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ASX ANNOUNCEMENT

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Via E-lodgement

Confidence returns to WA uranium prospects

Improved prospects for uranium mining in Western Australia and the expected recovery in world financial markets have set the scene for a positive year ahead for Prime Minerals.

Releasing the company's 2009 Annual Report to shareholders, Chairman Mr Vincent Hyde said Prime Minerals' uranium and gold prospects had undergone further development during the year. At the same time the company had initiated a review of its assets and had sold or relinquished tenements that were found not to support value for shareholders.

"This has been a difficult year for all emerging explorers following the fallout from the Global Financial Crisis however, I am pleased to report that Prime has been able to undertake positive development activities on its tenements in Australia," Mr Hyde said.

The company continued its assessment of its three 100% owned tenements at Lake Mason, where analysis of samples has indicated the mineralisation of uranium at the site to be more extensive and of higher grade than previously encountered.

Prime also continued to develop the Star of Mangaroon gold project in the Gascoyne. Further studies on the project were undertaken during the year that provided insights into the likely mineralisation of the site, and this is being used to formulate development plans for 2010.

Mr Hyde said the sale of Prime's 100% owned subsidiary Australian Vanadium Corporation, and its tenements in September had delivered additional cash to fund the company's operations and ensured Prime Minerals remained focused on projects that fitted into its core areas of expertise.

"The Western Australian Government's lifting of the state's ban on uranium mining and the long term outlook for strong uranium prices drives our belief that the Lake Mason Project retains sound commercial value, and we will continue our development efforts on this project in the next financial year," Mr Hyde said.

Mr Hyde noted that since the company's balance date on June 30 it had initiated court action against a former contractor, Landlife Pty Ltd, for breach of fiduciary duty, in order to recover money owed to shareholders.

"Prime Minerals will continue to focus on identifying and developing mining projects that deliver value to shareholders," Mr Hyde said.

"Our current assets have significant promise and I look forward to reporting to shareholders on our development activities as they unfold," he said.

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