



## HIGHLIGHTS

- ✚ Diamond drilling program at Kuini Prospect commenced after lengthy delays.
- ✚ Rock chip sampling and mapping completed at Kuini; results pending.
- ✚ Soil sampling at Pelumat Prospect in the north initiated.
- ✚ Access negotiations for drill testing at Pelumat and Mutiara continuing.



**Drilling rig setup at Kuini**

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**Capital Structure:**  
ASX Listed Shares: 344.5M  
ASX Unlisted Options: 19.9M

**ASX Code:**  
PSP – ordinary shares

**Directors:**  
Mo Munshi  
*Chairman/Managing Director*

John Arbuckle  
*Non-Executive Director*

Sebastian Hempel  
*Non-Executive Director*

Mufti Habriansyah  
*Non-Executive Director*



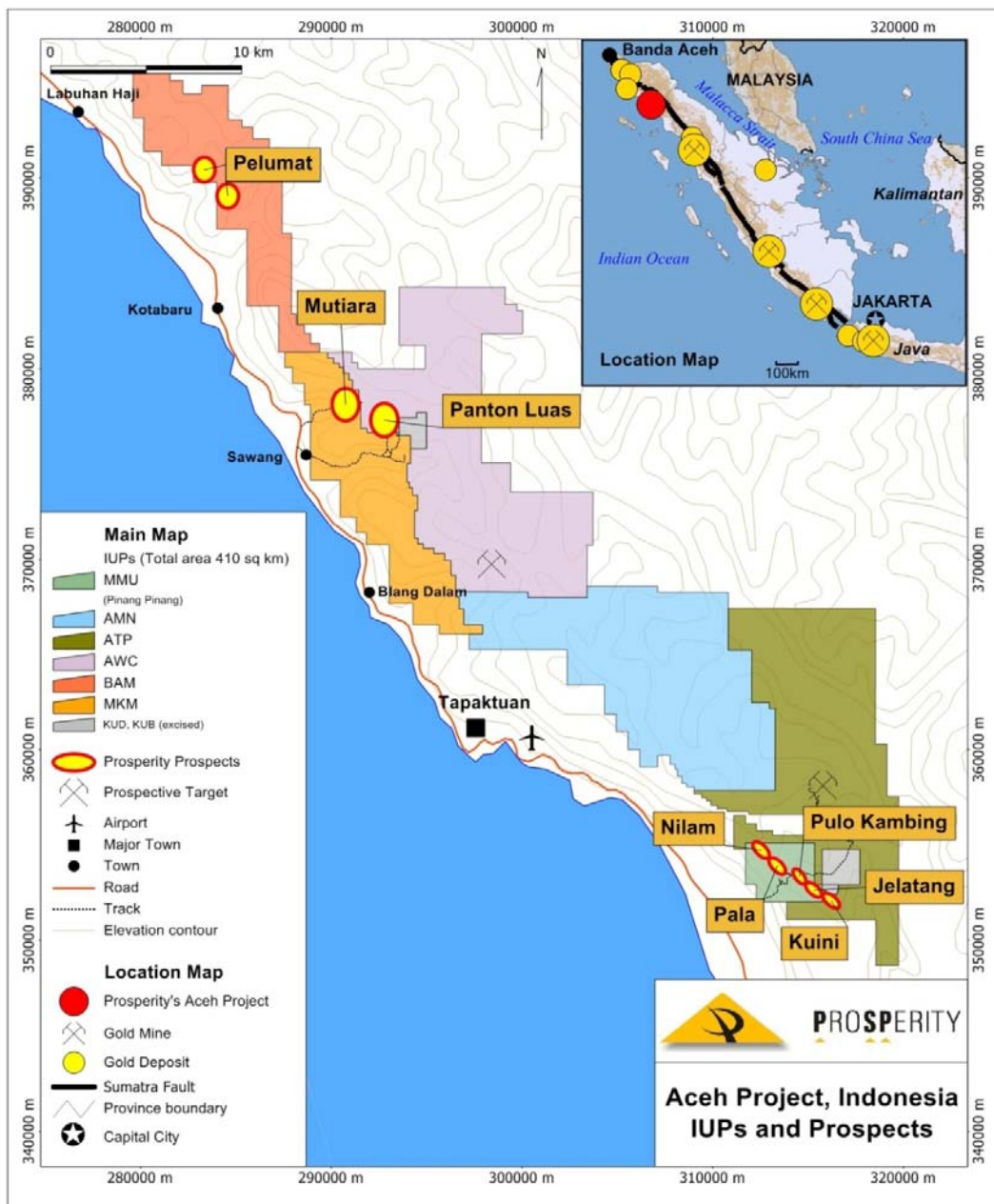


**Projects**

**Kuini Prospect (Prosperity 83.7%)**

**Gold – Copper**

During the quarter Prosperity announced that it is to commence drilling a series of holes to test the full extent of the magnetic anomaly at its Kuini Prospect in Southern Aceh, Indonesia. The Kuini Prospect is one of eight known porphyry intrusive and related skarn targets along 60 kilometres of strike length in Prosperity’s 410 square kilometre Aceh project.



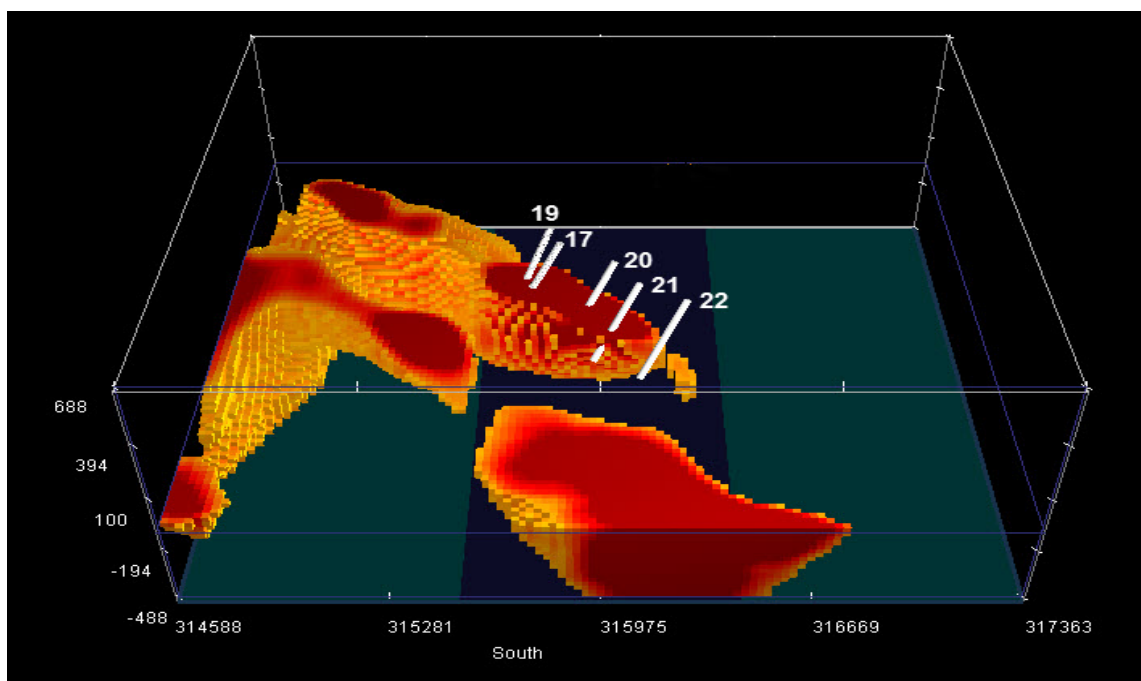
**Figure 1: Prosperity's land package in Aceh**





Prosperity has completed mapping, and rock-chip and channel sampling over the Kuini Prospect. Results will be reported in the next Quarter when analytical results are available and mapping compiled. Helicopter-borne magnetic data over the Kuini and adjacent Jelatang Prospects has been re-processed to produce a more detailed 3D inversion block model of the magnetic susceptibility data at the site to assist in definition of the magnetite skarn target zone and in locating collar positions for the drilling. These models are shown in the figures below.

Two holes previously drilled at nearby Jelatang in 2010 intersected long intervals of disseminated and quartz-sulphide stock work veinlet-hosted anomalous mineralisation, along with shorter intervals of higher grade replacement magnetite endoskarn mineralisation. Hole PNGD017 finished in mineralisation with the last 17 metres returning an intercept of **1.27g/t gold and 0.7% copper**.



*Figure 2: Processed 3D block model of magnetic susceptibility data from helicopter borne magnetic survey. Location of holes undertaken at Jelatang (17 & 19) and proposed at Kuini (20 to 22), shown as white lines passing through magnetic body. The length of the target body is approximately 600 metres.*

*A depth slice at approximately 100 metres below ground showing proposed drill hole paths into magnetic target. The image also shows a number of other potential target sites but the nature and cause of these magnetic bodies has not yet been resolved in the field.*

The mineralisation intersected in holes PNGD017 and PNGD019 is typical of mineralised replacement endoskarn within a vertically extensive microdiorite intrusive complex intersected by drilling at Pala to the north west and is considered to be the style of mineralisation that will be intersected in holes 20 and 21 in the core of the magnetic anomaly.





***Figure 3: Location of drill hole collar for first drill hole at Kuini Prospect to test magnetite skin body (dark area) at depth. (Yellow arrow points to site and approximate orientation) View to northeast. Pit area is entirely with Prosperity ATP IUP.***

**Pelumat Prospect (Prosperity right to acquire 73%)**

**Gold – Copper**

A program of soil sampling over the area proposed for drill testing based on results of 3D inversion modelling of magnetic data at Pelumat commenced with results being available in the next quarter on completion of the field program and receipt of analytical results. Negotiations for access to the area for initial drilling are in progress.





## **Corporate**

No exploration fieldwork was carried out at the Tennant Creek, Mount Gibson or Yalgoo projects during the September 2011 quarter.

For further information please contact:

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or visit [www.prosperity.net.au](http://www.prosperity.net.au)

*Competent Person Statement: Information in this announcement that relates to Exploration Results is based on information compiled by Dr. Neil F. Rutherford. Dr. Rutherford is a Fellow of The Australian Institute of Geoscientists and is a full time employee of Rutherford Mineral Resource Consultants, mineral industry consultants. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Dr. Neil Rutherford has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.*



## Appendix 5B

### *Mining exploration entity quarterly report*

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**PROSPERITY RESOURCES LIMITED**

ABN

**60 103 280 235**

Quarter ended ("current quarter")

**30 SEPTEMBER 2011**

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	- - - (127)	- - - (127)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research & development tax refund	-	-
<b>Net Operating Cash Flows</b>	<b>(114)</b>	<b>(114)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material) Exploration and evaluation	- (644)	- (644)
<b>Net Investing Cash Flows</b>	<b>(644)</b>	<b>(644)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(758)</b>	<b>(758)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(758)	(758)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	290	290
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Proceeds for pending issue of shares	-	-
1.19	Exchange (loss) / gain realised	-	-
	<b>Net financing cash flows</b>	290	290
	<b>Net increase (decrease) in cash held</b>	(468)	(468)
1.20	Cash at beginning of quarter/year to date	1,370	1,370
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	902	902

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.2 3	Aggregate amount of payments to the parties included in item 1.2	67
1.2 4	Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions  
5

Directors' remuneration \$32k Services provided by director-related entities \$35k
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### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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+ See chapter 19 for defined terms.

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	527	527
3.2 Credit standby arrangements	Nil	Nil

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	326
4.2 Development	-
4.3 Production	-
4.4 Administration	216
<b>Total</b>	<b>542</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	429	205
5.2 Deposits at call	473	1,165
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>902</b>	<b>1,370</b>



## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	344,539,179	344,539,179	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

7.7	<b>Options</b>	<i>Total number</i>	<i>Number quoted</i>	<i>Exercise price</i>	<i>Expiry date</i>
	Unlisted (1)	250,000	-	50 cents	31 Dec 2011
	Unlisted (2)	1,500,000	-	15 cents	28 Feb 2012
	Unlisted (3)	2,000,000	-	12 cents	31 Mar 2012
	Unlisted (4)	1,000,000	-	20 cents	31 Mar 2012
	Unlisted (5)	1,000,000	-	30 cents	31 Mar 2012
	Unlisted (6)	1,000,000	-	40 cents	31 Mar 2012
	Unlisted (7)	500,000	-	12 cents	31 Oct 2012
	Unlisted (8)	500,000	-	15 cents	31 Oct 2012
	Unlisted (9)	3,000,000	-	20 cents	30 Nov 2012
	Unlisted (10)	100,000	-	15 cents	31 Dec 2012
	Unlisted (11)	100,000	-	5 cents	28 Feb 2013
	Unlisted (12)	500,000	-	5 cents	28 Feb 2013
	Unlisted (13)	500,000	-	10 cents	28 Feb 2013
	Unlisted (14)	500,000	-	10 cents	28 Feb 2013
	Unlisted (15)	1,250,000	-	20 cents	31 Mar 2013
	Unlisted (16)	2,500,000	-	25 cents	30 Jun 2013
	Unlisted (17)	500,000	-	30 cents	30 Jun 2013
	Unlisted (18)	*1,000,000	-	30 cents	30 Nov 2013
	Unlisted (19)	*1,500,000	-	30 cents	30 Nov 2014
	Unlisted (20)	*250,000	-	15 cents	Subject to market condition
	Unlisted (21)	*250,000	-	20 cents	“
	Unlisted (22)	*250,000	-	35 cents	“
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

\* - not vested

### ***Compliance statement***

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....Date: 31 October 2011  
(Company Secretary)

Print name: G Taylor

## *Notes*

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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