



## HIGHLIGHTS

**✚ Diamond drilling and mapping program at Kuini Prospect commenced as released to the market on 11 October 2011.**

**✚ Encouraging results from surface rock chip sampling at Kuini. Best intervals include:**

- KU-01: 22m @ 2.04 g/t Au
- KU-02: 8m @ 1.21 g/t Au

**✚ Soil sampling and mapping at Pelumat Prospects on-going.**

**✚ Regional reconnaissance follow up of targets delineated from helimag survey continuing.**

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**Capital Structure:**  
ASX Listed Shares: 344.5M  
ASX Unlisted Options: 18.95M

**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*



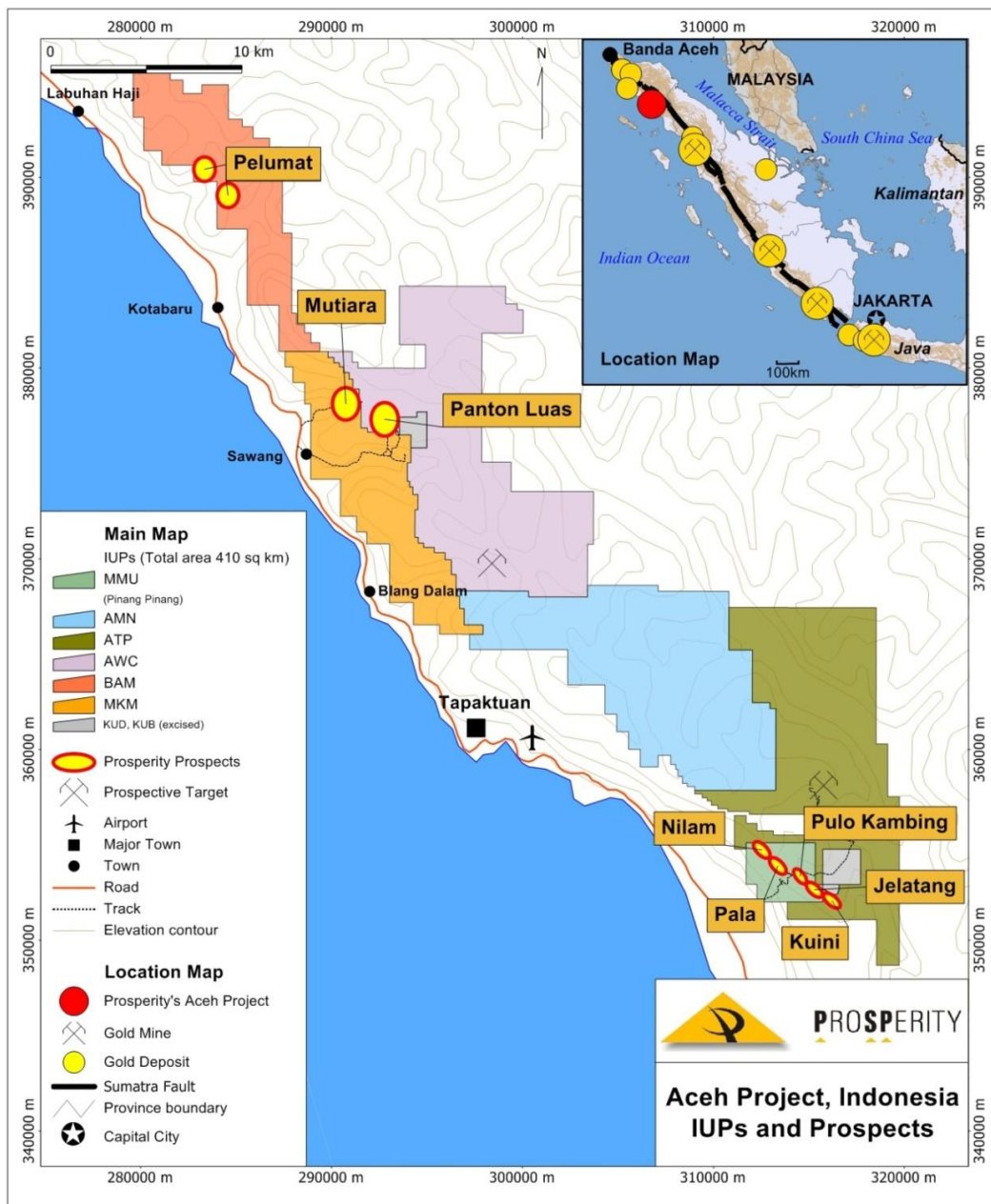


**Projects**

**Kuini Prospect (Prosperity 83.7%)**

**Gold – Copper**

During the quarter Prosperity announced that it has commenced an initial 1,500 metre drilling program to test the full extent of the magnetic anomaly at its Kuini Prospect in Southern Aceh, Indonesia. The Kuini Prospect is one of ten 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**



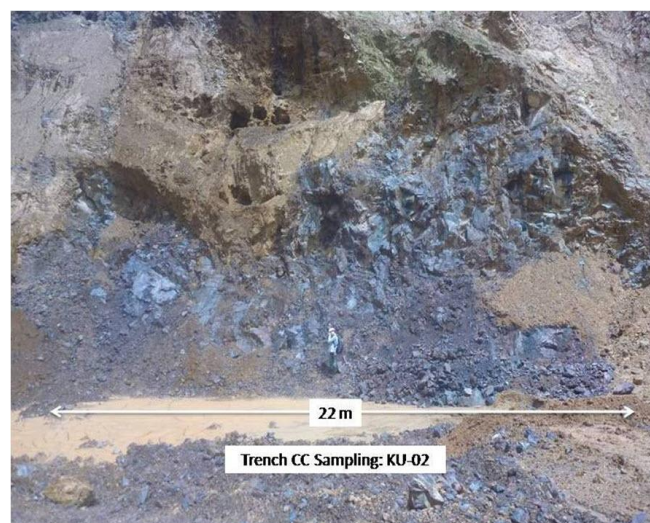


Prosperity has received and compiled the results from rock chip sampling of exposed massive magnetite skarn in the pit area at Kuini Prospect in southern Aceh. The sampling program was planned to determine the grade of gold and copper in the magnetite skarn rocks outcropping in the area being mined and under which the current drill hole program is being drilled. The grades determined are very similar in tenor to those determined for massive magnetite skarn and mineralised microdiorite intrusive intersected in the strike continuation of the same mineralised zone at the Jelatang Prospect to the north west.

The continuous composite rock chip traverses KU-01 and KU-02 were sampled at 2 metre intervals across the exposed faces as shown in Figure 2 and 3. The grab samples were random composited material taken from across the left side pit working face illustrated in Figure 2 and from individual sites within the worked area. Analytical results from this sampling were released to the market on 24 October 2011.



**Figure 2: Location of sample traverse KU-01 on the right**



**Figure 3: Location of KU-02**





**Pelumat Prospect Prosperity (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.

**Regional Reconnaissance Program**

Assessment of magnetic targets delineated from regional helimag survey has continued. Mapping and rock chip sampling have been undertaken over a number of targets. There are a number of sites with interesting alteration associated with intrusive recognised. Results will be reported in the next quarter.

**Corporate**

During the quarter, the Company sold its non-ferrous mineral rights at Yogi to Ferrowest and its joint venture partner for a consideration of \$30,000 in cash and \$15,000 worth of Ferrowest shares at market price. Prosperity retains a small ferrous mineral royalty right over some of the tenement areas.

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

For further information please contact:

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**Prosperity Resources Limited**  
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*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")

**31 DECEMBER 2011**

### Consolidated statement of cash flows

| Cash flows related to operating activities   | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors  | -                          | -                                     |
| 1.2 Payments for (a) exploration and evaluation<br>(b) development<br>(c) production<br>(d) administration | -<br>-<br>-<br>(137)       | -<br>-<br>-<br>(264)                  |
| 1.3 Dividends received   | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received  | 7                          | 20                                    |
| 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>(130)</b>               | <b>(244)</b>                          |
| <b>Cash flows related to investing activities</b>  |                            |                                       |
| 1.8 Payment for purchases of: (a)prospects<br>(b)equity investments<br>(c)other fixed assets               | -<br>-<br>-                | -<br>-<br>-                           |
| 1.9 Proceeds from sale of: (a)prospects<br>(b)equity investments<br>(c)other fixed assets                  | -<br>-<br>-                | -<br>-<br>-                           |
| 1.10 Loans to other entities   | -                          | -                                     |
| 1.11 Loans repaid by other entities  | -                          | -                                     |
| 1.12 Other (provide details if material)<br>Exploration and evaluation                                     | -<br>(648)                 | -<br>(1,292)                          |
| <b>Net Investing Cash Flows</b>  | <b>(648)</b>               | <b>(1,292)</b>                        |
| 1.13 Total operating and investing cash flows (carried forward)  | <b>(778)</b>               | <b>(1,536)</b>                        |

+ See chapter 19 for defined terms.

|      |  |       |         |
|------|--|-------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (778) | (1,536) |
|      | <b>Cash flows related to financing activities</b>          |       |         |
| 1.14 | Proceeds from issues of shares, options, etc.              | 260   | 550     |
| 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>                            | 260   | 550     |
|      | <b>Net increase (decrease) in cash held</b>                | (518) | (986)   |
| 1.20 | Cash at beginning of quarter/year to date                  | 902   | 1,370   |
| 1.21 | Exchange rate adjustments to item 1.20                     | -     | -       |
| 1.22 | <b>Cash at end of quarter</b>                              | 384   | 384     |

### 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<br>\$A'000 |
|----------|--|----------------------------|
| 1.2<br>3 | Aggregate amount of payments to the parties included in item 1.2 | 66                         |
| 1.2<br>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<br>Services provided by director-related entities \$35k |
|---|

### 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 |
|-----|

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 |
|-----|

## Financing facilities available

Add notes as necessary for an understanding of the position.

|                                 | Amount available<br>\$A'000 | Amount used<br>\$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 | 200        |
| 4.2 Development                | -          |
| 4.3 Production                 | -          |
| 4.4 Administration             | 150        |
| <b>Total</b>                   | <b>350</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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | 384                        | 429                         |
| 5.2 Deposits at call  | -                          | 473                         |
| 5.3 Bank overdraft  | -                          | -                           |
| 5.4 Other (provide details)   | -                          | -                           |
| <b>Total: cash at end of quarter</b> (item 1.22)  | <b>384</b>                 | <b>902</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)                                | 1,500,000           | -                    | 15 cents              | 28 Feb 2012        |
|      | Unlisted (2)                                | 2,000,000           | -                    | 12 cents              | 31 Mar 2012        |
|      | Unlisted (3)                                | 1,000,000           | -                    | 20 cents              | 31 Mar 2012        |
|      | Unlisted (4)                                | 1,000,000           | -                    | 30 cents              | 31 Mar 2012        |
|      | Unlisted (5)                                | 1,000,000           | -                    | 40 cents              | 31 Mar 2012        |
|      | Unlisted (6)                                | 500,000             | -                    | 12 cents              | 31 Oct 2012        |
|      | Unlisted (7)                                | 500,000             | -                    | 15 cents              | 31 Oct 2012        |
|      | Unlisted (8)                                | 3,000,000           | -                    | 20 cents              | 30 Nov 2012        |
|      | Unlisted (9)                                | 100,000             | -                    | 15 cents              | 31 Dec 2012        |
|      | Unlisted (10)                               | 100,000             | -                    | 5 cents               | 28 Feb 2013        |
|      | Unlisted (11)                               | 500,000             | -                    | 5 cents               | 28 Feb 2013        |
|      | Unlisted (12)                               | 500,000             | -                    | 10 cents              | 28 Feb 2013        |
|      | Unlisted (13)                               | 500,000             | -                    | 10 cents              | 28 Feb 2013        |
|      | Unlisted (14)                               | 1,250,000           | -                    | 20 cents              | 31 Mar 2013        |
|      | Unlisted (15)                               | 2,500,000           | -                    | 25 cents              | 30 Jun 2013        |
|      | Unlisted (16)                               | 500,000             | -                    | 30 cents              | 30 Jun 2013        |
|      | Unlisted (17)                               | 1,000,000           | -                    | 30 cents              | 30 Nov 2013        |
|      | Unlisted (18)                               | 1,500,000           | -                    | 30 cents              | 30 Nov 2014        |
| 7.8  | Issued during quarter                       |                     |                      |                       |                    |
| 7.9  | Exercised during quarter                    |                     |                      |                       |                    |
| 7.10 | Expired during quarter                      | 250,000             | -                    | 50 cents              | 31 Dec 2011        |
|      |   | 250,000             | -                    | 15 cents              | 31 Dec 2011        |
|      |   | 250,000             | -                    | 20 cents              | 31 Dec 2011        |
|      |   | 250,000             | -                    | 35 cents              | 31 Dec 2011        |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>   |                     |                      |                       |                    |
| 7.12 | <b>Unsecured notes</b> <i>(totals only)</i> |                     |                      |                       |                    |

### ***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: 30 January 2012

(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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