



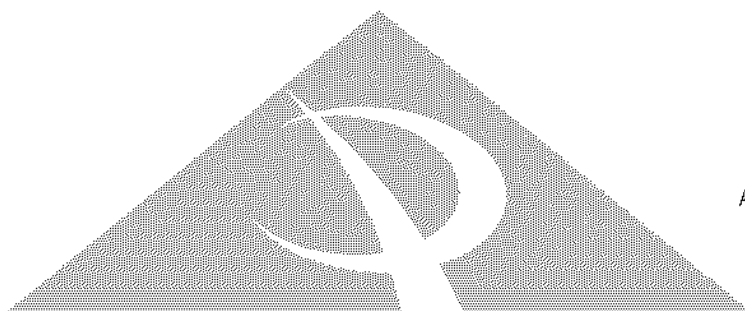
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## **QUARTERLY REPORT**

**SEPTEMBER 2004**

### **Highlights**

- Yalgoo North Project - A total of 22 RC holes (PRC081-102) for 2468m were completed, of which 17 holes had gold mineralisation.
- Melville Deposit: 20m @ 2.6 g/t gold (inc. 5m @ 4.81 g/t),
- Oakford Prospect: 2m @ 6.63 gold g/t
- A virgin discovery at Fanfare Prospect, Yalgoo East Project
  - 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)
- Scoping Study at the Melville Deposit Commences
- New Melville West Zone confirms potential for near surface oxide resources close to the existing Melville Deposit,
- Nickel Potential at The Churchman Project substantiated





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## **Exploration**

### **Yalgoo North Project**

#### **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 (including the new Melville West Zone) close to the current Melville Deposit, as well as confirming the continuity and high grade nature of mineralisation at the Applecross and Oakford Prospects. A total of 22 holes (PRC081-102) for 2468m were completed, of which 17 holes had gold mineralisation.

Significant gold results include:

#### **Melville Deposit**

- 20m @ 2.6 g/t (inc. 5m @ 4.81 g/t),
- 10m @ 2.7 g/t (inc. 1m @ 12.7 g/t),
- 5m @ 2.8 g/t, (inc. 1m @ 10.8 g/t)
- 4m @ 4.2 g/t, (inc. 1m @ 12 g/t)

#### **Melville West Zone:**

- 7m @ 2.1 g/t,

#### **Applecross Prospect:**

- 2m @ 6.63 g/t,
- 1m @ 7.2 g/t.

#### **Oakford Prospect:**

- 1m @ 6.1 g/t
- 1m @ 4.6 g/t

#### **Melville West Prospect**

Discovery of the new Melville West zone not only confirms the potential for near surface oxide resources close to the existing Melville Deposit, but suggests a strong likelihood for additional lode structures beneath near surface, broad oxide mineralisation associated with the Melville Shear.

An intercept of 7m @ 2.1 g/t gold from 19m has confirmed the prospectivity of the Melville West Zone, and supports a previous historical intercept of 6m @ 3.3 g/t gold (from 35m). The Melville West zone is open along strike and at depth.





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### **Melville Deposit**

Shallow drilling aimed at locating further oxide mineralisation between the current resource areas at Melville was successful, with a result of 20m @ 2.6 g/t gold (inc. 5m @ 4.81 g/t) being returned from 27m. Limited RC drilling has been completed in this area, and the company is confident further oxide resources can be defined with additional RC drilling.

The RC drilling continues to support the geological model with gold grade intersected where it was anticipated. The drilling continues to show that mineralisation occurs in broad zones up to 20 metres.

Other drilling at Melville was completed to provide further geological information. Results of 4m @ 4.2g/t gold (inc. 1m @12g/t) from 79m and 5m @ 2.8g/t gold (inc. 1m @ 10.3 g/t) from 8m were received and will be incorporated into the new resource model.

### **Applecross Prospect**

At Applecross, 500 metres north of the Melville Deposit, significant results have been intercepted in drilling completed by the company. High values of 2m @ 6.63 g/t gold from 109m and 1m @ 7.2 g/t gold from 128m were recorded in altered, brecciated and quartz veined porphyry and BIF. These results are of similar tenor to historical high grade results including 2m @ 15.8g/t gold and 8m @ 5.1g/t gold, obtained 100m north of the companies drilling, and demonstrate the strong continuity of the mineralised system at Applecross, which is open in all directions.

### **Oakford Prospect**

A similar tenor of grade was returned from the initial RC drilling at Oakford, some 2000 metres north of Melville, and shows the exploration concepts previously stated by the company of a large, broadly mineralised corridor over some 8 km within the companies tenements to be robust. Other targets located up to 2 kilometres north of Oakford that lie along the trend, have anomalous gold values to 4.2 g/t gold over 4 metres are now considered excellent exploration drill targets.

Both the Oakford and Applecross prospects are now taking shape and resource definition reverse circulation drilling at these prospects is considered a high priority.

Significant gold results are presented below in Table 1.



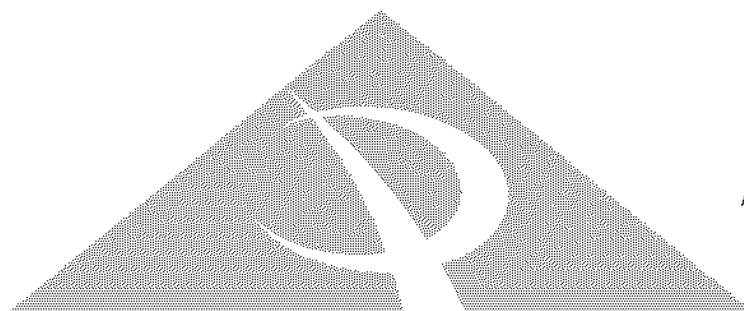


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**Table 1: Significant RC Drill intercepts – Yalgoo North Project**

| Hole   | Area          | Total Depth (m) | East   | North   | From | Result (g/t gold)               |
|--------|---------------|-----------------|--------|---------|------|---------------------------------|
| PRC085 | Melville      | 120             | 475845 | 6881625 | 85   | 1m @ 2.69                       |
| PRC086 | Melville      | 90              | 475965 | 6881860 | 39   | 3m @ 0.51                       |
| PRC098 | Melville      | 100             | 475840 | 6881695 | 3    | 3m @ 1.43                       |
|        |               |                 |        |         | 79   | <b>4m @ 4.2 inc. 1m @ 12.0</b>  |
| PRC099 | Melville      | 84              | 475965 | 6881705 | 54   | 4m @ 1.9                        |
| PRC100 | Melville      | 90              | 475935 | 6881870 | 0    | 3m @ 1.33                       |
|        |               |                 |        |         | 7    | 3m @ 0.7                        |
|        |               |                 |        |         | 27   | <b>20m @ 2.6 inc. 5m @ 4.81</b> |
|        |               |                 |        |         | 59   | 1m @ 1.54                       |
| PRC101 | Melville      | 114             | 476000 | 6882050 | 8    | <b>5m @ 2.8 inc. 1m @ 10.3</b>  |
|        |               |                 |        |         | 25   | <b>5m @ 1.8</b>                 |
|        |               |                 |        |         | 39   | <b>10m @ 2.7 inc. 1m @ 12.7</b> |
| PRC087 | Melville West | 138             | 475965 | 6882125 | 19   | <b>7m @ 2.1</b>                 |
|        |               |                 |        |         | 91   | 4m @ 1.2                        |
|        |               |                 |        |         | 124  | 1m @ 0.92                       |
|        |               |                 |        |         | 128  | 4m @ 0.7                        |
| PRC102 | Applecross    | 150             | 476180 | 6882500 | 90   | 1m @ 3.2                        |
|        |               |                 |        |         | 93   | 1m @ 2.55                       |
|        |               |                 |        |         | 109  | <b>2m @ 6.63</b>                |
|        |               |                 |        |         | 128  | <b>1m @ 7.2</b>                 |
|        |               |                 |        |         | 136  | 3m @ 1.1                        |
| PRC089 | Oakford       | 114             | 476525 | 6883760 | 16   | 1m @ 1.0                        |
|        |               |                 |        |         | 35   | 1m @ 0.53                       |
|        |               |                 |        |         | 51   | 1m @ 0.68                       |
|        |               |                 |        |         | 56   | 1m @ 0.52                       |
| PRC090 | Oakford       | 78              | 476545 | 6882725 | 32   | 2m @ 1.42                       |
|        |               |                 |        |         | 45   | 2m @ 0.71                       |
| PRC091 | Oakford       | 132             | 476510 | 6883725 | 22   | 3m @ 0.74                       |
| PRC093 | Oakford       | 120             | 476530 | 6883690 | 31   | 1m @ 0.93                       |
|        |               |                 |        |         | 35   | 2m @ 0.62                       |
|        |               |                 |        |         | 75   | 1m @ 1.37                       |
| PRC094 | Oakford       | 120             | 476510 | 6883690 | 97   | 1m @ 1.61                       |
| PRC095 | Oakford       | 138             | 476460 | 6883745 | 48   | <b>1m @ 4.6</b>                 |
| PRC096 | Oakford       | 126             | 476415 | 6883745 | 44   | 1m @ 1.0                        |
|        |               |                 |        |         | 77   | 1m @ 0.7                        |
|        |               |                 |        |         | 117  | 1m @ 0.7                        |
| PRC097 | Oakford       | 94              | 476445 | 6883760 | 19   | 2m @ 0.67                       |
|        |               |                 |        |         | 49   | <b>1m @ 6.1</b>                 |
|        |               |                 |        |         | 59   | 1m @ 1.0                        |
|        |               |                 |        |         | 74   | 2m @ 0.73                       |
| PRC084 | Cardup        | 114             | 476000 | 6884300 | 95   | <b>1m @ 2.2</b>                 |
|        |               |                 |        |         | 101  | 5m @ 0.7                        |

Intercepts calculated at +0.5 g/t with a maximum of 1m of internal dilution. All samples were collected at 1m intervals via a 75:25 splitter on site, and sent to Ultratrace Laboratories and analysed using Fire Assay.





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### **Scoping Study – Melville Deposit**

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.

A revised resource model to include the latest drilling will be followed up with 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.

### **Yalgoo East Project**

#### **Fanfare Prospect (PSP 100%)**

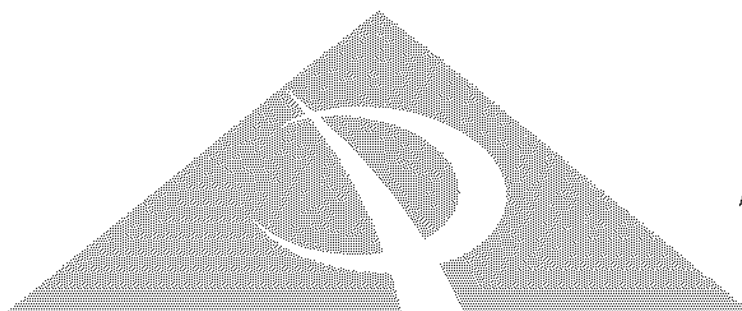
Three out of a total of eight reconnaissance RC drill holes, targeting geophysical anomalies, have returned significant gold results some 6km along strike from previously known gold mineralisation. The drill holes were completed over 2 km of strike testing a number of EM anomalies identified from a recently completed airborne survey.

Hole BM05, drilled at the newly discovered Fanfare Prospect, intersected several gold zones associated with sulphidic BIF. Notable gold results include:

- 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).

Gold is associated with 2-10% sulphides, principally arsenopyrite and pyrite close to the contacts between magnetite-rich BIF and felsic volcanics. No quartz veining was noted.

Significant results are listed below in Table 1.





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**Table 1: Significant Results – Yalgoo East Project**

| Hole   | East   | North   | Azimuth/<br>Dip | From<br>(m)           | Interval<br>(m) | Au (g/t)          | As (ppm) |
|--------|--------|---------|-----------------|-----------------------|-----------------|-------------------|----------|
| BM 001 | 482730 | 6864530 | 110/-60         | 70                    | 1               | 1.1               | 4000     |
| BM 005 | 483060 | 6865335 | 270/-60         | 45                    | 1               | 1.1               | 4000     |
|        |        |         |                 | <b>53</b>             | <b>1</b>        | <b>5.1</b>        |          |
|        |        |         |                 | 73                    | 1               | 2.9               |          |
|        |        |         |                 | 92                    | 1               | 1.5               |          |
|        |        |         |                 | 95<br><i>(inc) 95</i> | 4<br><b>1</b>   | 3.0<br><b>9.8</b> |          |
| BM 006 | 482690 | 6866085 | 270/-60         | 105                   | 105-110         | 0.21              | 3000     |
|        |        |         |                 |                       |                 |                   |          |

Intervals calculated from 1m split samples at >0.1 g/t Au. Samples analysed by Ultratrace Laboratories in Canning Vale by Fire Assay/ICP-OES to ppb levels.

No other drilling has been completed in the area with the closest known gold mineralisation, the Redgate Prospect, located within the same sequence of rocks, lies approximately 6km along strike (see figure 1).

The Fanfare Prospect is considered to show strong parallels to the Melville-Applecross-Oakford area where a 140,000oz resource has been defined in BIF and felsic host rocks.

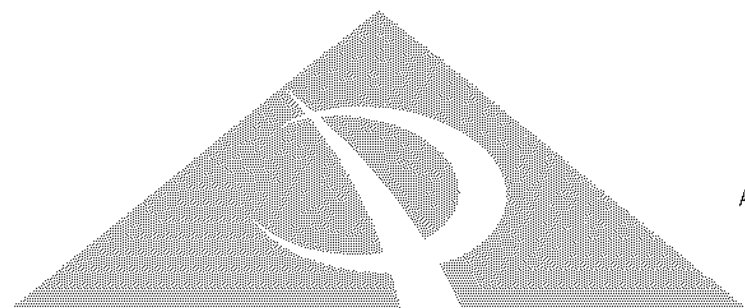
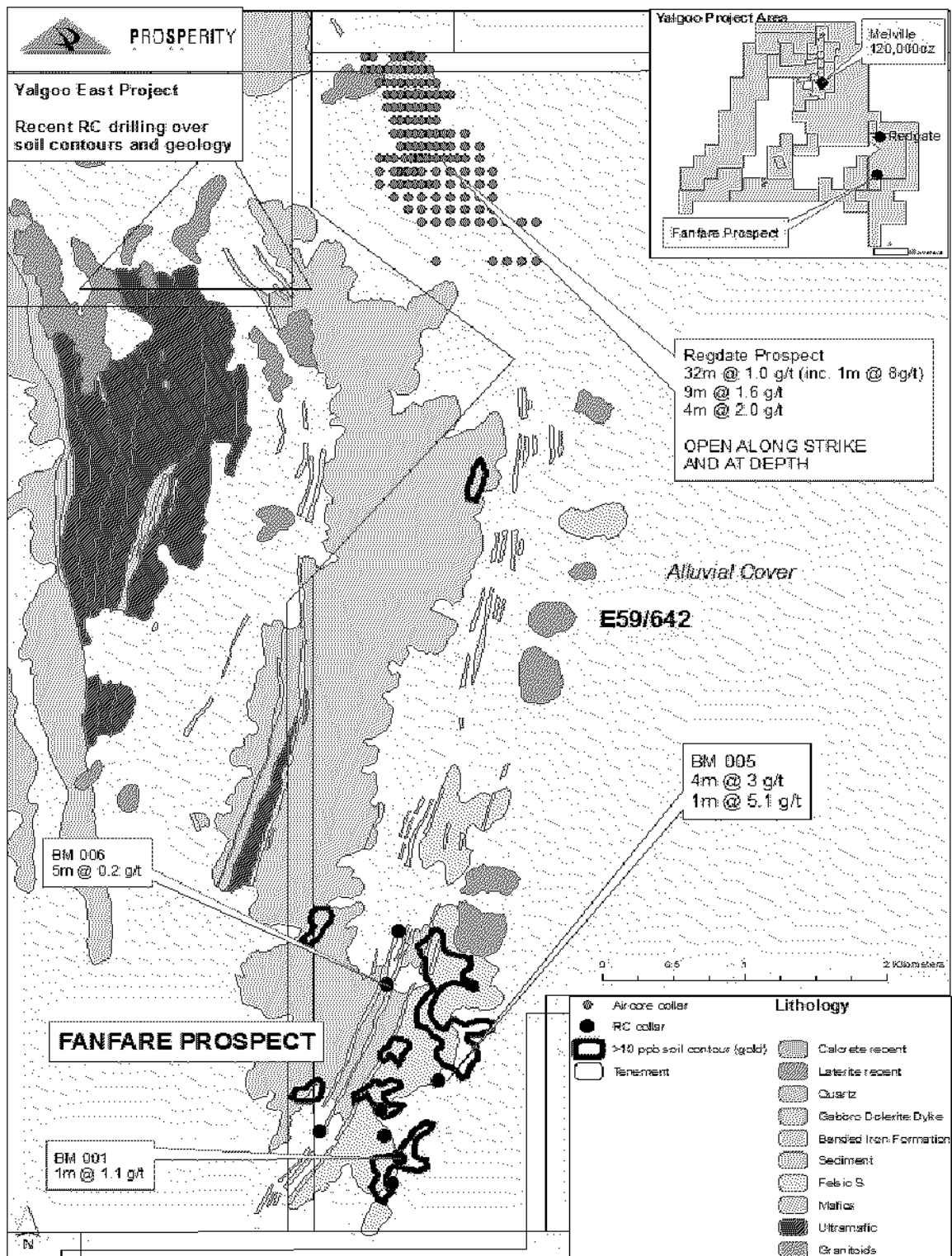
Previous drill results from Redgate include 9m @ 1.6 g/t, 4m @ 2.0 g/t and 32m @ 1.0 g/t (inc. 1m @ 3.4, 1m @ 8.0 g/t) from Aircore and minor RC drilling. The Redgate Prospect is open along strike and at depth.

Most of the area between Redgate and Fanfare are under a thin veneer of transported cover, where historical soil sampling has proved ineffective.





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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 confirmed their nickel (Ni) potential.

Initially pegged for gold following interpretation of new aeromagnetic data in the region, the company reviewed the historic exploration literature available and became aware of the nickel potential.

The Churchman ultramafic bodies, located some 350km north of Perth on the edge of the wheatbelt, were last explored for nickel during the Nickel Boom of the 1970's. A number of shallow percussion (RC) drill holes were completed with peak results including **5ft (1.5m) @ 0.64% Ni, 5ft @ 0.54% Ni, 5ft @ 0.52% Ni**, returned from undeformed to weakly sheared, cumulate ultramafic rocks with up to 10% fine grained disseminated sulphides (see figure 2). Full assay results are only available from the first four holes with best intersections greater than 0.1% Ni include: **12m @ 0.45% Ni** and up to 200ppm Cu, **24m @ 0.27% Ni** and up to 190ppm Cu, and **65m @ 0.14% (EOH)**.

The two ultramafic bodies have been identified with 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.

Reconnaissance mapping and sampling by Prosperity over 50% of the western Churchman ultramafic body has confirmed the presence of ultramafic rock types with several rock chip samples turning 0.22% Ni and 250ppm Cu.

The origins of the ultramafics are 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.

The company is evaluating the next phase of exploration which would comprise ground or airborne (EM) followed by initial RC drilling.







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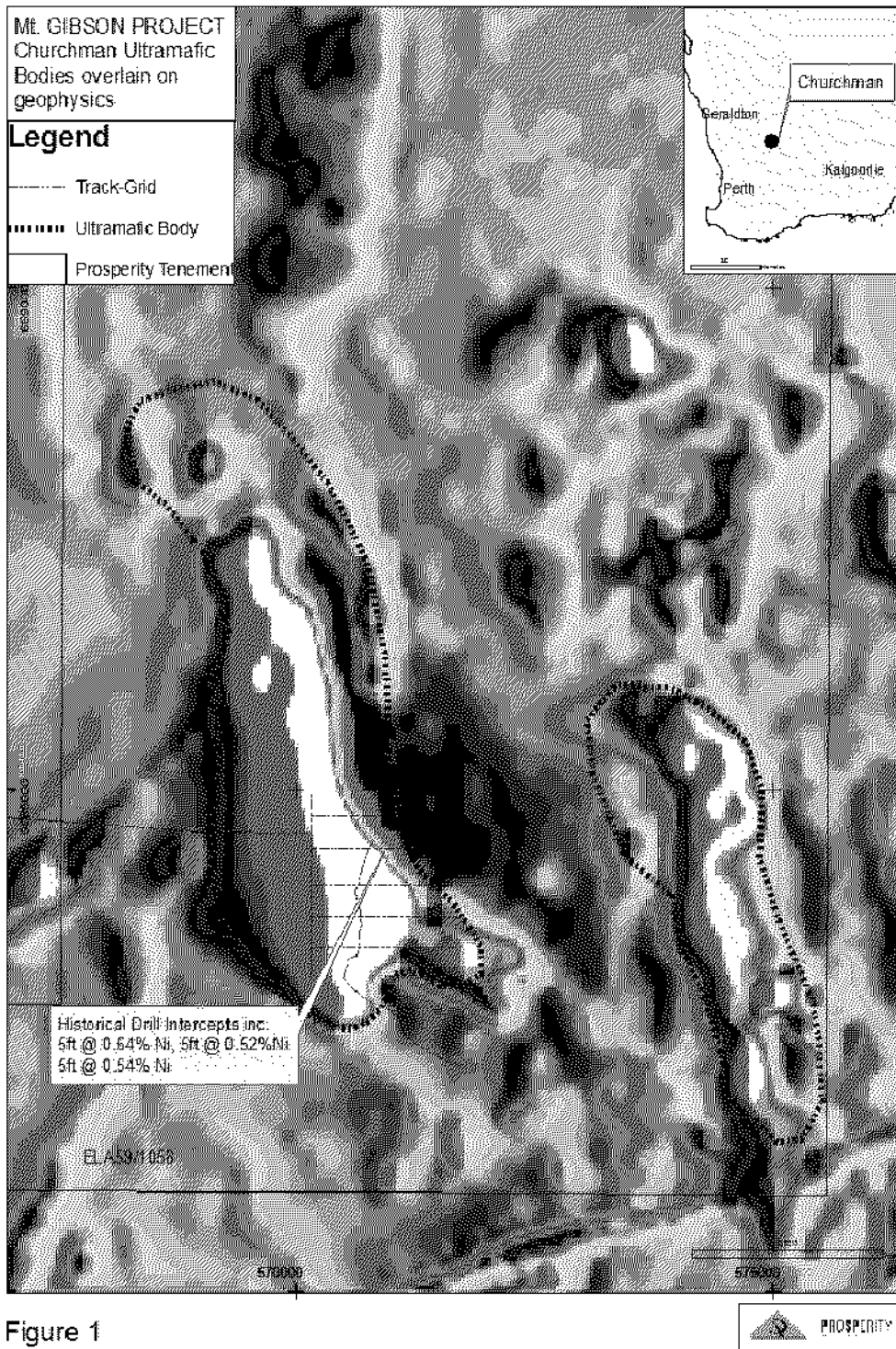


Figure 1



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### **Mt Gibson Project**

**ELA's 59/878, 59/903, 59/903, 59/1102 (PSP 60% earning interest, MWE 40%),  
M59/0275, PL59/1168, ELA's 59/1011, 59/1038, 59/1159-1160 (PSP 100%)**

No work has been completed on these tenements other than the continuing data review and 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 and preliminary assessment for target generation

## **Corporate**

During the quarter the company issued 3,148,333 ordinary fully paid shares at 12 cents per share with a free one for one attaching options exercisable at 30 cents per share on or before 28 February 2006 (same as the listed 'PSPO') raising \$378,000 before costs from a Short-form Prospectus dated 26 August 2004. The funds were raised to provide addition funding to the scoping study, 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.

