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PROSPERITY RESOURCES LIMITED

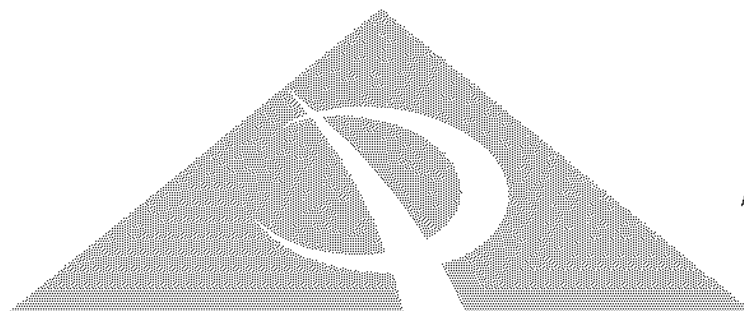
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QUARTERLY REPORT

MARCH 2004

Highlights

- Extensive drilling programmes including 6200m of RC drilling at the Yalgoo North Project and 1900m of Aircore drilling at Yalgoo West Project
- Extending the mineralised corridor an additional **1,500 metres** along strike from the Melville Deposit
- Significant gold results include:
 - **15m @ 5.6 g/t (inc. 5m @ 14.1 g/t)**
 - **10m @ 3.4 g/t (inc. 2m @ 13.6 g/t) Hole bottomed in mineralisation,**
 - **5m @ 4.0 g/t**
 - **4m @ 5.0 g/t,**
 - **5m @ 3.7 g/t (inc. 1m @ 12.6 g/t)**
- Two new prospects identified: Oakford and Applecross
- Work has commenced on upgrading the resource inventory
- City of Melbourne Mine main lode increases in both continuity and grade
- Acquisition of multi-client aeromagnetic data at Mt Gibson Project



ABN 60 103 280 235



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Exploration

Yalgoo North Project

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

Following on from the successful drilling campaign at the Melville deposit and City of Melbourne Mine last quarter; the prospects have again been the major focus for exploration activities. Reverse Circulation drilling aimed at extending the known resource at Melville in particular has enhanced the prospect in preparation for a resource estimation anticipated to be completed by early next quarter.

Recent RC drilling has confirmed that the Melville deposit is very prospective with significant intersections that include:

- **15m @ 5.6 g/t (inc. 5m @ 14.1 g/t)**
- **10m @ 3.4 g/t (inc. 2m @ 13.6 g/t) Hole bottomed in mineralisation,**
- **5m @ 4.0 g/t**
- **4m @ 5.0 g/t,**
- **14m @ 2.5 g/t**
- **7m @ 2.3 g/t,**
- **1m @ 11.3 g/t,**

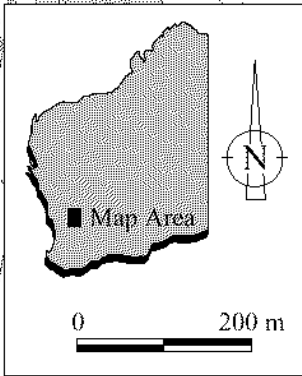
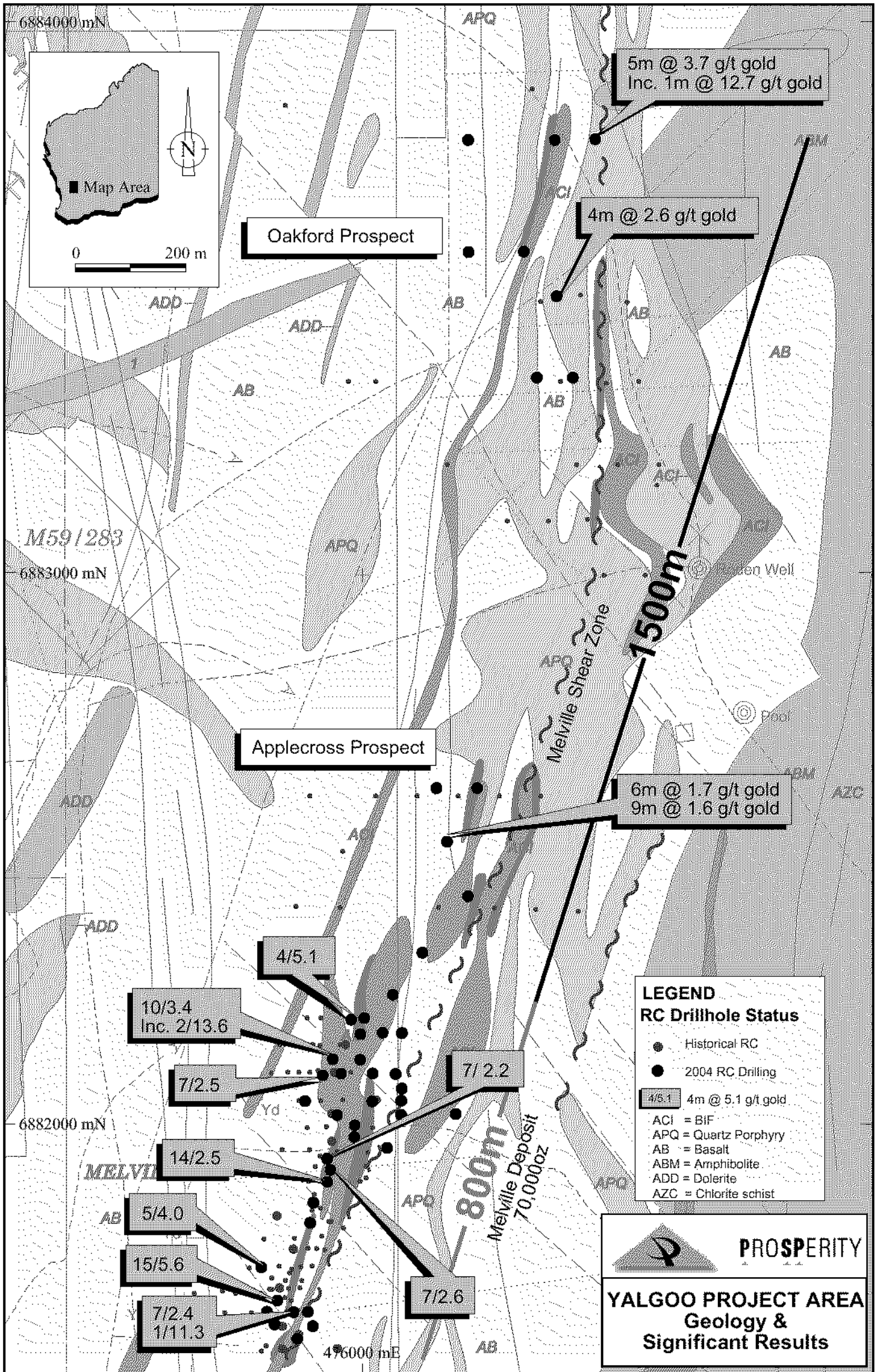
The newly identified ore zone intersected in previous drilling by the company at Melville itself is now identified as a major and continuous shear zone (“**Melville Shear Zone**”), which is variably mineralised over its entire length northwards from the Melville deposit. The surface trace of the shear is also found to be coincident with previous elevated drill results. Along this major structure two new prospects have so far been discovered within 1,500 metres of the Melville prospect, Applecross and Oakford. Historical drilling in the areas now identified as the Applecross and Oakford prospects had significant intersections of Applecross; **8m @ 5.1 g/t** (132-140m), **2m @ 14.7 g/t** (148-150m) and **4m @ 6.6 g/t** (60-64m), and Oakford; **2m @ 10.7 g/t** (100-102m) and **1m @ 8.1 g/t** (157-158m).

Recent RC drilling has confirmed the prospectivity of these prospects with significant intersections that include:

- **5m @ 3.7 g/t (inc. 1m @ 12.6 g/t)**
- **4m @ 2.6 g/t (inc. 1m @ 8.4 g/t)**
- **9m @ 1.6 g/t**
- **6m @ 1.7 g/t**



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Oakford Prospect

5m @ 3.7 g/t gold
Inc. 1m @ 12.7 g/t gold

4m @ 2.6 g/t gold

Applecross Prospect

6m @ 1.7 g/t gold
9m @ 1.6 g/t gold

LEGEND
RC Drillhole Status

- Historical RC
- 2004 RC Drilling

4/5.1 4m @ 5.1 g/t gold

- ACi = BIF
- APQ = Quartz Porphyry
- AB = Basalt
- ABM = Amphibolite
- ADD = Dolerite
- AZC = Chlorite schist

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YALGOO PROJECT AREA
Geology &
Significant Results

10/3.4
Inc. 2/13.6

4/5.1

7/2.5

7/ 2.2

14/2.5

5/4.0

15/5.6

7/2.4
1/11.3

7/2.6

800m
Melville Deposit
70,000oz

1500m

Melville Shear Zone

6884000 mN

6883000 mN

6882000 mN

476000 mE

M59/283

ADD

ADD

AB

AB

AB

AB

AB

ACi

ACi

APQ

APQ

ABM

AZC

ADD

MELVILLE

APQ

APQ

AB



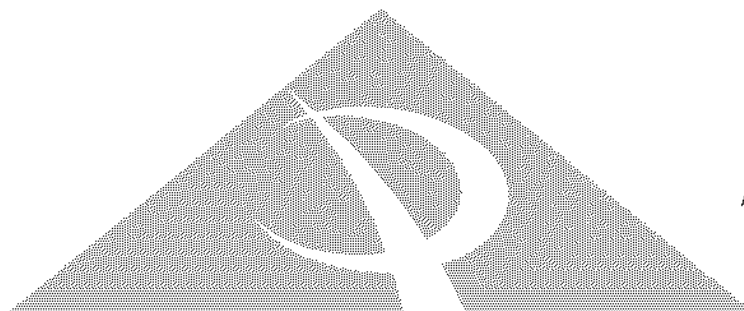
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Further resource definition drilling is now considered a priority at these prospects and as a consequence RC drilling is planned for commencement in the next quarter.

Step out reconnaissance Aircore drilling is also anticipated along the shear, north of the Oakford prospect with the likelihood of identifying additional prospects along its trace.

Table 1 – Drilling Summary – Yalgoo North Project, Jan-Mar 2004.

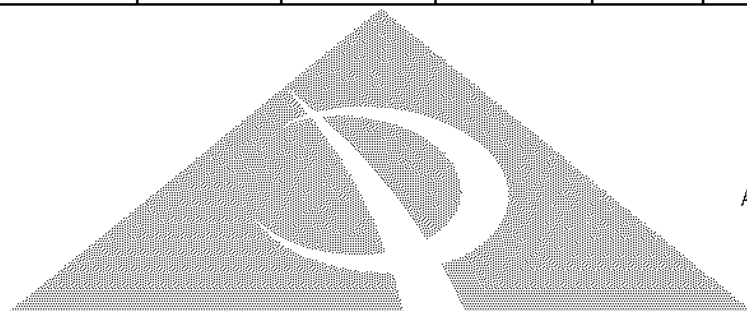
Hole	Area	Easting	Northing	From	To	Result (g/t gold)
PRC018*	Melville	475950	6882100 <i>Inc.</i>	122 <i>122</i>	132 <i>124</i>	10m @ 3.4 EOH 2m @ 13.6
PRC031	Melville	475880	6881640	37m	44	7m @ 2.4
				75	76	1m @ 2.1
				90	91	1m @ 11.3
PRC032	Melville	475830	6881640	0	8	8m @ 0.51
				101	102	1m @ 6.2
PRC033	Melville	475915	6881610	95	96	1m @ 1.4 EOH
PRC034	Melville	475845	6881615	48	51	3m @ 1.1
				89	90	1m @ 1.1
PRC035	Melville	475885	6881590	49	51	2m @ 2
PRC036	Melville	476000	6882100	36	40	4m @ 1.0
				64	82	18m @ 0.6
PRC037	Melville	475990	6881980	24	35	11m @ 1.1
				48	53	5m @ 1.7
PRC039	Melville	485990	6881960	24	34	10m @ 0.7
				36	38	2m @ 1.7
				44	46	2m @ 1.4
PRC040	Melville	476075	6882000	60	61	1m @ 4.0
PRC041	Melville	476075	6882025	14	16	2m @ 4.2
PRC042	Melville	476025	6882025	22	28	6m @ 1.1
PRC043	Melville	476075	6882050	15	16	1m @ 2.1
				35	36	1m @ 1.0
				68	70	2m @ 1.6
PRC045	Melville	476025	6882075	12	15	3m @ 1.0
				98	99	1m @ 1.1
PRC046	Melville	476075	6882150	38	40	2m @ 0.51
				98	99	1m @ 1.1
PRC048	Melville	476000	6882147	60	61	1m @ 1.0
PRC049	Melville	475985	6882175	40	42	2m @ 3.5
				123	127	4m @ 5.1
				175	179	4m @ 2.6
PRC050	Melville	476060	6882220	126	129	3m @ 1.1
PRC051	Oakford	476420	6883780	42	43	1m @ 1.9
				53	54	1m @ 1.8
				72	73	1m @ 1.7
				81	86	5m @ 3.7
					<i>Inc.</i>	1m @ 12.7





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PRC052	Oakford	476350	6883780	27	28	1m @ 1.1
				114	115	1m @ 1.3
					118	1m @ 1.3
PRC054	Oakford	476300	6883580	73	74	1m@1.6
				98	101	3m@1.1
PRC056	Oakford	476390	6883350	60	61	1m@2.8
				84	85	1m@1.2
PRC057	Oakford	476325	6883350	125	126	1m@2.3
PRC058	Oakford	476215	6882600	103	104	1m@2.2
PRC059	Oakford	476140	6882600	174	175	1m@1.4
PRC060	Oakford	476195	6882400	97	98	1m@2.3
				100	101	1m@1.1
				112	113	1m@1.0
PRC061	Oakford	476115	6882300	46	48	2m@2.3
PRC063	Melville	475850	6881660	51	66	15m@5.6
					<i>Inc.</i>	<i>5m@14.1</i>
PRC064	Melville	475820	6881720	103	108	5m@1.6
				137	142	5m@4.0
					<i>Inc.</i>	<i>2m@8.3</i>
PRC065	Melville	475910	6881800	2	5	3m@2.1
				45	48	3m@2.1
				50	52	2m@1.1
PRC066	Melville	475915	6881840	0	2	2m@1.0
				5	7	2m@1.3
				128	130	2m@2.4
PRC067	Melville	475945	6881640	26	40	14m@2.5
PRC068	Melville	475940	6881880	0	2	2m@1.0
				28	37	9m@1.4
				39	50	11m@1.0
				53	60	7m@2.6
				80	81	1m@1.3
PRC069	Melville	475945	6881900	0	3	3m@1.0
				50	52	2m@1.5
PRC070	Melville	475940	6881920	0	5	5m@1.7
				13	20	7m@2.2
PRC072	Melville	475960	6882000	12	16	4m@1.1
				32	33	1m@2.5
				35	38	3m@2.7
				53	55	2m@4.8
PRC074	Melville	475932	6882075	54	55	1m@1.2
				98	105	7m@2.5
				141	142	1m@5.6
PRC075	Melville	475965	6882075	34	36	2m@2.3
				41	48	7m@1.2
				61	62	1m@1.3
				77	79	2m@1.3
PRC076	Melville	476008	6882180	50	52	2m@1.2
				122	127	5m@1.4
PRC077	Melville	476160	6882500	124	130	6m@1.7





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				137	139	2m@2.0
				152	161	9m@1.6
PRC078	Oakford	476360	6883500	54	57	3m@1.1
				62	66	4m@2.6
				74	75	1m@1.0
				137	138	1m@3.0

* Re-entry of previous hole

Note: All intersections derived from RC drill chips collected by riffle splitter, at a +0.5 g/t lower cut. Samples analysed by Fire Assay at Ultratrace Laboratories, Perth. Drilling oriented east at dip of -60° unless otherwise stated. Drill co-ordinates datum is AGD84

City of Melbourne Mine (PSP 100%)

To resolve lode geometries at the City of Melbourne Mine, a further two reverse circulation holes were drilled this quarter. The results confirm the tabular and predictable nature of the lode extending beyond a cross cutting dolerite dyke previously considered to terminate the ore body. The drilling has now extended the lode south and north of the access shaft and remains open both along strike and at depth.

Hole	Easting	Northing	from (m)	to (m)	Interval (m)	Gold (g/t)
PRC079	475730	6887158	31	32	1	8.8
PRC080	475690	6887245	58	60	2	6.3

Note: All intersections derived from RC drill chips collected by riffle splitter, at a +0.5 g/t lower cut. Samples analysed by Fire Assay at Ultratrace Laboratories, Perth. Drilling oriented east at dip of -60° unless otherwise stated. Drill co-ordinates datum is AGD84

Yalgoo West Project

A total of 45 Aircore holes for 1869m have been completed at two prospects within the Yalgoo West and Yalgoo East Project areas.

Emerald Reward Mine (PSP 100%)

Drilling was completed on 50 x 200m spacing along the ultramafic-mafic contact, known to be the geological setting of the high-grade Emerald Reward historical deposit some 400m west. A total of 22 holes for 935m (PAC64-85) were completed

A package of massive to variably sheared komatiites and basalts, some with quartz veining and sulphides were observed. Notable results include;

- PAC065, 4m @ 0.15g/t Au (36-40m EOH)
- PAC073, 12m @ 0.15 g/t Au, (20-32m)





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A 20m thick paleochannel was intersected in the eastern most holes, with elevated gold results being returned from the base;

- PAC074, 16m @ 0.1 g/t Au (24-40m EOH)
- PAC075, 4m @ 0.16 g/t Au (28-32m)
- PAC076, 4m @ 0.21 g/t (32-36m)
- PAC081, 8m @ 0.2 g/t Au (28-36m EOH)

Broad intercepts of anomalous nickel were recorded from the drill holes, which intersected the komatiites. Better results include;

- PAC068, 56m @ 0.17% Ni, (16-72m),
- PAC071, 12m @ 0.10% Ni (52-64m)
- PAC072, 20m @ 0.12% Ni (40-60m).

Whilst the company maintains its primary gold focus, further assessment of the nickel results will continue and follow up fieldwork may be undertaken in the coming months.

Yalgoo East Project

Wagga Prospect (PSP 100%)

A total of 24 holes for 936m, drilled at 200m x 200m spacing were completed as first phase reconnaissance drilling at the prospect identified from previous aeromagnetic interpretations of the region. A package of massive to weakly sheared felsic to intermediate volcanics, cherts and exhalites were intersected. Best gold values recorded were 5m @ 0.11 g/t Au (8-13m, EOH) in PAC103 that ended in laminated chert. Several holes returned broad intercepts of anomalous Pb (to 600ppm), Zn (to 600 ppm) and Ba (to 0.3%) from weakly gossaneous cherts and exhalites over 800m of strike.

Evaluation of the results is continuing with a view to further fieldwork to be undertaken in the coming months.

Bridge Well Prospect (PSP 100%, Comet Resources Limited, retains base metal rights) EL 59/642, PL59/1397, PL59/1508 & MLA59/525

During the quarter the Company exercised its option to purchase the above tenements pursuant to an 'Option and Sale Agreement' dated 19 March 2002 and a 'Deed of Assignment and Assumption' dated 21 August 2003.

Analysis of the recently completed regional magnetic interpretation and targeting programme completed by Southern Geoscience over the Yalgoo East Project area has reinforced the





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Companies believe that the geological package that hosts the Melville Deposit extends some 15km south into the Bridge Well tenements. The area has received little attention in the past as it lies under a thin veneer of transported cover, where surface sampling techniques would be ineffective.

A number of regional targets that show strong similarities to the Melville magnetic signature (ie: disrupted BIF sequences) have been identified within the Bridge Well tenements and require further work.

Also, Comet Resources Ltd has entered into a contract to conduct an airborne EM survey in the upcoming quarter in these tenements.

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.

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%)**

Regional desktop studies are continuing as the company consolidates its position in the Mt Gibson region. Following on from a review of multi-client aeromagnetic data, three additional tenements have been applied for in the area. The company has paid particular attention to the southern parts where the region was previously thought to comprise only basement granite, but may actually contain large packages of greenstone, some of which may comprise layered intrusive complexes. Site investigations are to be undertaken early in the new quarter.

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.

Corporate

During the quarter, the company granted 14,454,000 options, exercisable at 30 cents per share on or before 28 February 2006, via a 1 for 2 rights issue to shareholders, at 1 cent per option to raise \$144,540 less costs, for working capital.

