

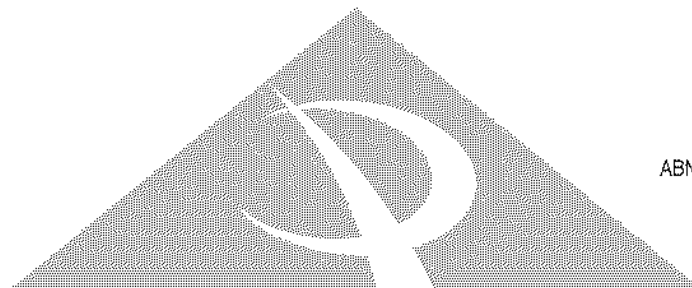
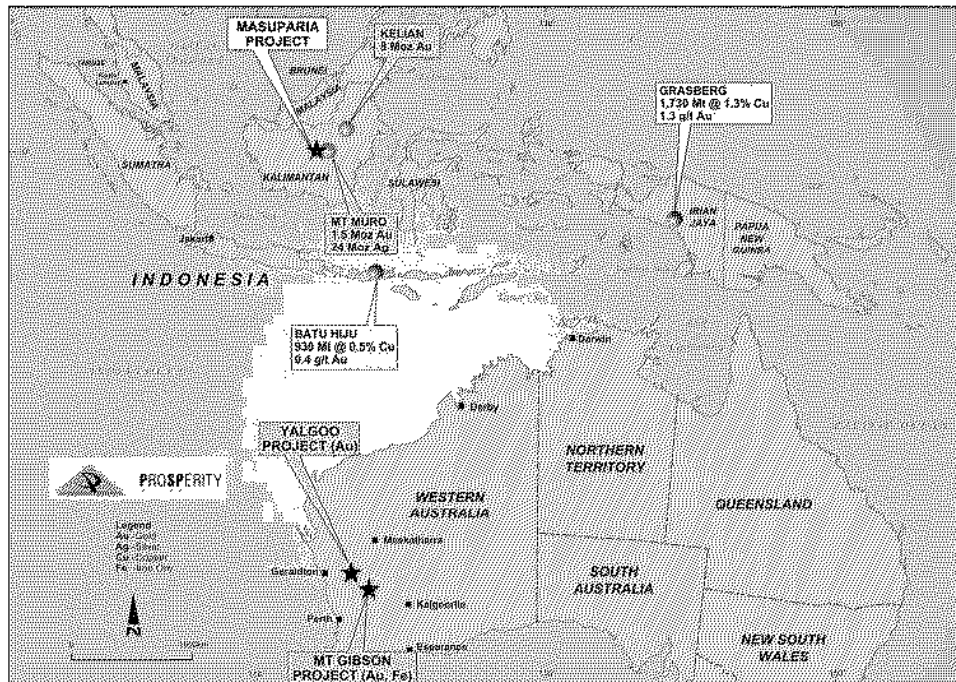


QUARTERLY REPORT

MARCH 2006

Highlights

- Improved gold price strengthens plans to continue feasibility path at Yalgoo North Gold Project
- High grade Bunga Desa epithermal gold vein system continues (Masuparia COW) in Kalimantan, Indonesia including **83.2 g/t, 11.8 g/t gold** and **1070 g/t silver**
- New 'Kelian' style prospect develops at Balai Deder-Sungei Lina
- In Western Australia, the Mummaloo haematite/magnetite Prospect progresses towards granting





Development

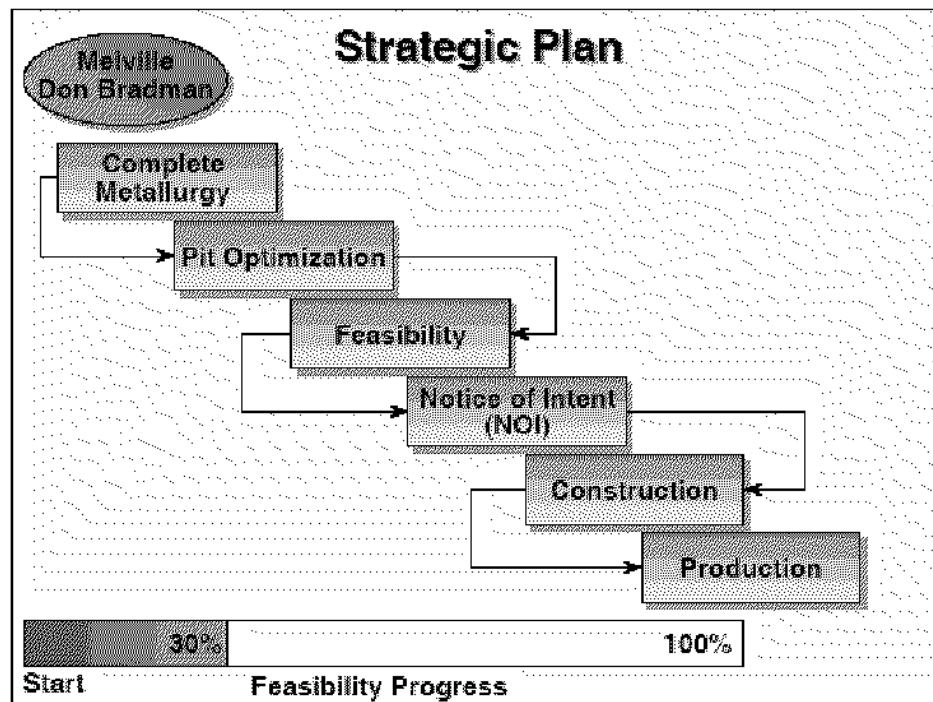
Yalgoo North Project

Melville Deposit

M59/329 Melville Joint Venture (PSP 75%, PLA 25% carried)

With the strongly improving gold price, the company continues to progress towards feasibility for gold mining at the Yalgoo North Project. Testwork demonstrates that the material liberates gold at a coarse grind around 120 microns and in the laboratory tests appears to have a favourable leach characteristic. Work is continuing on updated pit optimisations for the pre-feasibility due for completion and release to the ASX in the next couple of weeks. The company is still on track towards a positive outcome regarding gold production and with the increasing price, has recognised that the Melville resource is gaining in significance. The previous scoping study carried out in December 2004, indicated a modest profit at a gold price of \$A550 per ounce, but now with a current gold price of over \$A800 per ounce, a significant improvement in the profit is expected.

Once the pit optimisation test work has been completed with a favourable decision, it is anticipated that feasibility work will proceed soon after. The company is evaluating ways of 'fast tracking' this work.





Exploration

Masuparia 'Contract of Work' Project – Central Kalimantan, Indonesia (PSP option to purchase 85%)

The company has been re-assessing the gold potential of targets within the 334 km² Contract of Work area. Three geologists have been carrying out a brief reconnaissance to the Block 2 area of the Contract of Work (Figure 1) as well as reconnaissance mapping, geochemical and rock chip sampling at three locations within Block 1, viz. the Balai Deder - Sungei Lina prospects area, Ongkang epithermal vein targets, and NW Corner of Block 1 (Figure 2).

Figure 1:

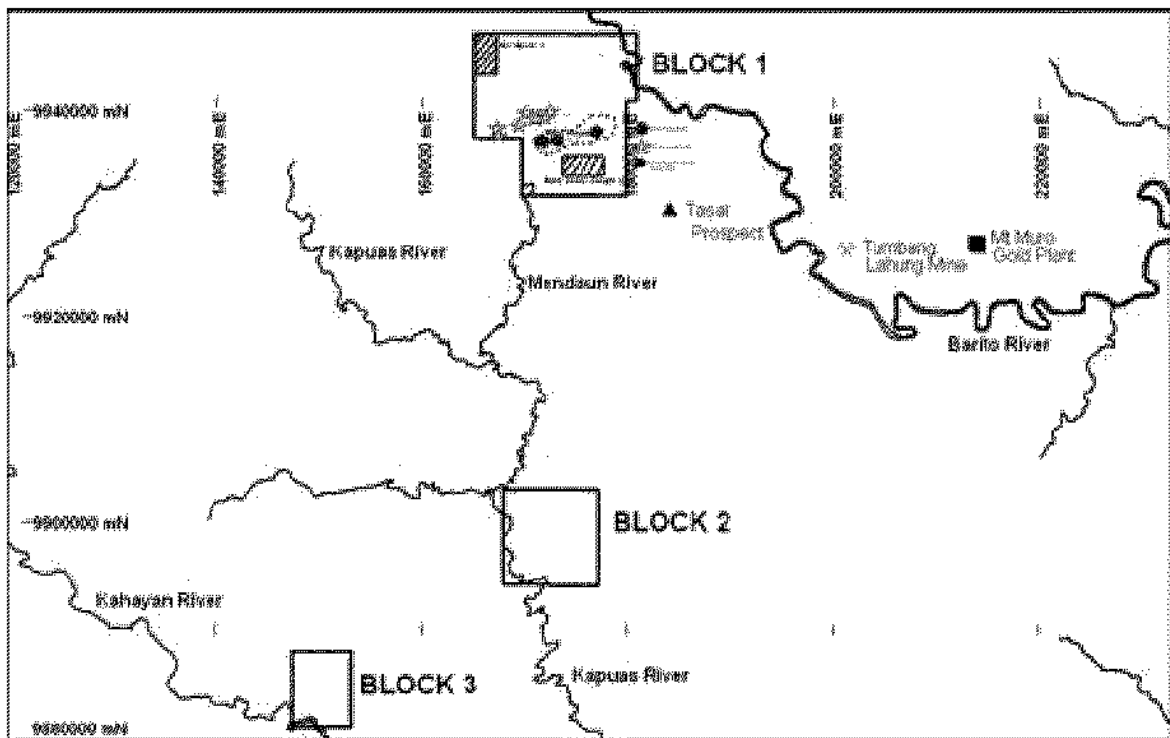
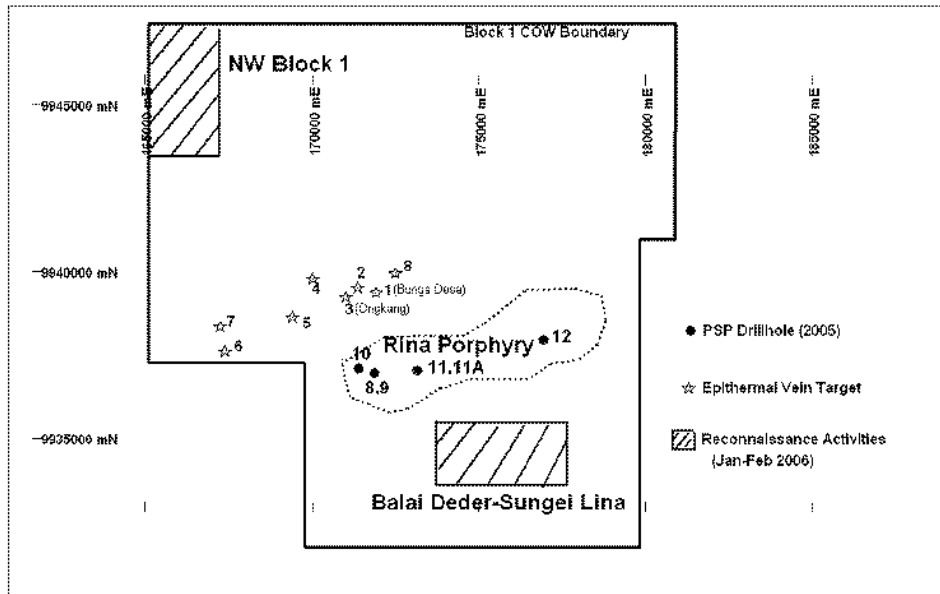




Figure 2:



Balai Deder - Sungei Lina Prospects Area

The Balai Deder – Sungei Lina Prospects area has been shown to be highly prospective for gold mineralisation occurring within the same geological setting and similar alteration and mineralisation style to that at Rio Tinto’s Kelian Mine in East Kalimantan. The Kelian Mine, 170 kilometres to the east-northeast within the same geological belt, produced **8 million ounces of gold** during the period 1992 - 2005. Previous mapping at the Balai Deder-Sungei Lina Prospect area has shown that illite-carbonate-pyrite alteration occurs over a much larger area (4 km²) than at the Kelian Mine (1 km²), whilst soil sampling in 1996 covering part of this area has returned highly anomalous lead, zinc and gold geochemistry. Mercury (Hg), a key indicator to ‘Kelian style’ mineralisation, was not assayed for and very few rock chip samples have been taken from this area.

The Sungei Lina Prospect, which is to the east of the Balai Deder Prospect, also contains a strong potassium radiometric anomaly that lies at the intersection of a prominent 060 degree fault and the E-W structure that controls the Kiwi mineralisation (Figure 3). The southern boundary of the potassium anomaly also lays in proximity to the projected trace of the major 290 degree structure which controls the emplacement of the Tasat (Straits Resources) and Ongkang low-sulphidation gold-silver systems. This area has not been subjected to earlier geochemical sampling. Close spaced stream sediment and pan concentrate sampling, as well as systematic rock chip sampling at 100-200 metre intervals from each creek traverse was completed by the Company’s geologists in January 2006 across the two prospect areas and assay results from a total of 140 samples submitted for analyses have now been received and compiled. Out of 20 pan concentrate samples assayed, nine (9) returned gold assays greater





than **50g/t gold** (highest **680g/t gold**), whilst seven (7) returned lead and zinc assays greater than 0.1%, whilst antimony (up to 560ppm), mercury (to 125ppm) and copper (up to 850 ppm) were also highly anomalous. Out of the 151 rock chip samples collected and assayed, 23 samples (15%) returned highly anomalous assays, with gold to 6.74g/t, silver to 105g/t, zinc to 7.88%, lead to 0.74%, and **mercury to 2.16ppm** as shown on Figure 3 and Table 1.

Figure 3:

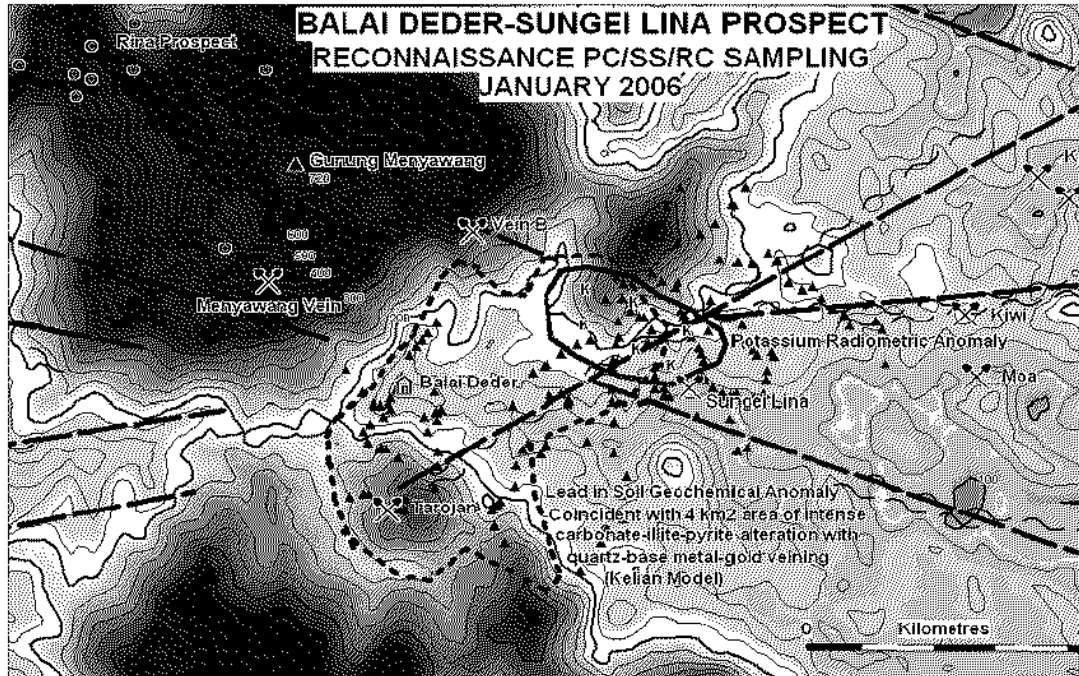
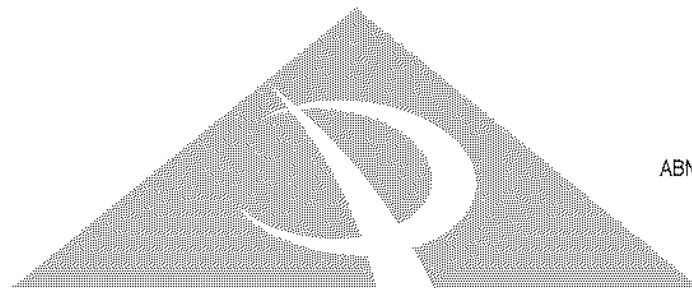


Table 1: Anomalous Rock Chip Samples from Balai Deder - Sungai Lina Prospects

Sample No.	Au g/t	Au_2 g/t	Ag g/t	As ppm	Cu ppm	Hg ppm	Mo Ppm	Pb ppm	Sb ppm	Zn ppm
84220	0.04	0.04	39	14		1.29	X	378	24	10300
84236	0.04	-	55	X		2.02	X	1980	4	78800
84237	0.02	-	4	29	181	0.12	X	1270	1.5	1780
84262	5.44	6.74	5	43	124	0.6	10	328	16.9	185
84301	1.69	1.6	5	17	218	X	40	1050	3.6	1090
84345	X	-	2	38	155	X	X	1060	2.6	2600
84346	0.19	-	2	66		X	X	620	2	940
84353	0.17	-	15	80		0.31	X	440	11.2	2000
84369	0.02	-	13	5		0.28	16	7400	3.3	18200
84371	0.08	0.09	4	160	183	2.16	X	184	>20	235
84378	0.78	0.8	105	350		0.46	18	1010	>20	720





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These assays have confirmed the Company's view that the Balai Deder - Sungei Lina Prospects' area holds an excellent potential to contain a multi-million ounce gold deposit and one that is closely akin to the Kelian orebody in terms of geology, alteration and mineralisation styles. Mapping and further sampling will continue over the coming months with the objective of defining targets for a follow up phase of scout diamond drilling which will be designed to test all of the gold targets that the Company's geologists are currently assessing.

Ongkang Epithermal Vein Targets

A detailed review of Induced Polarity (IP), geochemical and structural surveys carried out by previous explorers has identified a total of **eight** separate epithermal vein systems (as shown on Figure 2) which include the Ongkang and 290 Veins (number 3) and the Bunga Desa Vein (number 1). 290 degree structures, related to regional arc-normal transfer faults, are the major controlling features to the 330 degree trending dilational ore shoots. Bonanza grade gold-silver mineralisation occurs at the intersection of the 290 and 330 degree structures, e.g. DDH 26B at the 290 Vein returned a drill intercept of 6 metres of **+10ozs/tonne Au**. The Bunga Desa Vein also lies at one such intersection. Based on previous drilling at Ongkang and the nearby Mt Muro deposits, both mined and those recently drilled, a typical ore shoot (i.e. an Ongkang Vein look-alike) could contain between 100,000 and 250,000 ounces of gold. This excludes silver credits which are likely to be very high, considering the high silver assays received from drilling the 290 Vein (up to 2,000 g/t over 0.5m) and in rock chips recently taken from the Bunga Desa Vein (up to **6,660 g/t Ag**).

Assay results from reconnaissance rock chip sampling of **four** of the **eight** vein target areas have now been received. This included sampling of the northern extension of the Bunga Desa vein (Figure 4) which passes into a well defined IP anomaly and a coincident copper-in soil anomaly (previous rock chip samples from the Bunga Desa vein returned up to 3.25% Cu). Rock chip samples taken from Veins 3 and 4 (Batuputih West) were highly anomalous in arsenic (As)-Antimony (Sb)-Mercury (Hg) , but gold and silver assay, though detectable, were low, suggesting that the erosional level at surface is 50-100 metres above the boiling zone where high grade gold-silver mineralisation is to be expected. However, as shown in Table 3, assay results from samples taken from the northern extensions of the 290 and Bunga Desa Veins are highly encouraging and confirm a significant increase in lateral extent to these veins. The high antimony and mercury assays from the Bunga Desa samples indicates that only the upper level of the epithermal system has been exposed and hence there should be a substantial depth extent to the high gold-silver mineralisation exposed at surface.



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290 Vein											
Sample	East(m)	North(m)	Au_ppm	Ag_ppm	As_ppm	Cu_ppm	Hg_ppm	Mo_ppm	Pb_ppm	Sb_ppm	Zn_ppm
RC50140	171045	9939395	3.4	10	58	68	0.2	7	36	28	103
RC50141	171045	9939395	1.76	10	32	61	0.18	11	125	15.6	234
RC50142	171050	9939405	1.49	29	33	103	0.65	X	56	55	58
RC50143	171035	9939430	18.1	827	460	590	2.25	X	69	118	34
RC50144	171035	9939430	0.76	26	210	38	0.47	10	21	10.8	8
RC50145	171030	9939460	0.09	2	10	22	0.36	13	17	23	4
RC50146	171025	9939485	1.11	40	67	117	1.68	16	40	95	21
Bunga Desa Vein											
Sample	East(m)	North(m)	Au_ppm	Ag_ppm	As_ppm	Cu_ppm	Hg_ppm	Mo_ppm	Pb_ppm	Sb_ppm	Zn_ppm
RC50158	171671	9939451	83.2	172	170	570	X	30	184	160	190
RC50159	171671	9939455	0.74	63	81	440	0.47	24	87	168	178
RC50160	171670	9939480	0.28	130	130	580	34.1	16	440	391	900
RC50161	171629	9939543	1.09	13	75	690	1.71	17	385	396	670
RC50162	171630	9939550	0.02	X	69	218	0.7	80	63	30	27
RC50163	171643	9939585	X	X	14	72	0.44	20	67	50	8
RC50164	171710	9939459	11.8	1070	400	550	313	36	300	3300	1020
RC50165	171682	9939574	0.01	X	55	76	0.38	26	42	14.5	5
RC50166	168670	9936870	X	1	29	75	0.84	21	16	2.7	6

Table 3: Rock Chip Samples



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Figure 4 shows the location of the Bunga Desa vein, together with historical rock chip sampling data at the Ongkang epithermal prospect.

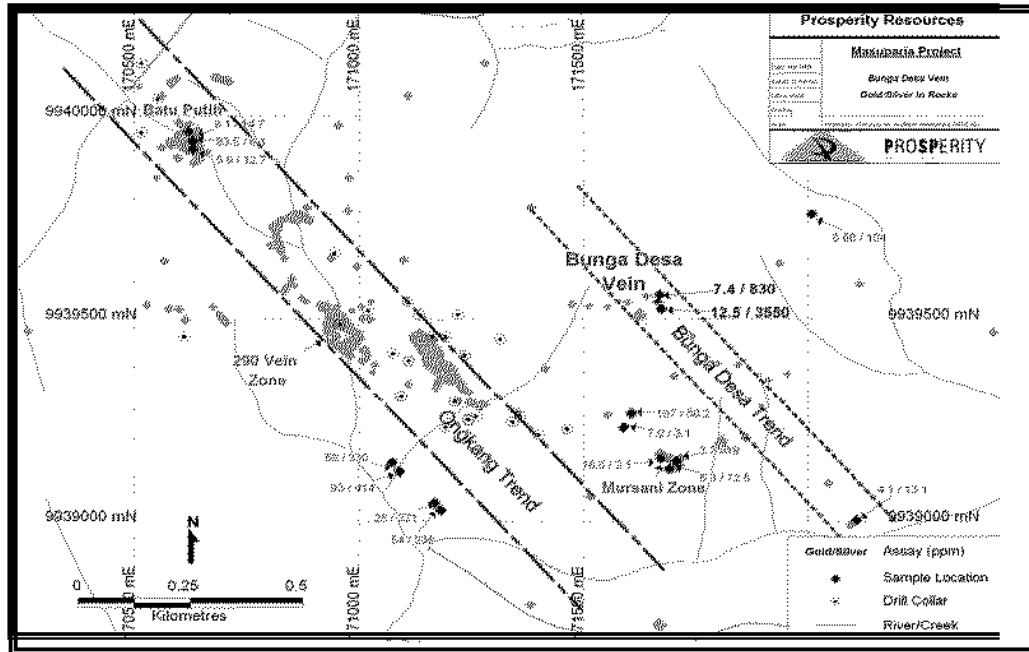


Figure 4 Bunga Desa location plan

Additional mapping and sampling continues within the greater Ongkang – Bunga Desa epithermal system, with the aim of defining additional potential high grade vein systems for drill testing. The company believes the area shown in Figure 2 has the potential to host significant gold and silver resources.



ABN 60 103 280 235



Yalgoo North Project

Don Bradman Prospect

M59/329 Melville Joint Venture (PSP 75%, PLA 25% carried)

To further add to the potential resource ounces, the company has embarked upon a trenching programme to determine the width extent of the Don Bradman system to the south of Melville. Previous drilling indicated continuity at depth and with the next phase of drilling the company would be in a position to identify and report on the Don Bradman resource. It is thought that to the east and west of Don Bradman further mineralization may be present in parallel structures. The results of the trench sampling are awaited.

City of Melbourne Mine - Victoria United Prospect ('Noongal Trend')

M59/57 (PSP 100%), M59/285 Melville Joint Venture (PSP 75%, PLA 25% carried)

Discussions have terminated with a third party to evaluate the development potential to 'tribute mine' of the City of Melbourne Mine.

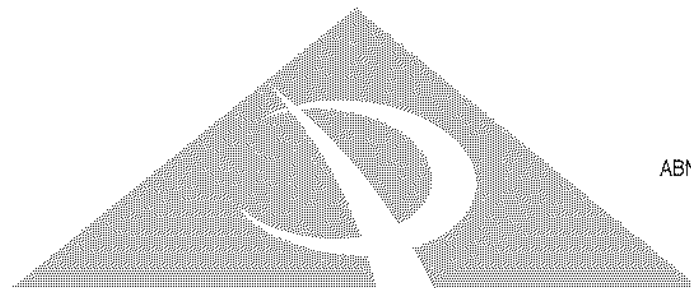
Mt Gibson Project

Mummaloo Prospect

ELA 59/1011 (PSP 100%)

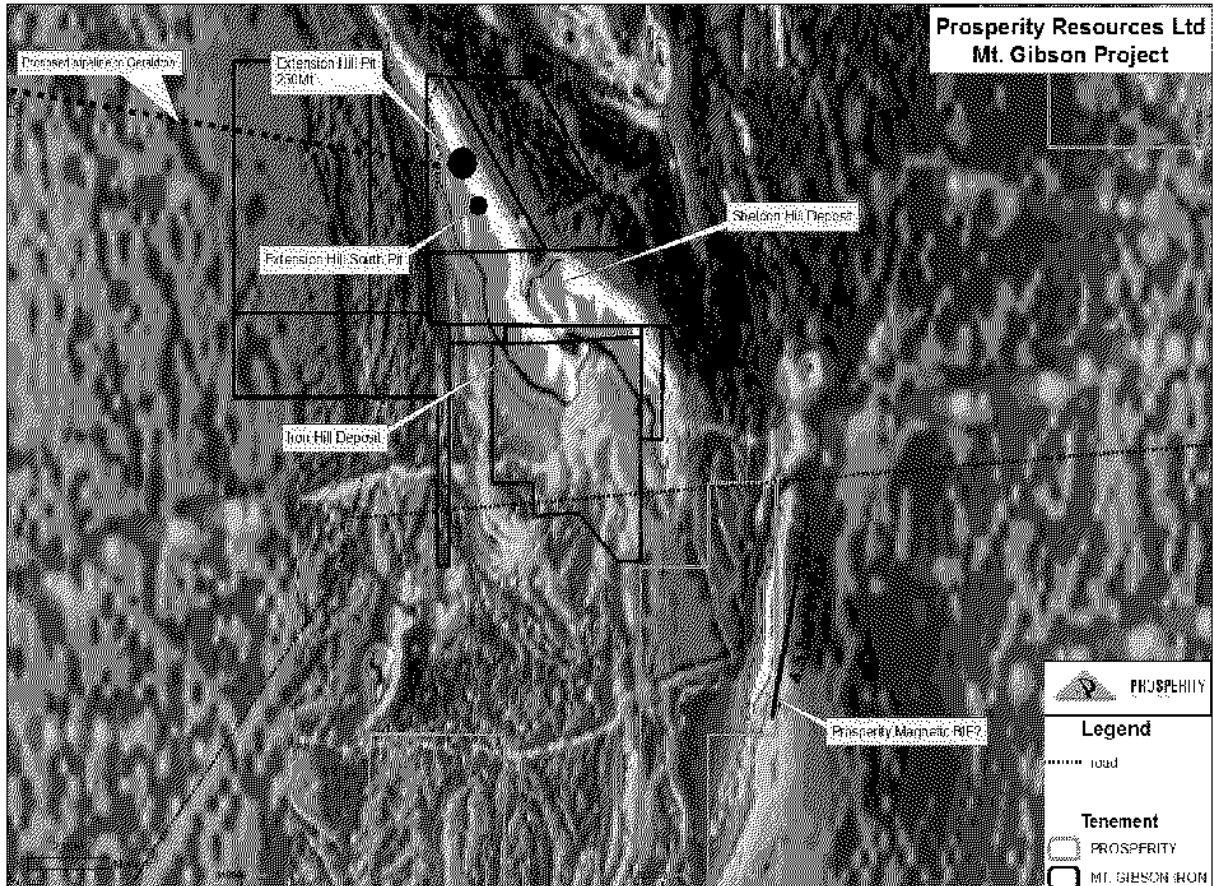
This tenement is currently in the final stages of the granting process and is due for granting before the end of the next quarter. In anticipation the company has began reconnaissance work on the identified ferruginous BIF ridge which strikes north to south for approximately 5 kilometres through the tenement. Regional magnetic and ground gravity data suggests that the ridge is continuous and coherent and previously announced rock chip samples collected indicate both magnetite and hematite rich zones exist. The iron rich horizon appears to be a southern continuation of the same formation that is seen within the southern Mt Gibson belt that plays host to the Mt Gibson Iron's deposit. Previously significant results from rock chip samples include:

Sample	Easting	Northing	Iron	Silica	Alumina	Phosphorus	Sulphur
1	521995	6715988	36.18	31.32	9.14	0.032	0.039
6	522423	6717385	50.82	13.18	7.20	0.038	0.081
21	522488	6718964	42.39	29.37	5.15	0.054	0.041
22	522524	6718963	40.92	35.62	1.26	0.037	0.040
23	522567	6718963	46.20	26.99	0.95	0.125	0.038
24	522032	6716571	50.71	15.74	3.71	0.030	0.046
30	522793	6720945	63.01	3.45	1.56	0.024	0.041
MG01	522813	6720964	36.22	40.17	3.06	0.032	0.031
MG02	522780	6720951	62.94	2.29	0.94	0.014	0.071
MG03	522875	6719682	40.02	38.38	0.96	0.059	0.018
MG04	522423	6717385	53.71	6.55	6.22	0.052	0.082





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**ELA's 59/878, 59/903, 59/1102 (PSP 60% earning interest MWE 40%),
ML59/275, PL59/1168, ELA 59/1038, EL 59/1159-1160 (PSP 100%)**

No work has been completed on these tenements this quarter

Payne's Find Project

ELA 59/853 (PSP 60% earning interest MWE 40%)

No work has been completed on these tenements this quarter

Corporate

Discussions have been held with a number of London AIM listed 'cashboxes' with a view to transferring the Company's Indonesian assets in exchange for their securities. These discussions are nearing an agreement and will be released to the ASX accordingly.

The Company granted 2.9 million options exercisable at 12 cents per option on or before 31 May 2007 at 1 cent per option to raise \$290,000 (less fees) to shareholders during the quarter.

For greater detail of the companies projects, please visit our website
www.prosperity.net.au/projects/reports.html

The information in the report to which this statement is attached that relates to Mineral resources or Ore reserves is based on information compiled by Mr D. J. Holden, who is a Member of The Australian Institute of Mining and Metallurgy. Mr Holden is employed by Shackleton Capital. Mr Holden 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 edition of the "Australian Code for Reporting of Mineral Resources and Ore reserves". Mr Holden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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