



HIGHLIGHTS

- **Pinang-Pinang due diligence completed and Tranche 1 expenditure completed to acquire 51% of PT MMU**
- **Multiple wide high grade gold-copper results from trenching at Pala Prospect**
- **High grade gold-copper results from trenching at the Nilam Prospect**
- **Diamond drilling underway at Pala Prospect**
- **Sale of 10% share in Masuparia project completed**

Prosperity Resources Limited
100 Parry St
PERTH WA 6000
ABN 60 103 280 235

PO Box 7516
Cloisters Square
PERTH WA 6850
Tel: +618 9322 7575
Fax: +618 9322 9485

Website: www.prosperity.net.au
Email: info@prosperity.net.au

Share Registry Enquiries:
Computershare Investor Services
Level 2
45 St Georges Terrace
PERTH WA 6000
Tel: +618 9323 2000
Fax: +618 9323 2033

Capital Structure:
ASX Listed Shares: 207M
ASX Unlisted Options: 80M

ASX Code:
PSP – ordinary shares

Directors:
Mo Munshi
Chairman/Managing Director

John Arbuckle
Non-Executive Director

Sebastian Hempel
Non-Executive Director





Projects

**Pinang-Pinang (Prosperity right to acquire 73%)
Pala and Nilam Prospects**

Gold – Copper

During the quarter, Prosperity completed detailed geological mapping, soil sampling and a ground magnetic survey (Figure 1) at the **Pinang-Pinang gold-copper project** in the Aceh Province, Indonesia.

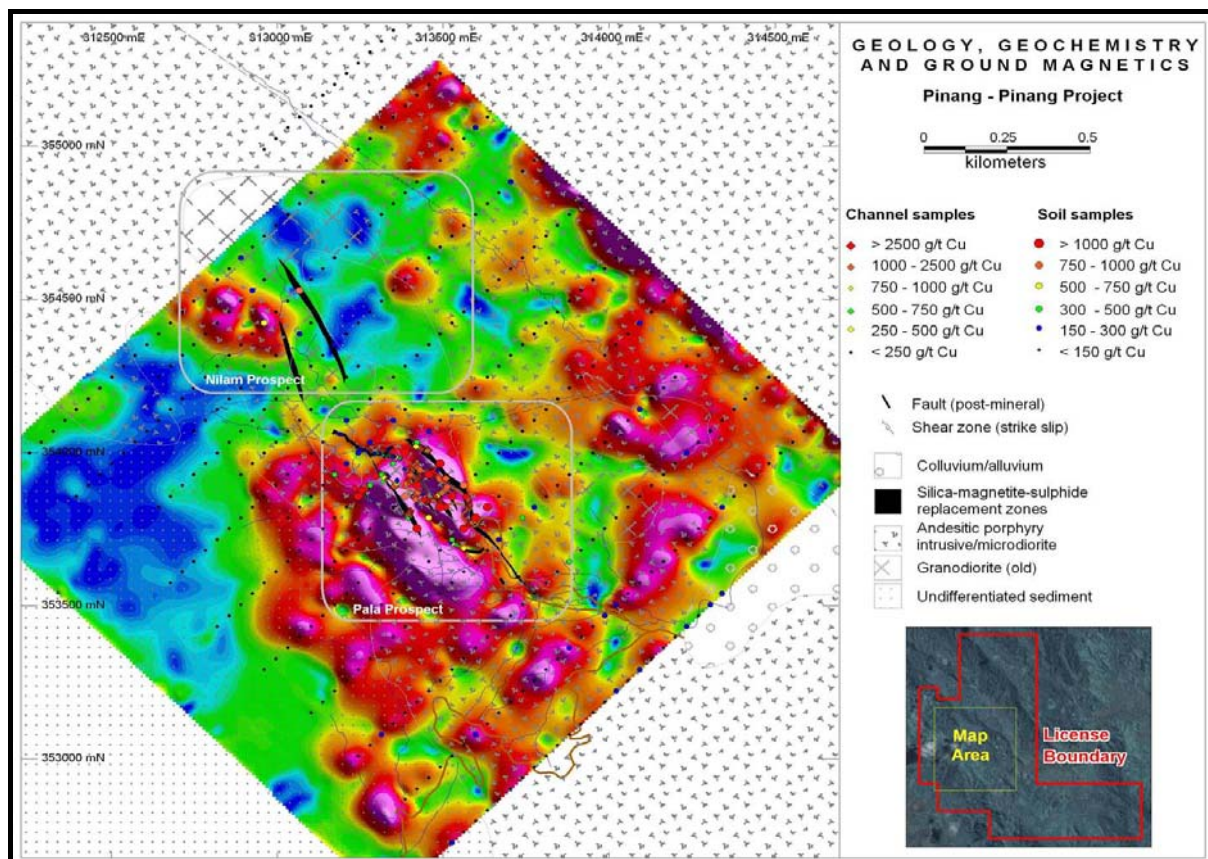


Figure 1. Ground Magnetic Survey at Pinang-Pinang

The work focussed on the previously known **Pala** area and the newly defined **Nilam** Prospect. The soil sampling at Pala defined a bullseye shaped coherent + 1 g/t gold anomaly with values up to 10.1 g/t gold. The anomaly has coincident copper and molybdenum signatures associated with a magnetic high. The Pala anomaly is contained within and/or largely restricted to intrusive andesite porphyry and microdiorite host rocks proximal to the replacement silica-magnetite-sulphide bodies. Soil sampling and mapping has identified the Nilam Prospect which is located 300-900m north west of Pala. The soil sample values of up to 5.2g/t gold with coincident gold and molybdenum were reported for the anomaly which remains open to the north west. Mapping and prospecting around the soil anomaly has identified subcropping zones of silica-magnetite-sulphide replacement alteration, mineralised





stockwork-veined float and small outcrops containing pyrite-chalcopyrite-quartz (silica) sealed veining and fractures (Figure 2 & 3).

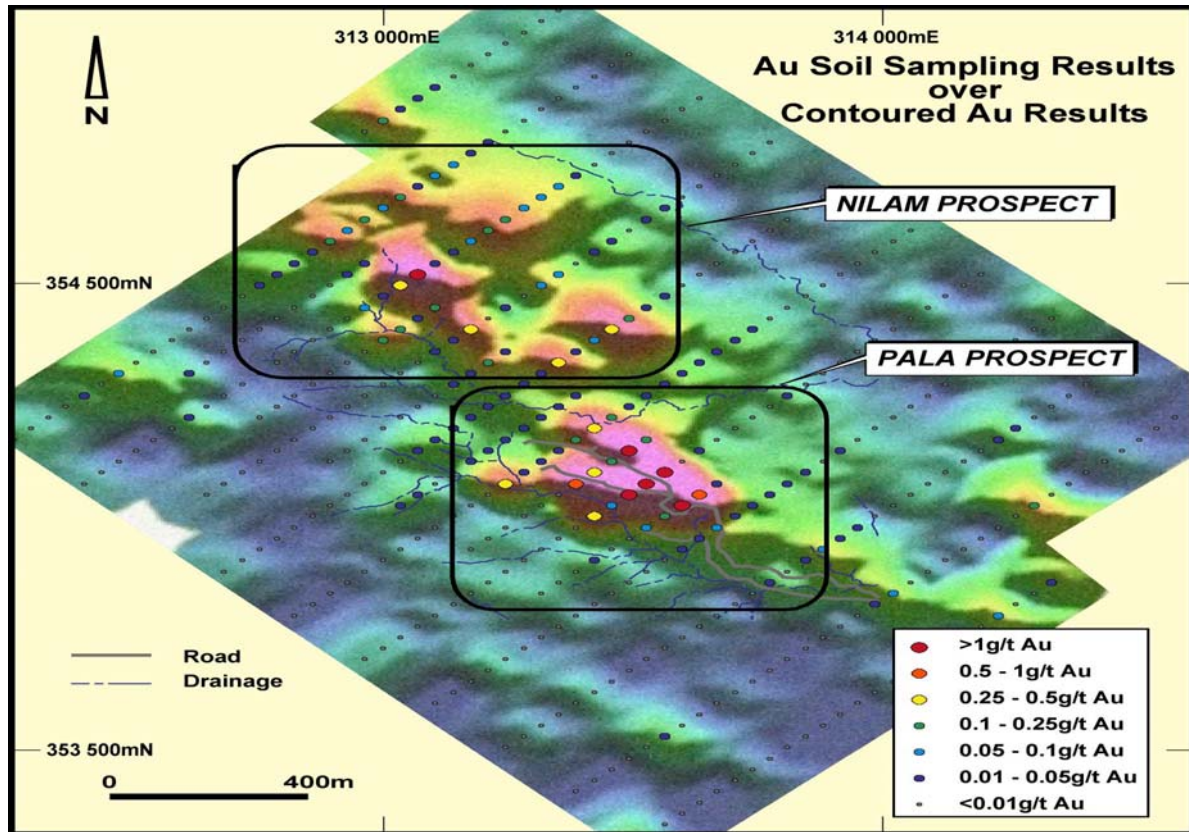


Figure 2. Gold Soil Sample Results

Trenching and sampling programmes were completed at Pala and Nilam to follow up on the encouraging results from the first pass exploration work.



Soil Sampling at Nilam



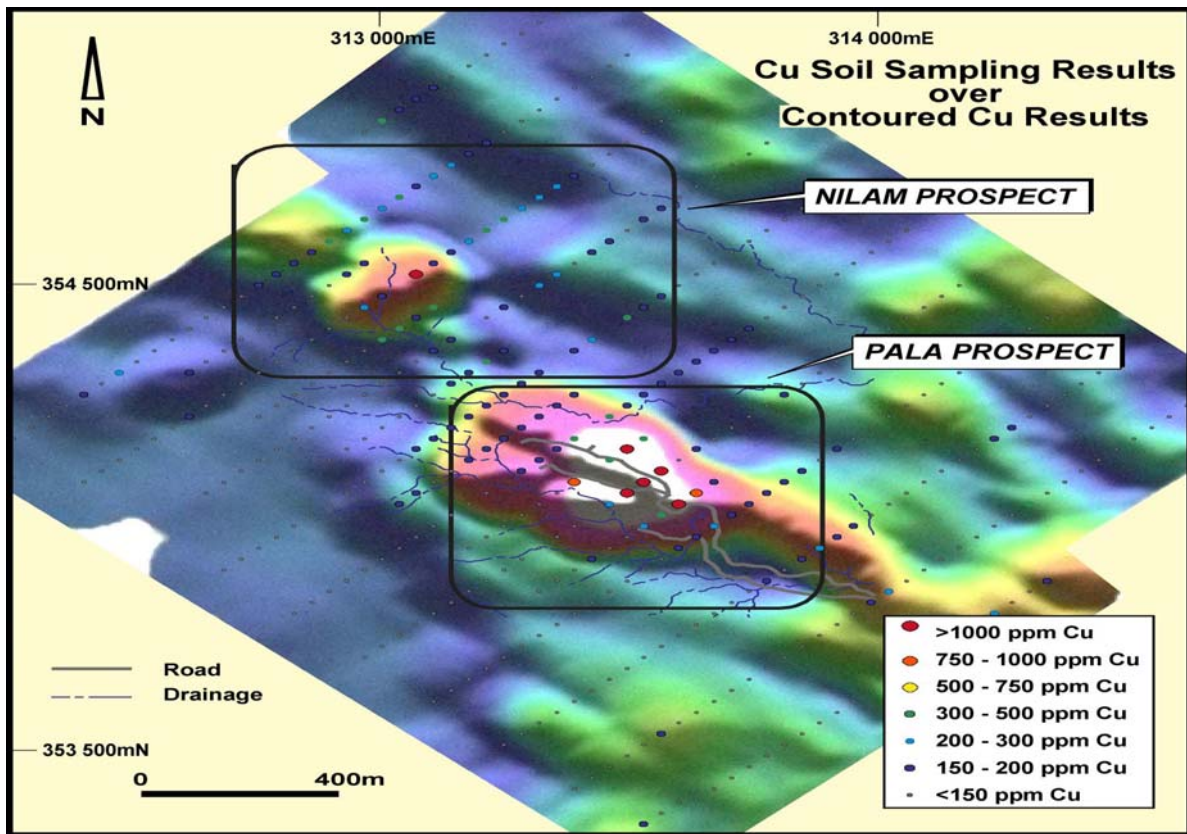


Figure 3. Copper Soil Sample Results

Trenching at the Pala Project reported highly significant surface gold plus copper mineralisation (Figure 4). The gold mineralisation (+copper) is seen to occur within a series of parallel north west trending silica-magnetite-sulphide replacement zones up to 25 metres wide and at least 400m long, and as quartz stockwork mineralisation within intrusive andesitic porphyry and microdiorite rocks that also host the silica-magnetite-sulphide replacement bodies. Together these replacement alteration zones and broader halos of stockwork veining and fracturing are interpreted to define the upper extremity of a gold-copper mineralised porphyry system.



Trenching at Pala



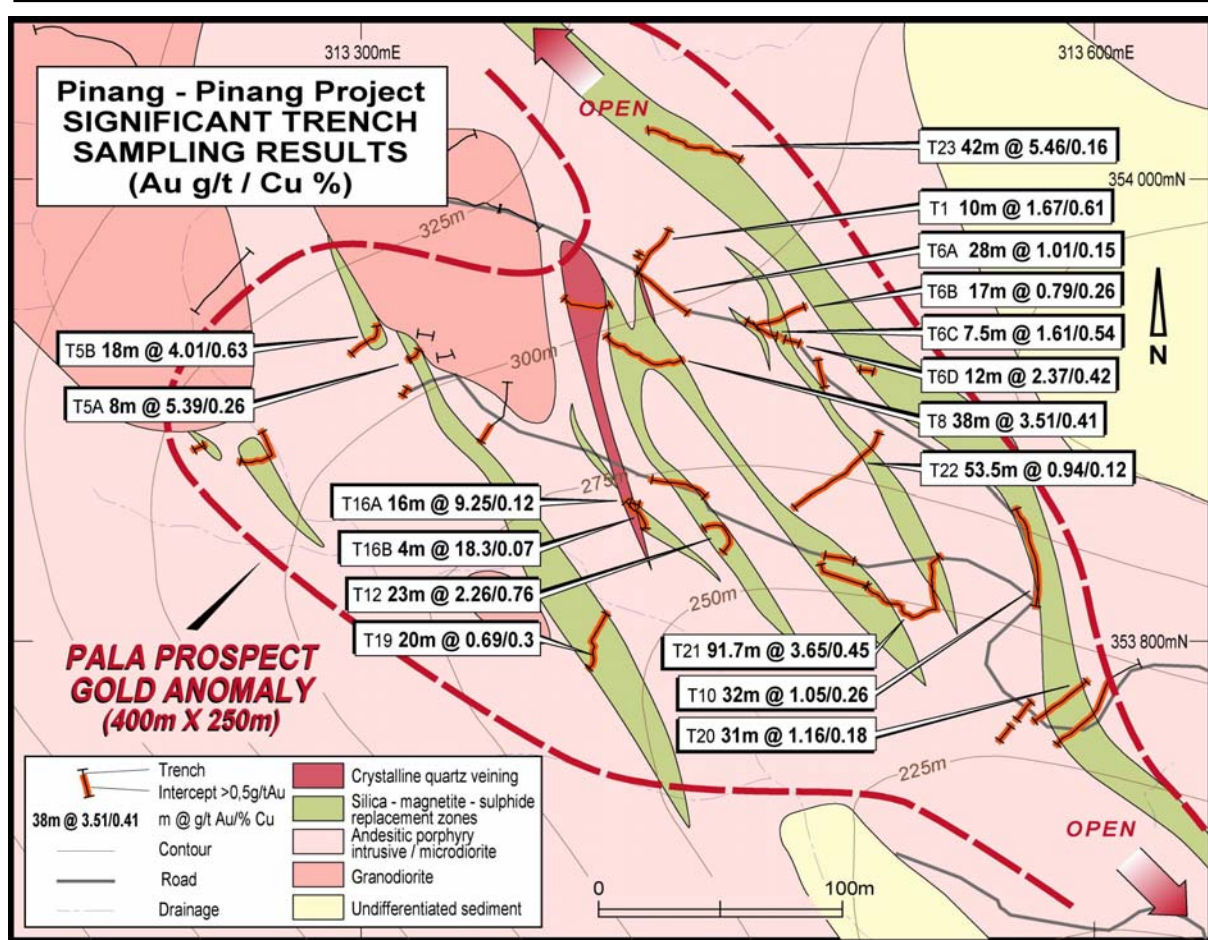


Figure 4. Prosperity Trench Results at Pala Prospect

The best trench results from Pala include:

- ▶ T5A 8m @ 5.39 g/t gold and 0.26% copper
- ▶ T5B 18m @ 4.01 g/t gold and 0.63% copper
- ▶ T8 38m @ 3.51 g/t gold and 0.41% copper
- ▶ T12 23m @ 2.26 g/t gold and 0.76% copper
- ▶ T13 20m @ 6.60 g/t gold and 0.27% copper
- ▶ T16A 16m @ 9.25 g/t gold and 0.12% copper
- ▶ T16B 4m @ 18.30 g/t gold and 0.07% copper
- ▶ T20 31m @ 1.16 g/t gold and 0.18% copper
- ▶ T21 91.7m @ 3.65 g/t gold and 0.45% copper
- ▶ T22 53.5m @ 0.94 g/t gold and 0.12% copper





The best trench results from Pala include (continued):

- ▶ T23 **42m @ 5.46 g/t gold and 0.16% copper**

The mineralised corridor at Pala remains open to the north west and south east.

A trenching programme at the Nilam Prospect was also completed during the quarter to follow up on the excellent soil results defined. The trenching in and around the Prospect has identified zones of outcropping and subcropping silica-magnetite-sulphide replacement alteration mineralisation. These zones are surrounded by intervals of quartz-sulphide±magnetite filled stockwork veining and fracture-fill in microdiorite intrusive host-rocks. This style of mineralisation is similar to that observed at the Pala Prospect. Trenching has also successfully delineated spaced intervals of structurally controlled, locally semi-massive, base metal-rich quartz-sulphide, vein hosted mineralisation in granodiorite host-rocks. This granodiorite hosted mineralisation is uncommon at Pala.

The best trench results from Nilam include:

- ▶ TN1 **24m @ 6.89 g/t gold and 0.10% copper**
- ▶ TN5 **8m @ 2.88 g/t gold and 1.30% copper**

These trench results from Nilam have extended the strike length of the mineralised corridor to 1.5 kilometres.

Drilling

Drillcorp commenced a diamond drilling program at the Pala Prospect in late August.



Five 80m spaced drill fences are proposed to test the top 80 metres of the Pala Project initially (Figure 5). Drillcorp has provided two DC27 man portable rigs for the programme (above). The programme was suspended in September for two weeks for the traditional Muslim holiday and resumed at the start of October.



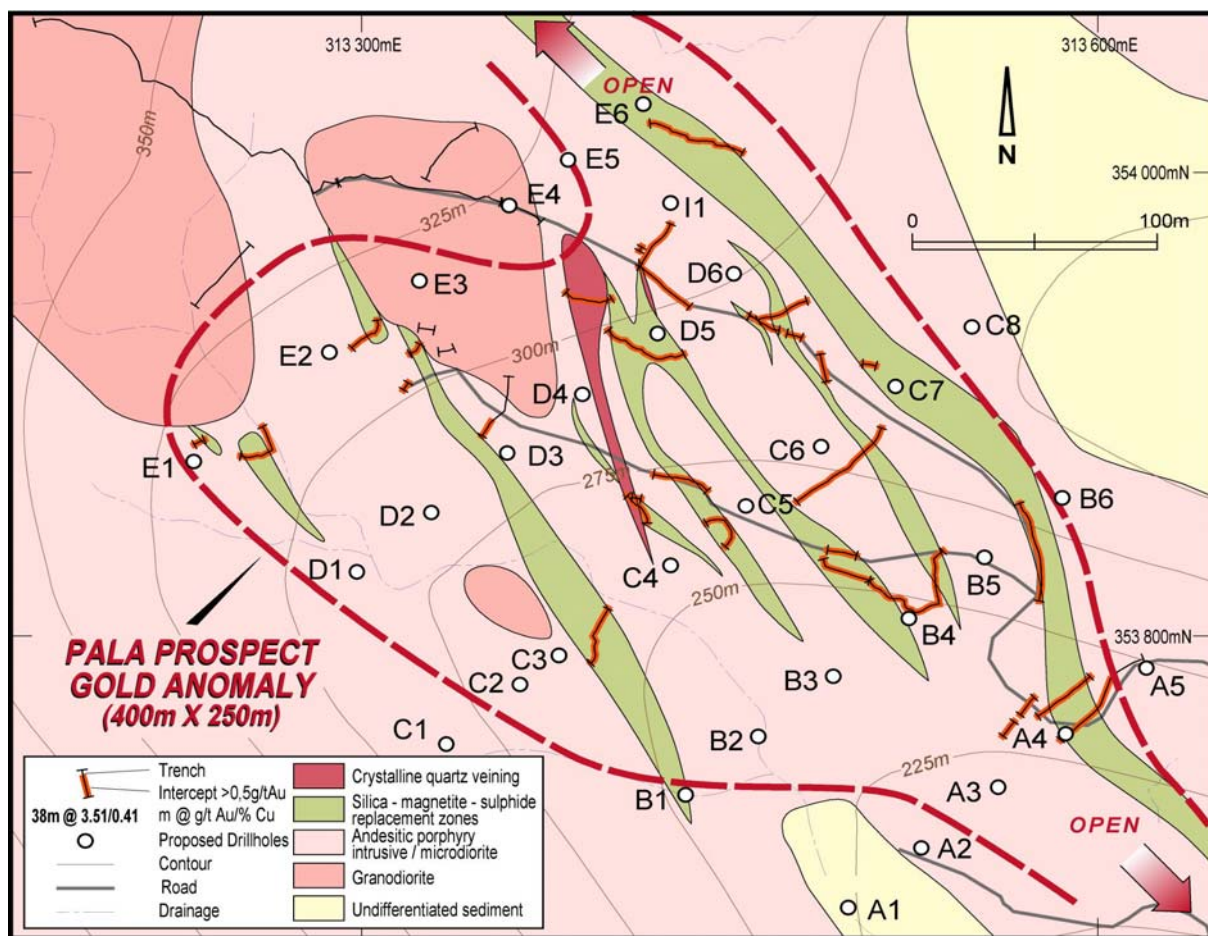


Figure 5. Pala Drilling Plan

Tennant Creek (Prosperity 100%)

Gold - Copper

Prosperity holds over 200 square kilometres of prospective land in the Tennant Creek region. A comprehensive review of the historical data for the region is underway with a view to generating an exploration plan which will be implemented in early 2010. The Tennant Creek goldfields have produced over five million ounces of gold however remains largely under explored.

Corporate

Prosperity Resources Limited is an exploration company with a strategic focus in Indonesia, specifically on the recently acquired Pinang-Pinang project in Aceh.

During the quarter, the Company established PT Prosperity Surya Persada (PT PSP) in Indonesia with our joint venture partner, PT Dana Mitra Utama.

Prosperity completed the first tranche expenditure on the Pinang-Pinang project by spending US\$500,000, which included a US\$50,000 cash payment to the vendors, PT Multi Mineral Utama (PT MMU). PT PSP is now the holder of 51% equity in PT MMU.





No exploration fieldwork was carried out at the Yalgoo or the Mt Gibson projects during the quarter and the Company is seeking expressions of interest to divest these projects.

During the quarter, the Company issued 20 million unlisted options with an exercise price of \$0.10 expiring on 31 December 2009 to two strategic investors. PSP also issued two million ordinary shares, escrowed for twelve months to Sino China Trading Ltd as a success fee for making key introductions on behalf of the Company.

Prosperity completed the sale of its 10% stake in the Masuparia gold-copper project in Central Kalimantan for US\$112,500.

For further information please contact:

Mo Munshi
Chairman/Managing Director
Prosperity Resources Limited
+86 139 1017 5192

or visit www.prosperity.net.au

Competent Person Statement: Information in this announcement that relates to Exploration Results is based on information compiled by Michael Ivey, Principal of M Ivey Pty Ltd trading as MetalsEx Capital, who is a Member of The Australasian Institute of Mining and Metallurgy. Michael Ivey is a permanent employee of MetalsEx Capital and has sufficient experience that 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 2004 JORC Code. Michael Ivey consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears.



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

PROSPERITY RESOURCES LIMITED

ABN

60 103 280 235

Quarter ended ("current quarter")

30 SEPTEMBER 2009

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--|----------------------------|--|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration | - - - (176) | - - - (939) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 13 | 61 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research & development tax refund | 278 | 278 |
| Net Operating Cash Flows | 115 | (600) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets | - - (6) | - - (71) |
| 1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets | - 130 - | - 130 - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) Exploration and evaluation | - (667) | - (3,409) |
| Net Investing Cash Flows | (543) | (3,350) |
| 1.13 Total operating and investing cash flows (carried forward) | (428) | (3,950) |

+ See chapter 19 for defined terms.

| | | | |
|------|--|-------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (428) | (3,950) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | 1,000 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 351 | 1,232 |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Proceeds for pending issue of shares | - | - |
| 1.19 | Other (Fund raising costs) | - | - |
| | Net financing cash flows | 351 | 2,232 |
| | Net increase (decrease) in cash held | (77) | (1,718) |
| 1.20 | Cash at beginning of quarter/year to date | 369 | 2,010 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 292 | 292 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|----------|--|----------------------------|
| 1.2 3 | Aggregate amount of payments to the parties included in item 1.2 | 102 |
| 1.2 4 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.2 Explanation necessary for an understanding of the transactions
5

| |
|---|
| Directors' remuneration \$24,425 Services provided by director-related entities \$77,945 |
|---|

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

| |
|-----|
| Nil |
|-----|

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

| |
|-----|
| Nil |
|-----|

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | 1,232 | 1,232 |
| 3.2 Credit standby arrangements | Nil | Nil |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 331 |
| 4.2 Development | - |
| Total | 331 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 292 | 269 |
| 5.2 Deposits at call | - | 100 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 292 | 369 |

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter | |
|-----|---|-------------------------------|----------------------------------|----------------------------|------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | E59/1159 | Surrendered | 100% | 0% |
| | | E59/1160 | Surrendered | 100% | 0% |
| | | P59/1820 | Surrendered | 100% | 0% |
| 6.2 | Interests in mining tenements acquired or increased | P59/1677 | Granted | 0% | 100% |
| | | P59/1678 | Granted | 0% | 100% |

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|-----|--|---------------|---|--|
| 7.1 | Preference | | | |
| | +securities | | | |
| | <i>(description)</i> | | | |
| 7.2 | Changes during quarter | | | |
| | (a) Increases through issues | | | |
| | (b) Decreases through returns of capital, buy-backs, redemptions | | | |
| 7.3 | +Ordinary securities | 207,075,373 | 207,075,373 | |
| 7.4 | Changes during quarter | | | |
| | (a) Increases through issues | 2,000,000 | 2,000,000 | Nil |
| | (b) Decreases through returns of capital, buy-backs | | | Nil |
| 7.5 | +Convertible debt securities | | | |
| | <i>(description)</i> | | | |

+ See chapter 19 for defined terms.

| | | | | | |
|------|---|---------------------|----------------------|-----------------------|--------------------|
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 | Options | <i>Total number</i> | <i>Number quoted</i> | <i>Exercise price</i> | <i>Expiry date</i> |
| | Unlisted (1) | 20,000,000 | - | 10 cents | 31 Dec 2009 |
| | Unlisted (2) | 250,000 | - | 30 cents | 31 Dec 2009 |
| | Unlisted (3) | 4,000,000 | - | 5 cents | 28 Feb 2010 |
| | Unlisted (4) | 10,000,000 | - | 5 cents | 31 Mar 2010 |
| | Unlisted (5) | *250,000 | - | 40 cents | 31 Dec 2010 |
| | Unlisted (6) | 3,500,000 | - | 10 cents | 28 Feb 2011 |
| | Unlisted (7) | 32,000,000 | - | 5 cents | 28 Feb 2011 |
| | Unlisted (8) | *250,000 | - | 50 cents | 31 Dec 2011 |
| | Unlisted (9) | 1,500,000 | - | 15 cents | 28 Feb 2012 |
| | Unlisted (10) | 2,000,000 | - | 12 cents | 31 Mar 2012 |
| | Unlisted (11) | 1,000,000 | - | 20 cents | 31 Mar 2012 |
| | Unlisted (12) | 1,000,000 | - | 30 cents | 31 Mar 2012 |
| | Unlisted (13) | 1,000,000 | - | 40 cents | 31 Mar 2012 |
| | Unlisted (14) | 500,000 | - | 12 cents | 31 Oct 2012 |
| | Unlisted (15) | 500,000 | - | 15 cents | 31 Oct 2012 |
| | Unlisted (16) | 100,000 | - | 15 cents | 31 Dec 2012 |
| | Unlisted (17) | 500,000 | - | 5 cents | 28 Feb 2013 |
| | Unlisted (18) | 200,000 | - | 5 cents | 28 Feb 2013 |
| | Unlisted (19) | 500,000 | - | 5 cents | 28 Feb 2013 |
| | Unlisted (20) | 500,000 | - | 10 cents | 28 Feb 2013 |
| | Unlisted (21) | *500,000 | - | 10 cents | 28 Feb 2013 |
| 7.8 | Issued during quarter | 20,000,000 | - | 10 cents | 31 Dec 2009 |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | | | | |
| 7.11 | Debentures <i>(totals only)</i> | | | | |
| 7.12 | Unsecured notes <i>(totals only)</i> | | | | |

* - not vested

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

+ See chapter 19 for defined terms.

Sign here:Date: 26 October 2009
(Company Secretary)

Print name: G Taylor

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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