



PRIME MINERALS LIMITED
ABN 61 120 658 497

HALF-YEAR FINANCIAL REPORT
FOR HALF-YEAR ENDED
31 DECEMBER 2010

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CORPORATE DIRECTORY

DIRECTORS

Robert Collins (Non-Executive Chairman)
Michael Scivolo (Non-Executive Director)
Sol Majteles (Non-Executive Director)

SECRETARY

David Zukerman

REGISTERED OFFICE

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8 Parliament Place
West Perth WA 6005

PRINCIPAL OFFICE

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SHARE REGISTRY

Advanced Share Registry Limited
150 Stirling Highway
Nedlands WA 6009

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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 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 2010. 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 Collins – Non-Executive Chairman
Michael Scivolo – Non-Executive Director
Sol Majteles – Non-Executive Director
David Zukerman – Company Secretary

REVIEW OF OPERATIONS

The net loss for the half-year attributable to members of Prime Minerals Limited was \$1,127,853 (31 December 2009: profit \$16,025). The loss for the half-year included the write off of exploration and evaluation expenditure of \$976,319 (31 December 2009: \$Nil).

Exploration Activities

Lake Mason Uranium Project, Western Australia

Prime currently holds 100% of Exploration Licence E 57/785 located central to the Lake Mason palaeo-drainage system.

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.

The identified mineralisation at Lake Mason is located within the lake and on its margins. This mineralisation is of the 'playa lake-style' found 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 lake.

E57/784 and E57/786 were surrendered during the December quarter.

Project Generation

Prime is presently carrying out an active programme of project generation in both Australia and overseas to identify projects that will further enhance Prime's exploration portfolio.

Prime looks forward to updating shareholders as the Company's exploration and project generation programme continues.

Competent Persons Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Timothy Putt of Exploration and Mining Information Systems, who is a member of The Australasian Institute of Geoscientists and the Society of Economic Geologists. Mr. Putt 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 a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Timothy Putt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT (Continued)

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.

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

There are no 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 2010 is set out on page 4.

Signed in accordance with a resolution of the directors.



Robert Collins
Non-Executive Chairman

Perth, 2 March 2011

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 2010, 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
2 March 2011**

**W M CLARK
Partner, HLB Mann Judd**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Note	Consolidated 31 December 2010 \$	Consolidated 31 December 2009 \$
Revenue	2	122,295	272,079
Accounting and audit fees		(23,685)	(39,848)
ASIC/ASX fees		(7,012)	(8,602)
Exploration and evaluation expenditure	4	(976,349)	-
Depreciation and amortisation		(1,752)	(3,392)
Directors' fees and benefits expense		(42,250)	(203,397)
Legal fees		-	(197,507)
Management fees		(118,936)	(115,150)
Occupancy costs		(73,484)	-
Reversal of impairment of investment		-	405,000
Other expenses		(6,680)	(93,158)
(Loss) / profit before income tax expense		(1,127,853)	16,025
Income tax expense		-	-
Net (loss) / profit for the period		(1,127,853)	16,025
Other comprehensive income:			
Reclassification on sale of investments		(40,000)	-
Revaluation of investments		15,073	3,015
Total comprehensive result for the period		(1,152,780)	19,040
Basic earnings/(loss) per share (cents per share)		(3.47)	0.05

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	Consolidated 31 December 2010 \$	Consolidated 30 June 2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	903,718	935,384
Trade and other receivables		17,803	15,433
Total Current Assets		921,521	950,817
Non-Current Assets			
Plant and equipment		2,846	4,598
Other financial assets		80,148	265,074
Exploration and evaluation expenditure	4	-	967,212
Total Non-Current Assets		82,994	1,236,884
TOTAL ASSETS		1,004,515	2,187,701
LIABILITIES			
Current Liabilities			
Trade and other payables		49,971	80,377
Total Current Liabilities		49,971	80,377
Total Liabilities		49,971	80,377
Net Assets		954,544	2,107,324
EQUITY			
Issued capital	5	2,322,627	2,322,627
Reserves	6	930,124	955,051
Accumulated losses		(2,298,207)	(1,170,354)
Total Equity		954,544	2,107,324

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2009	2,317,470	(1,189,505)	923,139	2,051,104
Securities issued during the period	3,167	-	-	3,167
Total comprehensive result for the period	-	16,025	3,015	19,040
Balance at 31 December 2009	<u>2,320,637</u>	<u>(1,173,480)</u>	<u>926,154</u>	<u>2,073,311</u>
Balance at 1 July 2010				
Securities issued during the period	2,322,627	(1,170,354)	955,051	2,107,324
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>

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

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Note	Consolidated 31 December 2010 \$	Consolidated 31 December 2009 \$
Cash flows from operating activities			
Payments to suppliers and employees		(300,992)	(575,049)
Interest received		22,339	5,028
Interest paid		(20)	(1,364)
		<hr/>	<hr/>
Net cash (used in) operating activities		(278,673)	(571,385)
Cash flows from investing activities			
Exploration and evaluation expenditure		(12,993)	(115,788)
Receipt from sale of plant and equipment		-	6,000
Payment for investment		-	(15,000)
Receipt from sale of investment		260,000	1,074,256
		<hr/>	<hr/>
Net cash provided by investing activities		247,007	949,468
Cash flows from financing activities			
Proceeds from issue of securities		-	3,167
		<hr/>	<hr/>
Net cash provided by financing activities		-	3,167
Net (decrease) / increase in cash and cash equivalents		(31,666)	381,250
Cash and cash equivalents at beginning of half-year		935,384	591,306
		<hr/>	<hr/>
Cash and cash equivalents at end of half-year	3	903,718	972,556

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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 condensed half-year report does 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 2010 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 2010.

Accounting standards not previously applied

In the half-year ended 31 December 2010, 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 annual reporting periods beginning on or after 1 July 2010.

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 2010. 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 2010

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.

Except as described below, 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 2010.

In the half year ended 31 December 2010, management reassessed its estimates in respect of:

Carrying value of exploration expenditure

The Consolidated Entity performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continue to be capitalised under AASB 6 or written off to profit or loss. As a result of this review, the Consolidated Entity's exploration expenditure was written off.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Consolidated 31 December 2010 \$	Consolidated 31 December 2009 \$
2. REVENUE		
Interest received	22,295	5,028
Profit on sale of shares	100,000	264,256
Profit on sale of assets	-	2,795
	<u>122,295</u>	<u>272,079</u>

	Consolidated 31 December 2010 \$	Consolidated 30 June 2010 \$
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>903,718</u>	<u>935,384</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>949,348</u>	<u>967,212</u>
Movement		
Balance at beginning of the period	967,212	959,895
Expenditure incurred	9,137	29,261
Expenditure written off	<u>(976,349)</u>	<u>(21,944)</u>
Balance at end of the period	<u>-</u>	<u>967,212</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 2010

5. ISSUED CAPITAL

	31 December 2010		30 June 2010	
	No.	\$	No.	\$
Issued Capital				
Ordinary shares - fully paid	32,526,082	2,322,627	32,526,082	2,322,627
Movement in ordinary shares				
Balance at the beginning of the period	32,526,082	2,322,627	32,510,303	2,317,470
Issued pursuant to exercise of options (@ 20c each)	-	-	15,779	3,167
Transferred from option premium reserve	-	-	-	1,990
	32,526,082	2,322,627	32,526,082	2,322,627

	Consolidated	Consolidated
	31 December 2010	30 June 2010
	\$	\$
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)	24,772	49,699
	930,124	955,051

(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 2010

	Consolidated 31 December 2010 \$	Consolidated 30 June 2010 \$
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	49,699	17,787
Reclassification on sale of investments	(40,000)	-
Revaluation of investments	15,073	31,912
	<hr/> 24,772	<hr/> 49,699
Balance at end of period	<hr/> 24,772	<hr/> 49,699

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. SALE OF INVESTMENTS

During the half year, the Company sold 4,000,000 of its 5,000,000 shares in Power Resources Limited.

9. CONTINGENT LIABILITIES

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

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 2010 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, 2 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 2010, 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 notes 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 2010 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 Prime Minerals Limited, 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*.

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 2010 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
2 March 2011