



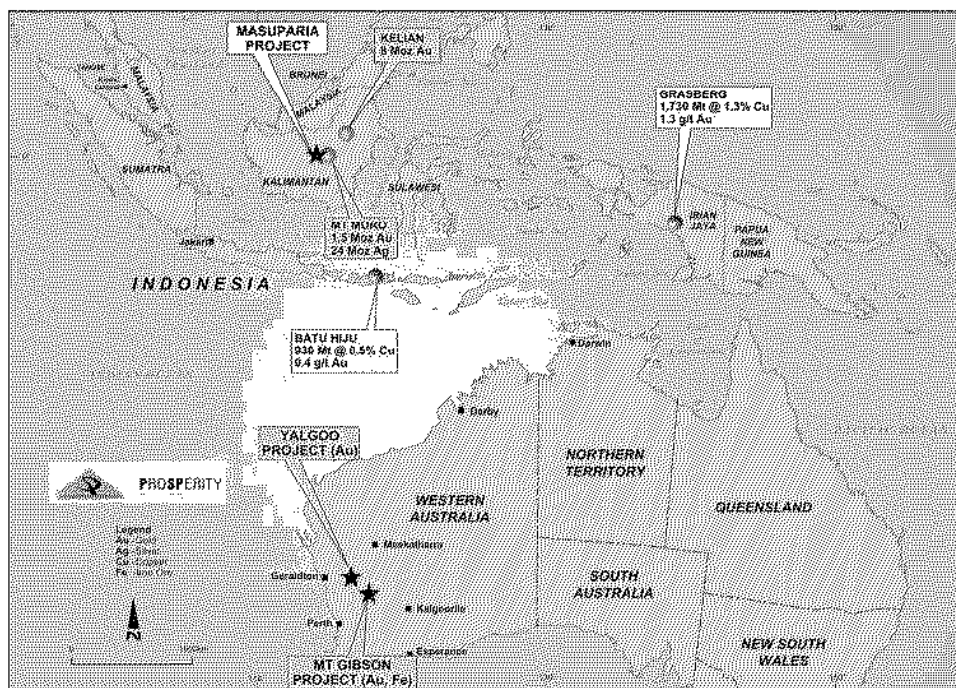
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QUARTERLY REPORT

DECEMBER 2005

Highlights

- Improved gold price strengthens plans to continue feasibility path at Yalgoo North Gold Project
- Initial drilling completed (Rina Copper/Gold Prospect, Masuparia COW) in Kalimantan, Indonesia
- Further evaluation of the high grade gold Bunga Desa epithermal vein system continues (Masuparia COW)
- Western Australia's Mummaloo Prospect's haematite/magnetite potential continues to grow





Development

Yalgoo North Project

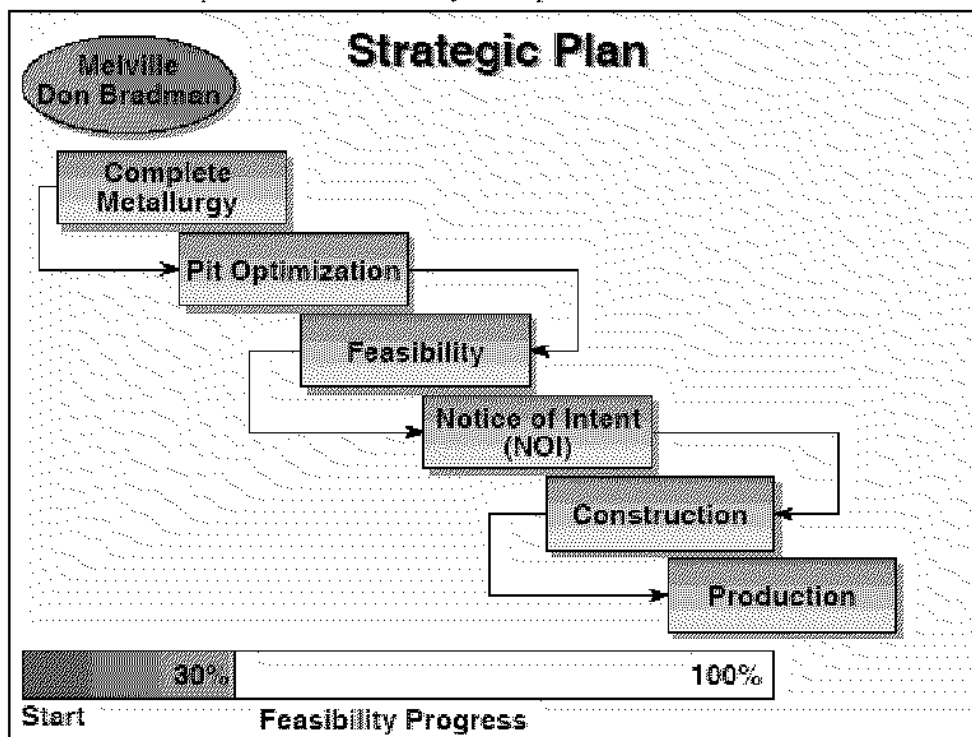
Melville Deposit

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

With the strongly improving gold price, the company has entered into the final phase of metallurgical testwork in preparation for developing plans for the extraction of gold ore from the Melville Deposit.

The testwork is designed to confirm the leach characteristics associated with the Melville mineralised material. Proposals for processing at this stage centre on the opportunity for a coarse grind (160um), gravity separation of the gold into a heavy concentrate and vat leaching of the tails. Applying this process the company seeks to recover up to 40% of the gold content in the gravity circuit, with the remains in a low cost leach pad. The overall process is considered to reduce process costs, giving the company an opportunity to increase resource to reserve conversions through lower process costs.

The metallurgical test work is expected to be completed in the first quarter of 2006 with a favourable decision to proceed into feasibility anticipated soon after.





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Exploration

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

Rina Copper/Gold Prospect

The first phase of drilling at the Rina Prospect is now complete with assay results supporting previous indications of broad mineralised widths of copper gold within an altered porphyry system (part of the Masuparia copper gold project, Kalimantan, Indonesia).

Holes RDH10 (and 10a), RDH11 and RDH12 were specifically proposed to test broad geological features outside the Rina Prospect;

RDH10, a discrete IP anomaly to the western margin of the Rina Prospect,
RDH11 and 11a the north west trending depletion zone thought to relate to the Ongkang mineralised structure;
RDH12, an area of weakly mineralised altered porphyry some seven kilometres to the east of the main Rina prospect.

Table 1 – Drill hole Collar Summary – Rina Prospect

| Hole | Easting | Northing | Inclination | Azimuth | Total Depth |
|---------|---------|----------|-------------|---------|-------------|
| RDH-10 | 171340 | 9937130 | -70 degrees | 0 | 400 |
| RDH-11 | 171140 | 9937086 | -90 degrees | 0 | 264.2 |
| RDH-11a | 171140 | 9937086 | -55 degrees | 225 | 360.1 |
| RDH-12 | 177000 | 9933800 | -60 degrees | 0 | 264.9 |

The results of this drilling has given the company a better focus on the key exploration tools for identifying and refining drill targets for future work on the Rina Porphyry Prospect.

In addition the petrological and mineralogical study by independent consultants has indicated that the Rina Porphyry system in Central Kalimantan, Indonesia shows strong similarities to the Cadia-North Parkes Cu-Au systems in Eastern Australia and large Cu-Au systems in the SW Pacific including Grasberg and the emerging Cu-Au province in Mongolia (Oyu Tolgoi).

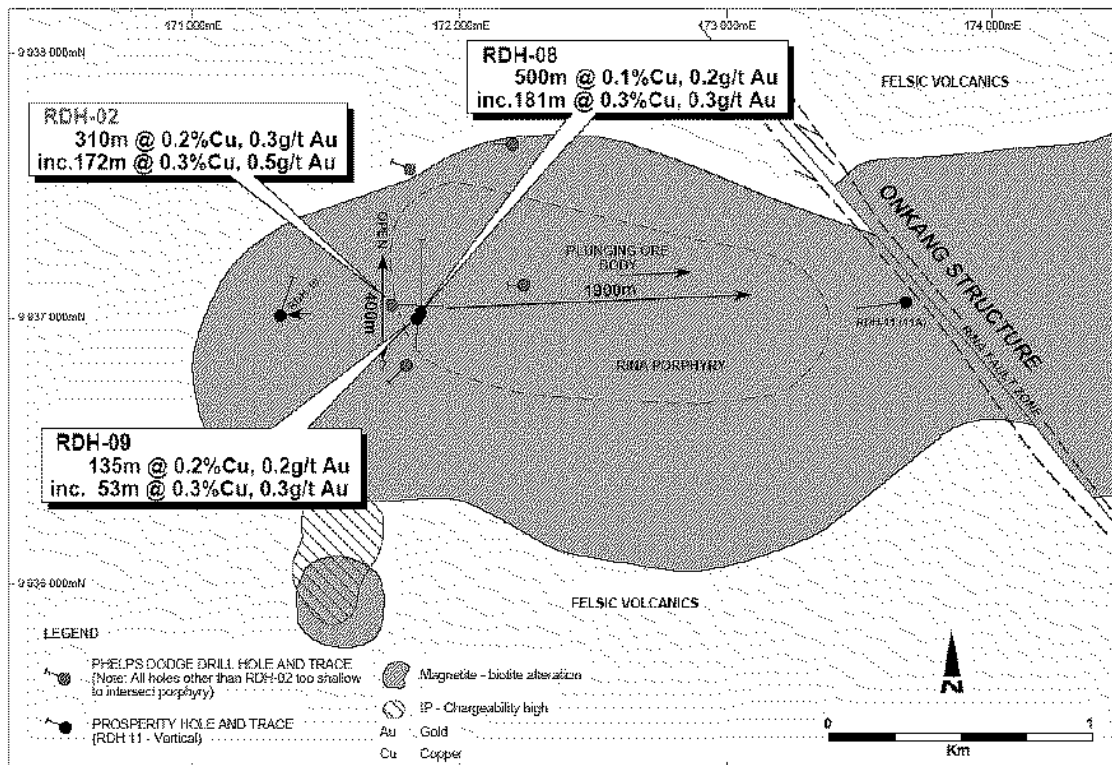
Important features included quartz stockworks, major magnetite and late sulphide phases as well as the presence of unidirectional solidification textures (UST's) a feature seen in world class mineralised porphyry systems. The independent study was completed by Dr. Peter Pollard and Dr. Roger Taylor, both of whom have extensive experience in porphyry style systems worldwide. The pair described 13 samples of core collected from Prosperity's recent diamond drilling campaign at the Rina Prospect, including RDH-08 and -09 where broad intervals of Cu-Au were recorded.





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Geological observations from the full drilling supports the interpretation that a major discovery is possible at the Rina Prospect and that further work is required to identify the nature, extent and spatial relationship of the copper and gold mineralisation to the host rocks. An analogy in size and grade of the Rina Prospect can be drawn to one of the largest copper-gold porphyry deposits in the world, the Pebble Deposit, which contains a resource of 3,026 million tonnes @ 0.28% Cu, 0.32 g/t Au (source: www.northerndynasty.com).



A similar magnetic feature, 3 kilometres long x 1.5 kilometres wide, is located approximately 8 kilometres NNW of the Rina Prospect and is also considered to represent an underlying magnetite altered intrusive body. No exploration has ever been conducted in the area and the company will immediately commence geological mapping and geochemical sampling to evaluate its potential for porphyry copper-gold mineralisation.





Ongkang and Bunga Desa Gold/Silver Prospects

In addition to the main low grade/bulk tonnage porphyry system, the company is also continuing exploration efforts on the high grade epithermal system at the Ongkang veins. In the past, exploration and drilling of the region has focused almost exclusively on the Ongkang and 290 vein systems. Limited mapping and sampling to date has identified the Bunga Desa vein is real and the possibility of additional high grade vein systems in the vicinity appear likely. Previous rock chip samples collected at several locations over a strike distance of 1.5kms. The Bunga Desa vein system has a similar orientation to the known vein systems, but has never been drill tested, and demonstrates the potential for further discoveries away from the known Ongkang-290 vein system which was drilled in the past with notable results.

Figure 2 shows the location of the Bunga Desa vein, together with historical rock chip sampling data at the Ongkang epithermal prospect.

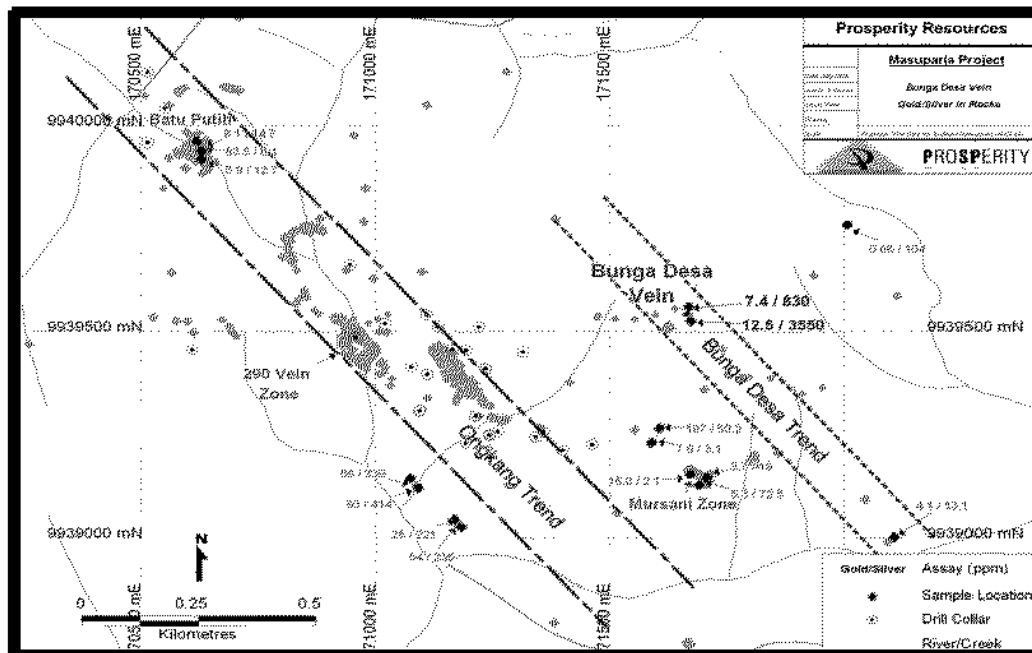


Figure 2 Bunga Desa location plan

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.

Three rock chip samples were collected from the new Bunga Desa vein, which returned assay values up to 80g/t gold, 6960g/t silver and 3.25% copper.





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Table 1 - Assay results – Bunga Desa Vein

| Sample | East | North | Gold (g/t) | Silver (g/t) | Combined Gold Equivalent* (g/t) | Copper (%) |
|---------------|-------------|--------------|-------------------|---------------------|--|-------------------|
| OK-4 | 171710 | 9939451 | 7.40 | 16 | 7.65 | 0.02 |
| OK-5 | 171705 | 9939455 | 80.00 | 3300 | 131.56 | 0.49 |
| OK-6 | 171669 | 9939454 | 35.80 | 6960 | 144.55 | 3.25 |

Samples were sent to SGS laboratories in Balikpapan, Kalimantan.

*Gold (g/t) assay plus $\frac{1}{64}$ th of silver (g/t) assay equals gold equivalent (g/t)

Yalgoo North Project

Don Bradman Prospect

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

Work programme are in place to begin a series of discrete trenches at the Don Bradman and the neighbouring Drizzle Prospects. Recent site inspection and a reinterpretation of the latest RC drilling indicates further broad zones of mineralisation may exist to the west of Don Bradman and between the Don Bradman and Drizzle Prospects

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 continued with third parties to evaluate the development potential for 'tribute mining' of the City of Melbourne Mine.



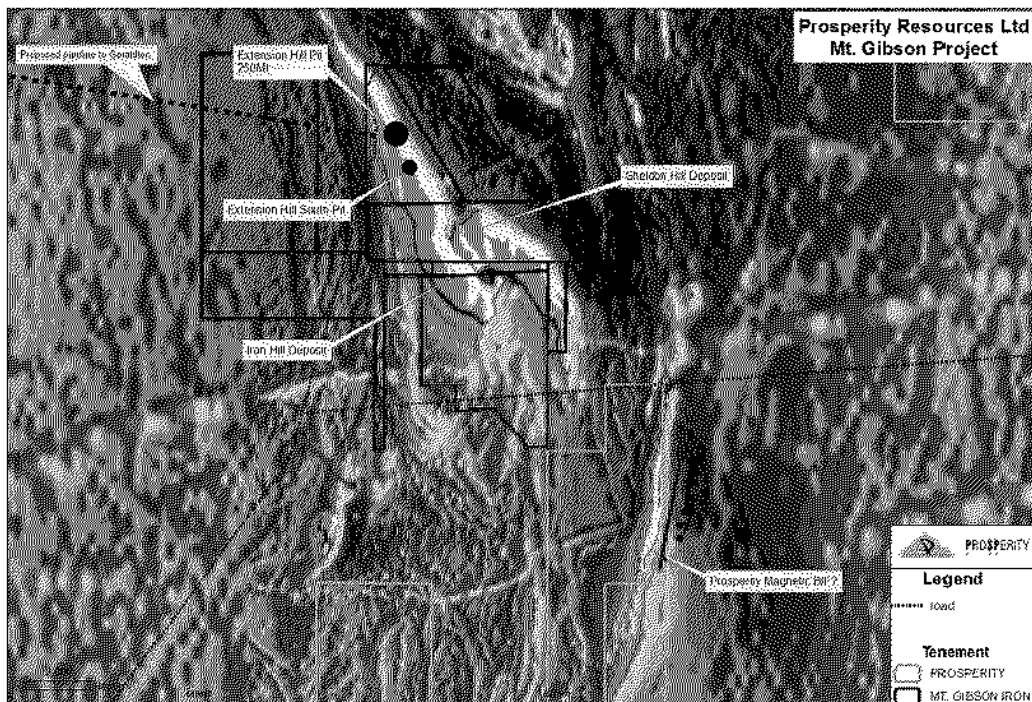


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Mt Gibson Project

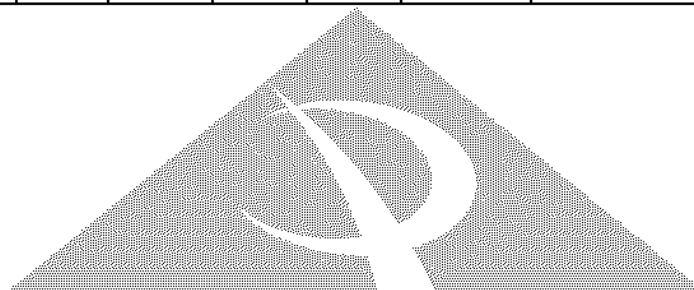
**Mummaloo Prospect
ELA 59/1011 (PSP 100%)**

The company has identified a linear zone of substantial haematite and magnetite occurrence within ELA 59/1011 and pending the imminent grant of the tenement has finalised the first phase of exploration activity. This work will include ground magnetics and gravity work, mapping and further sampling to refine drill targets along the 5 kilometre strike length of identified BIF outcrop with a view to drilling as soon as possible.



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 |





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|------|--------|---------|--------------|-------|------|-------|-------|
| 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 |
| | | | | | | | |

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

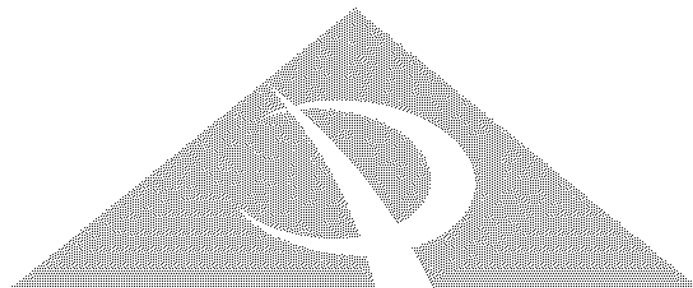
No work has been completed on these tenements this quarter

Corporate

The Company placed 7.5million shares at 14 cents per share to raise \$1,050,000 (less fees) to CL s708 exempt clients of Shaw Stockbroking Ltd 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 Ravensgate. 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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