



PRIME MINERALS LIMITED
ABN 61 120 658 497

HALF-YEAR FINANCIAL REPORT
FOR HALF-YEAR ENDED
31 DECEMBER 2011

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DIRECTORS' REPORT

DIRECTORS

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

SECRETARY

David Zukerman

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150 Stirling Highway
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AUDITORS

HLB Mann Judd
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AUSTRALIAN SECURITIES EXCHANGE

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

AMERICAN DEPOSITORY RECEIPTS

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

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors Report as follows:

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

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

REVIEW OF OPERATIONS

The net loss for the half-year attributable to members of Prime Minerals Limited was \$279,011 (31 December 2010: loss \$1,127,853). The loss for the half-year included the write off of exploration and evaluation expenditure of \$Nil (31 December 2010: \$976,349).

LAKE MASON URANIUM PROJECT, WESTERN AUSTRALIA

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

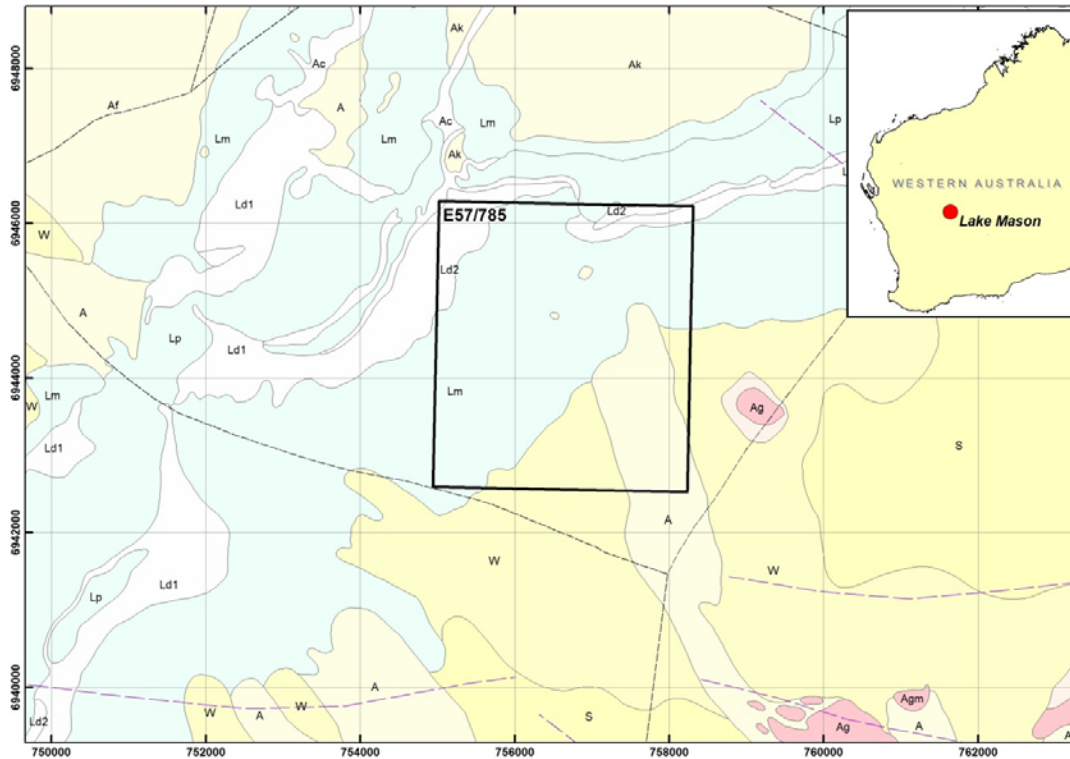
Previous exploration at Lake Mason has focused on the defined radiometric anomalies within the eastern extremity and northern shore of the main Lake Mason channel. However, radiometric anomalies are only of use for identifying outcropping uranium mineralisation. Given that calcrete-hosted uranium mineralisation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

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 mineralisation.

During the September quarter, a regolith sampling programme was undertaken covering the entire licence area. A total of 195 samples were taken from depths of up to 1 m beneath surface. In each case, calcrete/silcrete material was selected for sampling, with varying radiometric readings throughout the sample suite.

Results of the programme indicate preferential distributions of anomalous uranium values in gypsiferous dunes in the northwest of the tenement, and in river channel alluvial deposits in the southeast of the tenement. Both of these areas will require follow-up exploration to test the sediments at depth.



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.

PROJECT GENERATION

The Directors are continuing their efforts to find a suitable asset to augment the Lake Mason Project.

Competent Person's Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Alex Clemen of Clemen and Associates consultants, who is a member of The Australasian Institute of Geoscientists and the Society of Economic Geologists. Mr Clemen has sufficient experience that is relevant to the various styles of mineralisation and types of deposit under consideration, and to the activity that they are undertaking to qualify as Competent Persons 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.

DIRECTORS' REPORT (Continued)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

On the 8th of January 2012 the Company concluded a rights issue share placement of 299,239,952 shares at a price of \$0.0125 per share. As at 31 December 2011, applications for the rights issue had been received and the sum of \$2,754,118 is included in the financial statements as a current liability.

There are no other matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2011 is set out on page 5.

Signed in accordance with a resolution of the directors.



Robert Collins
Non-Executive Chairman

Perth, 9 March 2012

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Prime Minerals Limited for the half-year ended 31 December 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
9 March 2012



W M CLARK
Partner, HLB Mann Judd

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Note	Consolidated 31 December 2011 \$	Consolidated 31 December 2010 \$
Revenue	2	13,178	122,295
Accounting and audit fees		(24,037)	(23,685)
Administration expenses		(82,604)	(73,484)
ASIC/ASX fees		(12,025)	(7,012)
Exploration and evaluation expenditure	4	-	(976,349)
Depreciation and amortisation		(1,004)	(1,752)
Directors' fees and benefits expense		(42,250)	(42,250)
Management fees		(122,492)	(118,936)
Other expenses		(7,777)	(6,680)
Loss before income tax expense		(279,011)	(1,127,853)
Income tax expense		-	-
Net loss for the period		(279,011)	(1,127,853)
Other comprehensive income:			
Reclassification on sale of investments		-	(40,000)
Revaluation of investments		(11,014)	15,073
Total comprehensive result for the period		(290,025)	(1,152,780)
Basic loss per share (cents per share)		(0.75)	(3.47)

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Note	Consolidated 31 December 2011 \$	Consolidated 30 June 2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	2,957,708	653,025
Trade and other receivables		24,705	19,586
Total Current Assets		2,982,413	672,611
Non-Current Assets			
Plant and equipment		855	1,858
Other financial assets		31,015	42,030
Exploration and evaluation expenditure	4	7,185	1,446
Total Non-Current Assets		39,054	45,334
TOTAL ASSETS		3,021,467	717,945
LIABILITIES			
Current Liabilities			
Liability for share application money		2,574,118	-
Trade and other payables		78,790	80,823
Total Current Liabilities		2,652,909	80,823
Total Liabilities		2,652,909	80,823
Net Assets		368,559	637,122
EQUITY			
Issued capital	5	2,344,089	2,322,627
Reserves	6	880,992	892,006
Accumulated losses		(2,856,522)	(2,577,511)
Total Equity		368,559	637,122

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2010	2,322,627	(1,170,354)	955,051	2,107,324
Securities issued during the period	-	-	-	-
Total comprehensive result for the period	-	(1,127,853)	(24,927)	(1,152,780)
Balance at 31 December 2010	<u>2,322,627</u>	<u>(2,298,207)</u>	<u>930,124</u>	<u>954,544</u>
Balance at 1 July 2011	2,322,627	(2,577,511)	892,006	637,122
Securities issued during the period	73,184	-	-	73,184
Share issue costs	(51,722)	-	-	(51,722)
Total comprehensive result for the period	-	(279,011)	(11,014)	(290,025)
Balance at 31 December 2011	<u>2,344,089</u>	<u>(2,856,522)</u>	<u>880,992</u>	<u>368,559</u>

The above statement should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Note	Consolidated 31 December 2011 \$	Consolidated 31 December 2010 \$
Cash flows from operating activities			
Payments to suppliers and employees		(310,009)	(300,992)
Interest received		13,178	22,339
Interest paid		-	(20)
		<hr/>	<hr/>
Net cash (used in) operating activities		(296,831)	(278,673)
Cash flows from investing activities			
Exploration and evaluation expenditure		(5,771)	(12,993)
Receipt from sale of investment		-	260,000
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		(5,771)	247,007
Cash flows from financing activities			
Share application monies received		2,574,118	-
Proceeds from issue of securities		84,888	-
Share issue costs		(51,721)	-
		<hr/>	<hr/>
Net cash provided by financing activities		2,607,285	-
Net (decrease) / increase in cash and cash equivalents		2,304,683	(31,666)
Cash and cash equivalents at beginning of half-year		653,025	935,384
		<hr/>	<hr/>
Cash and cash equivalents at end of half-year	3	<u>2,957,708</u>	<u>903,718</u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This interim consolidated financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Prime Minerals Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2011.

Accounting standards not previously applied

In the half-year ended 31 December 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Consolidated Entity that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Consolidated Entity accounting policies. The Consolidated Entity has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. As a result of this review 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 is necessary to Consolidated Entity accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting judgements and key estimates

The preparation of the interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half year report, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2011.

	Consolidated 31 December 2011 \$	Consolidated 31 December 2010 \$
2. REVENUE		
Interest received	13,178	22,295
Profit on sale of shares	-	100,000
	<u>13,178</u>	<u>122,295</u>
	Consolidated 31 December 2011 \$	Consolidated 30 June 2011 \$

3. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents are comprised of the following:

Cash at bank	<u>2,957,708</u>	<u>653,025</u>
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(i) Non-cash financing and investing activities

There were no non-cash financing or investing activities during the period.

4. EXPLORATION AND EVALUATION EXPENDITURE

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

Exploration and evaluation phase – at cost	<u>7,185</u>	<u>1,446</u>
Movement		
Balance at beginning of the period	1,446	967,212
Expenditure incurred	5,739	14,722
Expenditure written off	-	(980,488)
Balance at end of the period	<u>7,185</u>	<u>1,446</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

5. ISSUED CAPITAL

	31 December 2011		30 June 2011	
	No.	\$	No.	\$
Issued Capital				
Ordinary shares - fully paid	37,404,994	2,344,089	32,526,082	2,322,627
Movement in ordinary shares				
Balance at the beginning of the period	32,526,082	2,322,627	32,526,082	2,322,627
Placement 28 November 2011 at \$0.015 per share	4,878,912	73,183	-	-
Share issue costs	-	(51,721)	-	-
	37,404,994	2,344,089	32,526,082	2,322,627

	Consolidated 31 December 2011 \$	Consolidated 30 June 2011 \$
6. RESERVES		
Share-based payments reserve (Note 6a)	56,452	56,452
Option reserve (Note 6b)	848,900	848,900
Asset revaluation reserve (Note 6c)	(24,360)	(13,346)
	880,992	892,006

(a) Share-based payments reserve

(i) *Nature and purpose of reserve*

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

(ii) *Movements in reserve*

Balance at beginning of period	56,452	56,452
Balance at end of period	56,452	56,452

(b) Option reserve

(i) *Nature and purpose of reserve*

The option 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.

(ii) *Movements in reserve*

Balance at beginning of period	848,900	848,900
Balance at end of period	848,900	848,900

At the end of the period, there were no options over unissued ordinary shares as they expired on 31 October 2009.

During the period, no options were issued or exercised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Consolidated 31 December 2011 \$	Consolidated 30 June 2011 \$
6. RESERVES (Continued)		
(c) Asset revaluation reserve		
(i) <i>Nature and purpose of reserve</i>		
The asset revaluation reserve is used to recognise the fair value of financial assets.		
(ii) <i>Movements in reserve</i>		
Balance at beginning of period	(13,346)	49,699
Reclassification on sale of investments	-	(40,000)
Revaluation of investments	(11,014)	(23,045)
Balance at end of period	<u>(24,360)</u>	<u>(13,346)</u>

7. SEGMENT INFORMATION

The Group has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker 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 Group are determined upon analysis of these internal reports. During the period, the Group 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.

8. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

9. SUBSEQUENT EVENTS

On 8 January 2012 the Company concluded an 8 for 1 rights issue and a total of 299,239,952 shares were issued at 1.25 cents per share. As at 31 December 2011, applications for the rights issued had been received and the sum of \$2,754,118 is included in the financial statement as a current liability.

There are no other matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods.

DIRECTORS' DECLARATION

In the opinion of the directors of Prime Minerals Limited ("the Company"):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s305(5) of the Corporations Act 2001.



Robert Collins
Non-Executive Chairman

Perth, 9 March 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Prime Minerals Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Prime Minerals Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the consolidated entity for the half-year ended 31 December 2011 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year 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 reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Prime Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



W M CLARK
Partner

Perth, Western Australia
9 March 2012