



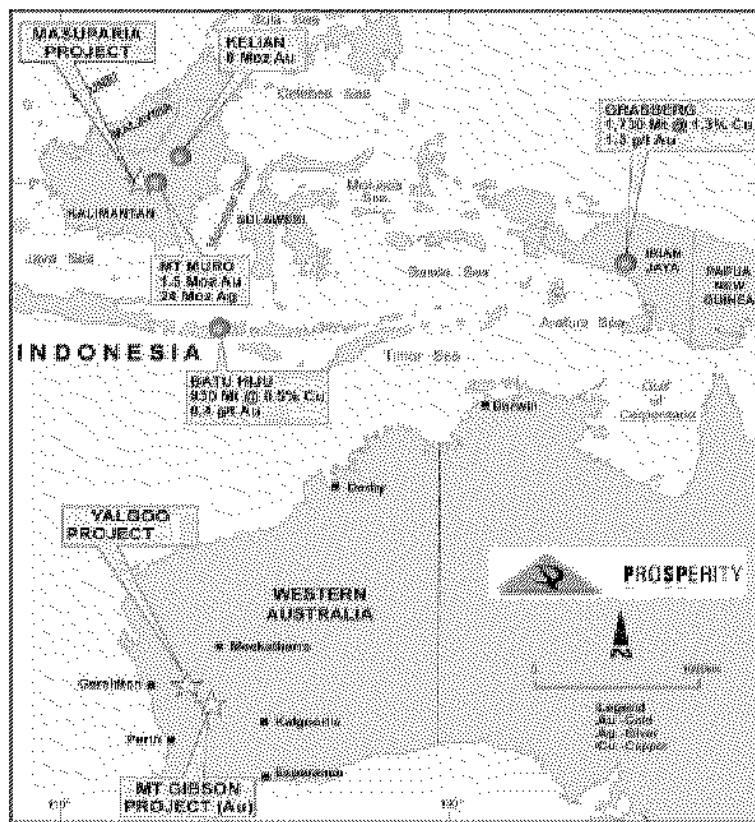
PROSPERITY

QUARTERLY REPORT

SEPTEMBER 2005

Highlights

- Positive results from initial drilling on large Copper-Gold Porphyry (Rina Prospect, Masuparia Project) in Kalimantan, Indonesia.
- High grade rock chips from newly discovered Bunga Desa epithermal vein near Rina Prospect with assay values up to 13.0g/t gold and 3550g/t silver
- Mine planning and pre feasibility continues at the Yalgoo



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Exploration

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

Prosperity Resources is highly encouraged by the initial results from the drilling programme currently under way at the Rina Prospect (part of the Masuparia copper gold project, Kalimantan, Indonesia).

The first two holes, RDH-08 and RDH-09 were drilled to test the width of the mineralisation that was originally intersected by Phelps Dodge in 2001 in RDH-02 (310 metres @ 0.18% Cu, 0.32 g/t Au including the last 172 metres @ 0.26% Cu, 0.50 g/t Au) and to test an IP chargeability high to the north.

Table 1 – Drillhole Collar Summary – Rina Prospect

Hole	Easting	Northing	Inclination	Azimuth	Total Depth
RDH-08	171855	9937020	-60 degrees	360 degrees	500.00 metres
RDH-09	171845	9937000	-60 degrees	180 degrees	254.50 metres

Table 2 – Assay Intercepts – Rina Prospect

Hole	From (m)	To (m)	Result
RDH -08	0	500	500m @ 0.11% Cu, 0.18 g/t Au <i>including</i>
	0	123	123m @ 0.11% Cu, 0.17 g/t Au <i>and</i>
	179	360	181m @ 0.18% Cu, 0.31 g/t Au <i>including</i>
	229	242	13m @ 0.27% Cu, 0.49 g/t Au <i>and</i>
	289	326	37m @ 0.24% Cu, 0.38 g/t Au
RDH-09	0	135	135m @ 0.21% Cu, 0.24 g/t Au <i>including</i>
	74	127	53m @ 0.25% Cu, 0.31 g/t Au <i>including</i>
	74	100	26m @ 0.30% Cu, 0.37 g/t Au

Both holes were collared in mineralised porphyry, which contains 5-30% magnetite and biotite as dominant potassic alteration minerals and 2-10% sulphides (pyrite, chalcopyrite, minor bornite) in crackle breccias, disseminations and stockworks. Molybdenum mineralisation to 0.1% was recorded sporadically downhole, including an intercept of 11m @ 0.02% Mo in RDH-08 from 436-447m.

Hole RDH-08 was terminated in mineralised porphyry at 500m, close to the limit of the drilling rig's capability, whilst RDH-09 intersected a complex fault zone at approximately 160m downhole.



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Holes **RDH-08** and **RDH-09** returned a collective intercept of 635 metres (true width 318 metres) @ 0.13% Cu, 0.19 g/t Au. These two holes have only tested a true width of 377 metres out of the 1500-2000 metre width of mineralised porphyry interpreted from aeromagnetic data. Less than 25% of the width of the body in this location has been tested so far and it is extremely encouraging that widths and grades of potentially economic mineralisation, akin to the Cadia Hill deposits currently being mined by Newcrest (source: www.newcrest.com.au), have been intersected during such an early phase of drilling.

Hole **RDH-10**, collared 500 metres to the west, has just been completed to a depth of 400 metres and visual observations indicate that the mineralised porphyry extends westward to this hole, with assay results expected to be available within the next 2-3 weeks. These three holes, together with RDH-02, have shown that porphyry copper-gold mineralisation exists over a width of at least 320 metres, a length of 650 metres (anticipated to be extended to 1800 metres by RDH-11) and has been tested to a vertical depth of nearly 400 metres. This mineralisation is open in all directions.

Geological observations from this drilling support the interpretation that magnetic feature originally identified, with dimensions 7.5 kilometres long by 1.5-2.0 kilometres wide, is sourced from the magnetite alteration of the porphyry and surrounding country rock. As such, less than 25% of the width and less than 10% of the length of this body, i.e. less than 2.5% of the total mass as a whole, which is considered highly prospective for porphyry copper-gold mineralisation, has been tested so far. An analogy in size and grade of the Rina deposit can be drawn to one of the largest copper-gold porphyry deposits in the world, the Pebble Deposit, which contains a resource of 2,737 million tonnes @ 0.27% Cu, 0.30 g/t Au (source: www.northerndynasty.com).

Hole **RDH -11**, located 1,300 metres to the east of RDH-08 has just been collared and is designed to test an area of magnetite destruction (resulting from alteration and potentially containing higher grade mineralisation) within an interpreted intrusion at shallow depth (<200 m).

Another proposed hole in the current programme, **RDH-12** is located a further 4 kilometres to the east of RDH -11 as shown on Figure 1. Prospect mapping by company geologists located outcropping, weakly mineralised porphyry in a creek 1.4 km east of the proposed RDH-12 drill site and very close to the eastern end of the 7.5 km long magnetic feature.

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.



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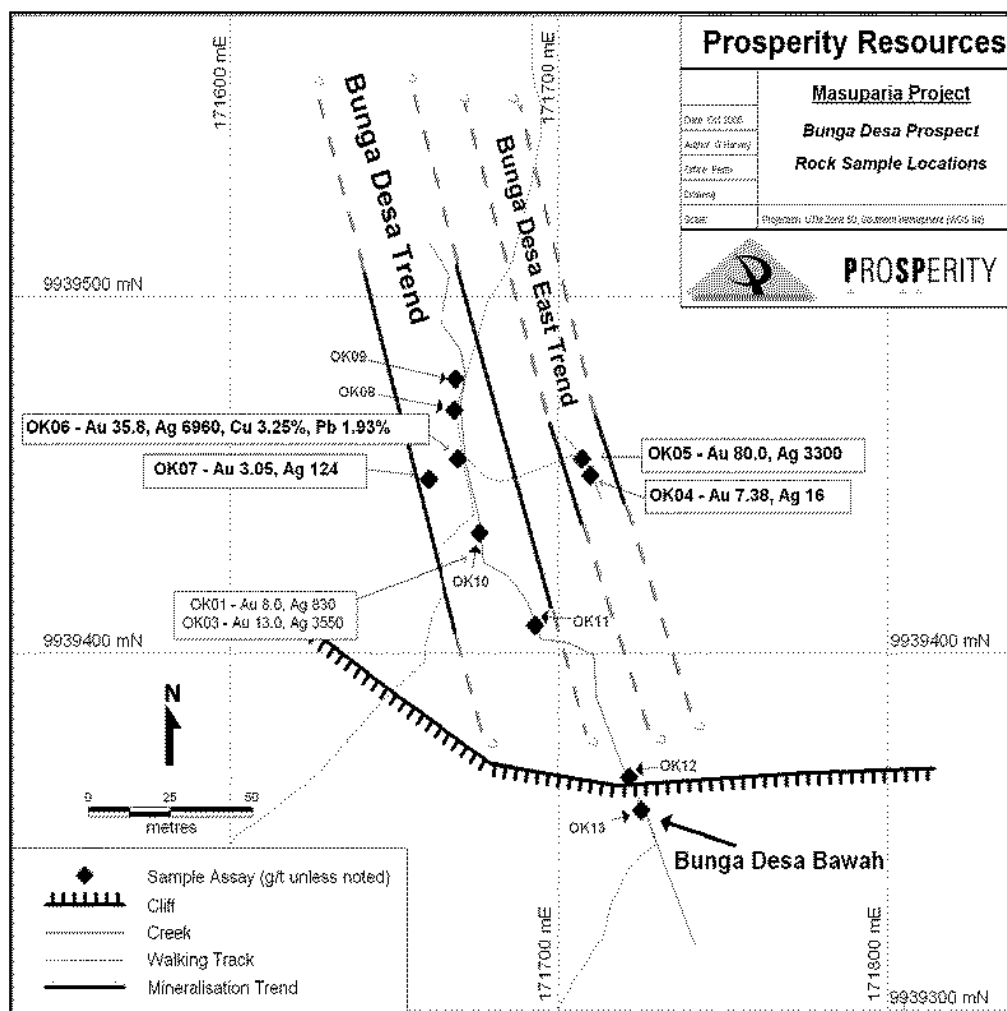


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Whilst the diamond drilling programme at the Rina Prospect is in progress, the company geologists have also begun reconnaissance exploration in the vicinity of the Onkang epithermal vein system to the north east of the Rina Prospect.

In the past, exploration and drilling of the region has focused almost exclusively on the Ongkang and 290 vein systems. Limited mapping and sampling at the Bunga Desa vein trend was completed this quarter, with highly encouraging 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.





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Figure 2: Bunga Desa location plan

The company is currently completing further mapping and sampling 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 1 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 13g/t gold, 3550g/t silver and 1.3% copper.

Table 1 - Assay results – Bunga Desa Vein

Sample	East	North	Gold (g/t)	Silver (g/t)	Combined Gold Equivalent* (g/t)	Copper (%)
OK-1	171668	9934540	8.0	830	21.0	0.50
OK-2	171700	9939590	0.1	20	0.4	0.03
OK-3	171668	9939560	13.0	3550	68.0	1.30

Samples were sent to SGS laboratories in Balikpapan, Kalimantan. *Gold g/t assay plus 1/64th of silver (g/t) assay equals gold equivalent (g/t)

Both drilling at the Rina Prospect and the reconnaissance mapping and sampling at Bunga Desa vein system is continuing.

Yalgoo North Project

Don Bradman Prospect

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

In conjunction with the work still progressing at the Melville Deposit, evaluation of the Don Bradman's economic potential is part of the ongoing evaluation of production opportunities at Yalgoo.

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

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

No work has been completed on these tenements this quarter.



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Mt Gibson Project

**ELA's 59/878, 59/903, 59/1102 (PSP 60% earning interest MWE 40%),
ML59/275, PL59/1168, ELA's 59/1011, 59/1038, 59/1159-1160 (PSP 100%)**

Exploration targets have been provisionally identified on the Mt Gibson tenements in preparation for the imminent granting of exploration licence applications. First phase exploration work will commence once tenure has been secured.

Payne's Find Project

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

No work has been completed on these tenements this quarter.

Development

Yalgoo North Project

Melville Deposit

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

With the improving gold price, the company has embarked upon a review of the previous 'in house' mining pre-scoping studies with a view to advancing plans for gold production. The company is still in the process of developing a feasibility study plan with the possibility of generating cash flow from the Melville Deposit.

Continued discussions are underway with consulting metallurgists to determine the cost structure for the development of a trial mining approach to fully test the GraVat™ method on actual ores. At the same time further pit optimisations are scheduled to be completed to identify processing costs that would allow maximum development of the resource, whilst maintaining a positive cash outcome for the company. It is anticipated that the company will be in a position to determine the next course of action before the end of the calendar year.

Corporate

During the quarter, the company issued 6.6 million ordinary fully paid shares at 10 cents per share to Corporation's Act 2001, s708 exempt persons, 1.0 million ordinary fully paid as part consideration for the option to purchase 85% of the Masuparia COW and 5.6 million ordinary fully paid raising \$560,000 (less commission).

The information in the report to which this statement is attached relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr D. J. Holden, who is a Member of The Australian Institute of Mining and Metallurgy, with over 18 years experience in the mining industry. 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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