



**PROSPERITY**

## **QUARTERLY REPORT**

**MARCH 2005**

### **Highlights**

- Results from Scoping Study at the Melville Gold Deposit are positive.
- Low cost infrastructure option for development is currently under review by Bemex Corporation
- Extensions to the Don Bradman Gold Prospect, located 2km south of the Melville Deposit with significant results of 4m @ 7.7 g/t, 12m @ 2.0 g/t and 6m @ 3.1 g/t returned along strike and at depth.
- Geological continuity of the Noongal Trend is confirmed with high grade results of up to 7.6 g/t gold.





**PROSPERITY**

## Development

### Yalgoo North Project

#### Melville Deposit

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

#### Scoping Study

A positive conclusion to the Scoping Study finalised this quarter keeps the Melville Deposit development project on track and demonstrates that the Melville Deposit has the potential to return a positive cash surplus to the company. The company is considering processing on site with a mobile processing plant using a gravity recovery process with a vat leach (GraVat™). Metallurgical test work is now under way to evaluate the process and should the results of further test work be positive, the process method will allow the company to operate at a lower operating cost and hence a lower cut off grade, increasing the opportunity for the more efficient exploitation of the deposit. Results of the current test work will be available in 3-4 weeks time.

As a result of the positive Scoping Study, Bemex Corporation (plant operators) are providing the development concept of a 'build-own-operate' gold treatment plant at the Melville Deposit. The company sees this as a more efficient option to advancing the project to production and profit.

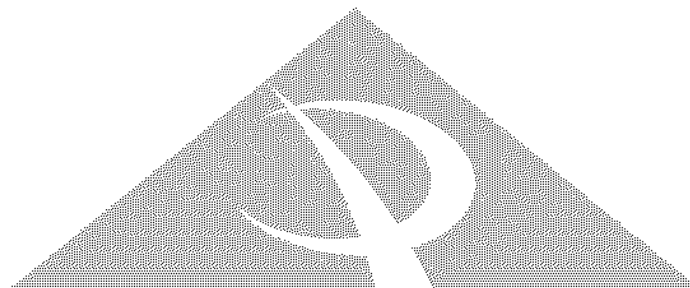
Three diamond drill holes were completed at the Melville Deposit during the quarter to intersect known mineralisation trends and to obtain geotechnical data and core samples for metallurgical testwork. A total of three holes for 348 metres (183m of RC, 161m of Diamond) were completed.

Drill hole	Easting AGD 84	Northing AGD84	Bearing	Depth pre-collar (m)	Depth (m)
PRCD106	475825	6881660	90°/-60°	50	115.0
PRCD107	475860	6881640	90°/-60°	54.9	91.9
PRCD108	475955	6882100	90°/-60°	78.7	141.3

Gold mineralisation was intersected in both the oxide and transition zones of the Melville Deposit, with notable results presented below in Table 1.

DHID	From	To	Result g/t gold
PRCD106	71	74	3m @ 2.09
<b>PRCD106</b>	<b>76</b>	<b>87</b>	<b>11m @ 2.07 (inc. 1m @ 6.35)</b>
PRCD108	91	97	6m @ 1.69
PRCD108	103	104	1m @ 6.79
<b>PRCD108</b>	<b>108</b>	<b>114</b>	<b>6m @ 2.54 (inc. 2m @ 3.60)</b>

**Table 1: Significant Results from Melville Diamond Drilling**





**PROSPERITY**

## Exploration

### Yalgoo North Project

#### **Don Bradman Prospect**

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

The completion of five RC holes for 490 metres at the Don Bradman Prospect has extended the known mineralisation for over 200 metres and is open in all directions. The drilling has defined a number of north-easterly plunging, east dipping shoots. The geology has strong similarities to the Melville Deposit situated some 2 kilometres to the north. Historically no drilling has been completed along the Don Bradman Prospect's mineralised trend although soil sampling by previous explorers has recorded coherent gold in soil anomalies up to 400 metres away from the historical workings.

Hole	Easting	Northing	Depth (m)	From (m)	Result g/t gold
PRC109	475439	6879701	110	102	<b>4m @ 7.75</b> inc. 2m @ 12.2 (102-104m)
PRC110	475469	6879745	82	64	<b>12m @ 2.0</b> 24 @ 1.2
PRC111	475531	6879792	106	97	3m @ 2.7
PRC112	475541	6879826	82	52	2m @ 1.1
PRC113	475564	6879862	88	72	<b>6m @ 3.1</b> inc. 1m @ 10.3 (72-73m)

**Table 2 – Significant results from the Don Bradman Prospect**

Oxide material from RC drilling at the Don Bradman Prospect has been incorporated into the current metallurgical programme, as the potential for further near surface gold resources at Don Bradman that may be mined and treated utilising the proposed Melville Plant is considered high. Rock chip sampling of gold mineralisation exposed at surface was also completed at Don Bradman. A total of 32 one-metre composite samples were collected, with peak results to 5.9g/t Au being returned from zones that averaged 2-3g/t over widths over five to seven metres.

Further RC drilling is planned at Don Bradman to further define and extend the known gold mineralisation prior to the calculation of a potential resource.





**PROSPERITY**

**Melville East Prospect**

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

Previous wide spaced RAB and aircore drilling targeting a shear zone parallel to but 400 metres to the east of the Melville Deposit defined a broad anomaly over 600 metres in strike length. Approximately 1,100 metres of RC drilling completed this quarter was designed to test the anomaly and has confirmed its broad extent. Evaluation of the drilling result is continuing and further work recommendations are anticipated early next quarter.

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

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

Three diamond drill holes for 198.7metres of core were completed over 1500 metres of strike length. The drilling aimed at intersecting the high grade, narrow quartz veins that characterise the Noongal Trend for over 4km of strike

<b>Drill hole</b>	<b>Easting AGD 84</b>	<b>Northing AGD84</b>	<b>Bearing</b>	<b>Depth - m</b>
PD001	475679	6887208	120°/-60°	57.4
PD002	475531	6884317	110°/-65°	60.2
PD003	475542	6884690	135°/-55°	81.1

Narrow quartz veins hosted in basalts were intersected in all holes, with 1% sulphides and minor epidote and feldspar alteration noted as being associated.

Gold mineralisation was found to be highly erratic, with a best of result of 0.5m @ 7.6 g/t obtained from PD002. Given that the gold mineralisation associated with the Noongal Trend is known to be extremely nuggetty, the company is encouraged by the geological continuity and predictability of the quartz vein system observed in the drilling over the 1500m of strike length tested to date.

Structural mapping is to be completed to further refine potential target areas where larger widths may be expected prior to drilling.

**Churchman Project**

**ELA 59/1158 (PSP 100%)**

Recent investigations into land use over the Churchman area has identified that that project is largely under the control of the Department of Conservation and Land Management. This will restrict the company's ability to develop the project in the event the exploration activities had returned a positive result. The application will be withdrawn.





**PROSPERITY**

### **Mt Gibson Project**

**ELA's 59/898, 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%)**

A report on the mapping exercise at Mt Gibson has been completed and is currently under assessment by the company's technical team. Revised exploration target generation work is anticipated next quarter for the area.

### **Payne's Find Project**

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

No work has been completed on these tenements this quarter

## **Corporate**

During the quarter the company issued 7.2 million ordinary fully paid shares at 12 cents per share with a free one for one attaching option exercisable at 16 cents per share on or before 31 January 2007 to raise \$864,000 before costs following shareholder approval at a General Meeting on the 4 February 2005 to Corporation's Act 2001, s708 exempt persons. The majority of these funds have been arranged from a UK institution, RAB Capital plc's 'Special Situations LP' with the additional funds coming from an Australian stockbroker, Shaw Stockbroking to provide funding for drilling and working capital.

In addition, the company issued 4.8 million options exercisable at 16 cents per share on or before 31 January 2007 following shareholder approval at a General Meeting on the 4 February 2005 to Corporation's Act 2001, s708 exempt persons whom participated in the previous quarter's issue of ordinary fully paid shares at 12 cents per share.

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 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 1999 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.

Drilling intercepts reported in tables in this report are calculated at +0.5 g/t with a maximum of 1m of internal dilution. All reverse circulation samples were collected at 1m intervals via a 75:25 splitter on site, and sent to Ultratrace Laboratories and analysed using Fire Assay; diamond core was cut to half core sample on site and sent to Ultratrace laboratories and analysed using Fire Assay.

