



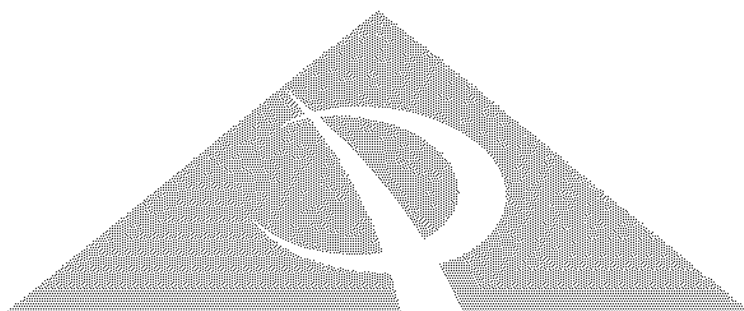
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QUARTERLY REPORT

DECEMBER 2004

Highlights

- Yalgoo North Project - Scoping Study at the Melville Deposit Continues
- Encouraging new RC Drilling Results at the Don Bradman Prospect
- Yalgoo East Project - Follow up rock chip samples near the new Fanfare Prospect
- Nickel Potential at the Churchman Project advances
- The Company raised and organised \$1.44m to UK Institutions and Sophisticated Investors





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Development

Yalgoo North Project

Melville Deposit (ML59/329) Stopping Study Melville Joint Venture (PSP 75%, Platinum Australia Ltd carried 25%)

Since listing in November 2003, the Company has approximately doubled the resources at the Melville Deposit, which combined with the opportunity to process ore feed at an existing nearby gold treatment plant becoming available, has allowed the Company to prepare the initial stages of a scoping study on this deposit.

Initial bulk samples for metallurgical work sent for analysis indicates recoveries on a standard bottle roll test in excess of 90% and has not highlighted any particular metallurgical problems at this stage. Further metallurgical test work will continue.

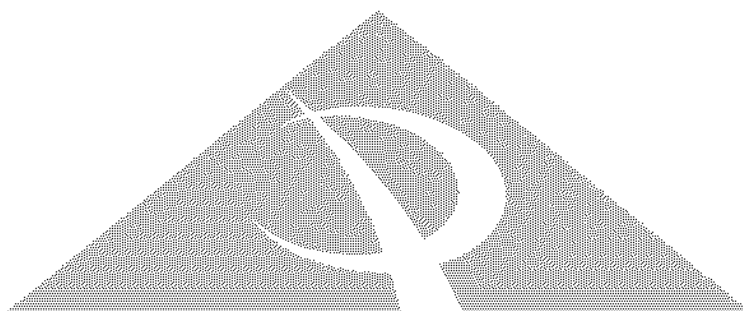
The scoping study will review the economic potential of the deposit through pit optimisation work with a range of sensitivities for the project. This scoping study will then give the company an insight into production and treatment criteria in anticipation of discovery of further deposits in the area of a similar nature and extent to the Melville deposit itself.

Exploration

Yalgoo North Project

Don Bradman Prospect (ML59/329) Melville Joint Venture (PSP 75%, Platinum Australia Ltd carried 25%)

Results from the latest reverse circulation (RC) drilling programme completed by Prosperity at their Yalgoo North Project have discovered new zones of near surface oxide mineralisation 4 kilometres from the current Melville Deposit. A total of 3 holes (PRC103-105) for 160m were completed, of which 2 holes intersected gold mineralisation.





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Significant gold results include:

Hole	Coordinates	Coordinates	Depth (m) from	Intersection (Au)	Comments
PRC104	475390mE	6879660mN	28	7m @ 3.5 g/t (3m @ 7.3 g/t)	
PRC105	475387mE	6879682mN	8 17	2m @ 2.5 g/t 6m @ 2.1 g/t (2m @ 5.0 g/t)	Old stopes (5-8m and 10-12m) either side of this intersection

All holes were inclined to -60° drilled to grid east (340°). Samples were collected as 'speared' one metre intervals via a cyclone mounted on the drill rig, and sent to Ultratrace in Perth. Coordinates are GDA94.

Hole PRC103 failed to reach target depth due to poor ground conditions.

Mineralisation observed at Don Bradman shows strong similarities to that at Melville; with gold occurring proximal to sheared BIF-porphyry contacts containing quartz-sulphide veining and carbonate-chlorite-pyroxene alteration.

The zone is open along strike and at depth, and the recent drilling is the first completed since the early 1980's. Results from the historical drilling include 3m @ 12.7 g/t, 4m @ 6.1 g/t and 4m @ 2.5 g/t from shallow depths.

Further RC drilling is planned at Don Bradman during the next quarter.



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Yalgoo East Project

EL59/642 (PSP 100%)

Following on from the recent encouraging RC drilling at the Fanfare Prospect (BM05, 1m @ 5.1 g/t from 53m, 1m @ 2.9 g/t from 73m, 1m @ 1.5 g/t from 92m, 4m @ 3.0g/t from 95m (inc. 1m @ 9.8g/t), reconnaissance geological mapping and rock chip sampling were completed. Several rock chip samples, collected 500m west of the Fanfare RC drilling, returned significant gold and copper results. These are presented below.

Significant Results – Yalgoo East Project

Sample	Au_ppm	Ag_ppm	As %	Cu %	Zn %
384897	1.43	0.0	0.43	0.00	0.00
384898	0.86	13.0	0.79	5.54	0.69
384899	0.52	3.0	0.13	0.79	0.12
384900	0.02	3.0	0.08	1.72	0.04
384901	0.30	2.0	0.17	0.46	1.05
384902	1.27	31.0	0.14	4.93	0.06
384903	0.27	12.0	0.00	2.25	0.02
384904	0.11	1.0	0.00	3.03	0.01

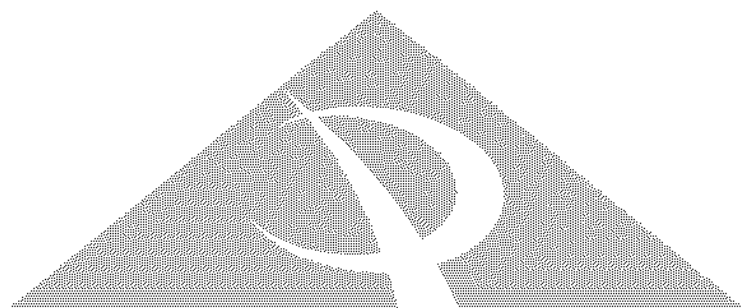
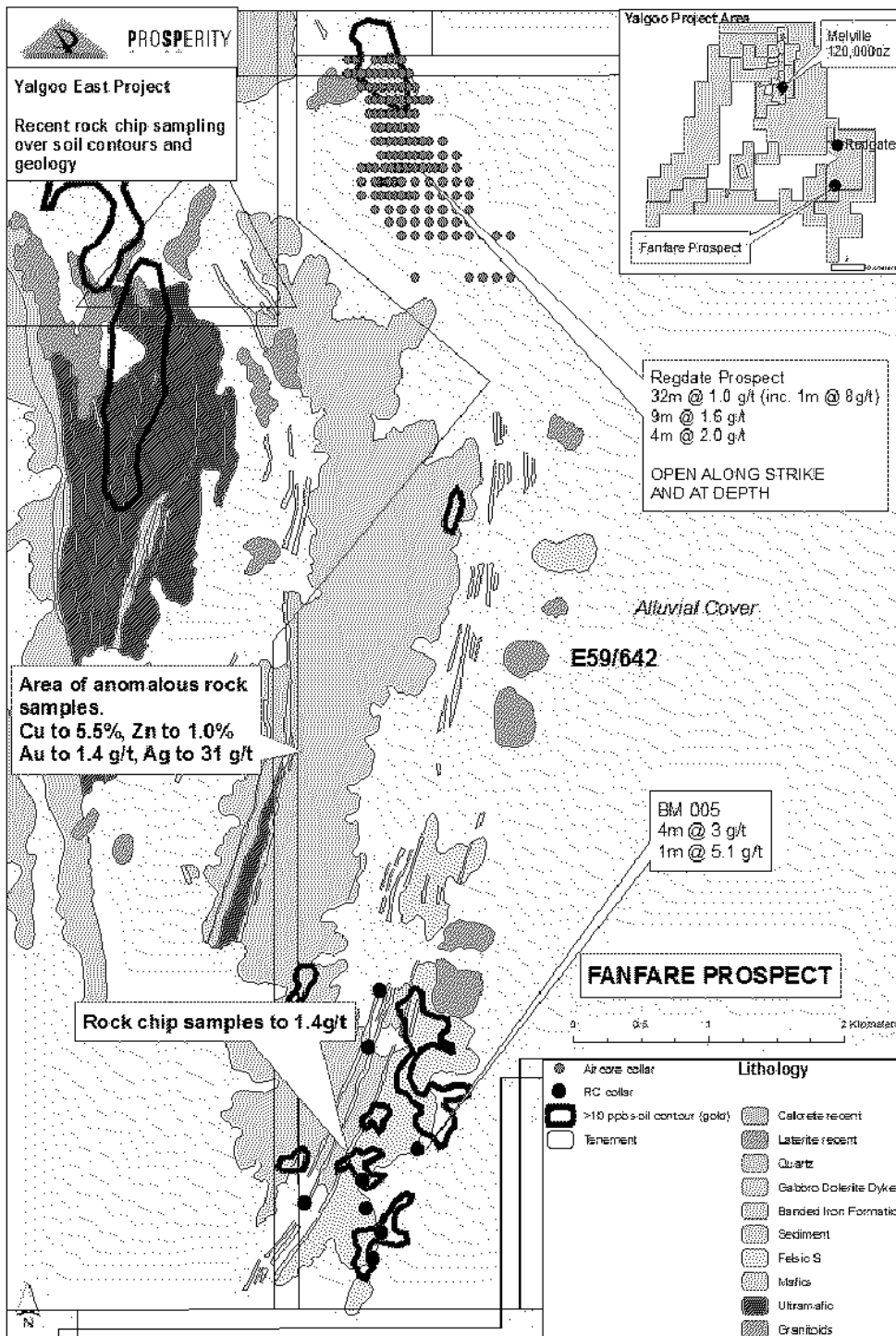
No drilling has been completed in this area, although several shallow scrapings, probably historical prospecting pits, were located. The copper-gold mineralisation is associated with mafic to ultramafic rocks, occurring as siliceous to gossanous zones with malachite-azurite staining.

Further mapping and sampling will be completed during the next quarter.





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Churchman Project

ELA 59/1158 (PSP 100%)

Following the application of EL 59/1158, recent reconnaissance exploration over two ultramafic bodies within the companies, Churchman Project has continued to progress the nickel (Ni) potential.

The two ultramafic bodies have been identified within the companies tenements from regional geophysics, remote sensing data and field inspections and covers an area of up to 20 square kilometres. Only the western Churchman ultramafic body has received limited exploration while no exploration has been conducted on the eastern body for nickel.

Initial petrological analysis has begun and evaluations of the best ground or airborne EM systems for the area are being investigated.

The origin of the ultramafics is not fully understood at present. However, the fact that they are relatively undeformed, but lie within gneissic material may imply an intrusive origin. If so, the company believes that the bodies may be highly prospective for basal accumulations of massive Ni-Cu-PGE sulphides, similar to the style of mineralisation currently being mined at Radio Hill in the Pilbara.

Mt Gibson Project

ELA's 59/878, 59/903, 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 regional mapping programme has been completed on these tenements and a report will become available in the next quarter with preliminary assessment for target generation.

Payne's Find Project

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

No work has been completed on these tenements other than the initiation of data review.





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Corporate

During the quarter the company issued 4,800,000 ordinary fully paid shares at 12 cents per share (with a free unlisted one for one attaching options exercisable at 16 cents per share on or before 31 January 2007 subject to shareholder approval) raising \$576,000 before costs to Corporate Act 2001, s708 exempt persons. The majority of the funds were raised from a UK institution, RAB Capital plc's 'Special Situations LP' to provide addition funding for drilling and working capital.

A further issue of 7.2 million ordinary fully paid shares at 12 cents per share with a free one for one attaching option (as previously mentioned) to raise \$864,000 before costs was arranged subject to shareholder approval at a General Meeting on the 4 February 2005 to Corporate Act 2001, s708 exempt persons. The majority of these funds have been arranged from the same UK institution with the additional funds coming from an Australian stockbroker, Shaws Stockbroking to provide funding for drilling and working capital.

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.

