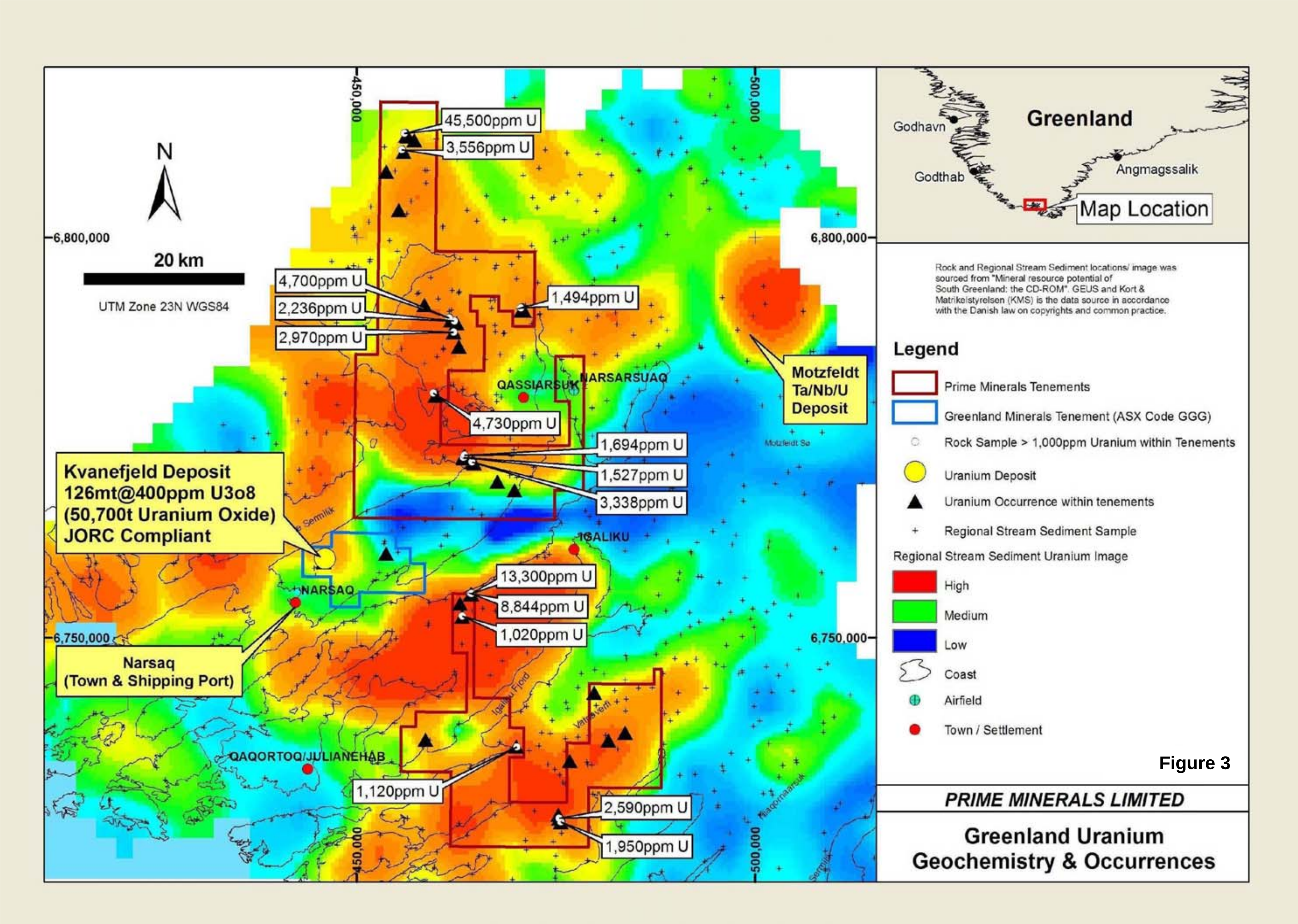

Figure 4. Barrambie Vanadium/ Iron Project

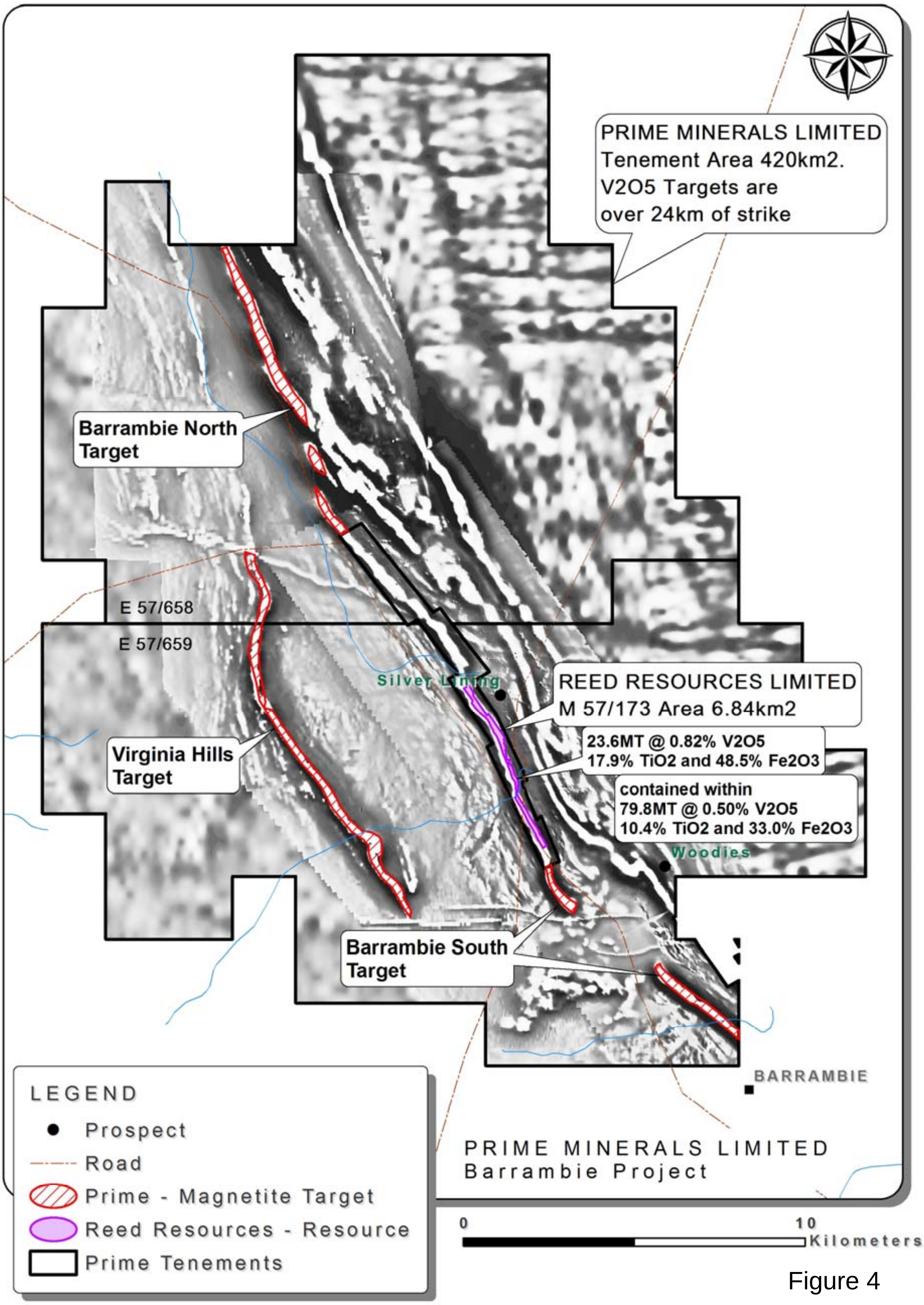

Figure 4

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Prime Minerals Limited

ABN	Quarter ended ("current quarter")
61 120 658 497	30 September 2007

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(253)	(253)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(150)	(150)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(402)	(402)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(10)	(10)
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
	Net investing cash flows	(10)	(10)
1.13	Total operating and investing cash flows (carried forward)	(412)	(412)

1.13	Total operating and investing cash flows (brought forward)	(412)	(412)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	179	179
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	179	179
	Net increase (decrease) in cash held	(233)	(233)
1.20	Cash at beginning of quarter/year to date	1,505	1,505
1.21	Exchange rate adjustments to item 1.20	-	
1.22	**Cash at end of quarter**	1,272	1,272

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	50
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	
3.2	Credit standby arrangements	Nil	

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	250
4.2	Development	Nil
	Total	**250**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	75	208
5.2	Deposits at call	1,197	1,297
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	1,272	1,505

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2	Interests in mining tenements acquired or increased	Nil			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	32,436,523	12,261,523		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	86,522	86,522	20	20
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	19,788,478	17,588,478	*Exercise price* 20 cents	*Expiry date* 31 October 2009
7.8	Issued during quarter	16,175,000	16,175,000	20 cents	31 October 2009
7.9	Exercised during quarter	86,522	86,522	20 cents	31 October 2009
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: V Hyde Date: 31 October 2007
Company secretary

Print name: Vince Hyde

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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