



## PRIME MINERALS LIMITED

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19 August 2009

### ASX ANNOUNCEMENT

The Company Announcements Office  
Australian Stock Exchange Limited

Via E lodgement

### Shareholder meeting to consider changes to your Board

As set out in the Company's announcement to ASX on 17 August 2009, Prime Minerals Limited (**Prime**) has received a copy of various documents in relation to a general meeting of Prime called by Colbern Nominees Pty Ltd (**Colbern Nominees**) and Prime has been advised by the lawyers for Colbern Nominees that the documents have also been sent to you as shareholders of Prime.

#### Proposed resolutions

Colbern Nominees has proposed resolutions to be put forward at the shareholders' meeting seeking the removal of all members of your Board and the appointment of nominees of Colbern Nominees in their place. Colbern Nominees has not advised Prime of any reason for the proposed resolutions and has not provided Prime any information in relation to the proposed candidates.

Colbern Nominees has called meetings to consider similar resolutions in relation to two other ASX listed companies, Power Resources Limited and Blaze International Limited.

#### Information in relation to Colbern Nominees

The sole shareholder, director and secretary of Colbern Nominees is Mr Marc Clifton. Colbern Nominees acquired its shares in Prime prior to the listing of Prime on ASX in relation to the vend of certain tenements to Prime at a deemed issue price of 10 cents per share. Colbern Nominees has disclosed to ASX that it holds shares in Prime on behalf of the Colbern Trust. Colbern Nominees, however, has failed to respond to a beneficial tracing notice sent by Prime requiring Colbern Nominees to disclose who it holds the shares in Prime on trust for.

As announced to ASX on 6 August 2009, Colbern Nominees (along with others) is being sued by Prime in the Supreme Court of Western Australia. Further details in relation to this litigation is set out below.

Mr Marc Clifton is the stepson of Mr Dan Matich. Mr Dan Matich is the principal of D&L Tenement Services Pty Ltd which until recently was Prime's tenement manager, being paid a fee of \$2,300 per month plus expenses. On 17 July 2009 Prime wrote to D&L Tenement Services Pty Ltd requesting the handover of Prime's files and a comprehensive report in relation to each tenement within 14 days. Prime has received in response a request for payment of money but

has still not received any of the information requested. Prime has subsequently engaged the service of a new tenement manager at the rate of \$280 per month.

### **Background on nominees for Board**

Mr Brett Matich and a company that he is the sole director and shareholder of, Landlife Corporation Pty Ltd (**Landlife Corporation**) are also being sued by Prime pursuant to the Supreme Court proceedings referred to above.

Landlife Corporation has been a consultant to Prime since January 2007, having been engaged on a retainer of \$15,000 per month to provide, amongst other things, corporate advice on acquisitions, sales and divestments, takeovers and mergers, joint ventures or strategic alliances with partners or other corporate transactions which enhance shareholder value. Landlife Corporation has received a total of in excess of \$500,000 from Prime over the period of the consultancy either in fees or reimbursements. In early 2009 your Board reviewed this arrangement and asked Landlife Corporation for a report on its activities to justify the continuation of the consultancy. Within a week I received a telephone call from Mr Brett Matich demanding to be appointed as a director of Prime.

Landlife Corporation was also issued with shares in Prime prior to its listing on ASX at an issue price of 1 cent per share.

Mr Warren Dunne is a close friend of Mr Paul Matich, the father of Dan and Brett Matich. Mr Dunne is a co-director with me on another company, Power Resources Limited. Mr Dunne has previously told me that he manages a car park in Fremantle. At a Board meeting of Power Resources Limited on 29 July 2009 I asked Mr Dunne if he had any corporate or mining experience and his answer was no.

Your Board is unable to provide you with any information about Mr Robert Franzen other than the information set out in the meeting documents prepared by Colbern Nominees.

### **The position of your current directors**

Pursuant to section 203D of the *Corporations Act* each member of your current Board has the right to request Prime to distribute a statement to all shareholders in relation to the proposed resolutions to remove them as directors. To ensure that there can be no suggestion that your current Board are seeking to use their position on the Board to support their own re-election statements by the current directors will be sent to you separately prior to the shareholder meeting.

### **The Supreme Court litigation**

The Supreme Court litigation relates to the contract between Prime and Landlife Corporation pursuant to which Landlife Corporation agreed on an exclusive basis to provide certain services to Prime. Your Board has recently discovered that Landlife Corporation appears to have breached its obligations to Prime and diverted a substantial opportunity to another company, and accordingly commenced the Court proceedings.

Prime contends that in breach of its obligations to Prime, Landlife Corporation facilitated the sale of the Peary Land project in northern Greenland to Ironbark Gold Limited in or about February 2007, which resulted in the payment of \$6 million and the issue of 3 million shares and 6 million options in Ironbark Gold Limited to Colbern Nominees. Prime is seeking various relief against the defendants in that action including damages, orders for the payment of equitable compensation and an account of profits.

Your Board is concerned that in the event Colbern Nominees was successful in procuring the appointment of Mr Brett Matich and its other nominees to the Prime Board that Prime's rights pursuant to this litigation may be compromised, given that the defendants in that action are Colbern Nominees, Mr Brett Matich and Mr Matich's company, Landlife Corporation.

Prime therefore intends to seek an expedited trial of the Supreme Court proceedings so that if possible those proceedings can be finalised prior to the shareholder meeting at which you will be asked to decide who you want to manage your Company.

### **Clarification in meeting documents**

Your Board takes the opportunity to clarify the following matters set out in the meeting documents prepared on behalf of Colbern Nominees:

- 1 The meeting documents state that Colbern Nominees has 'lost faith in the current Board'.

The Board notes that Mr Clifton, the sole director, secretary and shareholder of Colbern Nominees has never contacted any member of the Board expressing any concerns with the management of the Company, nor have any of your Board ever even spoken to Mr Clifton.

- 2 The meeting documents state that 'The new Board members proposed intend to capitalise on the existing economic climate to aggressively seek new high value projects.'

The first of Colbern Nominees proposed appointees to the Board, Mr Brett Matich has through his company, Landlife Corporation, been engaged to provide services to Prime since January 2007 and has attended all meetings of the Prime Board. During that time Mr Matich has not presented to the Board a single 'high value project'.

- 3 The meeting documents state that 'it is intended that if Mr Matich is successfully appointed to the Board' the consultancy agreement with Landlife Corporation will be terminated.

Since March 2009 when the Board instigated a review of this agreement no consulting fees have been paid to Landlife Corporation and the agreement has already been terminated.

- 4 The meeting documents that you have been sent ask you to send a copy of your completed proxy form to Colbern Nominees care of Blakiston & Crabb lawyers.

For your proxy to be valid it needs to be received by Prime. A copy does not need to be sent to Blakiston & Crabb.

- 5 Resolution 7 on the Notice of General Meeting seeks the removal of any directors appointed to Prime between 5 August 2009 and the time of commencement of the shareholders' meeting.

This proposed resolution is invalid as a matter of law and will not be put to shareholders.

## Postponement of General Meeting

Your Board considers it is in the best interests of all shareholders for the legal dispute between Prime and its shareholder, Colbern Nominees, Colbern Nominees' nominee for the Board (Mr Brett Matich) and Mr Matich's company, Landlife Corporation, to be finalised if at all possible before shareholders are required to decide who you wish to manage your Company going forward.

On this basis the Board has exercised the power vested in it pursuant to Prime's Constitution to postpone the shareholder meeting for a period of 40 days to 16 November 2009 at 4.00pm at the Esplanade River Suites, 112 Melville Parade, Como. The postponement will also give shareholders the opportunity to consider Prime's Annual Report prior to making a decision as to the composition of the Board.

The new date and location of the meeting have been chosen to minimise inconvenience to shareholders in circumstances where Prime has traditionally held its AGM at this venue and has already made arrangements to hold the Company's 2009 AGM at the same venue on the morning of 17 November 2009.

In view of the postponement of the meeting and the clarification in relation to various other matters concerning the general meeting, you will find a new Proxy Form enclosed with this letter. If you have already returned the Proxy Form sent to you by Colbern Nominees and wish to change your vote, you can submit a new Proxy Form which will have the effect of revoking your prior Proxy Form.

I welcome the opportunity to discuss any queries shareholders have in relation to this matter. You can call me on (08) 9315 1815. Alternatively, written queries can be directed to your Board by email at [vh@primeminerals.com.au](mailto:vh@primeminerals.com.au).

Yours sincerely



Vincent Hyde  
Executive Chairman

# PRIME MINERALS LIMITED

ABN 61 120 658 497

## PROXY FORM

### Shareholder's Name and Address

Please write your name(s) above

Please write your address above

### Appointment of Proxy

I/We appoint as proxy to vote in accordance with the following directions (or if no directions have been given, as the proxy or Chairman see fit) at the General Meeting of the Company to be held at the Esplanade River Suites, 112 Melville Parade, Como, Western Australia on Monday, 16 November 2009, at 4:00pm (WST) (and at any adjournment thereof).

or the Chairman of the meeting

Name and address of person you are appointing as your first proxy (if not the meeting Chairman) and/or failing him

### Appointing a Second Proxy

Name and address of person you are appointing as your second proxy (if not the meeting Chairman)

Proxy 1 is appointed to represent \_\_\_\_\_% of my voting right, or if 2 proxies are appointed, Proxy 1 represents \_\_\_\_\_% and Proxy 2 represents \_\_\_\_\_% of my total votes. My total voting right is \_\_\_\_\_ shares.

**Note:** If the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.

	For	Against	Abstain*
1 REMOVAL OF VINCENT KENNETH HYDE AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 APPOINTMENT OF BRETT ROBERT MATICH AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 REMOVAL OF GRAEME BOYER AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 APPOINTMENT OF BRUCE ROBERT ERROL FRANZEN AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 REMOVAL OF EMILIO PIETRO DEL FANTE AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 APPOINTMENT OF WARREN RICHARD DUNNE AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.

### Contact Email address

### Contact Telephone Number

### Signature(s)

Shareholder 1

Director

Shareholder 2

Director/Secretary

Shareholder 3

Sole Director and Secretary

Proxies may be lodged either by facsimile to the Company on +61 8 9315 3299, by mail to PO Box 7202, Applecross LPO WA 6153, or delivered to 800 Canning Highway, Applecross, Western Australia 6153. To be valid, a proxy form must be received by the Company no later than 48 hours before the time appointed for the General Meeting. For assistance in completing this form, please refer to the instructions on the back of this form.

## **INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM**

### **Shareholders Name**

This is the name of the shareholder as it appears on the Company's share register. For the purposes of this General Meeting, shares will be taken to be held by those persons who are the registered holders at 4:00pm WST on Saturday, 14 November 2009.

### **Appointment of Proxy**

A shareholder entitled to attend and vote at the General Meeting is entitled to appoint not more than two persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the General Meeting. The proxy has the same right as the shareholder to speak and vote at the General Meeting. If you leave this section blank, the Chairman of the meeting will be your proxy.

### **Vote on Resolutions**

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. You can split your vote on any resolution/s by inserting the number/s of shares you wish to vote in the appropriate box/es. Please ensure you clearly mark the box by placing a mark or the number of shares you are voting.

### **Appointing a Second Proxy**

If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.

### **Contact Telephone and Email address**

This will help us if there are any problems with your proxy form.

### **Signature(s)**

Each shareholder must sign this form. If your shares are held in joint names, only one shareholder must sign but if a separate proxy form is lodged by more than one joint holder then the proxy lodged by the joint holder whose name appears first on the Company's share register will be valid to the exclusion of other proxies. If you are signing as an Attorney, then the Power of Attorney must accompany this form. Only duly authorised officer(s) can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory.

### **Delivery of Proxy**

To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting, that is by 4:00pm (WST) Saturday, 14 November 2009, by:

Facsimile: +61 8 9315 3299

Post: PO Box 7202, Applecross LPO WA 6153

Hand delivery: 800 Canning Hwy, Applecross WA 6153