



11th October 2011

DRILLING COMMENCED AT KUINI PROSPECT IN ACEH

Highlights:

- Prosperity has commenced an initial 1,500 metre drilling program at gold copper Project in Aceh, Indonesia.
- Drilling program at Kuini Prospect to target identified magnetic high and to follow up hole PNGD017 which finished in mineralisation with the last 17 metres returning an intercept of 1.27g/t gold and 0.7% copper (released 8th July 2010).
- Prosperity controls a 410 km² land package with 60 kilometres of strike to the west of the Sumatra fault in the highly prospective underexplored region of southern Aceh.

Prosperity Resources Limited (ASX: PSP) is pleased to announce that drilling has commenced at the Kuini Prospect in southern Aceh. The drilling program is planned to test along strike from the Jelatang Prospect to the south east. The two holes drilled in the Jelatang Prospect intersected significant gold and copper mineralisation in microdiorite intrusive associated with massive magnetite endoskarn with one hole finishing in mineralisation .

The Kuini Prospect is one of eight known porphyry intrusive and related skarn targets recognised along 60 kilometres of strike length in Prosperity's 410 square kilometre Aceh Project.

Chairman Mr. Mo Munshi said "we are pleased to be finally drilling at the Kuini Prospect after almost twenty months delay. We have worked through the issues with the local community and are now looking forward to testing the Kuini magnetic target. This is the first opportunity to test a magnetic high from the 3D magnetic modeling work completed earlier in the year. The outcomes are important because if mineralization is successfully delineated it will firm up a number of other potential magnetic targets for similar exploration in the near region".

ASX: PSP

SHARE INFORMATION

Issued Shares: 344.50m
Unlisted Options: 19.95m

BOARD OF DIRECTORS

Chairman & MD: M. Munshi
Non-Exec: J. Arbuckle
Non-Exec: S. Hempel
Non-Exec: M. Habriansyah

COMPANY SECRETARY

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KEY PROJECTS

ACEH

Ownership: earning 73%
Location: Aceh, Indonesia

TENNANT CREEK

Ownership: 100%
Location: NT, Australia



Figure 1: Drill rig set up and ready to commence drilling on hole PNGD020. There is current surface mining activity being undertaken at the site within the Prosperity IUP.

Kuini 3D Magnetic Modelling

The helicopter borne magnetic data has been processed to produce a 3D inversion model of the magnetic susceptibility of the region and a detailed model of the Kuini Project area to assist in definition of the larger magnetite skarn zone target determined from the completed drilling at Jelatang. These models are shown in the figures below.

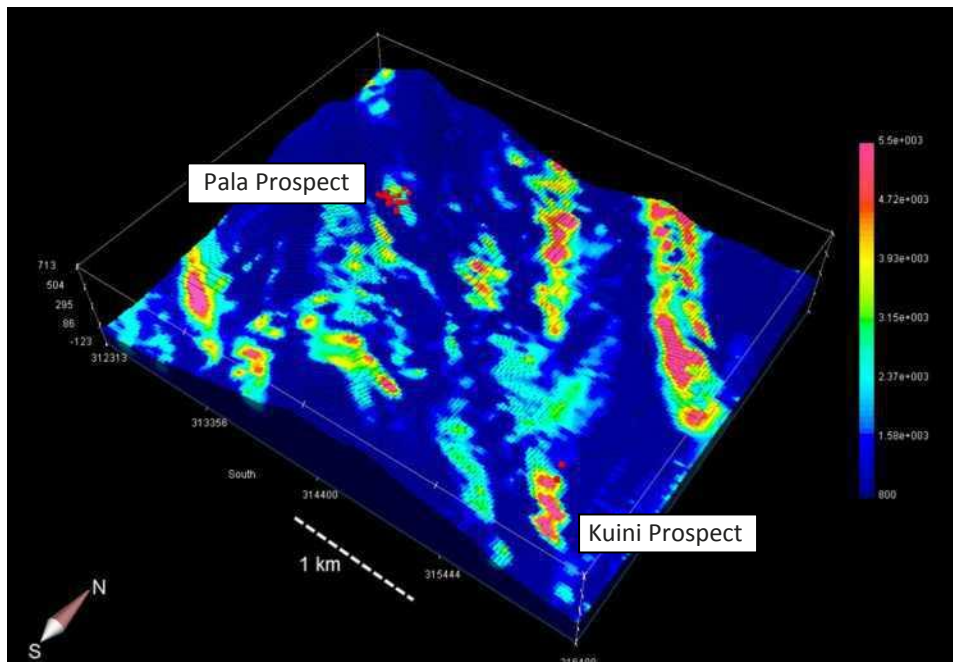


Figure 2: Oblique view of magnetic inversion model showing completed drill holes at Pala and Jelatang (red dots) in relation to magnetic anomalies defined from helicopter borne survey.

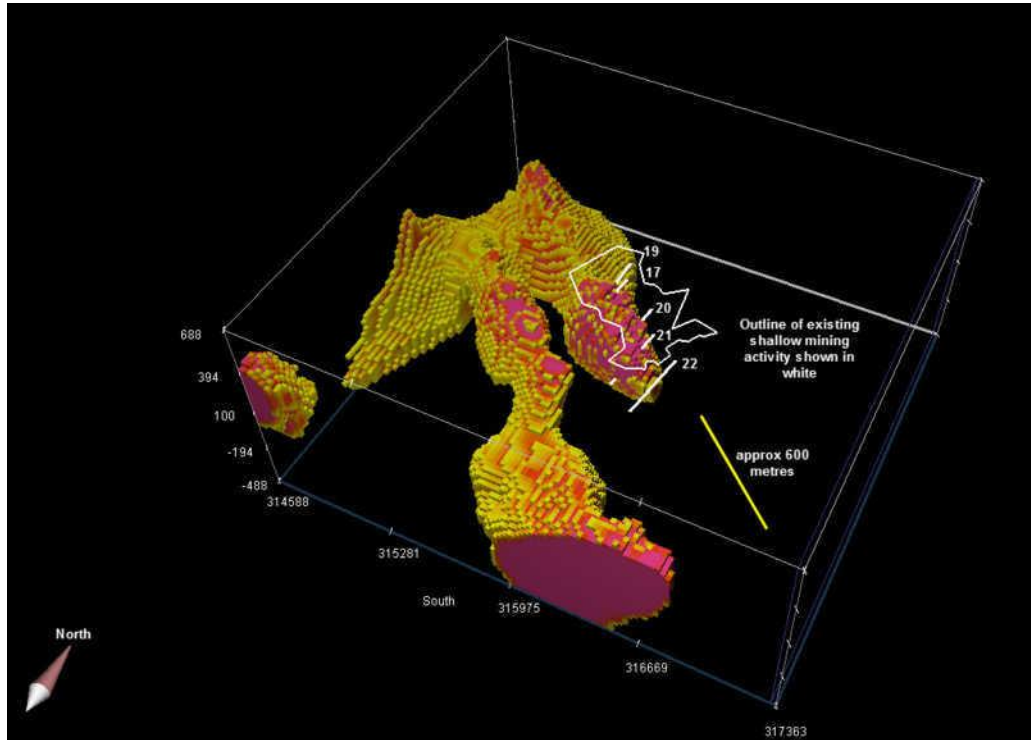


Figure 3: Inverted 3D block model of magnetic susceptibility from helicopter borne TMI magnetic data. Location of holes undertaken at Jelatang (17 & 19) and provisionally proposed at Kuini (20-22) shown as white lines passing through magnetic body. The length of the target body is approximately 600 metres.

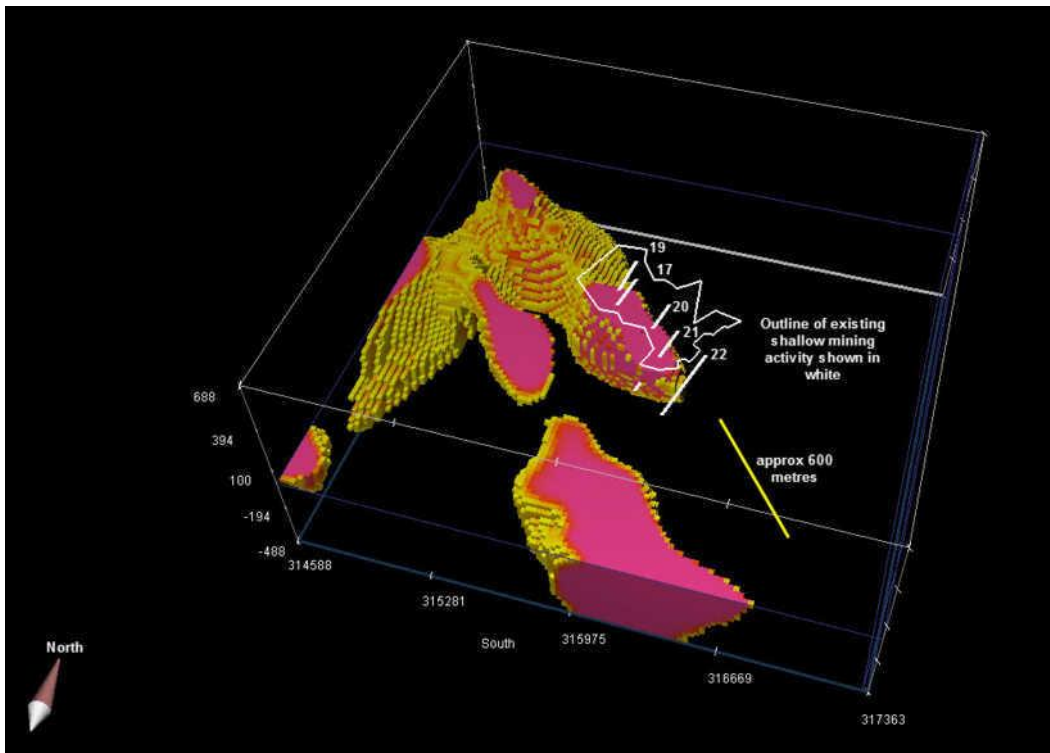


Figure 4: A depth slice at approximately 100 metres below ground showing proposed drill hole paths into magnetic target. Provisional Hole 22 is designed to test the contact zone of the magnetic body and limestone units which have been mapped in the field. The image also shows a number of other potential target sites but the nature and cause of these magnetic bodies has not yet been resolved in the field.

Geology and Site Setting.

The recognised mineralisation at the site is characterised by a strong magnetic signature related to magnetite bearing microdiorite intrusives incorporating magnetite-rich Cu-Au bearing endoskarn. The site also contains sedimentary units including sandstone, dark carbonaceous mudstone and limestone units in structural contact with fine to medium grained granodiorite and the mineralized intrusive microdiorite. Silica-magnetite veins cut the sediments in some locations and silica-pyrite alteration is locally abundant.

Mapping is largely confined to exposure available in areas contained within the Prosperity ATP IUP being exploited for hematite ores derived from surface oxidised magnetite skarn. The area subject to this mining and the exposure made by access tracks serving this mining is shown in Figures 5 and Figure 6 below. Drilling will test the skarn mineralisation both shallowly and at depth and assess possible connections to a source body at depth.



Figure 5: View of surface outcrop of Kuini skarn fully contained within Prosperity’s ATP IUP. The magnetic expression of this zone extends for some 600-650 metres along the trend of the cleared ridge line.



Figure 6: Massive outcropping oxidized skarn (largely hematite after magnetite) being exploited for its Fe-ore content at Kuini. Prosperity has access to the site to drill. Composite chip samples being collected across magnetite body by Prosperity staff. Analytical results from this sampling will be released when received from the laboratory.

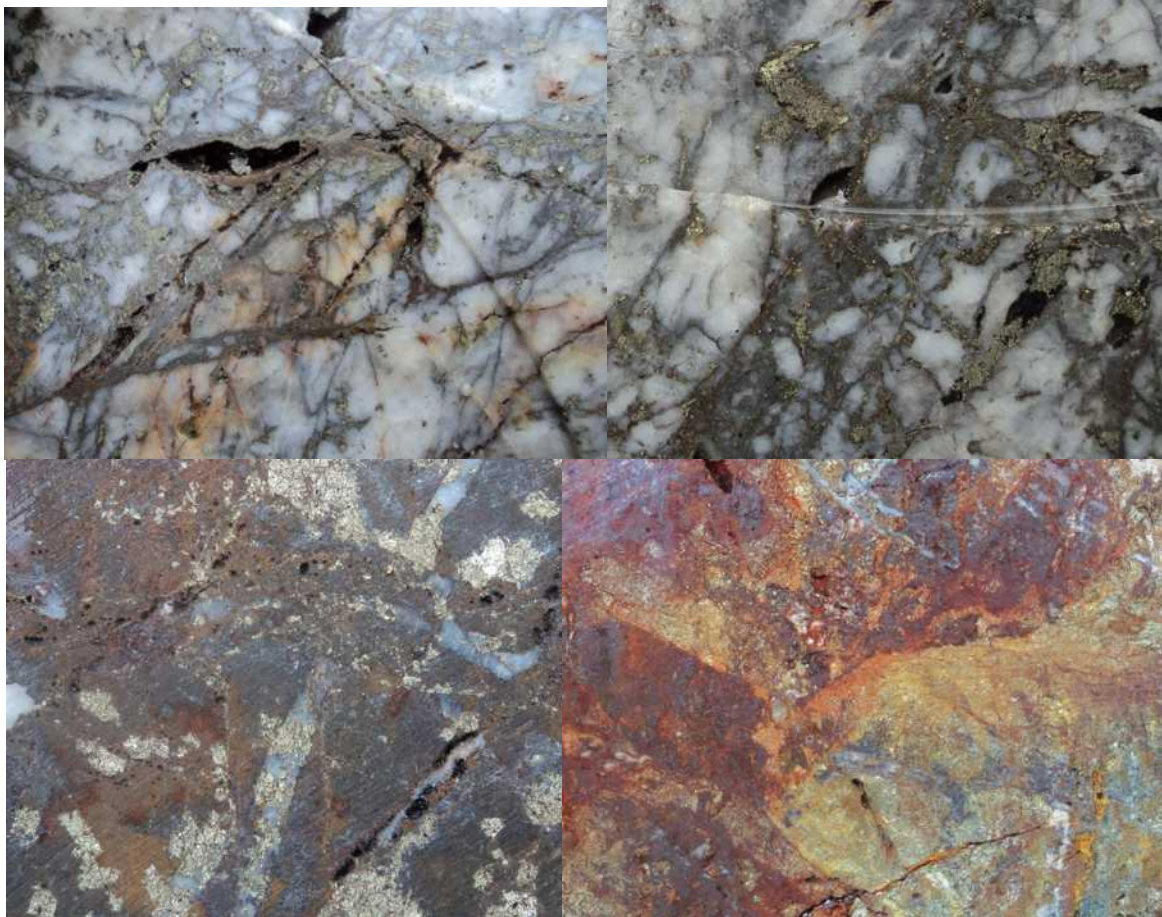


Figure 7: Examples of silica-pyrite alteration overprinting microdiorite from surface workings. Pyrite persists in the oxidized magnetite bearing skarn rock and microdiorite. Examples of primary Cu-magnetite mineralisation from drilling at Jelatang were shown in the last release.

Drilling Program

Drill hole sites and forward strategy are provisional and may change based on outcomes as the program advances. Future holes will be positioned to best exploit information obtained including undertaking shallow drilling. The first hole in the present campaign (PNGD020) is designed primarily to assist in geological interpretation of the site, to verify the interpretation and location of the causative magnetic body derived from the 3D magnetic inversion model and as a test of the size and character of any skarn or other mineralised body intersected at depth.

Evidence that could demonstrate the potential for a porphyry system at depth as a source for the skarn alteration and mineralisation is an objective of the deeper drilling and is considered as one possible outcome. This objective has not been clearly demonstrable in surface exploration or shallow drilling undertaken to date at Jelatang or the nearby Pala Prospect, another similar skarn occurrence.

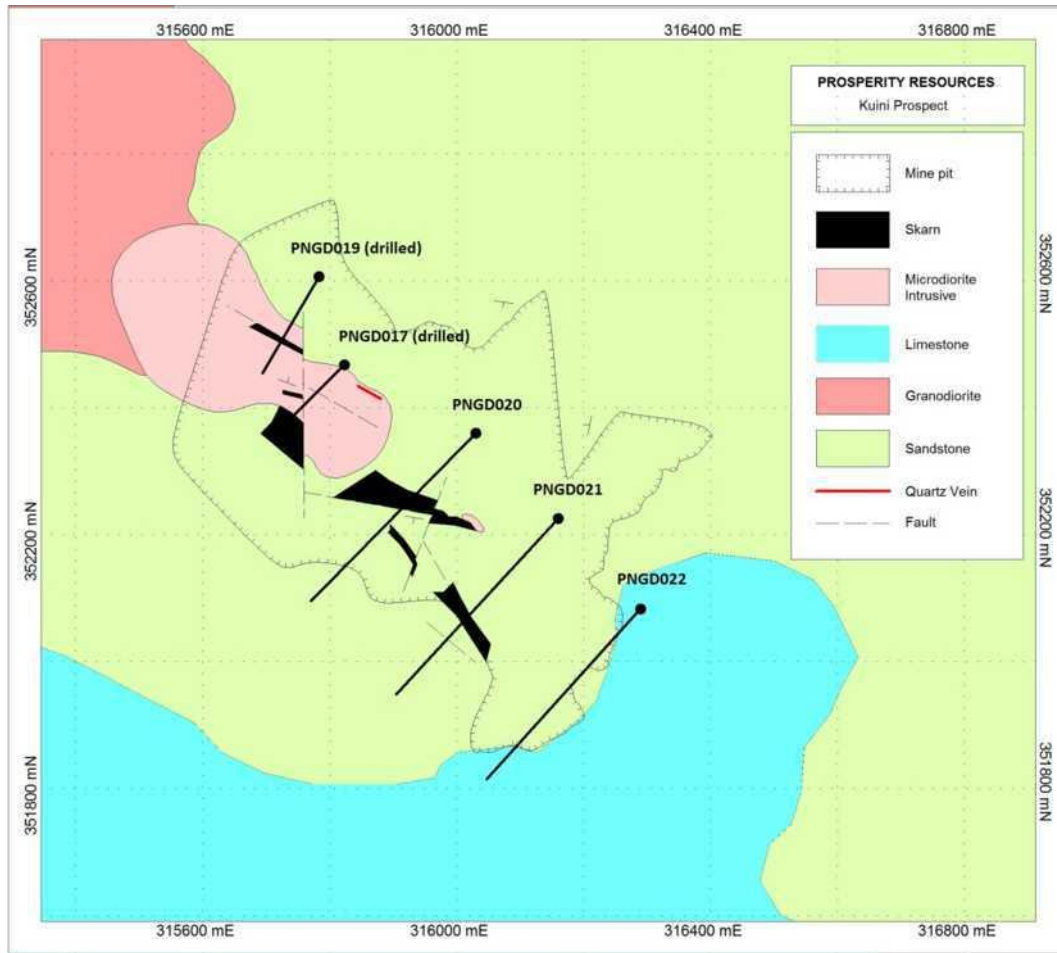


Figure 8: Summary of surface geology from exposure in mining area. Mine pit boundary also includes access roads and other work areas.

For further information please contact:

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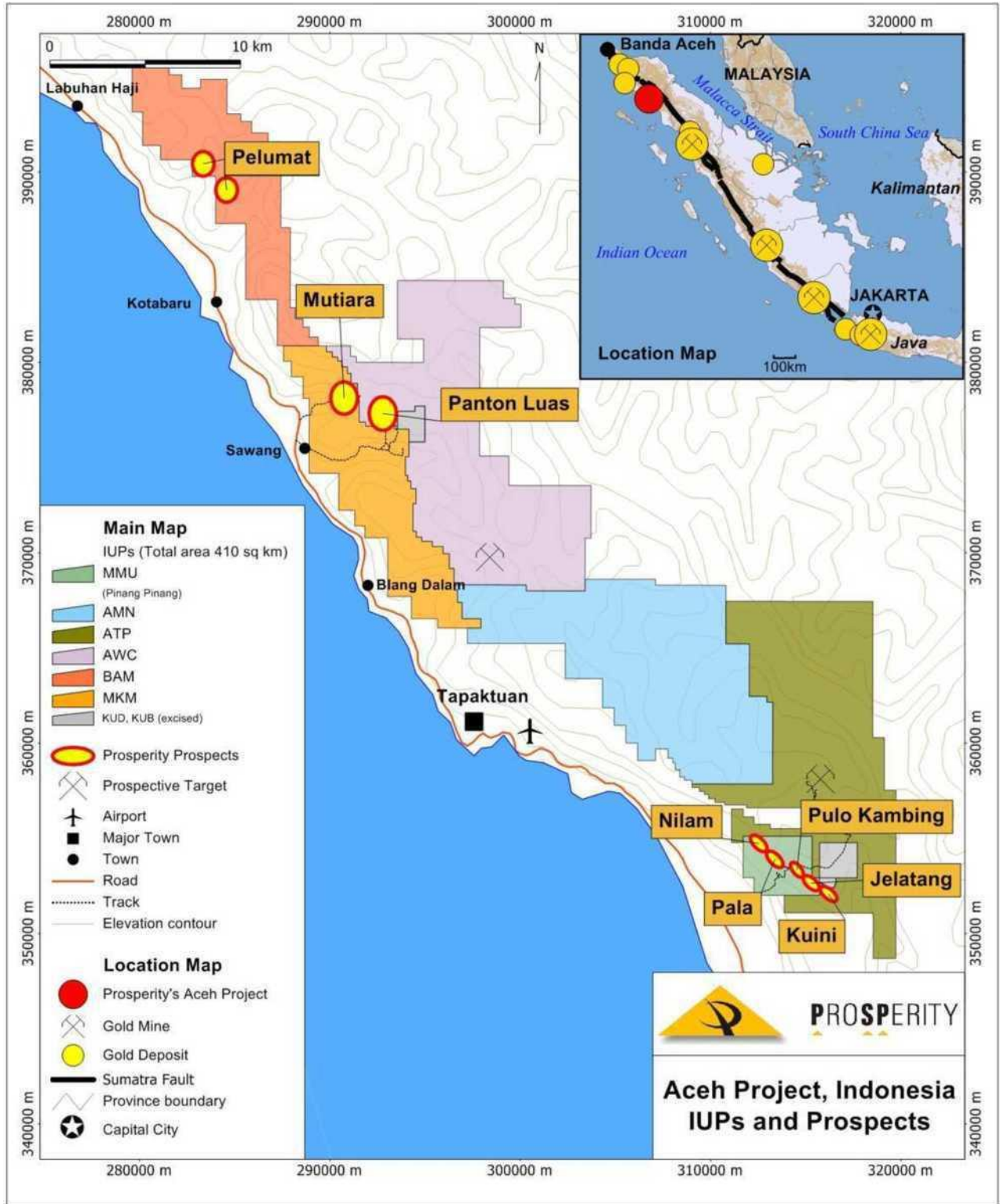
Competent Person Statement

The exploration activities and results contained in this report have been reviewed by Dr. Neil F. Rutherford. Dr Rutherford is a Fellow of the Australian Institute of Geoscientists and is a full time employee of Rutherford Mineral Resource Consultants, mineral industry consultants. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

This review and comments by Dr Rutherford incorporated in the release text are based upon field inspection of the Pinang Pinang Project area, Aceh, during 2010 and 2011 along with input from his associates who have worked on the property. All of the significant information reported herein was available to Dr Rutherford and was reviewed for this release. Dr. Neil Rutherford has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.



PROSPERITY



Prosperity's IUP Locations