



**PROSPERITY**

**PROSPERITY RESOURCES LIMITED**

Level 9, 190 St George's Terrace  
PERTH WA 6000  
PO Box 7516  
CLOISTERS SQUARE WA 6850  
Tel: (+61 8) 9322 6872  
Fax: (+61 8) 9322 6988  
info@prosperity.net.au  
www.prosperity.net.au

## QUARTERLEY REPORT

DECEMBER 2003

### Highlights

#### Exploration

- RC Drilling at **Melville** identified high-grade zones within the broad mineralised corridor, which are expected to substantially elevate the existing resource in both grade and tonnes. Significant results include:
  - 6 metres @ 28.9 g/t (from 94m) (Hole bottomed in mineralisation),
  - 5 metres @ 24.3g/t (from 42m)
  - 2 metres @ 8.6 g/t (from 70m)
  - 1 metre @ 17.0 g/t (from 79m) and
  - 13 metres @ 2.2 g/t (from 60m)
  - 9 metres @ 3.0 g/t (from 91m)
- Aircore drilling has identified a parallel zone of mineralisation east of Melville deposit. Repetition of the Melville resource to the east is now considered to be a real possibility.
- Drilling at the **City Of Melbourne underground mine** demonstrated continuity of the ore zone and has shown the ore zone to be both predictable and laterally more extensive than originally considered. Significant results include: 1 metre @ 19.8 g/t gold (66-67m)
- First phase drilling at the **Brilliant Mine** open pit and south at the **Lady Lydia** prospect confirms a broad mineralized corridor extending over 3 kilometres on a north – northwest trend. Significant results include: 4 metres at 4.0 g/t (from 84m), 4 metres at 2.4 g/t (from 56m) and 2 metres at 3.0 g/t (from 49m)

Prosperity Resources Limited is a junior resources exploration company, which currently holds tenements over the Yalgoo and Mt Gibson areas in Western Australia. The company has an inferred gold resource at the Yalgoo project area of approx 69,000 ounces and is seeking to increase the resource inventory with an upgrade resource statement within the March quarter.



ABN 60 103 280 235



## Exploration

Yalgoo East has been the major focus for the Company for the quarter and includes the Melville resource, City of Melbourne Mine and the newly identified Melville east prospect.

Initial exploration activities have also begun in earnest on the Yalgoo North Prospect with first phase drilling at Brilliant open pit and Lady Lydia South historical mining site.

**Table 1 – Drilling Summary – Yalgoo Project, Nov-Dec 2003.**

Area	No. Holes	Hole Numbers	Dip/Azi	Avg. depth	Total Metres
City of Melbourne	4	PRC001-004	-90/000	63m	252
Melville	14	PRC005-018	-60/090	109m	1532
Brilliant	6	PRC019-025	-60/230	102m	612
Lady Lydia South	6	PRC005-030	-60/240	90m	540
<b>TOTAL</b>	<b>30</b>				<b>2936</b>

### **Yalgoo East Project, Melville Prospect (75% PSP, 25% PLA)**

Recent drilling has confirmed the validity of the new structurally dominated geological model proposed for Melville deposit. Reverse circulation percussion (“RC”) drill holes (PRC 11 and PRC 12) have intercepted mineralisation below the main BIF hosted lode and indicate a new high-grade zone beneath (see figures 1 & 2). This zone in contrast to the main resource is hosted in mafic schist, adjacent to a porphyry contact and appears to be coherent along strike. Phase 2 drilling due to start early February is designed to increase this second zone.

On regional aeromagnetic images, the Melville mineralised corridor can be traced for over **10 kilometres** within Prosperity’s tenements, the majority of which, has not been systematically drill tested and presents a longer-term high priority exploration target for the company. Repetitions of both upper BIF zone and the lower mafic zone are likely along the mineralised corridor.

At present an indicated and inferred resource of approximately 69,000 ounces gold has been defined at the Melville prospect, primarily from shallow drilling completed in the early 1990’s. It is thought that the second zone at depth will have a significant impact in upgrading the resource and could lead to improved open pit economics.



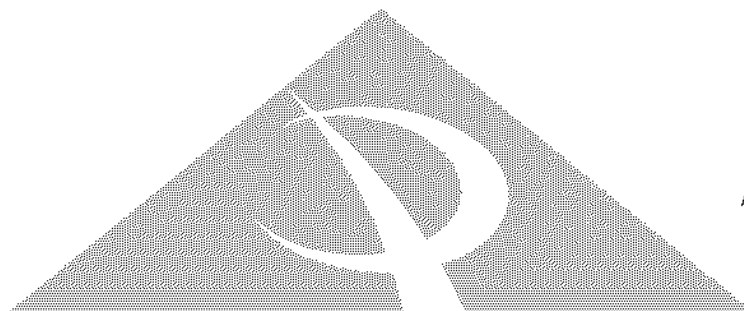


# PROSPERITY

Inference drawn from the deeper of the drill holes suggests the deposit may have underground mining potential after an open pit. Indications are that the high-grade zones within the area drilled to date, over a strike length of some 800m, are open along strike and at depth. There are similarities of the deposit are comparable at this early stage to other major deposits in the Murchison Province including **Hill 50** (2 million ounces produced) and **Tuckabianna** (500,000 ounces produced).

These positive results keep the Company on track for a significant increase in the current in resource inventory.

Hole	From (m)	To(m)	Result	Comments
PRC005	20 80	36 88	16m @ 0.45g/t 8m @ 0.2 g/t	Saprolite Oxidised BIF Hole abandoned due to rubbly ground
PRC006	8 20 27 46 62 Incl. 79	20 25 33 59 88EOH 80	16m @ 1.6 g/t 5m @ 1.0 g/t 6m @ 1.0 g/t 4m @ 0.4 g/t 26m @ 0.8 g/t 1m @ 17 g/t	Saprolite Saprolite Saprolite Porphyry-Mafic Schist contact (new FW lode)
PRC007 Incl.	0 40 57 63 73 85 90	110 44 58 64 74 87 91	110m @ 0.4 g/t 4m @ 1.2 g/t 1m @ 3.2 g/t 1m @ 1.2 g/t 1m @ 3.8 g/t 2m @ 3.3 g/t 1m @ 3.0 g/t	Oxidised BIF-Porphyry
PRC008 Incl.  Incl.	0 0 46 60 78 91 93 99	80 5 48 73 80 101 94 100	80m @ 0.52 g/t 5m @ 1.4 g/t 2m @ 1.1 g/t 13m @ 2.2 g/t 2m @ 2.0 g/t 10m @ 1.0 g/t 1m @ 3.6 g/t 1m @ 3.5 g/t	Oxide  BIF-Porphyry contact
PRC009 Incl.	0 64 66 105	8 106 67 106	8m @ 0.4 g/t 42m @ 0.49g/t 1m @ 1.4 g/t 1m @ 3.6 g/t	Laterite Moderately weathered BIF, sheared
PRC010	0 42	13 46	13m @ 0.35 g/t 4m @ 0.11 g/t	Laterite Saprolite

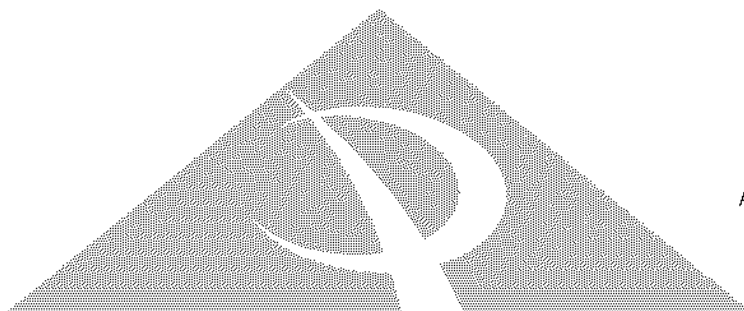




# PROSPERITY

PRC011	0 31 43 94	8 32 49 100EOH	8m @ 0.4 g/t 1m @ 1.4 g/t 6m @ 0.35 g/t 6m @ 28.9 g/t	Laterite Mafic saprolite Saprolite with Fe-qtz veins Silicified mafic schist, 2% pyrite. NEW FOOTWALL LODE
PRC012	0 28 40 Incl. 42	6 35 51 43	6m @ 0.2 g/t 7m @ 0.2 g/t 11m @ 11.2 g/t 1m @ 116 g/t	Laterite Saprolite/ weathered BIF Saprolite/ weathered BIF
PRC013	58	70EOH	12m @ 0.31 g/t	Saprolite after porphyry 0-36m- samples lost in transit
PRC014	0 40	4 48	4m @ 0.56 g/t 8m @ 0.1 g/t	Laterite Saprolite after porphyry
PRC015	0 70 Incl. 72 80	5 80 74 94	58m @ 0.8 g/t 10m @ 2.1 g/t 2m @ 8.6 g/t 14m @ 0.15 g/t	Laterite Porphyry-BIF contact (HW)
PRC016	0 26 40 Incl. 66	4 28 80 67	4m @ 0.2 g/t 2m @ 3.2 g/t 40m @ 0.4 g/t 1m @ 8.0 g/t	Laterite Saprolite Saprolite after mafic/porphyry Mafic schist, qtz veins  128-145m- samples lost in transit
PRC017	0 144 Incl. 145	16 156 148	16m @ 0.22g/t 8m @ 0.56g/t 3m @ 1.0 g/t	Laterite Porphyry-mafic contact
PRC018	12 48 64 91	36 52 88 100	24m @ 0.32 g/t 12m @ 0.6 g/t 24m @ 0.2 g/t 9m @ 3.5 g/t	Saprolite Oxidised BIF Oxidised BIF BIF-Porphyry contact Hole abandoned due to rubbly ground

**Note:** Intercepts greater than 0.1 g/t gold





# PROSPERITY

## **Yalgoo East Project, Melville East Prospect (75% PSP, 25% PLA)**

Recent aircore drilling has identified a parallel zone of mineralisation adjacent to the Melville Prospect, which has a strike length of over 2000m open along both strike and dip, at a 0.1g/t gold cut. Previous drilling has been of a reconnaissance nature with wide spaced RAB or aircore programmes with no RC drilling. (Figure 3)

Anomalous results from the aircore drilling programme include:

- PAC061 4m at 2.4 g/t (from 16m)
- PAC013 4m at 1.0 g/t (from 44m)  
6m at 0.7 g/t (from 88m EOH)
- PAC012 8m at 0.5 g/t (from 40m)

Early interpretation suggests that the Melville East Prospect represents a structural repetition of the Melville Prospect and further drilling is planned for the next quarter.

## **Yalgoo East Project, City of Melbourne Mine (100% PSP)**

Final results from the drilling campaign at the City of Melbourne Mine indicate coarse gold distribution within the identified mineralised zone.

The completion of four (4) RC holes at the City of Melbourne historical mine has confirmed the orientation of the plunging ore zone and highlighted down dip extensions to the lode previously thought to be terminated by a cross cutting dyke.

PRC004 intersected the lode as anticipated, extending it to a depth of 65 metres vertical, west and down dip of the main access shaft. The current strike of the mineralised structure is over 150 metres and is open along strike. Historically (1937-42), the City of Melbourne Mine produced over 5000 oz of gold to depths of 25m below surface, at an average grade of 14.0g/t gold.

## **Yalgoo North Project, Lady Lydia and Brilliant Mines (100% PSP)**

Preliminary results from the first drilling campaign by the Company, along with soil and recent rock chip samples taken between the Brilliant- Lady Lydia Prospect has identified a large mineralised shear zone over 3000m, (Figure 2). The Companies technical staff confirm that the extensive Brilliant- Lady Lydia shear corridor has the potential to host significant economic gold mineralisation over a significant strike length and width.





**Table 4 – Significant Results – Brilliant (>0.1 g/t gold)**

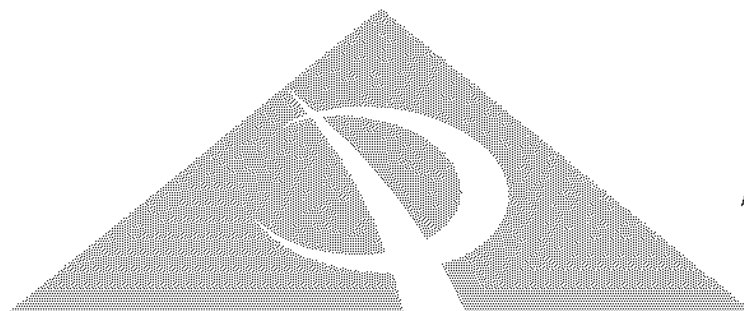
Hole	From (m)	To(m)	Result	Comments
PRC019				Hole incomplete, target depth not reached.
PRC020	12	14	2m @ 0.35g/t	
	97	109	12m @ 0.45 g/t	
Incl.	100	103	3m @ 1.4 g/t	
PRC021	85	95	10m @ 0.8g/t	
Incl.	88	89	1m @ 4.6 g/t	
PRC022	77	78	1m @ 1.8 g/t	
	86	87	1m @ 0.31 g/t	
PRC023	56	60	4m @ 2.4 g/t	
	73	89	16m @0.25g/t	
PRC024	84	86	2m @ 0.16 g/t	

**Table 5 – Significant Results – Lady Lydia South (>0.1 g/t gold)**

Hole	From (m)	To(m)	Result
PRC025	0	20	20m @ 0.5 g/t
PRC026	22	24	2m @ 0.5 g/t
	44	51	7m @ 1.2 g/t
	80	84	4m @ 1.5 g/t
PRC027	4	56	52m @ 0.15 g/t
	84	88	4m @ 4.0 g/t
PRC028	0	4	4m @ .21g/t
	37	38	1m @ .15g/t
PRC029	29	32	4m @3.65g/t
incl	29	30	1m @13.9g/t
PRC030	71	72	1m @1.24g/t

**Table 6 – Rock chip sampling - Significant Results**

LN	472300	6887220	E59/941	<b>2.89</b>	Fe-qtz veins in sub-cropping granite, east of Brilliant Pit
LN022	471460	6886225	M49/407	<b>8.1</b>	Grey, cherty sulphidic qtz veins, south of Brilliant Pit
LN023	471430	6886300	M49/407	<b>1.3</b>	Grey, cherty sulphidic qtz veins, south of Brilliant Pit
LN024	471426	6886335	M49/407	<b>5.2</b>	Grey, cherty sulphidic qtz veins, south of Brilliant Pit
LN025	471419	6886486	M49/407	<b>1.19</b>	Grey, cherty sulphidic qtz veins, south of Brilliant Pit
LN026	471411	6886486	M49/407	<b>1.57</b>	Grey, cherty sulphidic qtz veins, south of Brilliant Pit





# PROSPERITY

## **Payne's Find Project**

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

Open File DIR data has been obtained and is currently under review  
Regional multi-client aeromagnetic data is being compiled and will be processed next 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 (PSP 100% and on granting)**

Open File DIR data has been obtained and is currently under review  
Regional multi-client aeromagnetic data is being compiled and will be processed next quarter.

## **Corporate**

### **M59/57 – Continental Mine/Right One Mine**

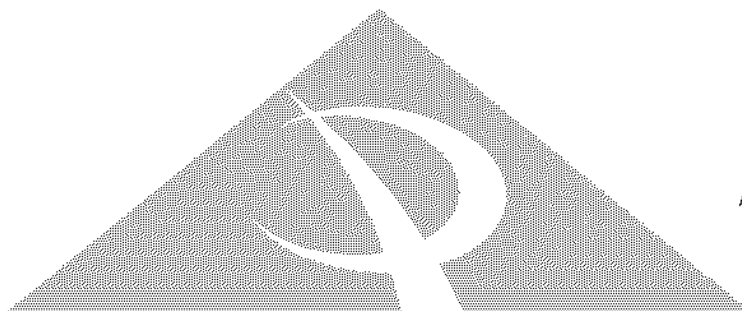
On the 13 November 2003, the company obtained a 12-month option to purchase the tenement M59/57 for \$8000 in two six monthly instalments and an exercise price of \$20,000.

This mine historically has high-grade mineralisation with an average grade of 65g/t gold and produced 14,380gm of gold from 221.3 tonnes of ore. The tenement is along strike from the Lady Lydia prospect and Brilliant Mine.

### **Exploration Manager**

During the quarter, the company obtained the services of Lyle Thorne as Exploration Manager. He has 12 years experience with Stockdale Prospecting, Eagle Mining, Helix Resources and others.

With his vast experience in exploration target generation, project development and team management, these excellent qualities add to our new exploration team.





# PROSPERITY

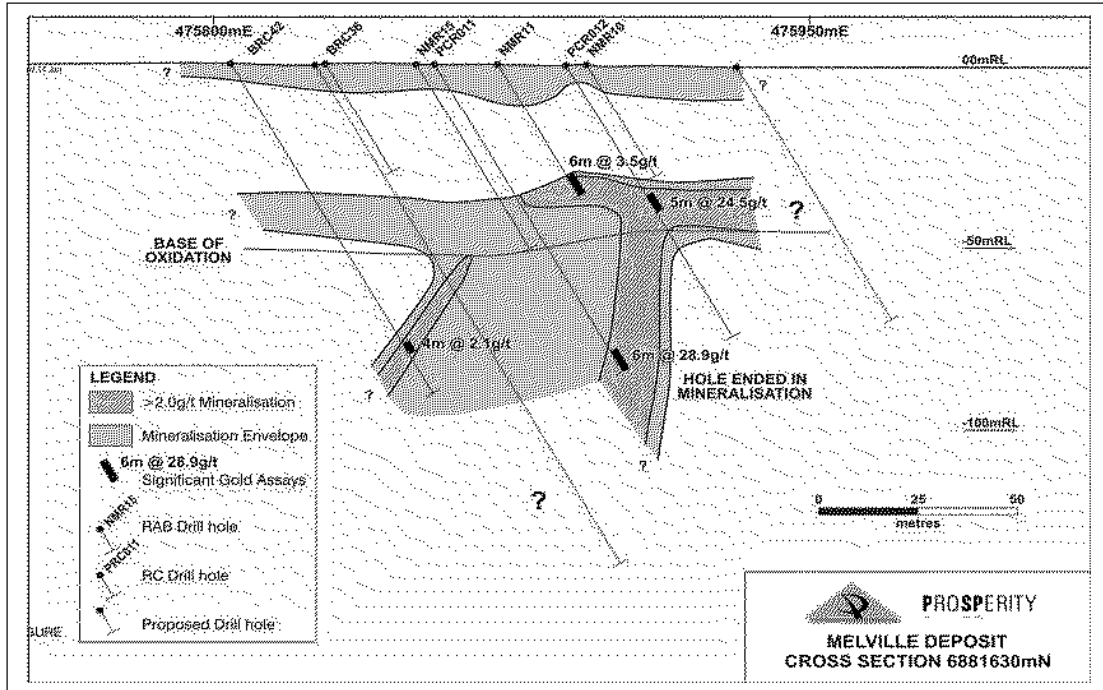


Figure 1

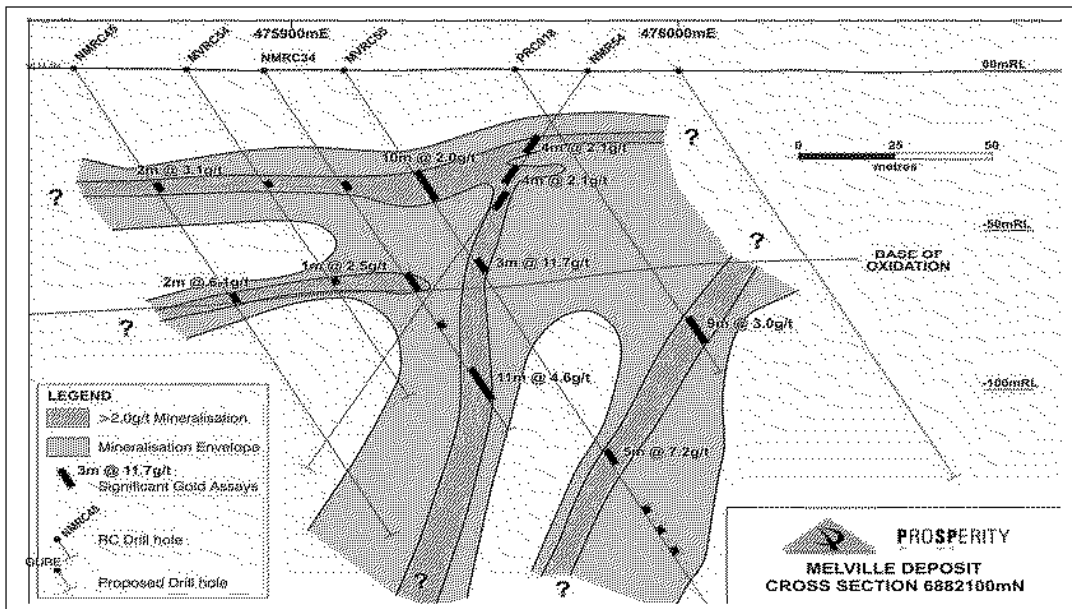
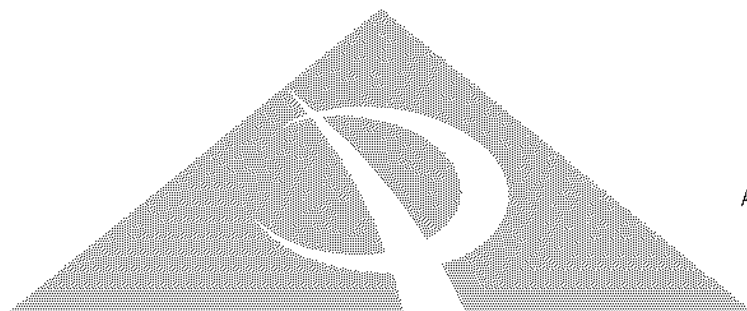


Figure 2







# PROSPERITY

Figure 3

