PRIME MINERALS LIMITED
ABN 61 120 658 497

ANNUAL REPORT

30 JUNE 2011

TABLE OF CONTENTS

DIRECTORS

Robert John Collins
Michael Scivolo
Hersh Solomon Majteles

SECRETARY

David Zukerman

REGISTERED OFFICE

Level 1
8 Parliament Place
West Perth WA 6005

PRINCIPAL OFFICE

Level 1
8 Parliament Place
West Perth WA 6005

PO Box 1618
West Perth WA 6872

Telephone: (08) 9481 7833
Facsimile: (08) 9481 7835

SHARE REGISTRY

Advanced Share Registry Limited
150 Stirling Highway
Nedlands WA 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

AUDITORS

HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

Prime Minerals Limited shares (PIM) are listed on the Australian Securities Exchange.

AMERICAN DEPOSITORY RECEIPTS

Prime Minerals Limited's American Depository Receipts (PMLDY) are traded over the counter in the United States of America through Bank of New York.

Your Directors present their report on the Company and its controlled entities for the year ended 30 June 2011. In order to comply with the provisions of the Corporations Act, the Directors' report as follows:

DIRECTORS

The names of the Directors of the Company in office during the financial year and up to the date of this report are as follows:

Robert John Collins	Non-Executive Chairman
Michael Scivolo	Non-Executive Director
Hersh Solomon Majteles	Non-Executive Director

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

The particulars of the qualifications, experience and special responsibilities of each Director and Company Secretary are as follows:

Robert John Collins (CPA) Chairman (Non-Executive)

Mr. Collins has served on a number of ASX listed industrial and mining company boards and owned a large West Perth accounting practice serving the corporate sector. He is currently the Non-Executive Chairman of Power Resources Limited and Blaze International Limited and was appointed on 20 October 2009. During the past year he was not a member of any Board Committees. He has no interest in any shares or options of the Company at the date of this Report.

Michael Scivolo (BCom, FCPA) Director (Non-Executive)

Mr. Scivolo is a Certified Practising Accountant with 35 years experience in accounting and taxation. He is a partner of Perth accounting firm Alessandrino Scivolo. He is currently a Director of Sabre Resources Limited (since 3 October 2006), Victory West Moly Limited (since 5 February 2007), Blaze International Limited and Power Resources Limited since 20 October 2009. During the past year he was not a member of any Board Committees. He has no interest in any shares or options of the Company at the date of this Report.

Hersh Solomon Majteles (LLB, FAICD) Director (Non-executive)

Mr. Majteles is a commercial lawyer and has been in private practice in Western Australia since 1972. He has been a board member of a number of publicly listed companies involved in the mining, resources, energy and biotech sectors for over 25 years. Mr. Majteles is also a Director of Power Resources Limited, Blaze International Limited, Chairman of Promesa Limited and Chairman of Metals Australia Limited. During the past three years he was also a Director of Equatorial Coal Limited until 5 November 2009. During the past year he was not a member of any Board committees. He has no interest in any shares or options of the Company at the date of this Report

COMPANY SECRETARY

David Zukerman

David Zukerman has an accounting and finance background. He has held a number of public company directorships in Australia and Asia during the past twenty five years. During the past eight years (since August 2003) he has served, and continues as a Director of Golden Deeps Limited, Metals Australia Limited and Sabre Resources Limited. He is also currently Company Secretary of Blaze International Limited and Power Resources Limited.

PRINCIPAL ACTIVITIES

The principal continuing activity during the year of entities within the Consolidated Entity was mineral exploration.

OPERATING AND FINANCIAL REVIEW

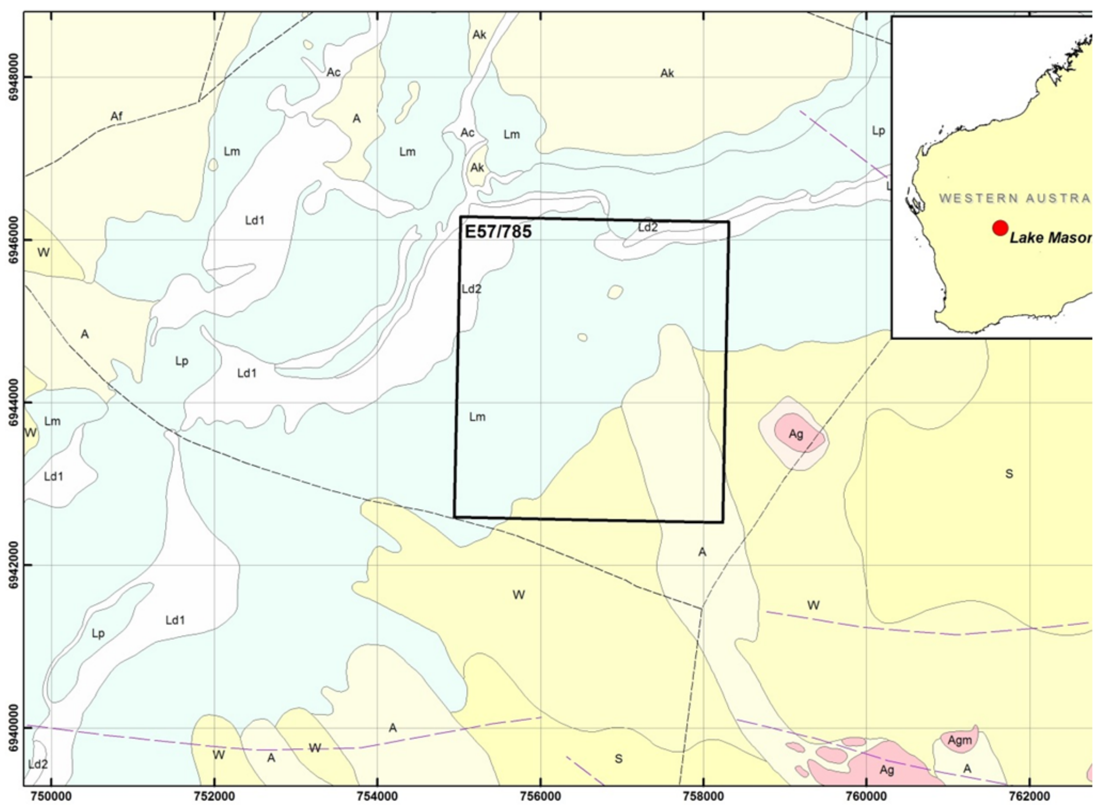
Review of Operations

LAKE MASON URANIUM PROJECT, WESTERN AUSTRALIA

Prime holds 100% of exploration licence (E 57/ 785) located central to the Lake Mason palaeo-drainage.

During the year Prime surrendered three tenements within the Lake Mason project. These tenements were EL57/591, EL57/784 and EL57/786.

Previous exploration at Lake Mason has focused on the defined radiometric anomalies within the eastern extremity and northern shore of the main Lake Mason channel. However, radiometric anomalies are only of use for identifying outcropping uranium mineralisation. Given that calcrete-hosted uranium mineralisation forms in the subsurface, Prime must assess the entire licence area for buried mineralisation.



Location and geology of the Lake Mason project area.
Geology codes used: A, Ac & Af – Alluvium; Ak – calcrete; Ag & Agm – granite;
Ld1, Ld2, Lm & Lp – Salt lake pan and dune systems, W – Sheetwash.

Lake Mason is known to host playa lake style, calcrete-hosted uranium mineralisation within the lake sediments and around its margins. This style of mineralisation is similar to that at Mega Uranium's Lake Maitland project. There is potential for additional mineralisation in a number of locations adjacent to Lake Mason, including the drainages and deltas that feed into the lake.

Various experimental exploration techniques are being considered in order to fully assess the exploration potential of uranium throughout the Lake Mason area. Biogeochemical sampling, whereby vegetation is effectively collected over a broad area, is a proven technique for identifying subsurface uranium mineralization. Prime is presently assessing the licence area in order to tailor such a programme to the local region.

PROJECT GENERATION

The Directors are continuing their efforts to find a suitable asset to augment the Lake Mason Project. During the year, projects located in Western Australia and the Democratic Republic of Congo were considered in detail, but unfortunately they failed to meet our criteria. Other projects are still under consideration.

Competent Persons Declaration

The information in this report relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Alex Clemen of Clemen and Associates Consultants, who is a member of The Australasian Institute of Geoscientists. Mr Clemen has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Alex Clemen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Prime Minerals Limited's planned exploration programme and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Prime Minerals Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Operating Results

Consolidated loss after income tax for the financial year was $1,407,157 (2010: Profit $19,151).

Financial Position

At 30 June 2011, the Company had cash reserves of $653,025 (2010: $$935,384).

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review not otherwise disclosed in this report or in the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances that have arisen since 30 June 2011 that have or may significantly affect the operations, results, or state of affairs of the Consolidated Entity in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity will continue to pursue its principal activity of exploration and evaluation, particularly in respect to the Project as more particularly outlined in the Company Review. The Company will also continue to pursue other potential investment opportunities to enhance shareholder value.

MEETINGS OF DIRECTORS

The numbers of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Board of Directors	
	Held	**Attended**
R J Collins	6	6
M Scivolo	6	6
H S Majteles	6	6

REMUNERATION REPORT

Currently the Company does not have any officers or senior executives other than the Directors.

Directors receive a fixed fee (plus statutory superannuation where appropriate) with Directors being remunerated for any professional service conducted for the Company. Directors did not receive any benefits in the form of share-based payments during the year under review.

There are no retirement schemes for any Directors or any loans or any other type of compensation.

Board policy on the remuneration for this exploration Company is influenced by comparing fees paid to directors in other companies within the exploration industry, and then set at a level to attract qualified people, to accept the responsibilities of directorship. No Directors have an employment contract.

Being an exploration company, with no earnings, a relationship is yet to be established between an emolument policy and the Company's performance.

Remuneration Committee

During the year ended 30 June 2011, the Consolidated Entity did not have a separately established nomination or remuneration committee. Considering the size of the Consolidated Entity, the number of directors and the Consolidated Entity's early stages of its development, the Board is of the view that these functions could be efficiently performed with full Board participation.

Directors' Remuneration

The non-executive Directors are entitled to receive directors' fees of amounts as determined by the shareholders of the Company in general meeting. Pursuant to the Company's Constitution, the non-executive Directors of the Company are entitled to receive directors' fees in such amounts (as determined by the Directors) in aggregate not to exceed $250,000, to be divided among non-executive Directors as the Directors may agree and in the absence of agreement then equally, until otherwise determined by shareholders in General Meeting. Non-executive Directors may also be remunerated for additional specialised services performed at the request of the Board and reimbursed for reasonable expense incurred by Directors on Company business. The remuneration of Directors for the year ended 30 June 2011 is detailed in Note 21 of this report.

DIRECTORS AND AUDITORS INDEMNIFICATION

In previous years the Company has paid premiums to insure the Directors against certain liabilities arising out of their conduct while acting as an officer of the Company. The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract the premium paid cannot be disclosed. This insurance cover expired on 30 April 2010 and was not renewed.

SHARE OPTIONS

At the date of this report there were no unissued ordinary shares for which options were outstanding.

ENVIRONMENTAL REGULATIONS

The Consolidated Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Prime Minerals Limited support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is contained in the Corporate Governance section of the Annual Report.

AUDITOR

HLB Mann Judd were appointed as auditors on 27 November 2008.

NON-AUDIT SERVICES

The following non-audit services were provided by our auditors, HLB Mann Judd during the year ended 30 June 2011. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

Taxation compliance services	$12,659

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2011 has been received and is included within the annual report.

Signed in accordance with a resolution of Directors.

Robert Collins
Non-Executive Chairman
Perth, 28 September 2011

The Board of Directors of Prime Minerals Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Prime Minerals Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Prime Minerals Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Recommendation	Section
Principle 1: Lay solid foundations for Management and Oversight	
Recommendation 1.1 Functions of the Board and Senior Executives	3.1
Recommendation 1.2 Performance Evaluation of Senior Executives	12.1
Recommendation 1.3 Reporting on Principle 1	3.1, 12.1
Principle 2: Structure the Board to Add Value	
Recommendation 2.1 Independent Directors	1.2
Recommendation 2.2 Independent Chair	1.2
Recommendation 2.3 Role of the Chair and CEO	1.2
Recommendation 2.4 Establishment of Nomination Committee	2.1
Recommendation 2.5 Performance Evaluation Processes	12.1
Recommendation 2.6 Reporting on Principle 2	1.1, 1.2, 1.3, 1.4, 1.5, 4.1, 12.1
Principle 3: Promote Ethical and Responsible Decision Making	
Recommendation 3.1 Directors' and Senior Executives' Code of Conduct	3.2, 5.1
Recommendation 3.2 Company Security Trading Policy	7.1
Recommendation 3.3 Reporting on Principle 3	5.1, 7.1
Principle 4: Safeguard Integrity in Financial Reporting	
Recommendation 4.1 Establishment of Audit Committee	9.1
Recommendation 4.2 Structure of Audit Committee	9.1
Recommendation 4.3 Audit Committee Charter	9.1
Recommendation 4.4 Reporting on Principle 4	9.1
Principle 5: Make Timely and Balanced Disclosure	
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	10.1
Recommendation 5.2 Reporting on Principle 5	10.1
Principle 6: Respect the Rights of Shareholders	
Recommendation 6.1 Communications Strategy	10.2
Recommendation 6.2 Reporting on Principle 6	10.2, 10.3
Principle 7: Recognise and Manage Risk	
Recommendation 7.1 Policies on Risk Oversight and Management of	11.1
Recommendation 7.2 Attestations by CEO and CFO	11.2
Recommendation 7.3 Risk Management and Internal Control	11.3
Recommendation 7.4 Reporting on Principle 7	11.3
Principle 8: Renumerate Fairly and Responsibly	
Recommendation 8.1 Establishment of Remuneration Committee	12.1
Recommendation 8.2 Executive and Non-Executive Director Remuneration	13.1, 13.2
Recommendation 8.3 Reporting on Principle 8	12.1, 13.1, 13.2

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Board continues to review its current practices in light of the ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Company's size and resources it has available. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

1 Structure of the Board

1.1 The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report. Directors of Prime Minerals Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

1.2 In the context of Director independence, 'materiality' is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Prime Minerals Limited are considered to be independent:

Name	**Position**
R J Collins	Non-Executive Chairman
M Scivolo	Non-Executive Director
H S Majteles	Non-Executive Director

1.3 There are procedures in place, agreed by the Board, to enable Directors in the furtherance of their duties to seek independent professional advice at the Company's expense.

1.4 The term in office held by each Director in office at the date of this report is as follows:

Name	**Term in Office**
R J Collins	Since 20 October 2009
M Scivolo	Since 20 October 2009
H S Majteles	Since 20 October 2009

1.5 The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report.

2 Nomination Committee

2.1 There is no nomination committee.

The Board considers those matters and issues arising that would usually fall to a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

The full Board carries out the functions of the Nomination Committee. The Board did not meet formally as the Nomination Committee during the financial year, however any relevant matters were discussed on as-required basis from time to time during regular meetings of the Board.

3 Responsibilities of the Board

3.1 The Board is responsible for setting the strategic direction and establishing the policies of the Consolidated Entity. It is responsible for overseeing the financial position, and for monitoring the business and affairs on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable. The Board also addresses issues relating to internal controls and approaches to risk management.

3.2 To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, the Managing Director and other senior executives in the performance of their roles. The Code of Conduct addresses the maintenance of the confidence in the Company's integrity, legal obligations and expectations of shareholders, responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour.

4 Appointments to Other Boards

4.1 Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards.

5 Ethical Standards

5.1 The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors and employees of the Consolidated Entity. A fundamental theme of the Consolidated Entity's code of ethics is that all business affairs are conducted legally, ethically and with the strict observance of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the Consolidated Entity. All Directors and employees are expected to act with the utmost of integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

6 Conflict of Interest

6.1 In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

7 Directors' Dealings in Company Securities

7.1 On 21 December 2010, the board reviewed and re-adopted its Securities Dealings Policy. The Board periodically reminds Directors, senior executives and employees of the prohibition in the Corporations Act 2001 concerning trading in the Company's securities when in possession of "inside information". The Board also periodically reminds Directors of their obligations to notify the Company Secretary of any trade in securities to ensure that ASX Listing Rule requirements are met.

8 Financial Reporting

8.1 The Chair and the Company Secretary have declared to the Board that the Company's Annual Reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

9 Audit Committee

9.1 There is no audit committee.

The Company and its Board are of a relatively small size and Board members are encouraged to consult regularly with the Company's external auditors, therefore the Company considers that no benefits would be gained by establishing a separate audit committee. The role of the Audit Committee has been assumed by the full Board. The Board as the Audit Committee meets at least bi-annually (in respect of the full year and half year reports).

9.2 The Board has adopted an Audit Committee Charter which sets out the roles and responsibilities, composition, structure and membership requirements. The Board refers to the Audit Committee Charter to ensure they are meeting all the requirements otherwise delegated to an Audit Committee. A copy of the Audit Committee Charter is available on the Company's website.

10 Continuous Disclosure and Communication with Shareholders

10.1 The Chair is responsible, in consultation with the Board, for interpreting and monitoring the Company's compliance with the continuous disclosure requirements of the ASX whilst the Company Secretary is responsible for all communications with ASX. The Board has adopted a continuous disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules, which is available on the Company's website. All Directors and senior employees have a general understanding of the continuous disclosure requirements under the ASX listing rules, particularly as they relate to identification of matters that may have a material effect on the price of the Company's securities and that would influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

10.2 Communication with shareholders is conducted through the following mechanisms:

- Announcements lodged with ASX
- Half Yearly and Preliminary Final Reports
- Annual Reports
- Annual General Meetings

Notices of meeting are specifically designed and distributed on a timely basis to encourage shareholder attendance and participation at general meetings.

10.3 The Company also posts corporate information in the investor section of its Company website at primeminerals.com.au and encourages shareholders to visit the website. The Company's policy for shareholder communications is available on the Company's website.

11 Risk Management

11.1 The full Board is responsible for the oversight of risk management and internal control. Due to the current size and operations of the Consolidated Entity, a formal risk management committee is not considered to add any efficiency to the process of assessing and managing material business risk. The Board sets aside time at meetings to discuss any risk management issues and Directors are encouraged to give priority to such issues.

11.2 In developing its risk management policies, the Board has taken into consideration any legal obligations and the reasonable expectations of its stakeholders in relation to risk management. The Chair is accountable to the Board for effective risk management. The Board undertakes to review the management of material business risks at least annually. The objectives of the Company's risk management strategy are to:

- identify risks to the Company;
- balance risk to reward;
- ensure regulatory compliance is achieved; and
- ensure senior executives, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular Board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Company's risk management strategy was formally reviewed by the Board on 22 July 2009 and was considered a sound strategy for addressing and managing risk. A copy of the strategy is available on the Company's website.

11.3 The Board has received assurance from the Chair that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

12 Performance Evaluation of the Board and its Members

12.1 The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

There is no separate remuneration committee.

Due to the small size and structure of the Board, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and senior executives. The Board considers that it is more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. All matters of remuneration will continue to be determined in accordance with Corporations Act requirements, especially in respect to related party transactions. That is, no Directors participate in any deliberations regarding his or her own remuneration or related issues.

The Board meets once a year to review its own performance. The Non-Executive Directors are responsible for regularly evaluating the Executive Director. This evaluation is based on specific criteria, including the Company's business performance, whether long-term strategic objectives are being achieved and the development of management and personnel. The evaluation is taken into account in determining the Executive Director's remuneration.

13 Company’s Remuneration Policies

13.1 Each of the Non-Executive Directors receives a fixed fee for their services as Directors. There is no direct link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

For a full discussion on the Company’s remuneration philosophy and framework and the remuneration received by Directors and executives in the current year please refer to the remuneration report, which is contained within the Directors’ Report.

13.2 There is no difference in remuneration structure.

There are no retirement benefits for Non-Executive Directors.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Prime Minerals Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Prime Minerals Limited.

Perth, Western Australia
28 September 2011

W M CLARK
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4 130 Stirling Street Perth 6000 PO Box 8124 Perth BC 6849 Western Australia. Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011 **$**	**2010** **$**
Revenue	4a	**142,264**	1,003,726
Accounting and audit fees		**(49,715)**	(67,848)
Administration expenses		**(169,737)**	(105,181)
ASX fees		**(12,124)**	(12,069)
Consulting fees		**(509)**	(198)
Exploration and evaluation expenditure written off		**(980,488)**	(21,944)
Fringe benefits tax		**(2,254)**	(12,481)
Insurance		**-**	(17,914)
Depreciation and amortisation		**(2,740)**	(5,119)
Directors' fees and benefits expense		**(84,500)**	(246,535)
Legal fees		**-**	(200,455)
Management fees		**(240,127)**	(215,576)
Promotions		**-**	(35,931)
Share registry fees		**(3,870)**	(14,860)
Other expenses	4b	**(3,357)**	(28,464)
Profit/(loss) before income tax benefit		**(1,407,157)**	19,151
Income tax benefit	5	**-**	-
Net profit/(loss) for the year		**(1,407,157)**	19,151
Other comprehensive income:			
Reclassification to profit and loss on sale of tenements		**(40,000)**	-
Revaluation of investments		**(23,045)**	31,912
Total other comprehensive income		**(63,045)**	31,912
Total comprehensive income/(loss) for the year		**(1,470,202)**	51,063
Basic earnings/(loss) per share (cents)	6	**(4.33)**	0.06

Diluted loss per share has not been disclosed as the entity does not have on issue any options which are potentially dilutive.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Consolidated	
		2011 **$**	**2010** **$**
ASSETS			
Current Assets			
Cash and cash equivalents	7	**653,025**	935,384
Trade and other receivables	8	**19,586**	15,433
Total Current Assets		**672,611**	950,817
Non-Current Assets			
Other financial assets	9	**42,030**	265,074
Plant and equipment	10	**1,858**	4,598
Exploration and evaluation assets	11	**1,446**	967,212
Total Non-Current Assets		**45,334**	1,236,884
Total Assets		**717,945**	2,187,701
LIABILITIES			
Current Liabilities			
Trade and other payables	12	**80,823**	80,377
Total Current Liabilities		**80,823**	80,377
Total Liabilities		**80,823**	80,377
Net Assets		**637,122**	2,107,324
EQUITY			
Issued capital	13(a)	**2,322,627**	2,322,627
Reserves	14	**892,006**	955,051
Accumulated losses		**(2,577,511)**	(1,170,354)
Total Equity		**637,122**	2,107,324

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Consolidated	Issued Capital $	Accumulated Losses $	Other Reserves $	Total $
Balance at 30 June 2009	2,317,470	(1,189,505)	923,139	2,051,104
Issue of share capital	5,157	-	-	5,157
Total comprehensive income for the year	-	19,151	31,912	51,063
Balance at 30 June 2010	**2,322,627**	**(1,170,354)**	**955,051**	**2,107,324**
Issue of share capital	-	-	-	-
Total comprehensive loss for the year	-	(1,407,157)	(63,045)	(1,470,202)
Balance at 30 June 2011	**2,322,627**	**(2,577,511)**	**892,006**	**637,122**

The accompanying notes form part of these financial statements.

	Note	Consolidated	
		2011	**2010**
		$	**$**
		Inflows/ (Outflows)	**Inflows/ (Outflows)**
Cash flows from operating activities			
Payments to suppliers and employees		**(562,611)**	(916,287)
Interest received		**38,135**	26,635
Interest paid		**(20)**	(1,364)
Proceeds from legal settlement		**-**	200,000
Net cash used in operating activities	7(a)	**(524,496)**	(691,016)
Cash flows from investing activities			
Payment for investment		**-**	(15,000)
Receipt from sale of investments		**260,000**	1,068,314
Exploration & evaluation expenditure		**(17,863)**	(29,377)
Proceeds from sale of plant and equipment		**-**	6,000
Net cash provided by investing activities		**242,137**	1,029,937
Cash flows from financing activities			
Proceeds from issue of shares and options		**-**	5,157
Net cash provided by/(used in) financing activities		**-**	5,157
Net increase/(decrease) in cash and cash equivalents		**(282,359)**	344,078
Cash and cash equivalents at beginning of the financial year		**935,384**	591,306
Cash and cash equivalents at year end	7	**653,025**	935,384

The accompanying notes form part of these financial statements.

1. *Corporate information*

Prime Minerals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operation and principal activities of the Consolidated Entity are described in Note 3.

2. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis. The Company is a listed public company, incorporated in Australia and operating in Australia. The financial report is presented in Australian dollars.

The accounting policies detailed below have been consistently applied to all years presented unless otherwise stated. The financial statements are for the Group of Prime Minerals Limited and its subsidiaries.

(b) Adoption of new and revised Standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2011, the Consolidated Entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

The Consolidated Entity has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. As a result of these reviews the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Consolidated Entity accounting policies.

(c) Statement of compliance

The financial statements were authorised for issue on 28 September 2011. The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Prime Minerals Limited (“Company” or “Parent Entity”) and its subsidiaries as at 30 June each year (together referred to as the “Consolidated Entity”).

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies.

Subsidiaries are all those entities over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Consolidated Entity has control.

2. Statement of Significant Accounting Policies (Continued)

(e) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:
The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Impairment of available-for-sale financial assets
The Consolidated Entity follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(f) Foreign currency translation

Both the functional and presentation currency of the Parent and the Consolidated Entity is Australian dollars ($AUD).

All differences arising from the movement in exchange rates are taken to the statement of comprehensive income.

2. Statement of Significant Accounting Policies (Continued)

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(h) Employee benefits expenditure

Employee benefits such as salary and wages are measured at the rate at which the Consolidated Entity expects to settle the liability; and recognised during the period over which the employee services are being rendered.

(i) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Trade and other receivables

Receivables are recognised and carried at original costs less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(k) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment - over 5 to 10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset.

2. Statement of Significant Accounting Policies (Continued)

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognised.

(l) Exploration and evaluation assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the period in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:
  (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  (b) exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(m) Impairment of assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. Statement of Significant Accounting Policies (Continued)

(n) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received and are subsequently measured at amortised cost.

(o) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Consolidated Entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Leases

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(q) Financial instruments

Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Consolidated Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Consolidated Entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

2. Statement of Significant Accounting Policies (Continued)

(ii) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Consolidated Entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Derecognition of financial assets and financial liabilities
(i) Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a Consolidated Entity of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Consolidated Entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Consolidated Entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Consolidated Entity has transferred its rights to receive cash flows from the asset and either:
  a) has transferred substantially all the risks and rewards of the asset, or
  b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Statement of Significant Accounting Policies (Continued)

When the Consolidated Entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Consolidated Entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Consolidated Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Consolidated Entity's continuing involvement is the amount of the transferred asset that the Consolidated Entity may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Consolidated Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets
The Consolidated Entity assesses at each balance date whether a financial asset or Consolidated Entity of financial assets is impaired.

(i) Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Consolidated Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Consolidated Entity of financial assets with similar credit risk characteristics and that Consolidated Entity of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2. Statement of Significant Accounting Policies (Continued)

(ii) Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(r) Income taxes
Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

2. Statement of Significant Accounting Policies (Continued)

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Segment reporting

Segment results, assets, and liabilities comprise of amounts directly attributable to the segment, and those which could be reasonably allocated to those segments.

The performance and the position of each segment have been assessed applying the same accounting policies as applicable to the whole entity.

The entity's primary reporting format is business segment, being exploration and evaluation of mineral resources.

The entity's secondary reporting format is Geographic based.

(u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Share based payments

The Consolidated Entity provides benefits to employees (including senior executives) of the Consolidated Entity in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the binomial valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Prime Minerals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

2. Statement of Significant Accounting Policies (Continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(w) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. *Segment reporting*

The Consolidated Entity has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are reviewed by the chief operating decision maker (being the Board of Prime Minerals Limited) in order to allocate resources to the segment and assess its performance. The Board of Prime Minerals Limited reviews internal reports prepared as consolidated financial statements and strategic decisions of the Consolidated Entity are determined upon analysis of these internal reports. During the years ended 30 June 2010 and 30 June 2011, the Consolidated Entity operated predominantly in one business and geographical segment being the resources sector in Australia. Accordingly, under the 'management approach' outlined only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

	Consolidated	
	2011	**2010**
	$	**$**
4. *Revenue and expenditure*		
(a) Revenue		
Interest received – other corporations	**42,264**	27,617
Settlement of legal action	**-**	400,000
Profit on sale of investments	**100,000**	573,314
Profit on sale of assets	**-**	2,795
	142,264	1,003,726
(b) Other expenses		
ASIC fees	**1,895**	1,636
Bank charges	**(4,802)**	7,126
Printing and stationery	**610**	7,326
Telephone	**-**	1,068
Travel and accommodation	**-**	2,160
Other	**5,654**	9,148
	3,357	28,464

5. *Income tax*

(a) Income tax expense

The income tax expense for the year differs from the prima facie tax as follows:

Profit/(loss) for year	**(1,407,157)**	19,151
Prima facie income tax benefit @ 30%	**(422,147)**	5,745
Tax effect of non-deductible items	**165**	2,875
Benefit of income tax losses not previously recognised	**-**	(8,620)
Other deferred tax assets and tax liabilities not recognised	**247,952**	-
Unused tax losses not recognised as deferred tax assets	**171,841**	-
Adjustments in respect of current income tax of previous years	**2,189**	-
Total income tax expense	**-**	-

(b) Unrecognised deferred tax balances

The following deferred tax assets and (liabilities) have not been brought to account:

Deferred tax assets:		
Losses available for offset against future taxable income	**1,230,237**	1,058,396
Other temporary timing differences	**7,236**	49,068
	1,237,473	1,107,464
Deferred tax liabilities:		
Exploration expenditure capitalised	**434**	(290,164)
Other temporary timing differences	**354**	(407)
	788	(290,571)

	Consolidated	
	2011	**2010**
	$	**$**

5. ***Income tax (Continued)***
(c) **Income tax benefit not recognised directly in equity:**

Revaluation of investments	**-**	14,910
Share issue costs	**207,149**	207,149
	207,149	222,059

Tax consolidation
On 21 December 2006 Prime Minerals Limited and its 100% owned Australian resident subsidiaries at that time formed a tax consolidated group. Wholly owned subsidiaries purchased after that date also form part of the tax consolidated group. The entities in the tax consolidated group have not entered into a tax sharing/funding agreement.

6. ***Earnings/(loss) per share (EPS)***

Basic earnings/(loss) per share (cents)	**(4.33)**	0.06

The earnings/(loss) and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Net profit/(loss) for year	**(1,407,157)**	19,151
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS	**32,526,082**	32,520,533

Diluted earnings per share have not been calculated as there were no options on issue which would be potential ordinary shares having a dilutive effect.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

	Consolidated 2011 $	Consolidated 2010 $
7. *Cash and cash equivalents*		
Cash at bank	**653,025**	935,384

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) Reconciliation of profit/(loss) for the year to net cash flows used in operating activities:

	2011 $	2010 $
Profit/(loss) for the year	**(1,407,157)**	19,151
Non cash items		
Profit on sale of investments	**(100,000)**	(573,314)
Profit on sale of assets	**-**	(2,795)
Depreciation	**2,740**	5,119
Exploration expenditure written off	**980,488**	21,944
Settlement of legal case	**-**	(200,000)
Changes in assets and liabilities		
Receivables	**(4,153)**	18,838
Payables	**3,586**	20,041
Net cash flows (used in) operating activities	**(524,496)**	(691,016)

8. *Trade and other receivables*

	2011 $	2010 $
Current		
Accrued interest	**5,111**	982
GST receivable	**13,252**	12,927
Prepayments	**73**	374
Other	**1,150**	1,150
	19,586	15,433

9. *Other financial assets*

	2011 $	2010 $
Available for sale investments carried at fair value(i):		
Listed shares – at fair value	**42,030**	265,074
	42,030	265,074

(i) Available for sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

	Consolidated 2011 $	Consolidated 2010 $
10. *Plant and equipment*		
Plant and equipment – at cost	**17,554**	17,554
Accumulated depreciation	**(15,696)**	(12,956)
Total written down amount	**1,858**	4,598
Reconciliation		
At 1 July, net of accumulated depreciation	**4,598**	12,922
Disposals	**-**	(3,205)
Depreciation charge for year	**(2,740)**	(5,119)
At 30 June, net of accumulated depreciation	**1,858**	4,598

11. *Exploration and evaluation assets*

Costs carried forward in respect of areas of interest in the following phases:

	2011 $	2010 $
Exploration and evaluation phase		
Balance at beginning of year	**967,212**	959,895
Expenditure incurred during year	**14,722**	29,261
Expenditure written off during year(i)	**(980,488)**	(21,944)
Balance at end of year	**1,446**	967,212

The ultimate recoupment of the exploration and evaluation expenditure carried forward is dependent on the successful development and commercial exploitation and/or sale of the relevant areas of interest, at amounts at least equal to book value.

(i) During the year the Company surrendered three of the four tenements held in the Lake Mason project; EL57/591, EL57/784 and EL57/786. As such amounts carried forward to these tenements have been written off.

12. *Trade and other payables*

	2011 $	2010 $
Current		
Trade payables and accruals		
Other corporations	**80,823**	80,377
	80,823	80,377

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

	Consolidated	
	2011	**2010**
	$	**$**

13. *Issued capital*

(a) Issued and paid up capital

Ordinary shares fully paid	**2,322,627**	2,322,627

	Number	**$**
Balance at 30 June 2009	32,510,303	2,317,470
Option conversion	15,779	3,167
Transfer from option premium reserve	-	1,990
Balance at 30 June 2010	**32,526,082**	**2,322,627**
Movements for the year ended 30 June 2011	-	-
Balance at 30 June 2011	**32,526,082**	**2,322,627**

(b) Share Options

	Consolidated Number
Balance at 30 June 2009	19,714,698
Option conversion	(15,779)
Option expiry 31 October 2009	(19,698,919)
Balance at 30 June 2010	-
Movements for the year ended 30 June 2011	-
Balance at 30 June 2011	-

(c) Share options

At the end of the year there were no options over unissued ordinary shares.

(d) Terms and conditions of contributed equity

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(e) Capital management policy

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The entity assesses the adequacy of its capital requirements and the cost of capital as a part of its broader strategic plan. There were no changes in the Consolidated Entity's approach to capital management during the year.

The entity is not subject to externally imposed capital requirements.

As is similar with many other junior exploration entities, the operations are generally funded through the issue of equity instruments, such as shares and options.

14. *Reserves*

Consolidated	**Share based payment reserve**	**Option premium reserve**	**Asset revaluation reserve**	**Total**
	$	**$**	**$**	**$**
Balance at 1 July 2009	56,452	848,900	17,787	923,139
Revaluation of investments	-	-	31,912	31,912
Balance at 30 June 2010	56,452	848,900	49,699	955,051
Reclassification to profit and loss on sale of investments	-	-	(40,000)	(40,000)
Revaluation of investments	-	-	(23,045)	(23,045)
Balance at 30 June 2011	**56,452**	**848,900**	**(13,346)**	**892,006**

The share-based payments reserve is used to recognise the fair value of options issued as part of remuneration of directors, employees and consultants.

The option premium reserve is used to accumulate proceeds received from the issue of options and the value of options issued as consideration for the acquisition of non-current assets.

The asset revaluation reserve is used to record increases in the fair value of investments in listed shares.

15. *Share based payments*

There were no share-based payment arrangements during the year ended 30 June 2011.

16. *Commitments and contingencies*

The Company has an agreement with a management service company for the provision of services at $235,000 pa plus CPI. Charges are at commercial terms in accordance with the agreement entered into on 17 November 2009 for a 5 year term.

0-1 years	235,000
1-5 years	567,917
5+ years	-

Exploration commitments

The consolidated entity has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Consolidated Entity. These commitments have not been provided for in the financial statements. Due to the nature of the Consolidated Entity's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishment of tenure or any new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is:

	Consolidated 2011 $	Consolidated 2010 $
Not later than one year	**15,000**	201,875

Contingent liabilities
It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the Company has an interest. It is impossible at this stage to quantify the impact (if any) that the existence of native title may have on the operations of the Company. However, at the date of this report, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over tenements held by the Company.

17. *Related party disclosures*

(a) Parent entity

The ultimate parent entity within the Consolidated Entity is Prime Minerals Limited.

(b) Subsidiaries

Details of subsidiaries are set out in Note 19.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 21.

(d) Loans to related parties

	Company	
	2011	**2010**
	$	**$**
Loans to subsidiary		
Balance at beginning of year	**572,422**	542,409
Loans advanced/(repaid)	**(7,947)**	30,013
Balance at end of year	**564,475**	572,422

Prime Minerals Limited has provided unsecured, interest free loans to its wholly owned subsidiary. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the company recognises an allowance for the impairment loss.

(e) Other transactions

There were no other related party transactions during the year.

18. *Parent entity disclosures*

(a) Financial position

	Company 2011 $	Company 2010 $
ASSETS		
Current Assets		
Cash and cash equivalents	**652,923**	935,282
Trade and other receivables	**19,586**	15,433
Total Current Assets	**672,509**	950,715
Non-Current Assets		
Receivables	**-**	550,478
Other financial assets (i)	**-**	1,057,150
Plant and equipment	**1,858**	4,598
Exploration and evaluation assets	**681**	-
Total Non-Current Assets	**2,539**	1,612,226
Total Assets	**675,048**	2,562,941
LIABILITIES		
Current Liabilities		
Trade and other payables	**80,823**	80,377
Total Current Liabilities	**80,823**	80,377
Total Liabilities	**80,823**	80,377
Net Assets	**594,225**	2,482,564
EQUITY		
Issued capital	**2,517,721**	2,517,721
Reserves	**901,352**	955,352
Accumulated losses	**(2,824,848)**	(990,509)
Total Equity	**594,225**	2,482,564

(b) Financial performance

	Company 2011 $	Company 2010 $
Profit/(loss) for the period	**(1,834,339)**	20,004
Other comprehensive income	**(54,000)**	50,000
Total comprehensive income/(loss)	**(1,888,339)**	70,004

(i) The recoverability of the investment is dependent upon successful development and commercial exploitation and/or sale of the relevant areas of interest, at amounts at least equal to book value.

19. Shares in controlled entities

	Country of incorporation	Ownership interest 2011	2010
Fineloop Holdings Pty Ltd	Australia	**100%**	100%
Lake Minerals Pty Ltd	Australia	**100%**	100%
Megaworld Pty Ltd	Australia	**100%**	100%
Prime Uranium Pty Ltd	Australia	**100%**	100%

On 1 September 2008 the Company sold its wholly owned subsidiary Australian Vanadium Corporation Pty Ltd (Formerly Prime Iron Ore Pty Ltd) applicant for exploration licences E57/742 and E57/743 to Reed Resources Limited (ASX:RDR).

Terms of the sale included a 2% net smelter royalty on production from within the relevant tenement area.

	Consolidated 2011 $	Consolidated 2010 $
20. *Auditors' remuneration*		
Amounts, received or due and receivable by auditors for:		
- an audit or review services	**24,500**	45,600
- other services	**12,659**	13,457
	37,159	59,057

21. *Director and executive disclosures*

(a) Details of specified Directors and specified executives

Directors	Position	Appointed
Robert Collins	Non-Executive Chairman	20 October 2009
Michael Scivolo	Non-Executive Director	20 October 2009
Sol Majteles	Non-Executive Director	20 October 2009

Specified Executives
The companies in the consolidated entity had no specified executives per the Corporations Act during 2011 and 2010.

(b) Remuneration policy
The remuneration policy of Prime Minerals Limited as it applies to key management personnel is disclosed in the Remuneration Report contained in the Directors' Report.

21. *Director and executive disclosures (Continued)*

(c) Remuneration of Directors

2011	**Primary salary and fees $**	**Share-based options $**	**Superannuation Benefits $**	**Total $**
R J Collins	30,000	-	-	**30,000**
M Scivolo	25,000	-	2,250	**27,250**
H S Majteles	25,000	-	2,250	**27,250**
Total	80,000	-	4,500	**84,500**

2010	**Primary salary and fees $**	**Share-based options $**	**Superannuation Benefits $**	**Total $**
V Hyde	169,615	-	-	**169,615**
E Del Fante	9,000	-	-	**9,000**
G Boyer	9,000	-	-	**9,000**
R J Collins	20,918	-	-	**20,918**
M Scivolo	17,432	-	1,569	**18,901**
H S Majteles	17,432	-	1,569	**18,901**
Total	243,397	-	3,138	**246,535**

(d) Shares issued, held and transacted by Directors

2011	**Balance 30/06/10**	**Received as remuneration**	**Options exercised**	**Net change other**	**Balance 30/06/11**
R J Collins	-	-	-	-	-
M Scivolo	-	-	-	-	-
H S Majteles	-	-	-	-	-

2010	**Balance 30/06/09**	**Received as remuneration**	**Options exercised**	**Net change other**	**Balance 30/06/10**
V Hyde	100,000	-	-	(100,000)[(i)]	-
E Del Fante	-	-	-	-	-
G Boyer	10,000	-	-	(10,000) [(i)]	-
R J Collins	-	-	-	-	-
M Scivolo	-	-	-	-	-
H S Majteles	-	-	-	-	-

[(i)] Balance at date of resignation

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Consolidated Entity would have adopted if dealing at arm’s length.

21. *Director and executive disclosures (Continued)*

(e) Option holdings of key management personnel

2011	Balance 30/06/10	Granted as remuneration	Options exercised	Net change other	Balance 30/06/11
R J Collins	-	-	-	-	-
M Scivolo	-	-	-	-	-
H S Majteles	-	-	-	-	-

2010	Balance 30/06/09	Granted as remuneration	Options exercised	Net change other	Balance 30/06/10
V Hyde	550,000	-	-	(550,000)[i]	-
E Del Fante	500,000	-	-	(500,000)[i]	-
G Boyer	5,000	-	-	(5,000)[i]	-
R J Collins	-	-	-	-	-
M Scivolo	-	-	-	-	-
H S Majteles	-	-	-	-	-

[i] Balance at date of resignation

(f) Other transactions with Directors

There were no other transactions during the year or outstanding balances at 30 June 2011 in relation to Directors (2010: Nil).

22. *Financial instruments*

As at the reporting date, the Consolidated financial instruments comprise of cash and cash equivalents; trade and other receivables; and trade and other payables.

(a) Fair value of financial instruments

The fair values and carrying amounts of various financial instruments recognised at reporting date are noted below:

		2011		**2010**	
Consolidated	**Note**	**Carrying amount**	**Fair values**	**Carrying amount**	**Fair values**
Cash and cash equivalents	7	**653,025**	**653,025**	935,384	935,384
Trade and other receivables	8	**19,586**	**19,586**	15,433	15,433
Other financial assets	9	**42,030**	**42,030**	265,074	265,074
Trade and other payables	12	**(80,823)**	**(80,823)**	(80,377)	(80,377)
		633,818	**633,818**	1,135,514	1,135, 514

The carrying amounts of the financial instruments are reasonable approximations of their fair values, on account of their short maturity cycle.

22. *Financial instruments (Continued)*

(b) Risk management strategies

The entity is exposed to credit risks; liquidity risks; interest rate risks and market risk. The nature and extent of risk exposure, and the entity's risk management strategies are noted below.

(i) Credit risks:

Credit risk refers to the risk that a counterparty to the financial instruments would default in honouring its commitment per the contractual terms. The maximum credit risks at the reporting dates were:

	Consolidated 2011 $	Consolidated 2010 $
Trade and other receivables	**19.586**	15,433
	19,586	15,433

The trade and other receivables primarily consist of GST recoverable from the Australian Commonwealth. The management does not consider the recoverability as a risk.

(ii) Liquidity risks:

Liquidity risk is the risk that the entity will encounter difficulties to meet its contractual obligations arising from the financial liabilities.

Liquidity risk is constantly monitored and managed through forecasting operating cash requirements per the existing commitments, and future expected operating cash outflows.

There has been no change in the above policy since prior year.

Maturity analysis of contractual undiscounted cash-flows on financial liabilities at reporting date.

	Consolidated < 3 Months $	Consolidated Total $
2011		
Trade and other payables	**(80,823)**	**(80,823)**
	(80,823)	**(80,823)**
2010		
Trade and other payables	(80,377)	(80,377)
	(80,377)	(80,377)

22. *Financial instruments (Continued)*

(iii) Interest rate risk:

The Consolidated Entity has no material exposure to interest rate risk.

(iv) Market risk:

The Consolidated Entity's activities expose it primarily to the financial risks of changes in commodity prices and exchange rates. There has been no change to the Consolidated Entity's exposure to market risks or the manner in which it manages and measures the risk from the previous year.

23. *Events subsequent to year end*

No other item, transaction or event of a material and unusual nature has arisen since the end of the financial year that in the opinion of the Directors of the Company will affect substantially the operations of the consolidated entity in subsequent financial years.

1. In the opinion of the Directors:

   a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

      i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the year then ended; and

      ii) complying with Accounting Standards and the Corporations Regulations 2001;

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   c) the financial statements also comply with International Financial Reporting Standards noted in Note 2(c).

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

This declaration is signed in accordance with a resolution of the Board of Directors.

Robert Collins
Non-Executive Chairman

Perth, 28 September 2011

INDEPENDENT AUDITOR'S REPORT

To the members of Prime Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Prime Minerals Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report and remuneration report of Prime Minerals Limited for the financial year ended 30 June 2011 included on Prime Minerals Limited's website. The company's directors are responsible for the integrity of the Prime Minerals Limited website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Prime Minerals Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Prime Minerals Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

W M Clark

Perth, Western Australia
28 September 2011

W M CLARK
Partner

HOLDINGS AS AT 14 SEPTEMBER 2011

Number of Securities Held	Fully Paid Shares No. of Holders
1 to 1,000	29
1,001 to 5,000	78
5,001 to 10,000	125
10,001 to 100,000	181
100,001 and over	32
Total Number of Holders	445

Number of holders of less than a marketable parcel	272
Percentage of the 20 largest holders	69.75%

Substantial Shareholders

The company has been notified of the following substantial shareholdings:

	Number	Percentage
Rulston Pty Ltd	7,000,000	21.52%
Colbern Nominees Pty Ltd <The Colbern A/C>	5,000,000	15.37%
Coniston Pty Ltd <The Coniston A/C>	2,000,000	6.15%

Voting Rights

The Constitution of the company makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

HOLDINGS AS AT 1 SEPTEMBER 2011 (Continued)

20 Largest Holders of Securities as at 14 September 2011:

Fully Paid Ordinary Shares

		No.	%
1.	Rulston Pty Ltd	7,000,000	21.521
2.	Colbern Nominees Pty Ltd <The Colbern A/C>	5,000,000	15.372
3.	Coniston Pty Ltd <The Coniston A/C>	2,000,000	6.149
4.	Landlife Corporation Pty Ltd	1,000,000	3.074
5.	Cangu Pty Ltd <Cangu Family A/C>	1,000,000	3.074
6.	Ms Kerry Ann Wilhelm	810,000	2.490
7.	Mount Street Investments Pty Ltd <The M J Blake S/F A/C>	800,000	2.460
8.	Mr Thomas Francis Corr	726,761	2.234
9.	UBS Wealth Management Australia Nominees Pty Ltd	621,691	1.911
10.	Mr Geoffrey William Evans	500,000	1.537
11.	Bluebase Pty Ltd	500,000	1.537
12.	Taupo Holdings Pty Ltd	400,000	1.230
13.	Equitas Nominees Pty Ltd <Group A/C>	400,000	1.230
14.	Landlife Corporation Pty Ltd	384,032	1.181
15.	Mr Mervyn Ian Leo & Mrs Shirley Ethel Bassett <Y-Z Superannuation Fund A/C>	300,000	0.922
16.	Paso Holdings Pty Ltd	290,000	0.892
17.	Icerig Nominees Pty Ltd	250,000	0.769
18.	Bond Street Custodians Limited	249,500	0.767
19.	Mr Ian Thompson & Mr Peter Randal Thompson <Thompson Family S/F A/C>	240,519	0.739
20.	Johnstone Properties Pty Ltd	215,000	0.661
		22,687,503	69.75

Unlisted Options

There are no unlisted options.

Restricted Securities

The Company has no restricted securities on issue as at the date of this report.