



HIGHLIGHTS

- **Pinang-Pinang strike length extended to six kilometres with discovery of Jelatang Prospect**
- **Placement to North American and Asian investors raises \$1.3m**
- **Increased land holdings in Indonesia with the acquisition of two new projects in Aceh Province, Indonesia**
- **Diamond drilling commenced and is ongoing at Pala Project**
- **Exercise of 10 million options by strategic investor at \$0.10 exercise price raises \$1 million**
- **Tennant Creek exploration review underway**

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Capital Structure:
ASX Listed Shares: 242M
ASX Unlisted Options: 69.8M

ASX Code:
PSP – ordinary shares

Directors:
Mo Munshi
Chairman/Managing Director

John Arbuckle
Non-Executive Director

Sebastian Hempel
Non-Executive Director



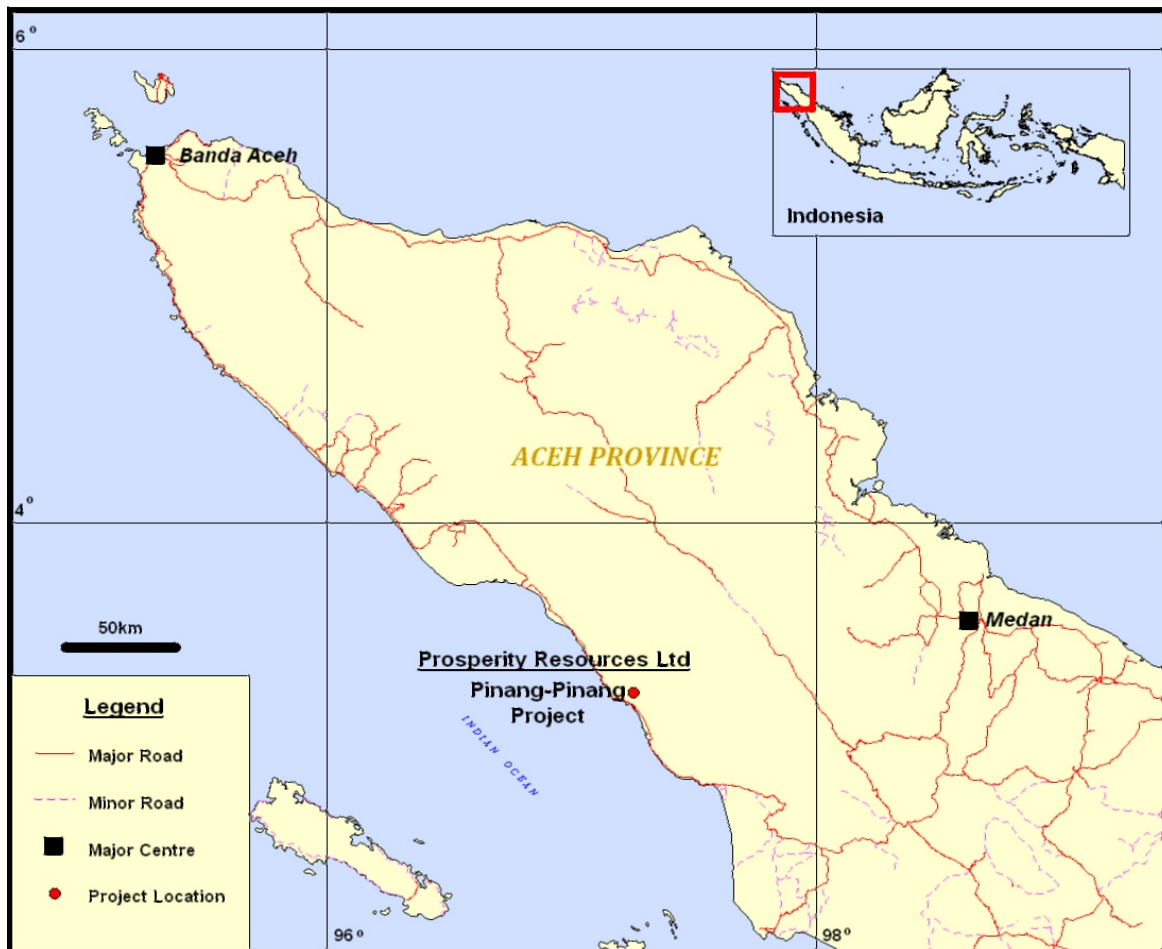


Projects

Pinang-Pinang (Prosperity right to acquire 73%) Jelatang Prospect

Gold – Copper

During the quarter, Prosperity continued its field work at the **Pinang-Pinang gold-copper project** in the Aceh Province, Indonesia.



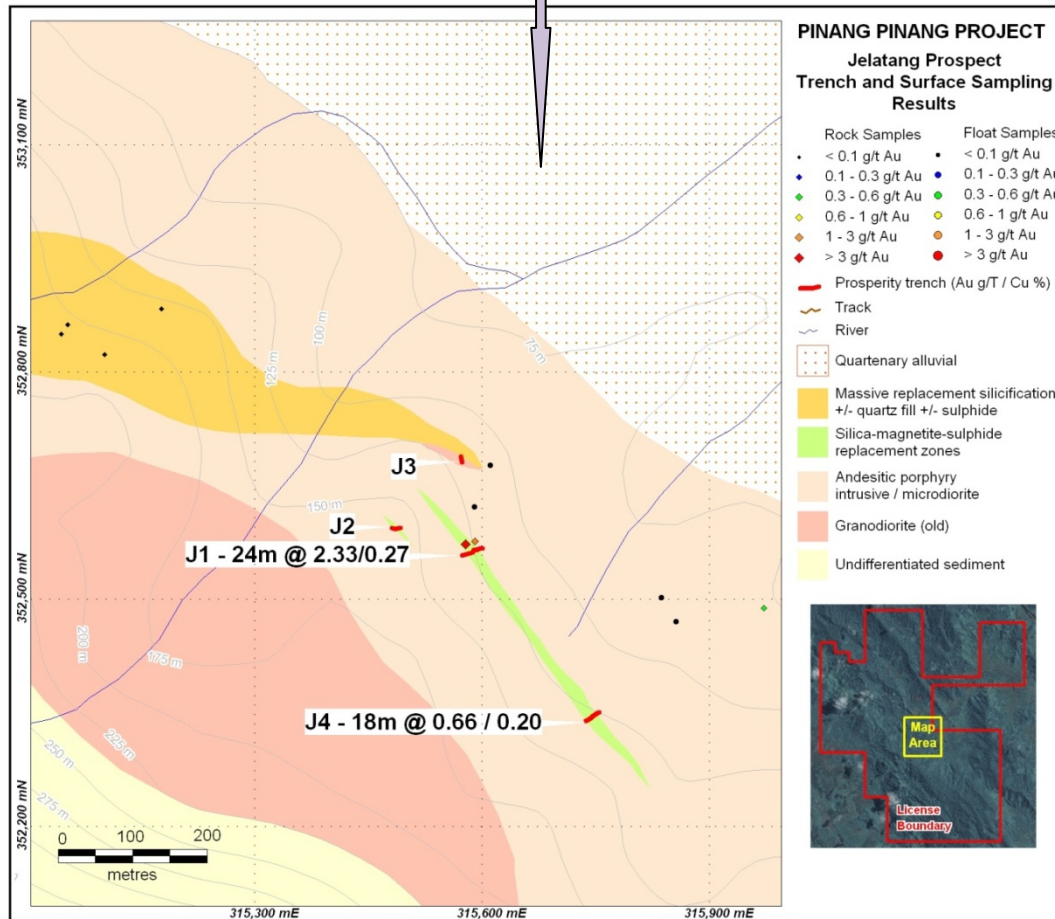
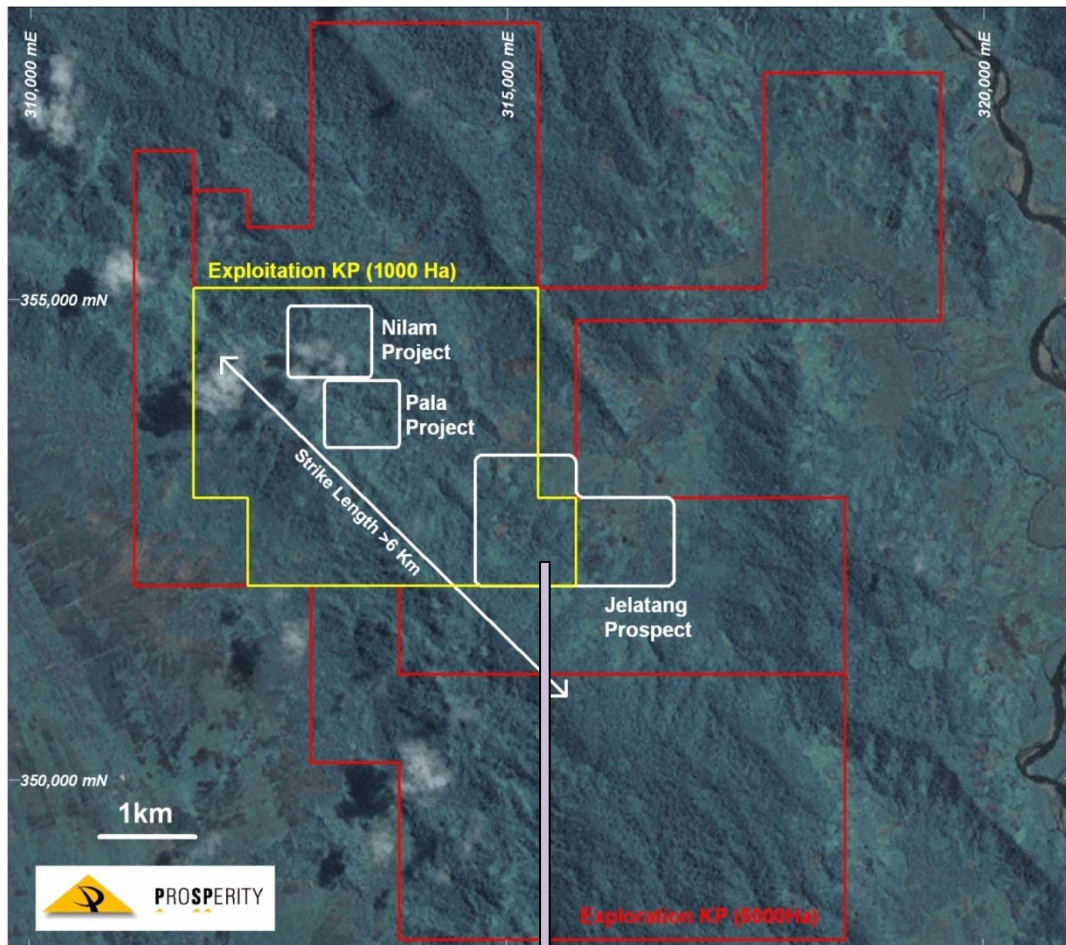
Pinang-Pinang Location map

A new gold copper mineralised intrusive centre named the Jelatang Prospect was identified through a program of mapping and sampling along the north west trending structural corridor which contains the Pala and Nilam Projects.

A program of trenching and sampling was completed with the best results from Jelatang including;

- ▶ Trench J1: **24m @ 2.32 g/t gold and 0.27% copper**
- Rock sample results include
 - ▶ **10.5 g/t gold and 0.27% copper**





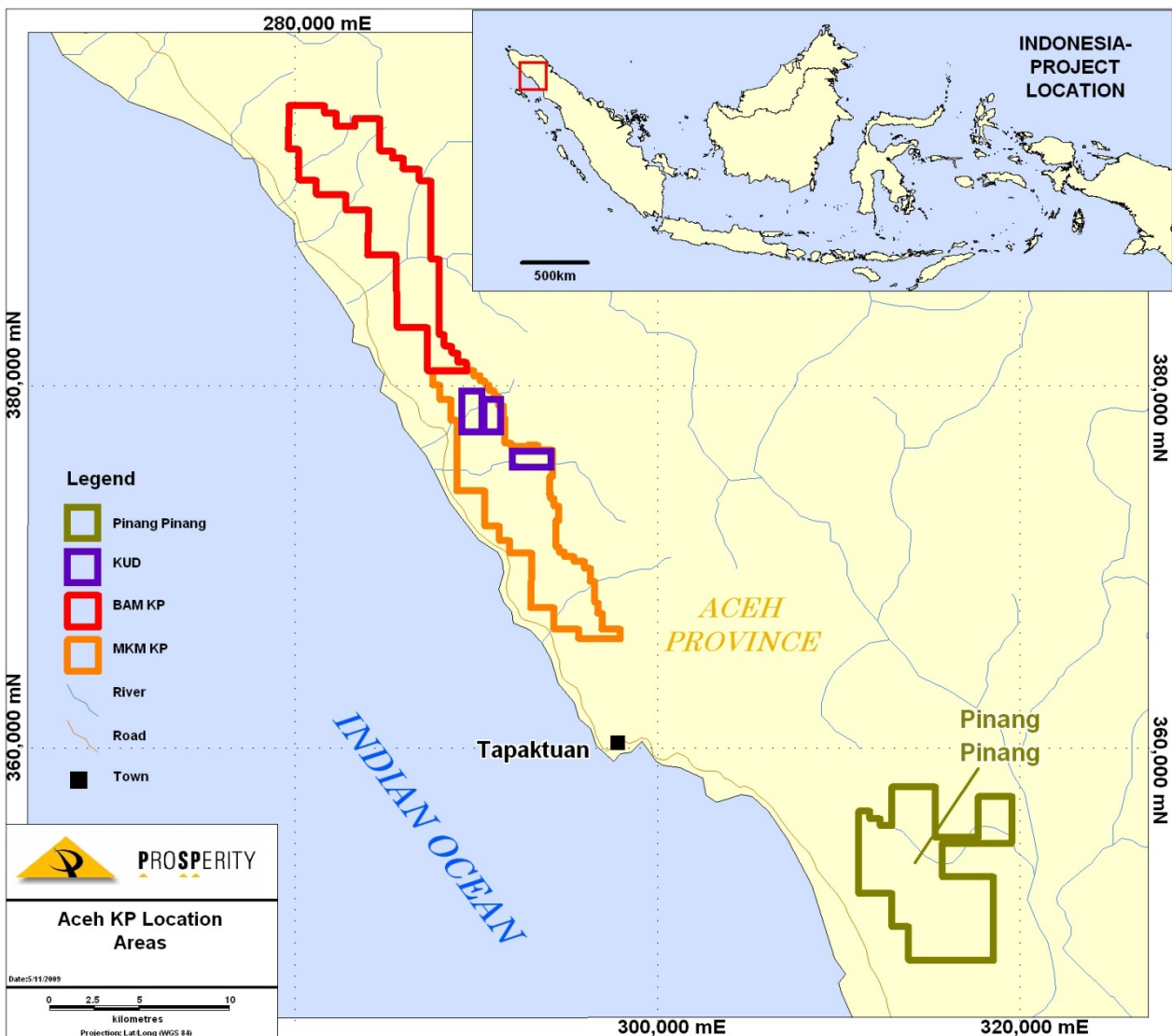


Mineralisation at Jelatang is hosted in similar microdiorite intrusive host-rocks to those that host broad intervals of gold and copper at the nearby Pala Project. Gold and copper mineralisation associated with an identical style of porphyry related silica-magnetite-sulphide replacement alteration and stockwork veining has been identified in the trenches completed to date and as float shedding off the Prospect.

The discovery of the Jelatang Prospect extends the strike length of the mineralised intrusive at Pinang-Pinang to six kilometres and is open in both directions.

PT MKM and PT BAM Acquisitions

Prosperity through its 81% owned subsidiary PT PSP reached agreement to acquire two additional 5,000ha licenses (KPs) to the northwest of Pinang-Pinang from PT Bintang Agung Mining (BAM) and the adjoining KP to the south from PT Mulia Kencana Makmur (MKM).





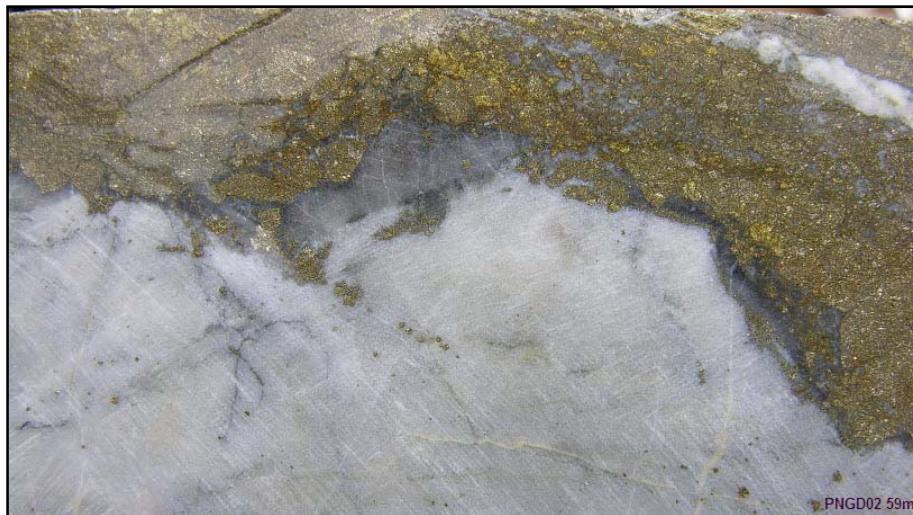
These highly prospective licenses are located within the same geological belt of island arc-related intrusive rocks between 20 and 50 kilometres from the Pinang-Pinang Project.

PT PSP has the right to earn an 80% shareholding interest in PT BAM and PT MKM through total exploration expenditure of US\$1,250,000 on each project over a two year period and issuing of ten million fully paid ordinary shares in Prosperity Resources Ltd for each project area. Due diligence on the project must be completed by 31 January 2010 and PT PSP can terminate the agreement without penalty.

The location and mapping completed indicates that the BAM and MKM license areas are highly likely to host a similar style of porphyry-related mineralisation to that being defined within the Pinang-Pinang Project area. The extensions of northwest trending geological structures and rocks similar to those within the Pinang-Pinang Project area are interpreted to continue into the PT MKM and PT BAM licences.

Drilling – Pala

Diamond drilling has continued at Pala through the quarter. A shallow scout program of 16 holes has just been completed. The results of the drilling program are being compiled and will be released shortly.

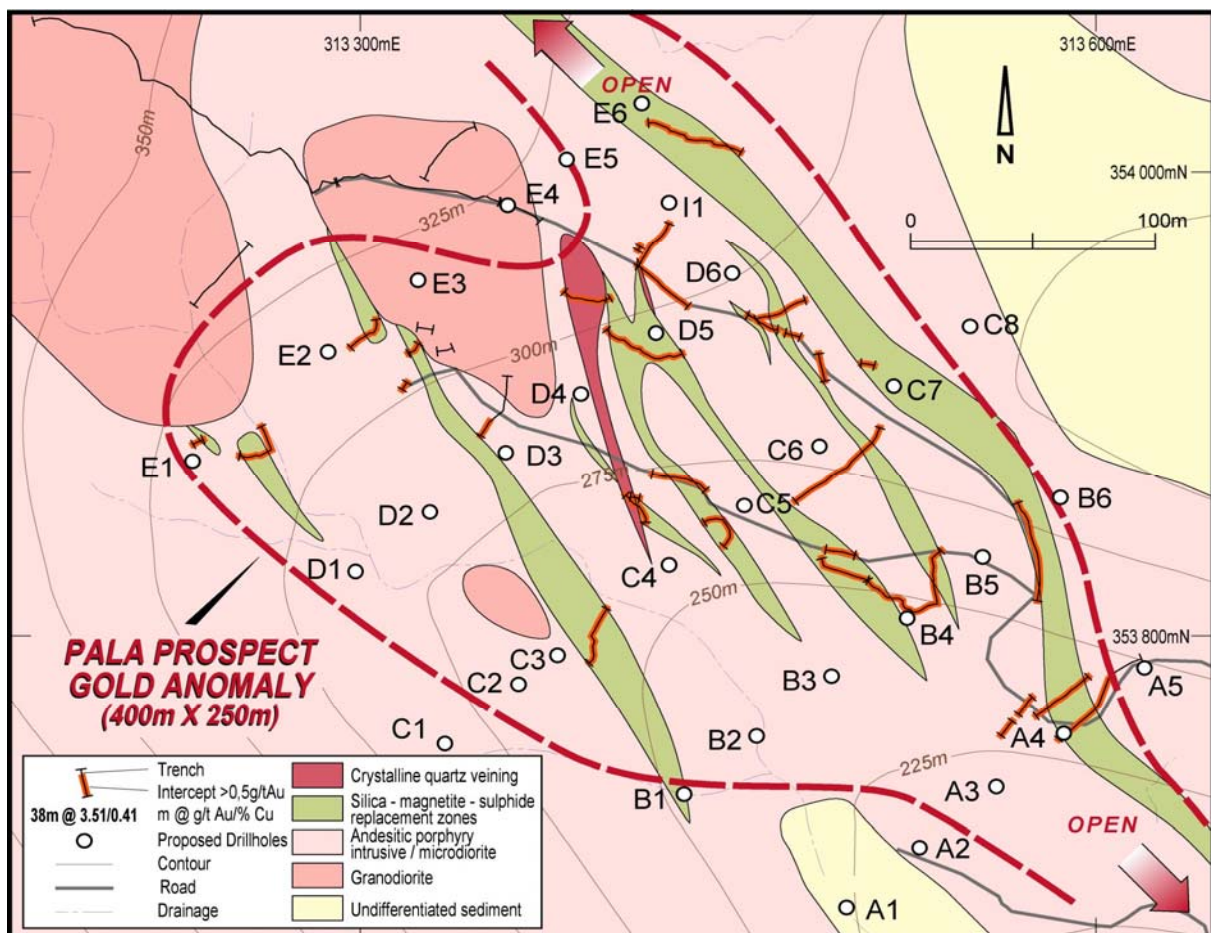


Drill core sample showing silica-pyrite/limestone (now recrystallised to marble) contact. PNGD002 depth 59.0m





Chalcopyrite and pyrite replacement in brecciated and stockwork fractured intrusive breccia margin. PNGD003 depth 68.1m



Pala Proposed Drilling Plan





Tennant Creek (Prosperity 100%)

Gold - Copper

Prosperity appointed Mr Tim Hronsky to complete an exploration review of the Company's Tennant Creek land holdings. Mr Hronsky is a geologist with over twenty years experience in mineral exploration and the mining industry and extensive knowledge of the Tennant Creek Mineral field. Mr Hronsky was a founding director of Emmerson Resources Ltd and part of the team that led the company to their ASX listing in 2007. Prosperity has over 220 square kilometres of highly prospective tenure in the underexplored Tennant Creek region

Corporate

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

Prosperity completed a share placement to key North American and Asian investors in October 2009. The placement raised \$1.3m through the issue of 8.7 million shares at an issue price of \$0.15 per share.

The Company held its Annual General Meeting on 12th November 2009. At the meeting shareholders voted in favour of the issue to various parties of 16.65 million shares and 15 million unlisted options with an exercise price of \$0.02.

A strategic Chinese investor, the Inner Mongolia Tai Xi Group agreed to exercise 10 million unlisted options with an exercise price of \$0.10 at the end of the quarter. A further 10.25 million unlisted options expired at the end of the December quarter.

A short reconnaissance trip relating to the small scale treatment of tailings and other alluvials was conducted on the Yalgoo project during the quarter. No exploration fieldwork was carried out at the Mt Gibson projects during the quarter. The Company continues to seek expressions of interest with a view to divest these projects.

For further information please contact:

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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")

31 DECEMBER 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 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	(246)	(422)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research & development tax refund	327	605
Net Operating Cash Flows	84	199
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	(6)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	130
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Exploration and evaluation	(950)	(1,617)
Net Investing Cash Flows	(950)	(1,493)
1.13 Total operating and investing cash flows (carried forward)	(866)	(1,294)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(866)	(1,294)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,300	1,300
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	314	665
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	1,614	1,965
	Net increase (decrease) in cash held	748	671
1.20	Cash at beginning of quarter/year to date	292	369
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,040	1,040

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	39
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 \$15,000

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

The Company issued 4,650,000 ordinary fully paid shares to R&K Global Finance Ltd in lieu for services provided from March to September 2009.

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	1,546	1,546
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	349
4.2 Development	-
Total	349

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	527	292
5.2 Deposits at call	513	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,040	292

+ 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	P59/1816	Relinquished	100%	-
6.2	Interests in mining tenements acquired or increased	PT MKM PT BAM	Option to acquire Option to acquire	- -	Option Option

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 (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	242,425,373	242,425,373	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	35,350,000	35,350,000	
7.5	+Convertible debt securities (description)			

+ 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)	4,000,000	-	5 cents	28 Feb 2010
	Unlisted (2)	10,000,000	-	5 cents	31 Mar 2010
	Unlisted (3)	10,000,000	-	2 cents	30 Sep 2010
	Unlisted (4)	*250,000	-	40 cents	31 Dec 2010
	Unlisted (5)	3,500,000	-	10 cents	28 Feb 2011
	Unlisted (6)	32,000,000	-	5 cents	28 Feb 2011
	Unlisted (7)	*250,000	-	50 cents	31 Dec 2011
	Unlisted (8)	1,500,000	-	15 cents	28 Feb 2012
	Unlisted (9)	2,000,000	-	12 cents	31 Mar 2012
	Unlisted (10)	1,000,000	-	20 cents	31 Mar 2012
	Unlisted (11)	1,000,000	-	30 cents	31 Mar 2012
	Unlisted (12)	1,000,000	-	40 cents	31 Mar 2012
	Unlisted (13)	500,000	-	12 cents	31 Oct 2012
	Unlisted (14)	500,000	-	15 cents	31 Oct 2012
	Unlisted (15)	100,000	-	15 cents	31 Dec 2012
	Unlisted (16)	500,000	-	5 cents	28 Feb 2013
	Unlisted (17)	200,000	-	5 cents	28 Feb 2013
	Unlisted (18)	500,000	-	5 cents	28 Feb 2013
	Unlisted (19)	500,000	-	10 cents	28 Feb 2013
	Unlisted (20)	*500,000	-	10 cents	28 Feb 2013
7.8	Issued during quarter	10,000,000	-	2 cents	30 Sep 2010
7.9	Exercised during quarter	10,000,000	-	10 cents	31 Dec 2009
7.10	Expired during quarter	10,000,000 250,000	- -	10 cents 30 cents	31 Dec 2009 31 Dec 2009
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

* - 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: 22 January 2010
(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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