



## HIGHLIGHTS

- ✚ Further trenching completed at Mutiara Prospect with best results including:
  - Trench M28: 18 metres @ 0.15g/t gold and 0.12% copper
  - Trench M27: 6 metres @ 0.43g/t gold and 0.20% copper
- ✚ The Mutiara Prospect extended to 1 kilometre long by 1.3 kilometres wide by recent trenching and sampling
- ✚ First ever diamond drilling at Panton Luas, Mutiara and Pelumat Prospects about to commence
- ✚ Prosperity's equity increased in PT BAM IUP through expenditure of US\$500,000
- ✚ Mr Mufti Habriansyah appointed as non-executive director of the Prosperity board

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45 St Georges Terrace  
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**Capital Structure:**  
ASX Listed Shares: 309M  
ASX Unlisted Options: 56.5M

**ASX Code:**  
PSP – ordinary shares

**Directors:**  
Mo Munshi  
*Chairman/Managing Director*

John Arbuckle  
*Non-Executive Director*

Sebastian Hempel  
*Non-Executive Director*



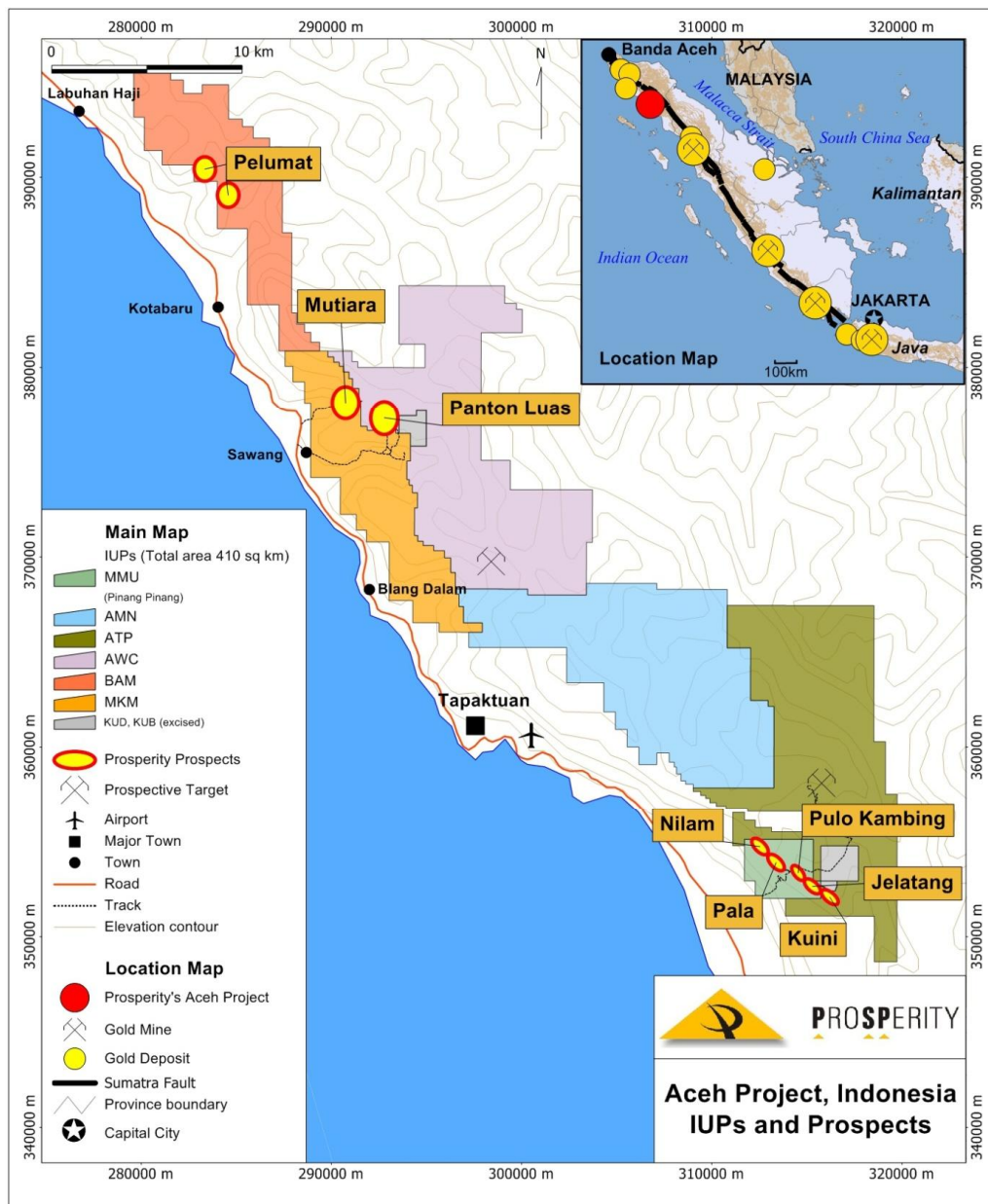


**Projects**

**Mutiara & Pelumat Prospects  
(Prosperity right to acquire 73%)**

**Gold – Copper**

During the quarter, Prosperity continued fieldwork in the Aceh license areas. The Company continued the program of surface sampling and completed a trenching program at the **Mutiara Prospect** in Aceh Province, Indonesia.



**Figure 1: Prosperity's land package in Aceh**





The **Mutiara Prospect** has been extended to 1 kilometre long by 1.3 kilometres wide by additional surface sampling and trenching. The Mutiara Prospect is located within the MKM IUP (figure 1) and is located 1.5 kilometres north west of the highly prospective Panton Luas Prospect.

The best results from the **Mutiara** trenching and sampling include:

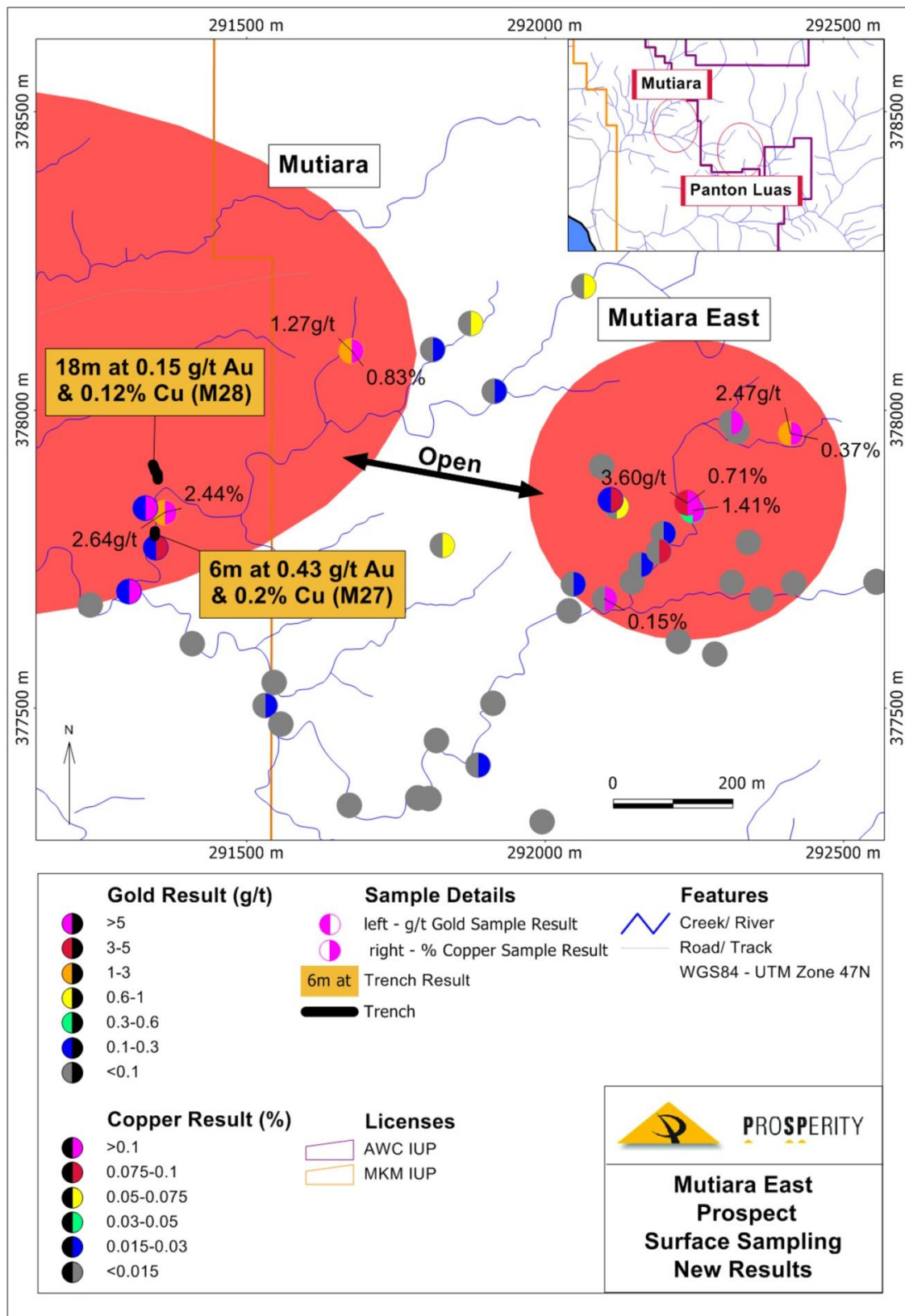
Trench M27:	<b>6 metres @ 0.43g/t gold and 0.20% copper</b>
Trench M28:	<b>18 metres @ 0.15g/t gold and 0.12% copper</b>
Surface samples:	
RO4063:	<b>2.47g/t gold and 0.37% copper</b>
RO2752:	<b>2.64g/t gold and 2.44% copper</b>

The sample results are considered significant as they lie in a previously unassessed catchment between the Panton Luas and Mutiara Prospects, at about 200m from Mutiara and 1.2 kilometres from Panton Luas. The better of the gold and copper results are from narrow magnetite skarn hosted bodies within weak regional alteration. A poorly defined zone of texturally destructive pyritic alteration (bleaching silica/carbonate-pyrite alteration appearing in the east), up to 200 metres wide is also anomalous, and could provide a link between alteration styles seen at the more advanced Prospects of Mutiara and Panton Luas.



**Mutiara – Panton Luas location**





Mutiara East Trench and Surface Samples





Prosperity continues mapping and sampling at the Pelumat Prospect to the north west of Mutiara. Results from this program will be released shortly.

Preparations for a diamond drilling program at Pantan Luas, Mutiara and Pelumat continued during the quarter.

## **Corporate**

Prosperity appointed Mr Mufti Habriansyah as a non-executive director on the 2<sup>nd</sup> December 2010. Mr Habriansyah was recently appointed as the Vice President of Legal and Administration at Prosperity's Indonesian subsidiary PT ProspIndo. Prior to that, he was a Partner at respected Jakarta law firm Soemadipradja & Taher, the Jakarta correspondent office of leading international law firm, Freehills. Mr Habriansyah possesses over 14 years experience in the areas of natural resources, energy and corporate law.

During the quarter PT Prosperity Surya Persada (PT PSP) completed a share subscription agreement which registers PT PSP's 51% equity interest in the BAM exploration IUP in Aceh (figure 1). PT PSP has earned 51% of the BAM exploration IUP license through the expenditure of US\$500,000 over the period since acquisition in October 2009. Under the terms of the Share Subscription Agreement, PT PSP has also appointed two of the three directors and two of the three commissioners to the respective boards of PT BAM.

Prosperity held its Annual General Meeting (AGM) on the 11<sup>th</sup> November 2010.

No exploration fieldwork was carried out at the Tennant Creek, Mt Gibson or Yalgoo projects during the December 2010 quarter. The Company continues to seek expressions of interest with a view to divesting the Mt Gibson and Yalgoo projects.

For further information please contact:

**Mo Munshi**  
**Chairman/Managing Director**  
**Prosperity Resources Limited**  
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or visit [www.prosperity.net.au](http://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 2010**

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A000	Year to date (6 months) \$A000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	- - - (199)	- - - (463)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research & development tax refund	-	-
<b>Net Operating Cash Flows</b>	<b>(181)</b>	<b>(442)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a)prospects (b)equity investments (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	- (801)	- (1,534)
<b>Net Investing Cash Flows</b>	<b>(801)</b>	<b>(1,534)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(982)</b>	<b>(1,976)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(982)	(1,976)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	25	3,585
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(309)
1.18	Dividends paid	-	-
1.19	Proceeds for pending issue of shares	-	-
1.19	Exchange gain realised	42	1
	<b>Net financing cash flows</b>	<b>67</b>	<b>3,277</b>
	<b>Net increase (decrease) in cash held</b>	<b>(915)</b>	<b>1,301</b>
1.20	Cash at beginning of quarter/year to date	2,731	515
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,816</b>	<b>1,816</b>

### 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 \$26,925 Services provided by director-related entities \$15,000
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### 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
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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
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+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$Aø000	Amount used \$Aø000
3.1 Loan facilities	549	549
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$Aø000
4.1 Exploration and evaluation	500
4.2 Development	-
4.3 Production	-
4.4 Administration	213
<b>Total</b>	<b>713</b>

### 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 \$Aø000	Previous quarter \$Aø000
5.1 Cash on hand and at bank	149	2,731
5.2 Deposits at call	1,667	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,816</b>	<b>2,731</b>

+ 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			
6.2	Interests in mining tenements acquired or increased	PT BAM	-	51%

### 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	<b>Preference securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	309,289,179	309,289,179	
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	250,000 7,150,000	250,000 7,150,000  10 cents -	10 cents  -
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			

+ See chapter 19 for defined terms.

Appendix 5B  
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b>	<i>Total number</i>	<i>Number quoted</i>	<i>Exercise price</i>	<i>Expiry date</i>
	Unlisted (1)	3,250,000	-	10 cents	28 Feb 2011
	Unlisted (2)	32,000,000	-	5 cents	28 Feb 2011
	Unlisted (3)	250,000	-	15 cents	11 May 2011
	Unlisted (4)	1,000,000	-	10 cents	30 Jun 2011
	Unlisted (5)	*250,000	-	50 cents	31 Dec 2011
	Unlisted (6)	1,500,000	-	15 cents	28 Feb 2012
	Unlisted (7)	2,000,000	-	12 cents	31 Mar 2012
	Unlisted (8)	1,000,000	-	20 cents	31 Mar 2012
	Unlisted (9)	1,000,000	-	30 cents	31 Mar 2012
	Unlisted (10)	1,000,000	-	40 cents	31 Mar 2012
	Unlisted (11)	500,000	-	12 cents	31 Oct 2012
	Unlisted (12)	500,000	-	15 cents	31 Oct 2012
	Unlisted (13)	3,000,000	-	20 cents	30 Nov 2012
	Unlisted (14)	100,000	-	15 cents	31 Dec 2012
	Unlisted (15)	100,000	-	5 cents	28 Feb 2013
	Unlisted (16)	500,000	-	5 cents	28 Feb 2013
	Unlisted (17)	500,000	-	10 cents	28 Feb 2013
	Unlisted (18)	500,000	-	10 cents	28 Feb 2013
	Unlisted (19)	*1,250,000	-	20 cents	31 Mar 2013
	Unlisted (20)	*2,500,000	-	25 cents	30 Jun 2013
	Unlisted (21)	500,000	-	30 cents	30 Jun 2013
	Unlisted (22)	*1,000,000	-	30 cents	30 Nov 2013
	Unlisted (23)	*1,500,000	-	30 cents	30 Nov 2014
	Unlisted (24)	*250,000	-	15 cents	Subject to market condition
	Unlisted (25)	*250,000	-	20 cents	ō
	Unlisted (26)	*250,000	-	35 cents	ō
7.8	Issued during quarter	250,000	-	15 cents	11 May 2011
		1,000,000	-	10 cents	30 Jun 2011
		3,000,000	-	20 cents	30 Nov 2012
		*1,250,000	-	20 cents	31 Mar 2013
		*2,500,000	-	25 cents	30 Jun 2013
		500,000	-	30 cents	30 Jun 2013
		*1,000,000	-	30 cents	30 Nov 2013
		*1,500,000	-	30 cents	30 Nov 2014
		*250,000	-	15 cents	Subject to market condition
		*250,000	-	20 cents	ō
		*250,000	-	35 cents	ō
7.9	Exercised during quarter	250,000	-	10 cents	28 Feb 2011
7.10	Expired during quarter	250,000	-	40 cents	31 Dec 2010
7.11	<b>Debentures</b> (totals only)				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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\* - 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.

Sign here: í í í í .....Date: 25 January 2011  
(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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