



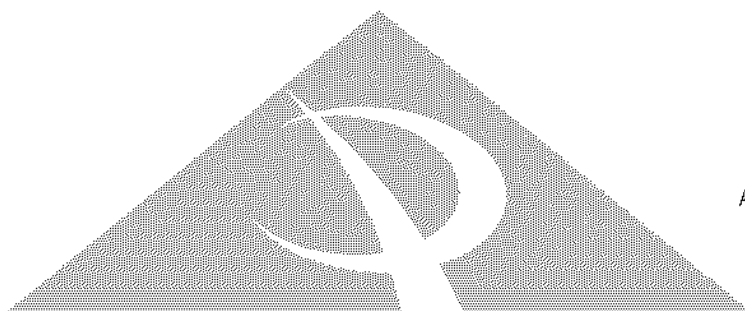
**PROSPERITY**

## **QUARTERLY REPORT**

**JUNE 2004**

### **Highlights**

- Resource Inventory completed doubling known resources to approximately 2 million tonnes at 2g/t gold
- Aircore drilling identifies three further prospects; Cardup, Serpentine and Byford.
- Prospects show continuity on the Melville shear for at least 2 kilometres north of the main Melville Deposit
- Soil sampling on conceptual target shows anomalous gold values
- Additional tenements acquired consolidating Yalgoo position





## Exploration

### Yalgoo North Project

#### Melville Joint Venture (PSP 75%, Platinum Australia Ltd 25%)

As a result of a highly successful Aircore drilling programme, the company's technical team has identified three additional new gold mineralised zones northwards along the Melville Shear Zone. Significant results include;

**8m @ 4.06 g/t**  
**4m @ 4.17 g/t**  
**9m @ 1.67 g/t (including 2m @ 4.9g/t)**  
**2m @ 1.75 g/t**  
**2m @ 1.45 g/t**

The Aircore programme was designed to test the model of a major gold mineralised shear extending for several kilometres through the Company's tenements. The results have justified the Company's belief in the zone and gives confidence for further discoveries. These new prospects, Byford, Serpentine and Cardup have the potential to add to the previously defined resources at Melville and along with the Oakford and Applecross prospects discovered during the last reverse circulation drilling campaign.

This mineralisation extends for a strike length of 2.5km and occurs in multiple shoots. These shoots confirm a moderately dipping stacked lode system and are shown in previous ASX released RC drilled gold intercepts in the Melville Deposit and Oakford Prospect of:

6m @ 28.9g/t, 5m @ 24.3 g/t, 15m @ 5.6 g/t, 10m @ 3.4 g/t, 9m @ 3.0 g/t, 4m @ 5.1 g/t, 5m @ 4.0 g/t, 5m @ 3.7 g/t and 2m @ 8.6 g/t.

Significant results from the air core drilling are shown below using a greater than 1gram-metre interval cut off grade:

DHID	NORTHING	EASTING	FROM	TO	INT	GRADE
PAC110	476510	6883430	24	28	4	0.30
PAC111	476460	6883430	0	4	4	0.49
			36	40	4	0.32
			48	50	2	1.75
PAC112	476410	6883428	16	22	6	0.61
				<i>including</i>	1	1.34
PAC113	476360	6883430	16	28	12	0.32
			60	81	21	0.38





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PAC120	476560	6883725	26	35	<b>9</b>	<b>1.67</b>
				<i>including</i>	<b>2</b>	<b>4.90</b>
			40	42	<b>2</b>	<b>1.45</b>
PAC129	476510	6883950	8	12	4	0.42
PAC139	476560	6884200	4	8	4	1.29
PAC141	476360	6884200	24	28	4	0.29
PAC142	476460	6884300	24	28	4	0.44
			44	48	4	0.41
PAC143	476560	6884300	24	32	8	0.42
			64	67	3	0.65
PAC144	476560	6884400	24	28	4	0.34
PAC149	476560	6884500	28	32	4	0.34
PAC154	476560	6884700	56	60	4	0.39
PAC156	476560	6884800	24	28	4	0.72
PAC162	476600	6885000	32	36	4	0.32
PAC164	476510	6885000	12	16	4	0.27
PAC166	476410	6885000	32	36	4	0.29
PAC173	476485	6885200	20	24	4	0.30
PAC180	476635	6885400	24	28	4	0.53
PAC182	476535	6885400	40	44	4	0.38
PAC189	476510	6885500	4	8	<b>4</b>	<b>4.17</b>
PAC198	476660	6885700	36	44	8	0.38
PAC211	476035	6884815	36	44	<b>8</b>	<b>4.06</b>
PAC212	475960	6884910	36	44	8	0.44
PAC215	475835	6885010	36	41	5	0.27

Note: All intersections at a +0.25 g/t or 1 gm metre equivalent. Samples analysed by Aqua Regia with AAS finish at Genalysis Laboratories, Perth. Drilling oriented at dip of  $-90^{\circ}$  unless otherwise stated. Drill co-ordinates datum is AGD84.

In total, 105 holes were completed in the aircore programme for a total of approx 5,000 metres with more than a quarter of the holes drilled returning values greater than 1 gram-metre.





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## Resource Estimation

Following the completion of a resource estimation at its Yalgoo North Project, the Company's gold inventory now stands at:

Project	Category	Tonnes	Grade g/t	Gold Ounces
Melville <sup>1,3</sup>	Indicated	1,281,400	1.83	75,377
	Inferred	692,900	1.87	41,740
Brilliant <sup>2</sup>	Inferred	123,760	2.39	9,508
Lady Lydia South <sup>2</sup>	Inferred	57,300	2.21	4,071
City Of Melbourne <sup>2</sup>	Inferred	40,350	5.09	6,602
<b>TOTAL COMBINED RESOURCES</b>	<b>All categories</b>	<b>2,195,710</b>	<b>1.95</b>	<b>137,298</b>

<sup>1</sup> lower cut off of 1.0g/t <sup>2</sup> lower cut off of 0.5g/t <sup>3</sup> 75% PSP, 25% carried PLA

Previously the Company resources were reported as a total resource of 1,129,950 tonnes at 1.89g/t for 69,000 ounces of gold. This latest resource estimation provides an increase of around 100% in the combined resources inventory for the Company. There has been an increase in the indicated category as well as the inferred resources as a direct result of two reverse-circulation drilling campaigns completed on the Company's project since November 2003.

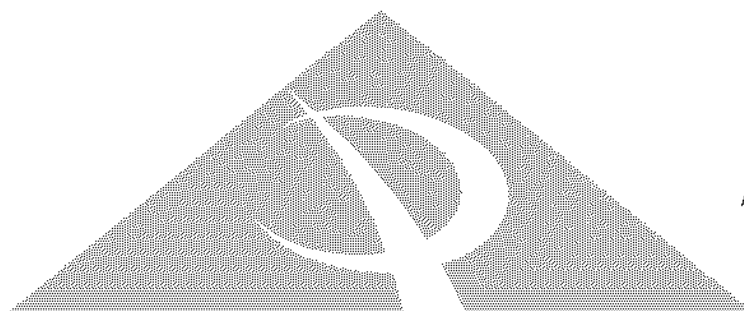
As shown on a grade versus tonnage table for selected cut off grades, higher-grade zones exist at the Melville Deposit, (see table below), which presents the company with an opportunity to seek to increase the overall grade of the deposit

Cut off grade - g/t gold	1.0	1.2	1.4	1.6	1.8	2.0
Tonnes	1,974,293	1,460,471	<b>1,106,748</b>	833,157	662,252	509,792
Grade- g/t gold	1.85	2.11	<b>2.38</b>	2.66	2.92	3.23
Ounces	117,117	99,151	<b>84,493</b>	71,373	62,118	52,881

The resource calculations, which are detailed below, comply with the Joint Ore Reserves Committee guidelines and have been completed and verified by a competent person as defined by the JORC Code 1999.

### Key parameters and assumptions in determining the Resources

In accordance with the JORC Code 1999, resources have been determined for the categories as follows:





## Melville Deposit Resource Estimate

The resources at the Melville Deposit were generated by the Company's technical team from a standard 3-D block model using the Ordinary Kriging Interpolation technique, following a review of the localised deposit geostatistics. Data used in this series of calculations was used only when all the assumptions used in the data generation and compilation were eliminated or minimised. Careful consideration was given to localised variations in drilling and sampling density. Specific density values were derived from a number of measurements made from existing drill core. Care has been taken to include the geologic variation as logged, measured or modelled to refine ore zone definition. The effects of localised faulting and the changes of oxidation state throughout the deposit were also incorporated. Modelling has been completed using MEDSystem Minesight software. Care has been taken to limit both the lateral and vertical extents of the ore zones past the last known point.

## Lady Lydia South Prospect, Brilliant Mine and City of Melbourne Mine Resource Estimates

Resource estimation for the Lady Lydia South Prospect has been derived from a polygonal interpretation based upon sectional data. The assay data used is taken from recent drilling by Prosperity and incorporates historical drilling.

A high level of confidence in continuity between zones from section to section has been achieved on the majority of sections, and isolated polygons have been given an orientation and shape that reflects the dominant geological trend identified in regional mapping and in the sectional analysis of drill hole information.

Assay determination within the polygons is an arithmetic average within each ore zone with a top cut set at 20 g/t gold to reduce the impact of anomalous spot high grades. The final inferred resource is a weighted average summation of all ore zones.

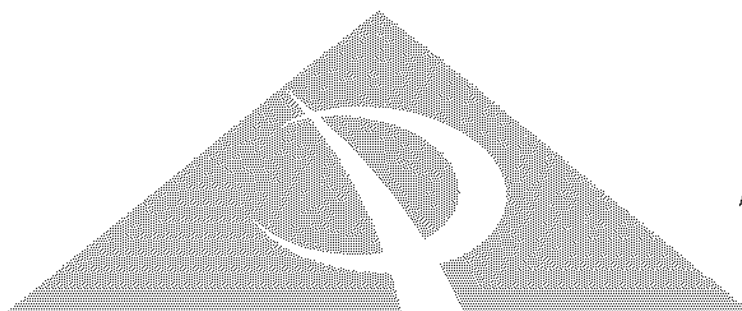
### **City of Melbourne Mine (PSP 100%)**

No further work has been completed on the tenement this quarter.

### **Other Exploration**

A total of 310 soil samples were collected over two prospective grass roots targets located within M59/285 and E59/941.

A 650m x 350m, +10ppb gold in soil anomaly was defined along a north trending linear feature interpreted to be the southern extension to the City of Melbourne-Victoria United mineralised corridor within M59/285. Peak value recorded was 1.7 g/t gold. With numerous





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assays recording values greater than 100ppb. The anomaly is open both to the north and south.

To the north of the Brilliant line of workings within E59/941, a 1100 x 700m +10ppb soil anomaly was outlined and is interpreted as being associated with the pressure shadow region of the late granitic body that hosts the Brilliant and Lydia gold deposits. Peak results to 131ppb gold were recorded, and the anomaly is open to the west and along strike.

An infill programme of soil sampling is planned to better define the extent of the soil anomalies prior to a RAB drilling programme.

## **Yalgoo West Project**

During the quarter, the Company has acquired 100% interest in the tenement EL 59/1025, which covers approximately 100 sq. km on the western side of the Yalgoo - Mt. Singleton Greenstone Belt. The Company's strategic focus is to be in the Murchison Province and is enhanced by the recent acquisition that adds value with its proximity to the expanding Melville Deposit on the eastern flank of the greenstone belt.

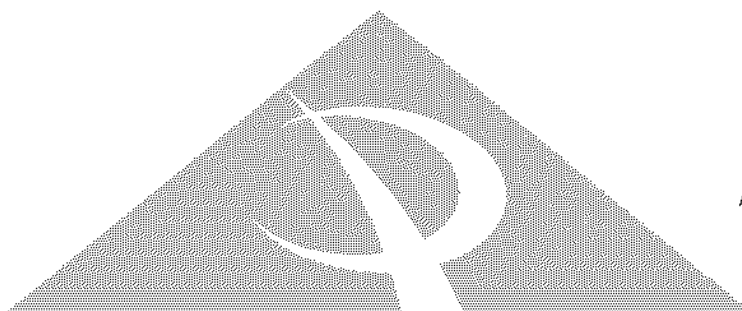
Recent prospecting highlights announced by the previous tenement holders include **copper (Cu) grades to 8.5%, zinc (Zn) to 0.3% and lead (Pb) to 0.2%** over some 500m of strike, all of which are open to the north. These base metal results indicate that mineralisation has occurred and that further follow-up investigation can be carried out in conjunction with the other upcoming fieldwork this quarter. This tenement has had very little exploration completed in the past for gold, probably due to the fact the 80% of the tenement lies under cover. This provides an excellent opportunity for a future copper/gold discovery.

In addition anomalous **nickel (Ni) grades to 0.5%** (10 times background levels) were returned from a single line of RAB drilling, some 15km north of the base metal mineralisation. Significant results include **16m @ 0.33% Ni** and **11m @ 0.22% Ni** with both holes ending in mineralisation.

## **Payne's Find Project**

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

No further work has been completed on the application tenements this quarter.





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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, 59/1158-1160 (PSP 100%)**

No further work has been completed on the application tenements this quarter as the Company waits for the tenements to be granted. The Company's tenement management consultants are currently tasked with fast tracking the granting of the tenements so filed work can commence soon.

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.

