



22nd February 2011

**PROSPERITY GENERATES FURTHER ENCOURAGEMENT IN ACEH
WITH NEW PROSPECTS IDENTIFIED**

ASX: PSP

SHARE INFORMATION

Issued Shares: 309.3m
Unlisted Options: 56.5m

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

COMPANY SECRETARY

G. Taylor

PRINCIPAL CONTACT

Mo Munshi – Chairman & MD
Phone: +61 414 549 329
+86 139 1017 5192

WEBSITE

www.prosperity.net.au

REGISTERED OFFICE

100 Parry St
Perth, WA, 6000
Phone: +61 (8) 9322-7575
Fax: +61 (8) 9322-9485
E: info@prosperity.net.au

KEY PROJECTS

ACEH

Ownership: earning 73%
Location: Aceh, Indonesia

TENNANT CREEK

Ownership: 100%
Location: NT, Australia

- Helimag survey 3D inversion modelling results highlight depth continuity of potential gold/copper porphyry prospects outlined to date in the Aceh Project.
- This 3D inversion modelling has also identified a number of new targets to be subjected to follow-up ground checking.
- Drilling is in progress at Panton Luas with two rigs on site. A total of 14 holes are initially planned in the current drilling program at the Panton Luas, Mutiara and Pelumat Prospects.

Prosperity Resources Limited (ASX: PSP) is pleased to provide the 3D inversion modelling results from the exciting Aceh Project in Indonesia.

Prosperity controls a 410km² contiguous tenement position along a 60 km structural corridor to the west of the Sumatra Fault considered highly prospective for gold/copper mineralisation. The recently completed helicopter borne magnetic survey has identified several potential porphyry centres and high grade skarn occurrences.

Prosperity Resources completed a helicopter airborne magnetic survey of its Aceh licences in the latter part of last year to guide its regional exploration and has previously released plans of some of the magnetic information. Since the acquisition of this information, Prosperity has undertaken 3D inversion modelling of the magnetic data to further assist in interpretation and to focus field geological reconnaissance mapping and sampling activities. The integration of the magnetic and field data has aided both geological and magnetic interpretation and refined understanding of the mineralisation controls and its setting.

This release presents magnetic 3D inversion data for the Panton Luas, Mutiara, Pelumat, Pala and Kuini prospects from which information on geology, geochemistry and in the case of Pala and Kuini also drilling results have previously been reported. This release only includes prospects which fall within the western portion of the Prosperity licences as there is a commonality in geological style in this zone, namely an abundance of contact skarn related to altered and mineralised microdiorite intrusives.



The information is shown as slices through block models to illustrate the depth characteristics of the anomalies at the locations of the prospects. It is proposed to release data from areas which fall in the eastern portion of the licences, which show characteristics which appear distinctly different in geological character, once this interpretation is complete. These eastern anomalies appear to be related to discrete magnetite-rich intrusive bodies with significant depth continuity. These are however as yet unassessed in the field but are scheduled for reconnaissance investigation and sampling over this field season.

The block modelling was undertaken specifically to resolve the distribution characteristics of variations in magnetic susceptibilities of rock in the top 300-400 metres below surface as this is the initial depth range proposed for early stage drilling. By limiting the depth processed in the inversion, smaller model blocks can be used enabling better resolution of susceptibility distribution in the shallower material (University of British Columbia inversion software was used).

For deeper assessment, the models can be re-run with different block start parameters to define magnetic continuation characteristics at greater depths. In some cases the figures illustrate the relationship between adjacent prospects or highlight areas that have not had specific ground studies undertaken yet in proximity to those to be drill tested over the next few months. As drilling progresses and understanding of the regional geology advances new strategies for prospect assessment will be developed and applied in ongoing programs.

The regional reduced to pole (RTP) magnetics showing the first pass targets selected for 3D inversion modelling of magnetic data is shown in Figure 1.

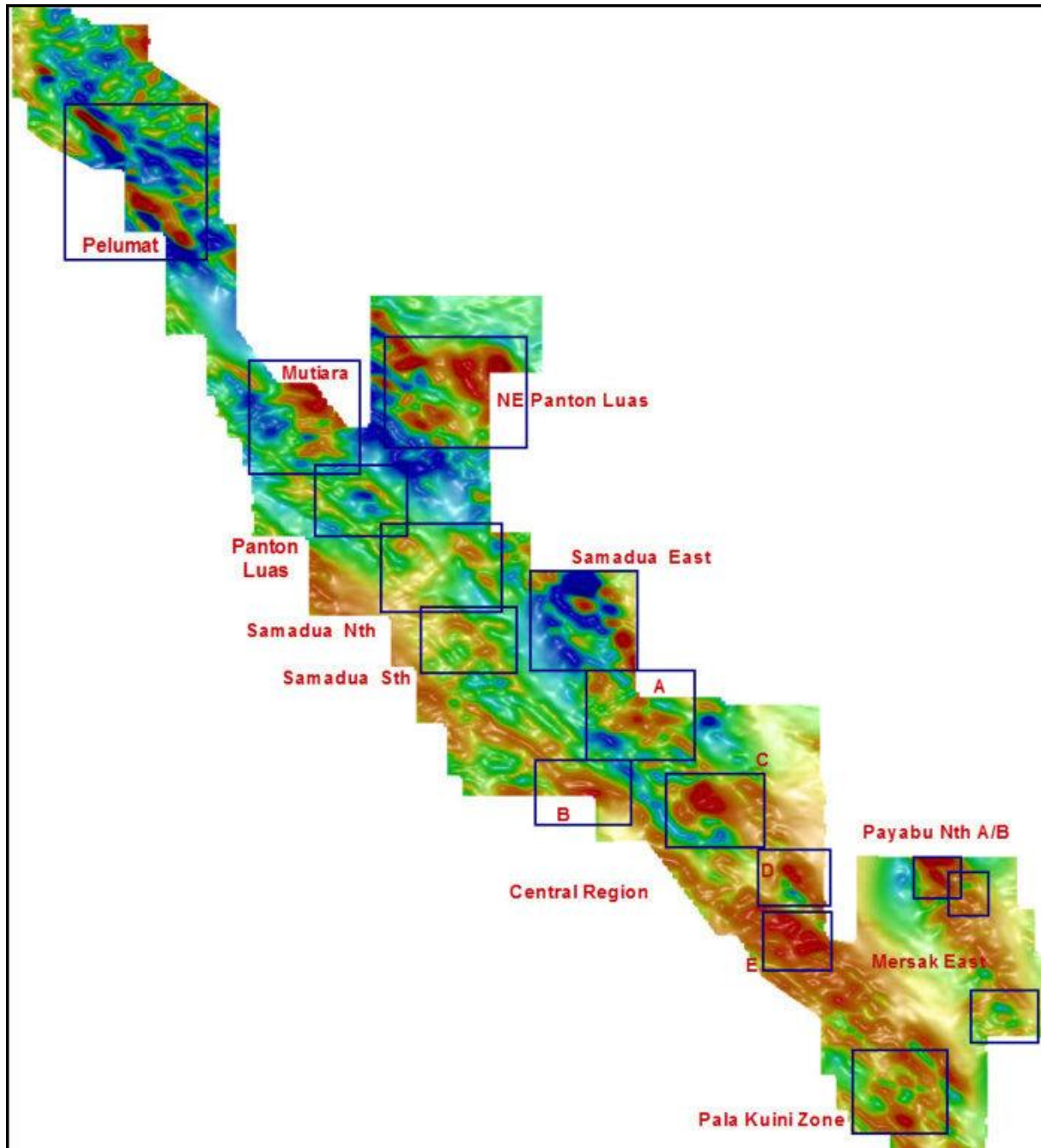


Figure 1: Relation of areas for 3D magnetic inversion processing.

Panton Luas

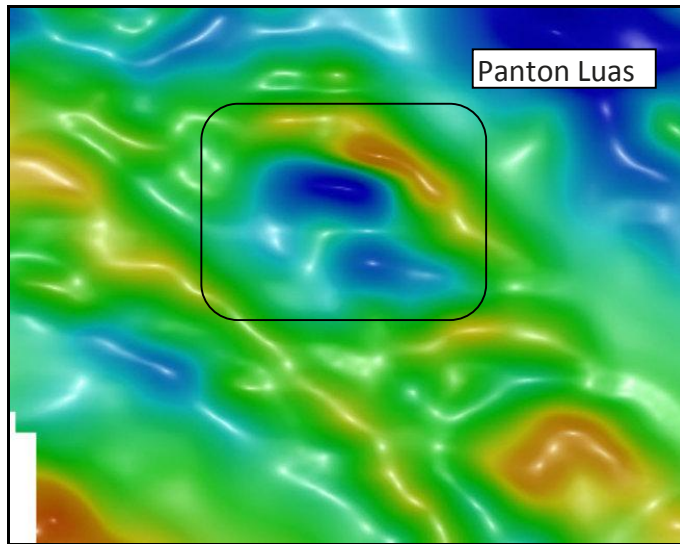


Figure 2: RTP magnetic image of Panton Luas Project area.

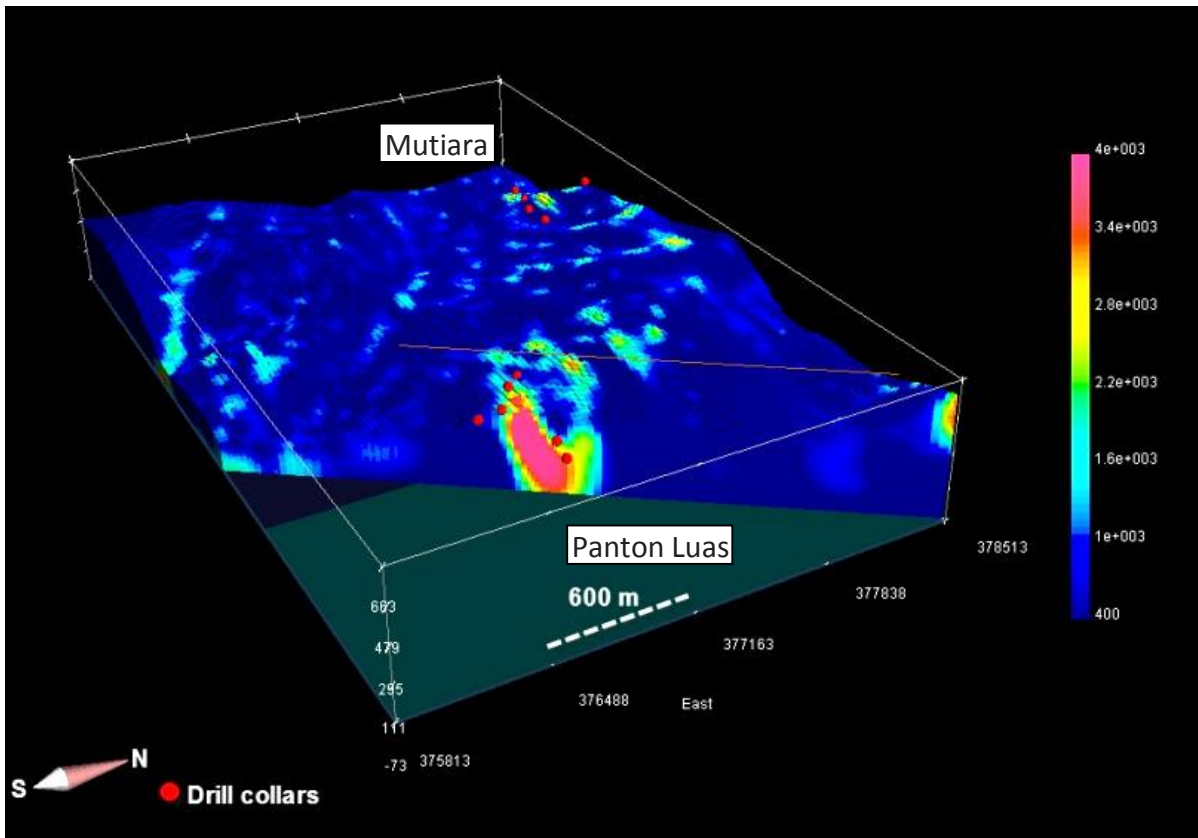


Figure 3: NE-SW Slice through 3D block model of Panton Luas showing distribution of hydrothermal magnetite alteration hosted in altered microdiorite intrusive. Red dots are proposed drill collars at topographic surface, (4 holes drilled to NE, 2 holes to SW). Block model shows drill hole locations proposed at Mutiara Prospect to WNW. (Note: scale bar is for guidance only and is only true at the position of the line on the figure as the model is not planar; it is shown in perspective, that is, the line shortens as you move back in the figure for the same meterage).

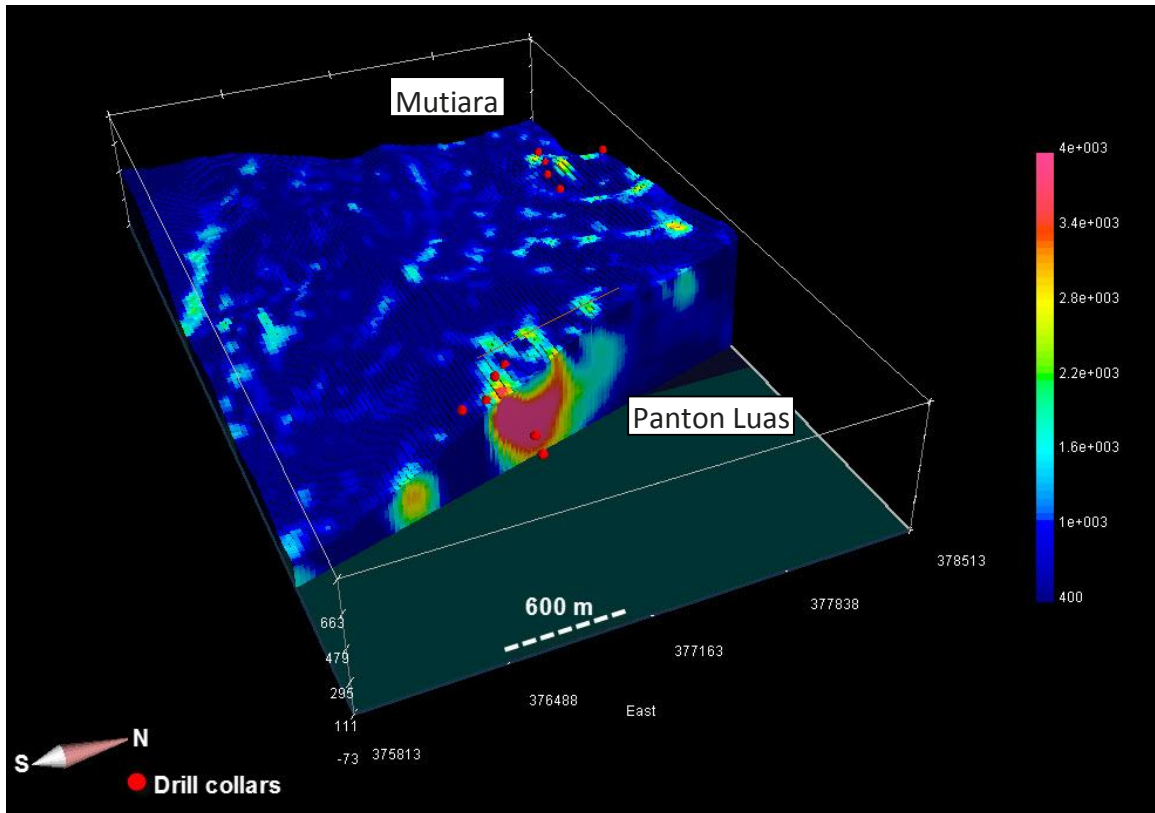


Figure 4: NNW slice through Panton Luas illustrating extent of magnetite alteration which will be tested by the drilling.

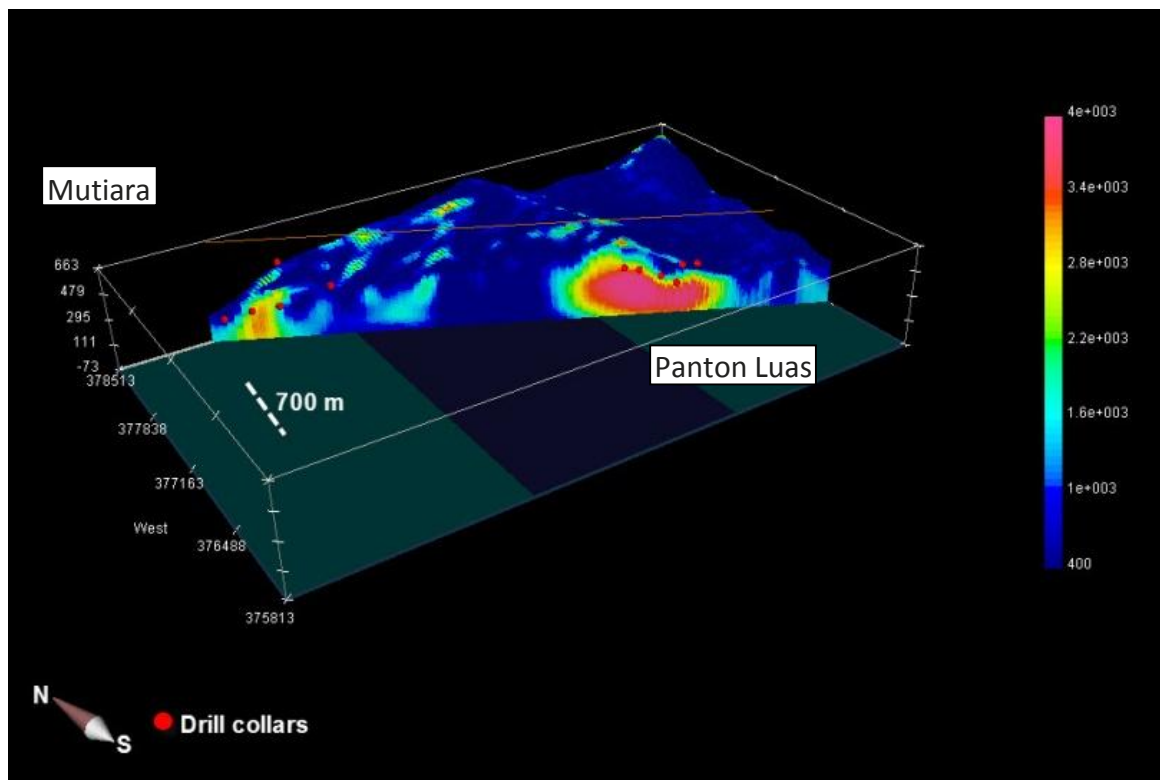


Figure 5: NW-SE slice from Mutiara to Panton Luas showing lack of magnetic continuity between the two prospects. Geological mapping indicates that the dark blue zone between the two prospects is occupied by a structurally bound block of sediments.

Mutiara and Mutiara North

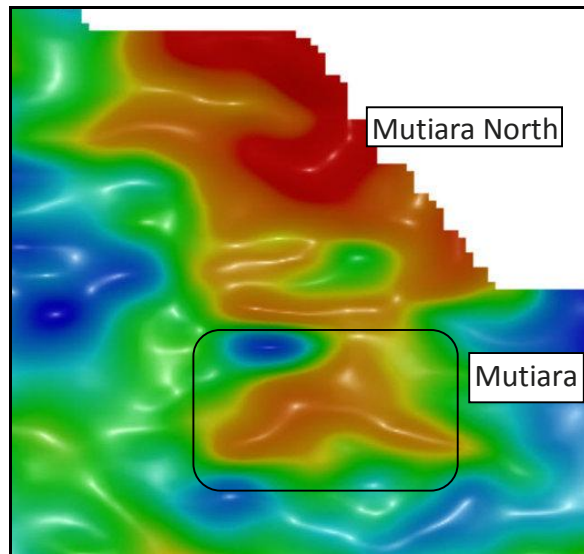


Figure 6: RTP magnetics of Mutiara and Mutiara North Prospects

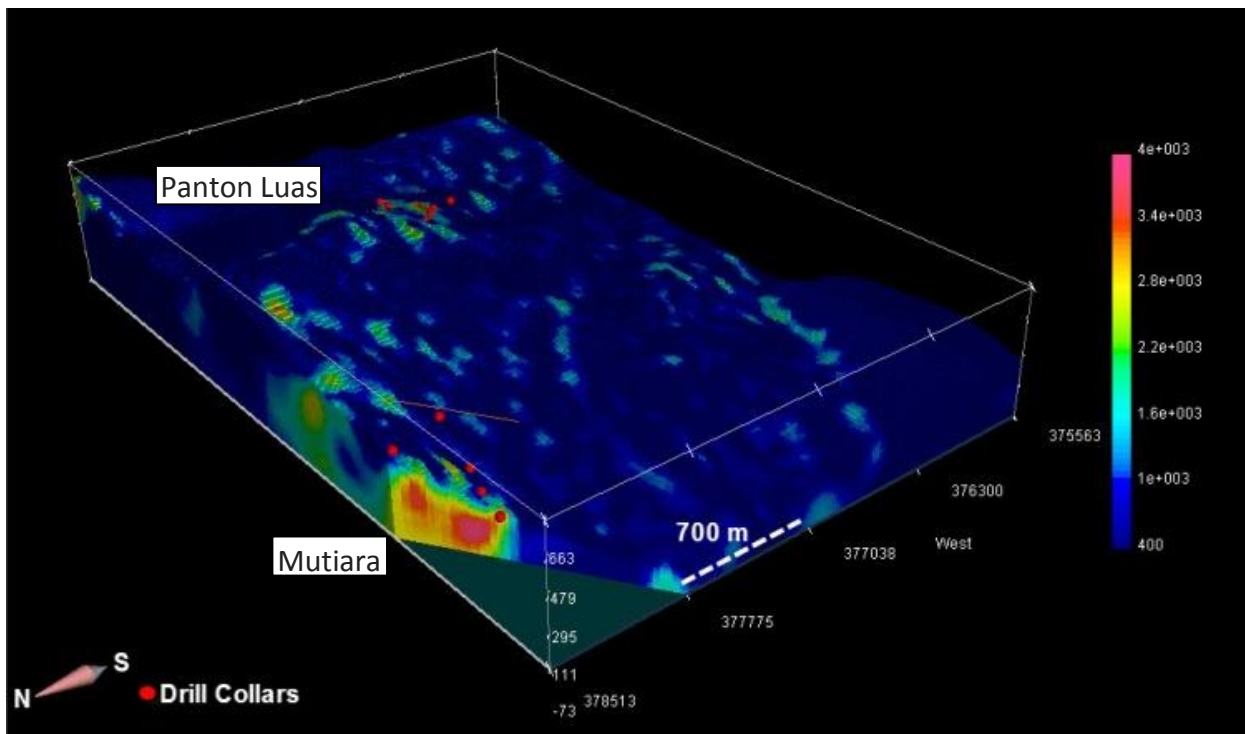


Figure 7: NE-SW slice through Mutiara magnetic anomaly showing proposed drill collars and depth continuity of elevated magnetic susceptibility. Five holes collars shown as red dots are proposed on basis of geological mapping, magnetics and geochemistry. The site is characterised by local high grade Cu-Au skarn and altered microdiorite.

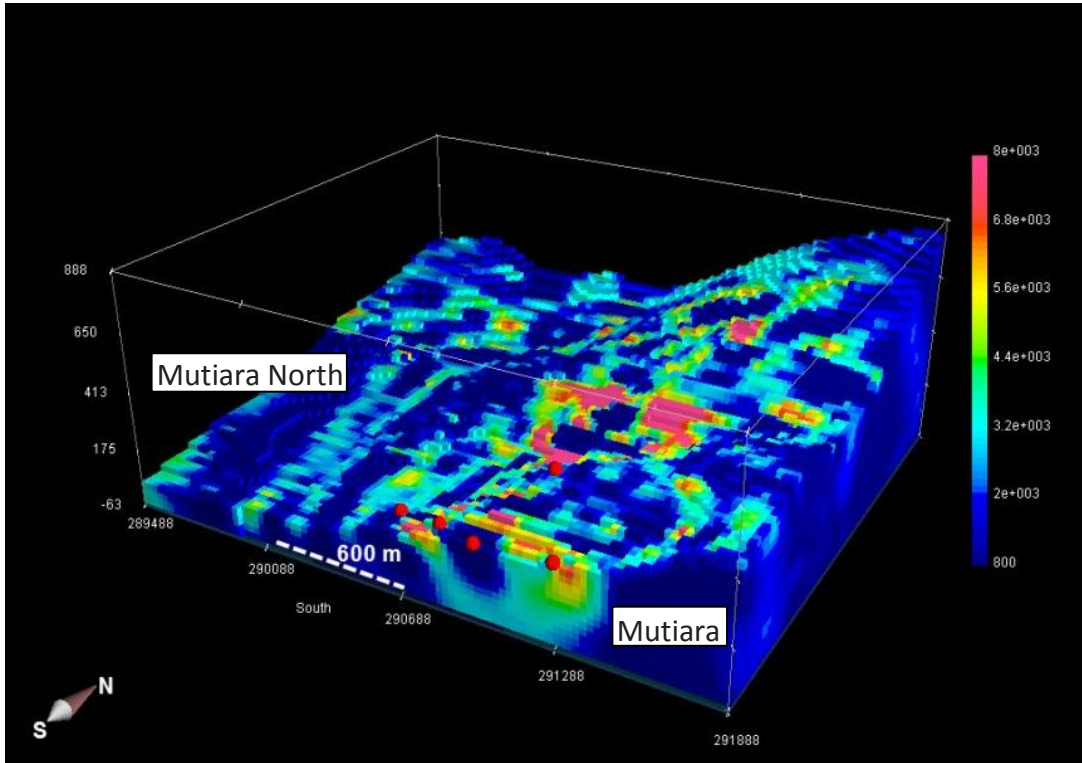


Figure 8: Block model showing magnetic section at Mutiara and relationship to drill holes and Mutiara North Prospect. The circular feature in the magnetics between Mutiara and Mutiara North is not accounted for at this time but may relate to an intrusive phase.

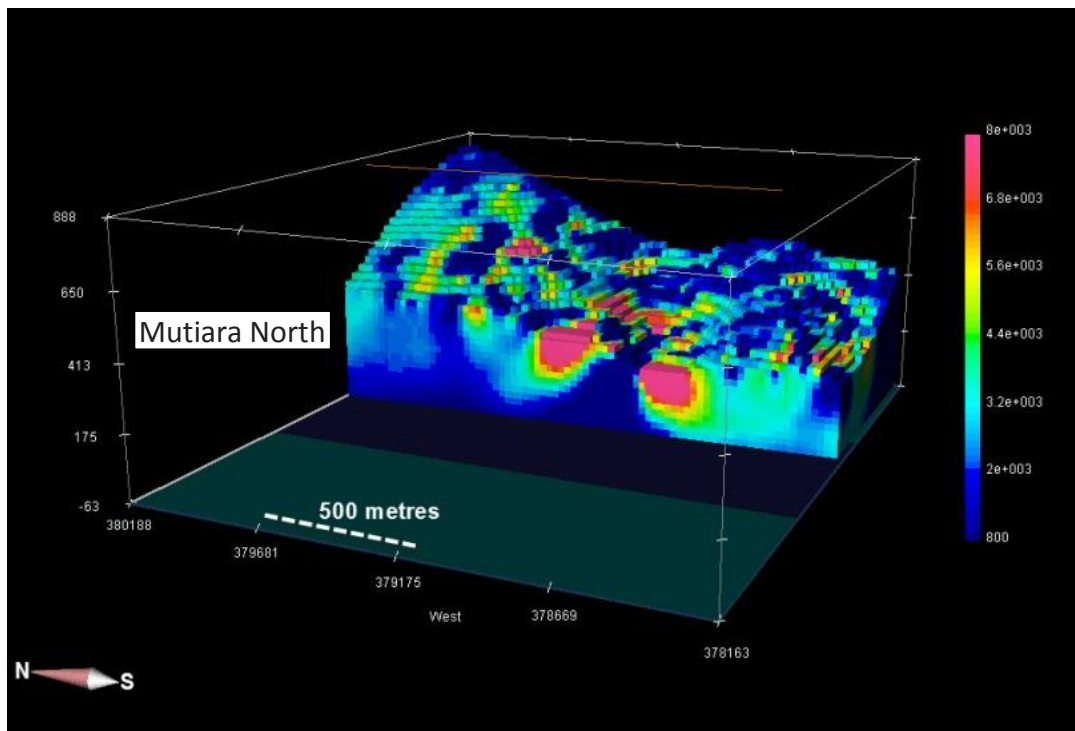


Figure 9: N-S section through Mutiara North magnetic anomaly. It is recognised as being related to skarn mineralisation with limestone in contact with microdiorite intrusive. This is a similar situation to that at Mutiara and Pelumat. Both Mutiara and Pelumat have high grade Cu-Au mineralisation present related to these settings and also have mineralised intrusive associated with the mineralisation. The primary target is mineralised porphyry.

Pelumat

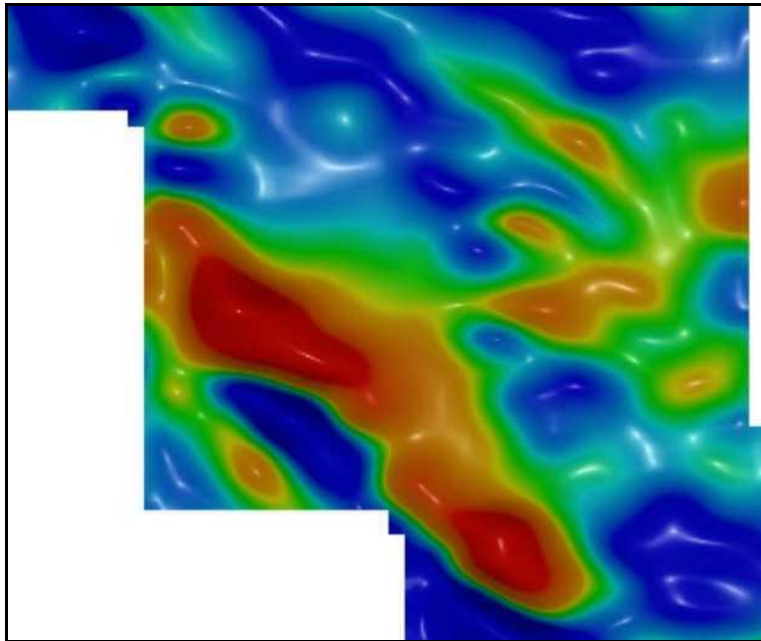


Figure 10: RTP magnetics showing southern section of Pelumat anomaly.

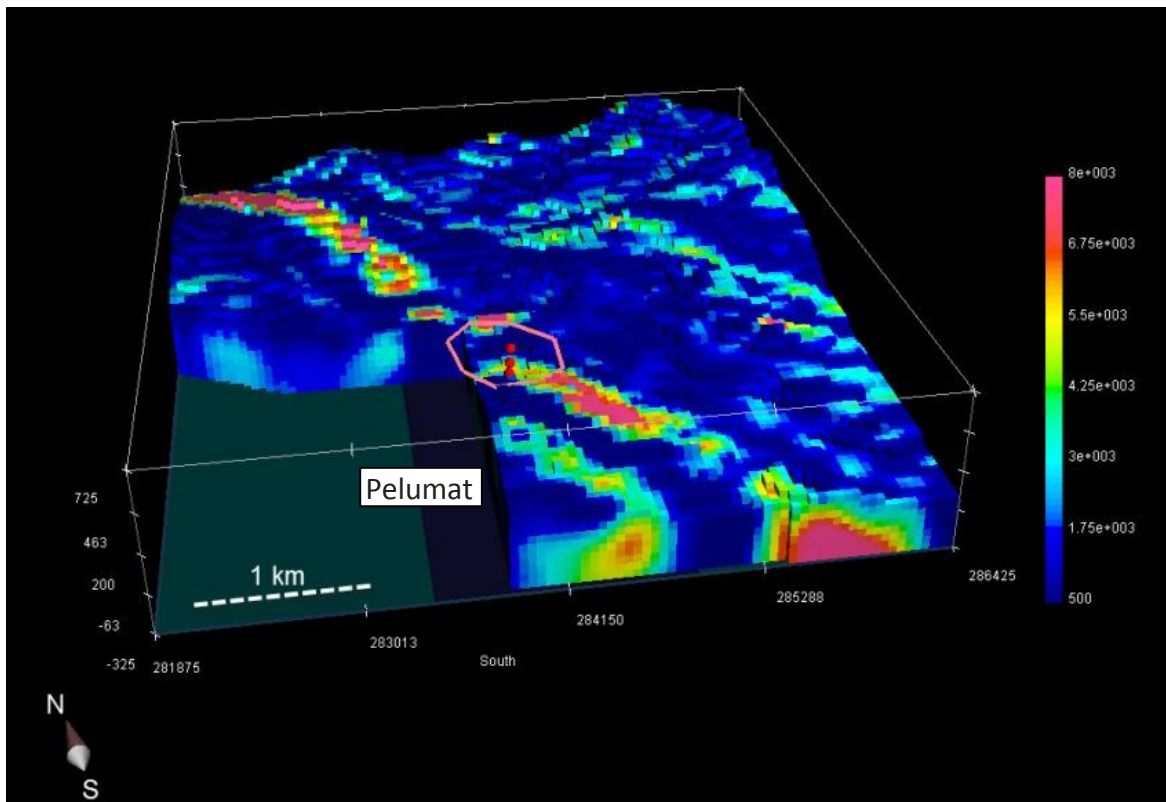


Figure 11: Oblique view of full Pelumat area. Three drill holes are planned with locations shown as red dots in pink coloured polygon. The polygon incorporates an intrusive body and includes most of the highly anomalous geochemistry collected in rock chip sampling. The linear anomalism coincides with well developed skarn at the contact of limestone and altered microdiorite. Skarn mineralogy includes wollastonite-garnet assemblages.

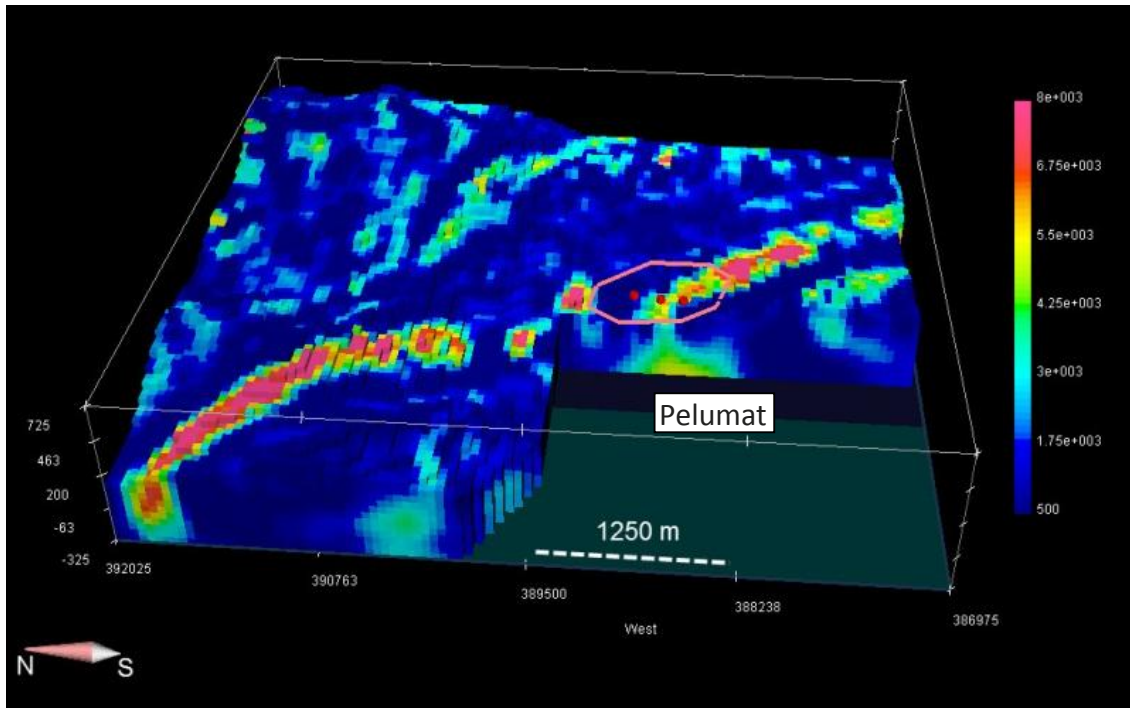


Figure 12: View to east from west showing deep magnetic response that may be related to an intrusive at depth. Figure 13 illustrates this in more detail.

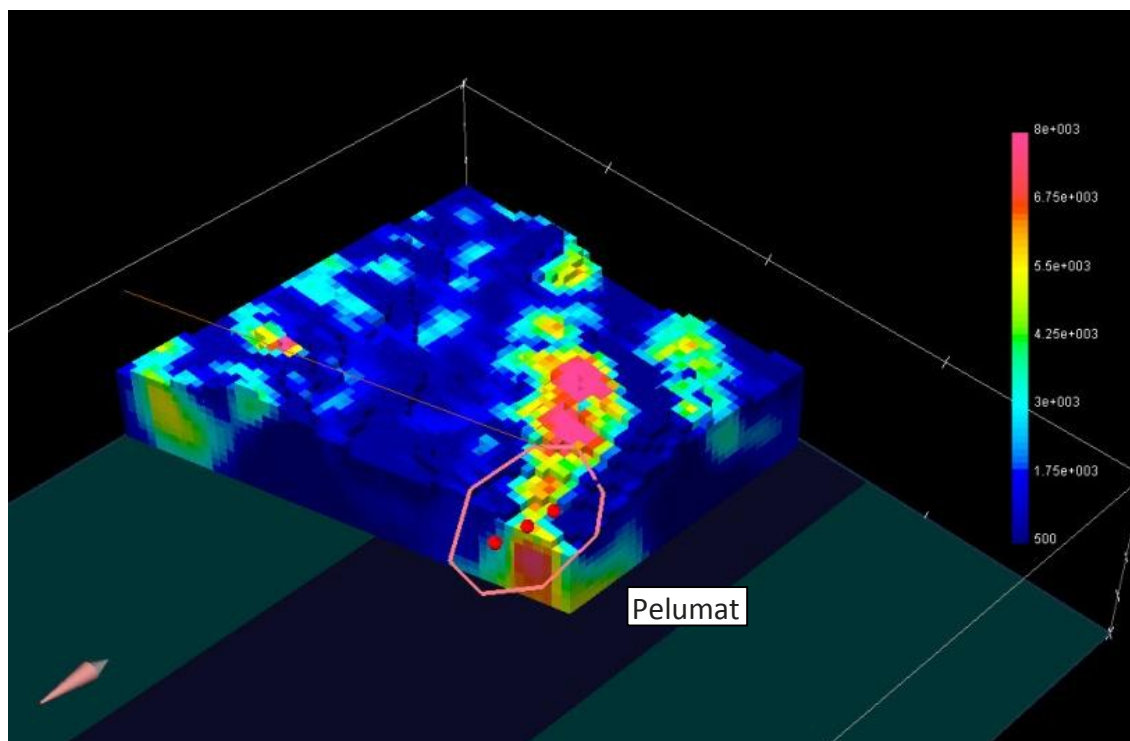
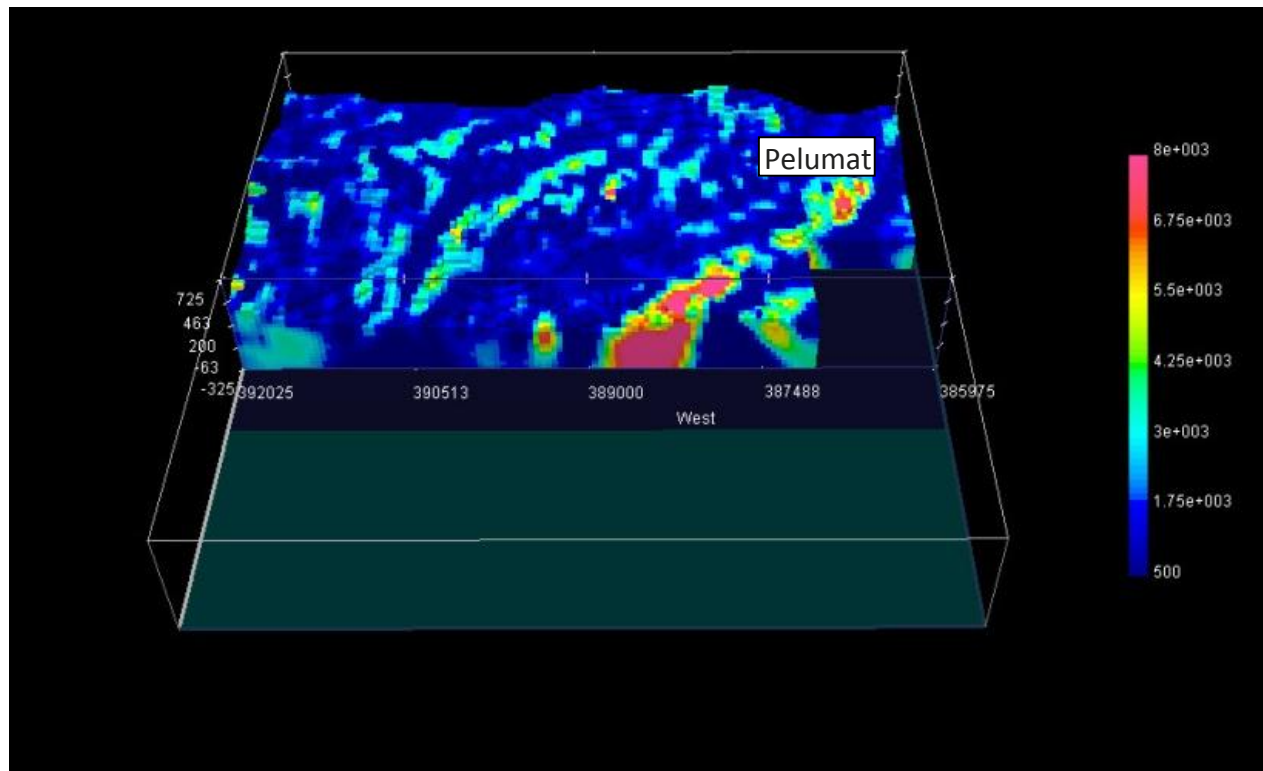


Figure 13: E-W slice through location of inferred intrusive showing magnetic zone continuing to depth. This coincides with the centre of the pink polygon that encircles the highest grade zone of geochemistry and which is also altered. A fence of three holes (red dots are collars) is planned across this feature to test its geological significance. Refer previous figure for location.

Figure 14: Section through main magnetite bearing skarn zone at Pelumat illustrating its continuity to depth and width. Drill testing of this is proposed.



Pala and Kuini

The drilling programs completed at these prospects were undertaken prior to the helicopter borne magnetic survey. The information reported here illustrates the relationship of the two prospects and their relative prospectivity. The magnetic modelling illustrates that while the Pala anomaly has attractive geological and geochemical attributes in outcrop there is very limited depth continuity demonstrated in the magnetite related mineralisation. It is likely terminated by faulting.

This is in marked contrast to the situation at Kuini where strong depth and width continuity is demonstrated in the magnetics and from the two holes drilled at the northern end of the magnetic anomaly and where drilling intersected primary gold and copper mineralisation (refer previous ASX release on 8 July 2010). In addition, the magnetic data shows related potential locally elsewhere in the vicinity that requires field follow up.

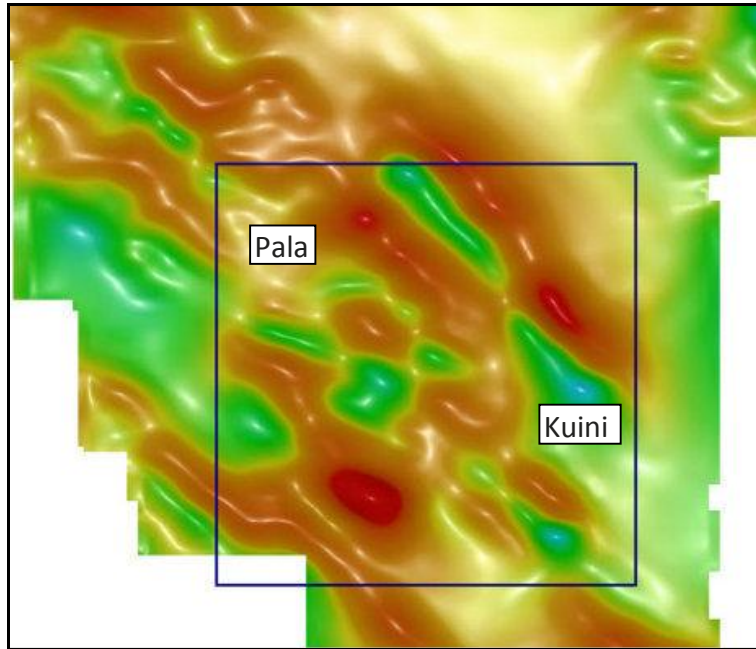


Figure 15: RTP magnetic image of Pala-Kuini Zone.

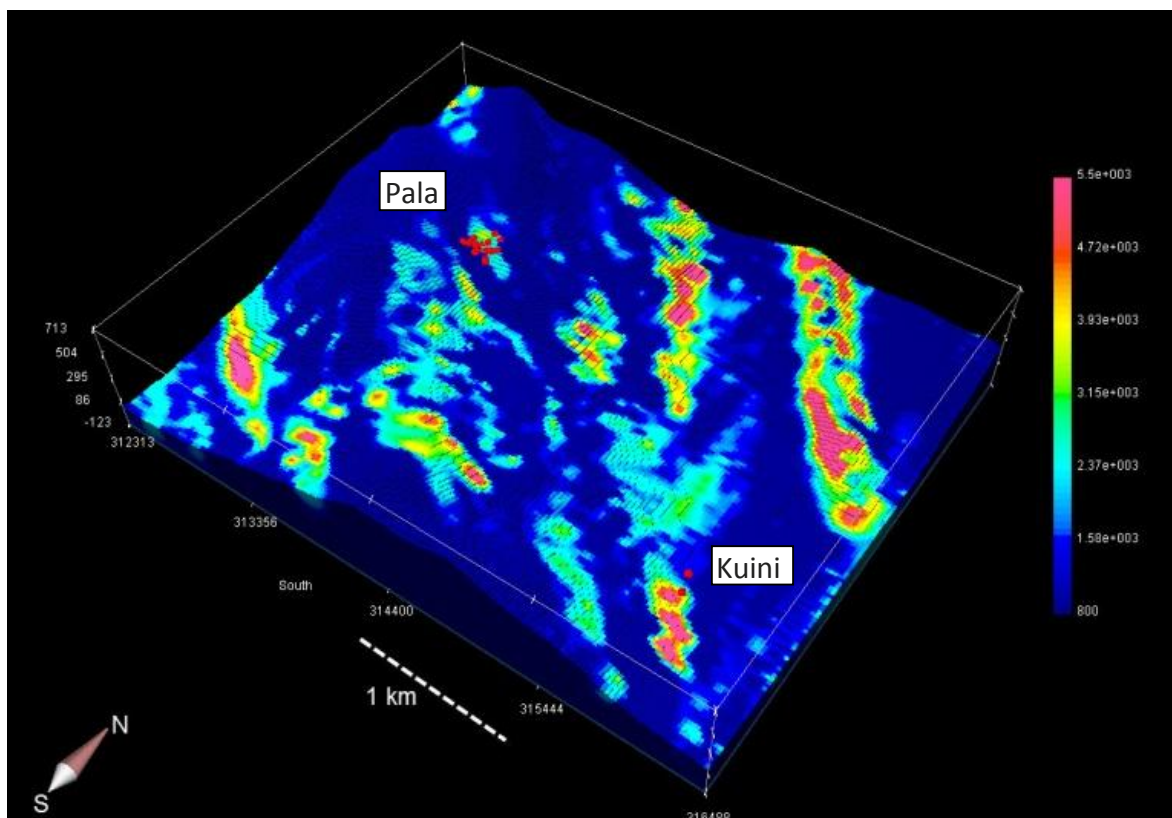


Figure 16: Oblique 3D block model view from SW of Pala-Kuini zone. Location of previous drill holes are shown as red dots. The Pala zone drilled previously by Prosperity coincides with a low order magnetic feature although attractive mineralised magnetite bearing skarn outcrops. The Kuini magnetite-sulphide bearing skarn is a much more significant feature. Three distinct bodies are suggested by the data over Kuini.

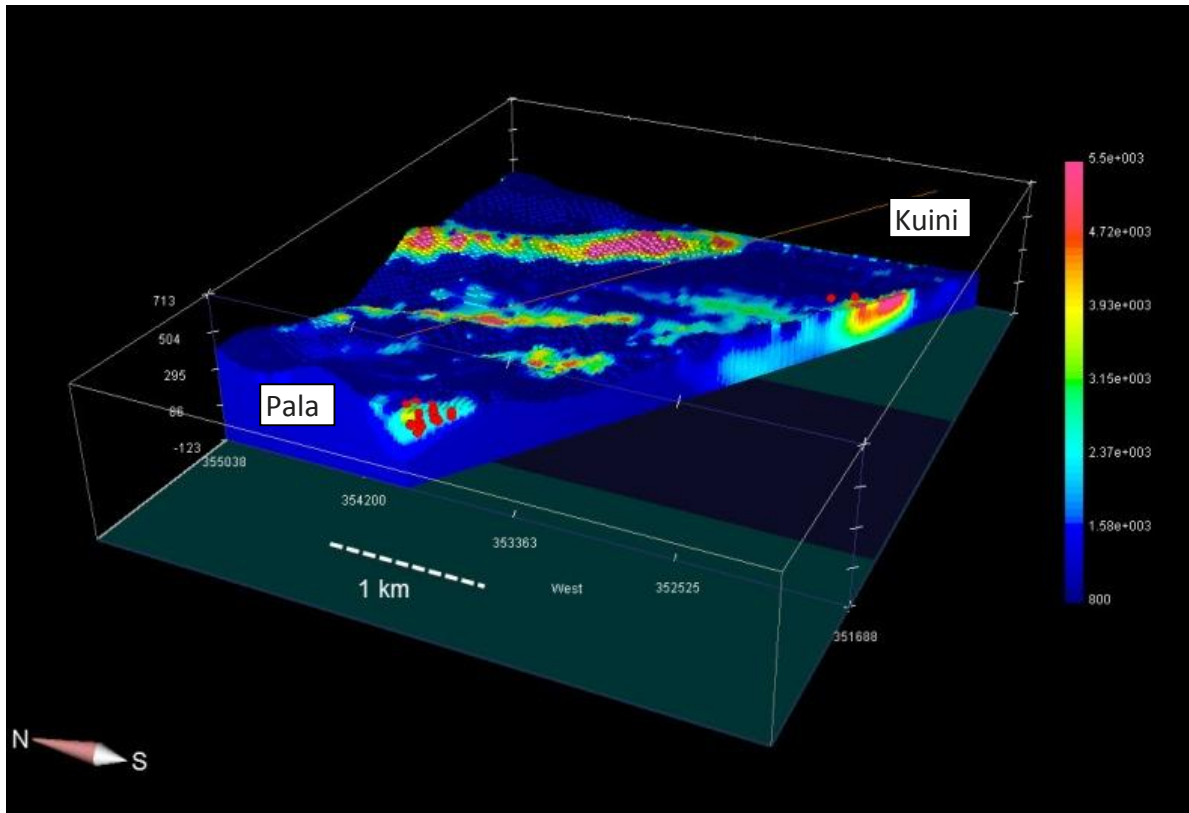


Figure 17: NW-SE slice through block showing relative intensity and depth of the Kuini <?> Prospect compared to that of Pala.

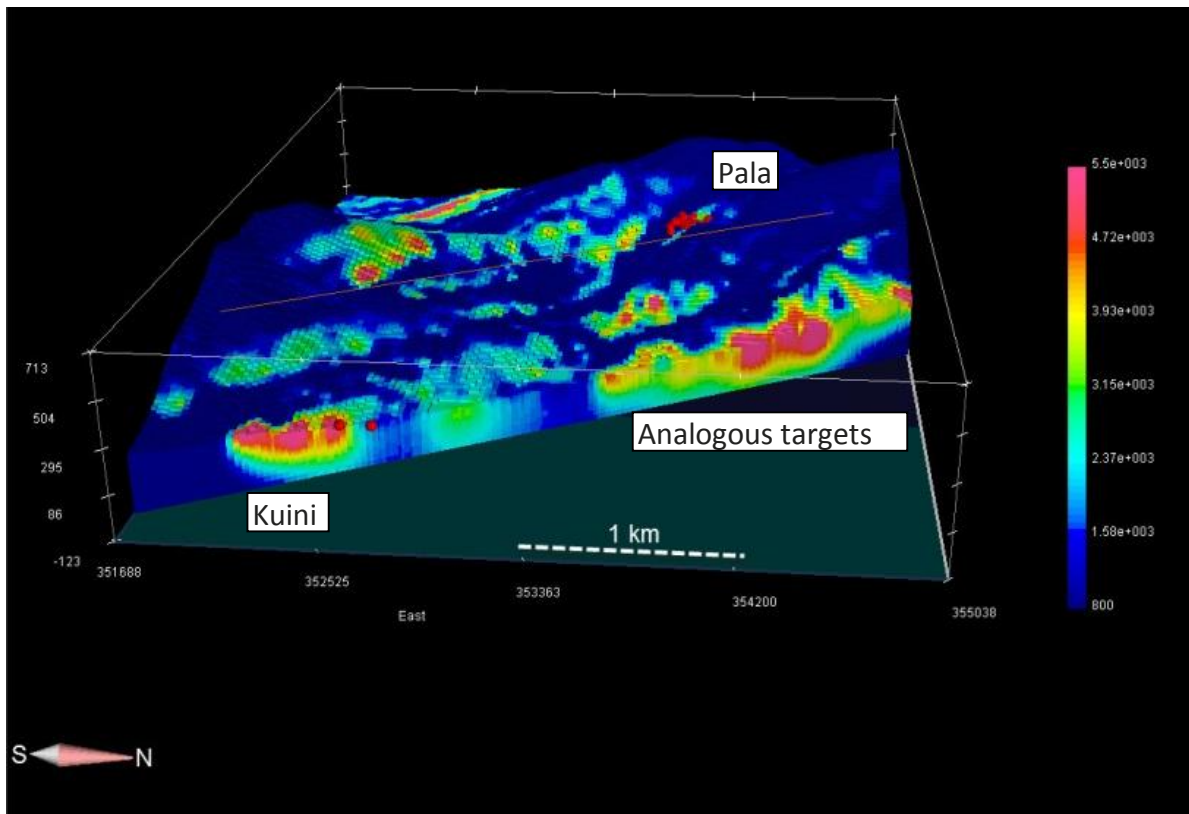
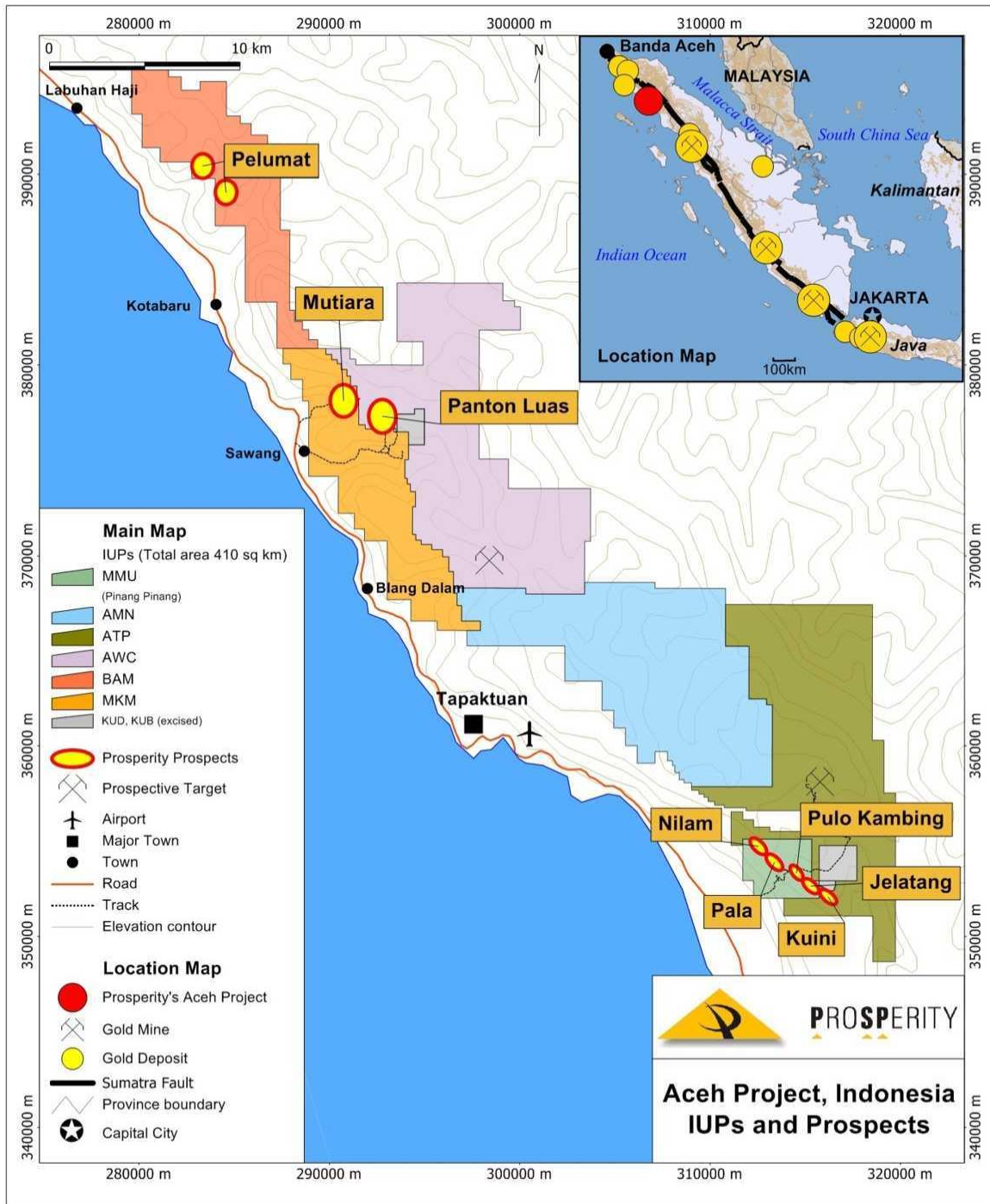


Figure 18: A NNW-SSE slice through block illustrating potentially similar target styles revealed by the helicopter-borne magnetic survey to that at Kuini which will require detailed evaluation.



PROSPERITY



Location Map: Prosperity's Aceh IUPs

For further information please contact:

Mo Munshi
Chairman/Managing Director
(M) +86 139 1017 5192
(M) +61 414 549 329

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.