



**Projects**

**Pelumat Prospect (Prosperity 73%)**

**Gold – Copper - Molybdenum**

The Pelumat Prospect is one of ten known magnetite and skarn intrusive related targets recognised by Prosperity along 60 kilometres of strike length of its 410 square kilometre Aceh project (figure 1).

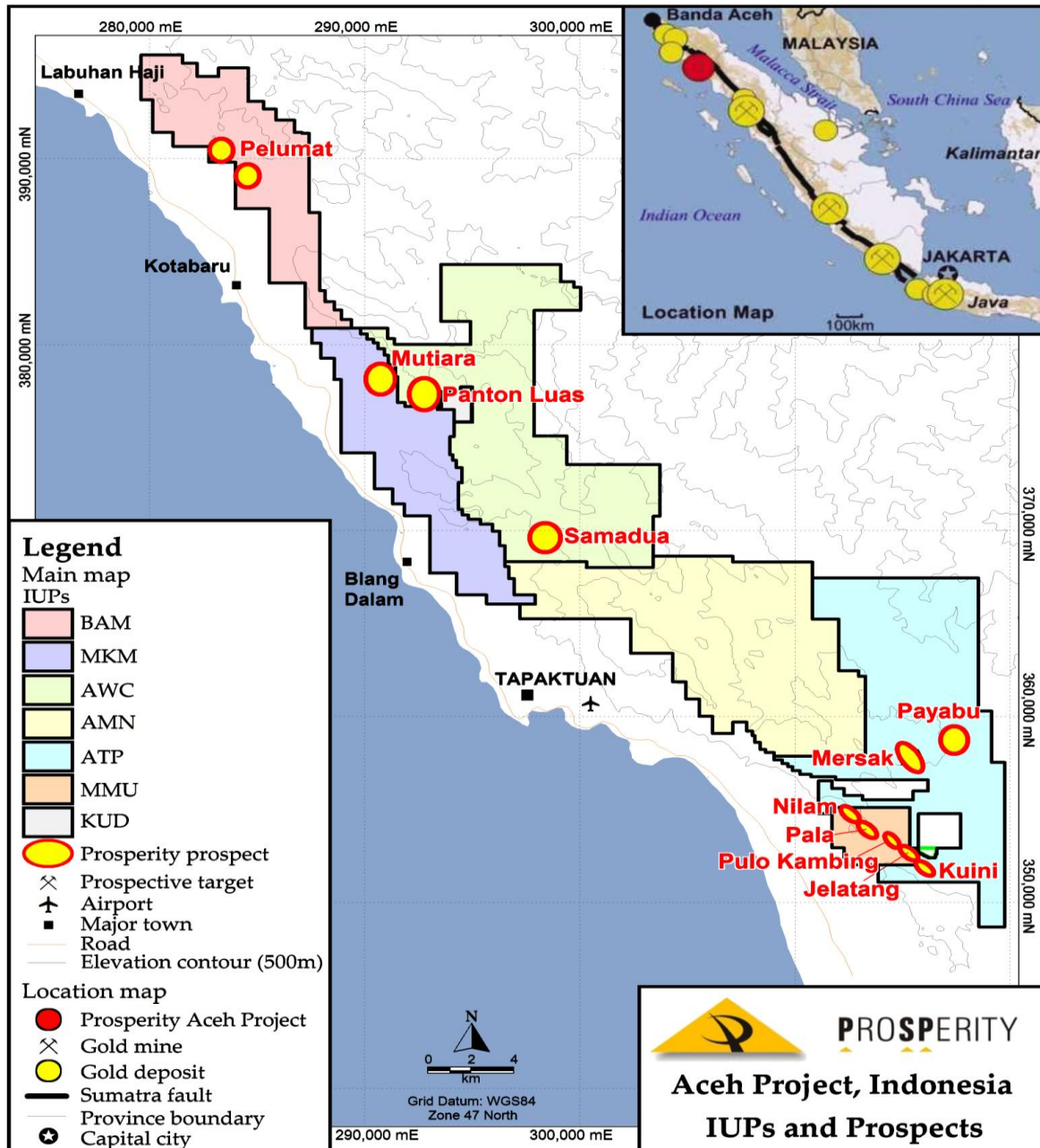


Figure 1: Prosperity's land package in Aceh





Extensions of mapping and the soil sampling program south have demonstrated highly anomalous skarn continues beyond previously determined limits. Drilling of this extension is proposed. Thematic summary of copper values in rock chip samples are shown in Figure 2.

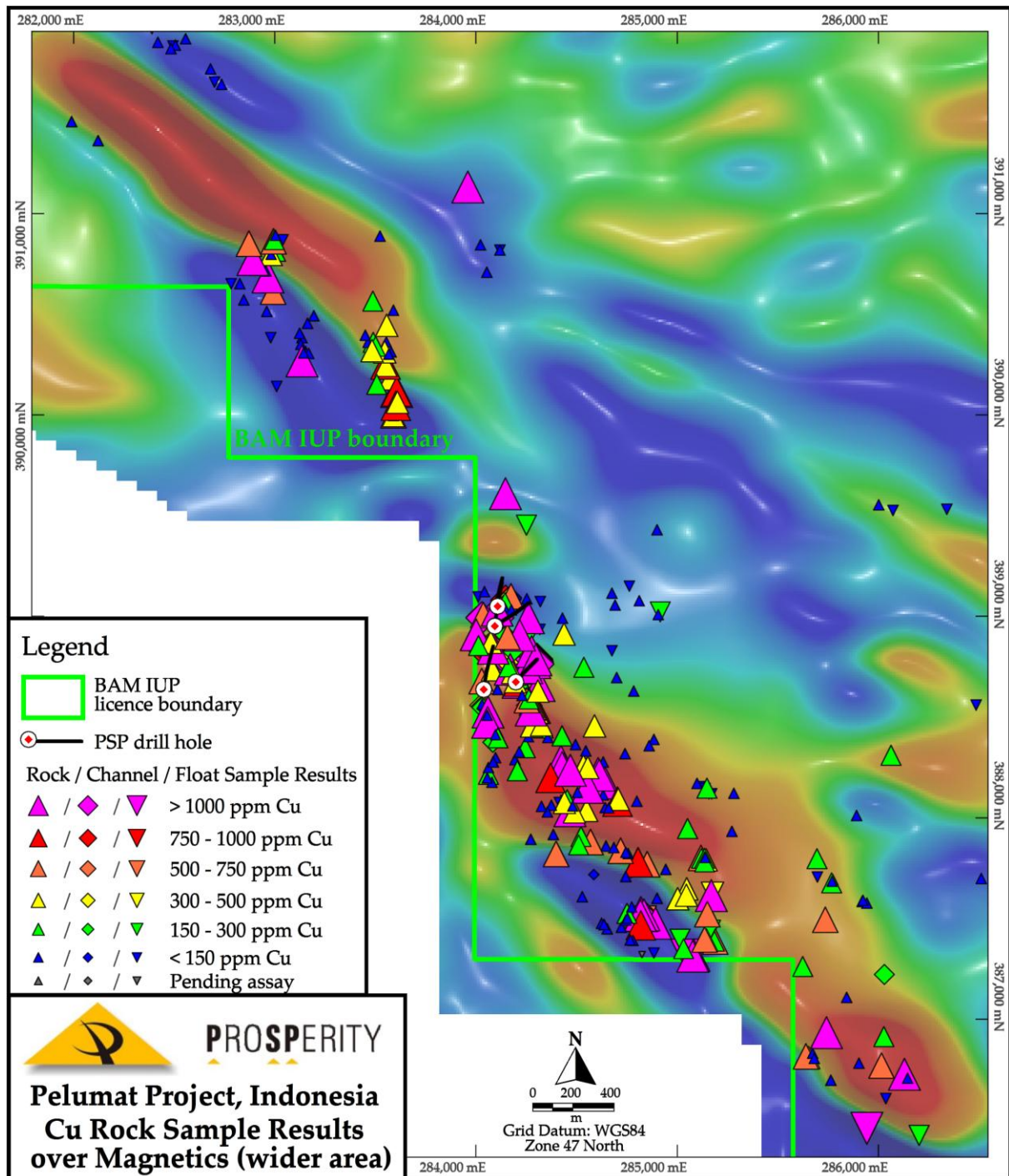


Figure 2: Summary of distribution of Cu values from rock chip samples Pelumat Project area over RTP magnetics.



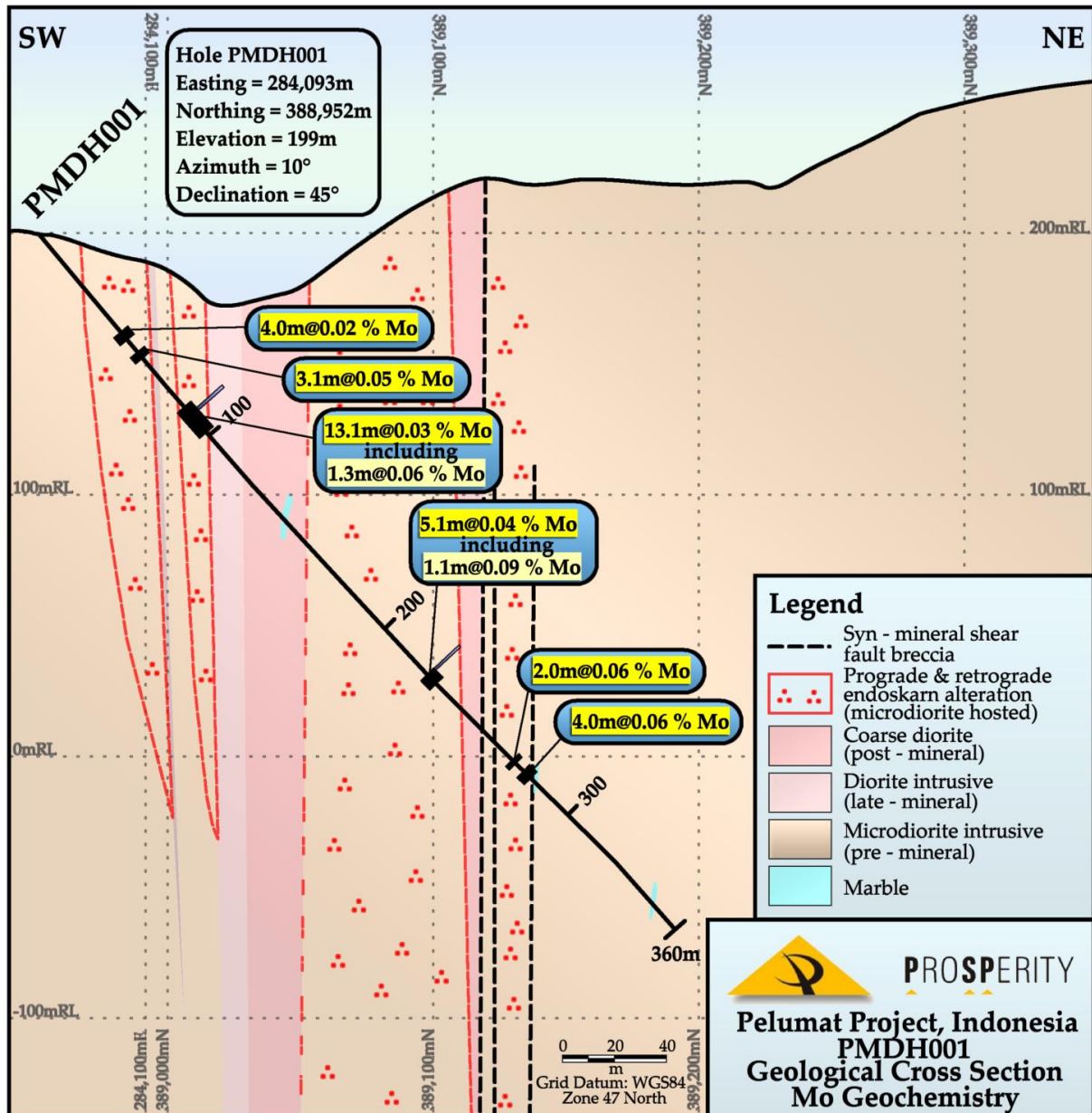


Figure 3: Molybdenum values in hole PMDH001. Mo generally associates with the copper and gold but also occurs independently of them at some sites.

## Corporate

### Prosperity Increases Ownership Over Aceh Assets

After the quarter-end, the Company advised that it had reached agreement with its joint-venture partners to acquire an additional 10% of the equity in three exploration licence (IUP) holding companies in the Company's copper-gold project in Aceh.

The agreement brings the Company's Indonesian subsidiary's ownership in these assets to 90%, with the balance remaining with the joint-venture partners.



As consideration for the additional equity stake and assistance in concluding the agreement, the Company will issue 11,000,000 fully paid ordinary shares to the joint-venture partners and contract intermediaries.

The three companies are:

- PT Bintang Agung Mining
- PT Mulia Kencana Makmur
- PT Multi Mineral Utama

### **Termination of MOU**

Subsequent to the end of the quarter, the Company advised that it had elected not to proceed with a Memorandum of Understanding (“MOU”) in respect of the Company’s Aceh Project on the terms disclosed on 20 June 2012. As a result, the MOU has been terminated by mutual agreement, without penalty. The Company is currently negotiating an alternate structure to achieve the stated objectives, and will notify the market in due course.

### **Loan Terms Extended**

An existing credit facility of USD1,000,000 due for repayment on 30 June 2012 was extended to 31 March 2013.

### **Divestment of Yalgoo project**

The Company has divested the Yalgoo project as part of a forfeiture action.

For further information please contact:

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**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 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 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. 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.*



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

<b>Prosperity Resources Limited</b>
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ABN

<b>60 103 280 235</b>
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Quarter ended ("current quarter")

<b>30 September 2012</b>
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date ( 3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(503)	(503)
1.3 Dividends received	(97)	(97)
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(599)</b>	<b>(599)</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)		
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	<b>(599)</b>	<b>(599)</b>

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Appendix 5B  
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(599)	(599)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>		
	<b>Net increase (decrease) in cash held</b>	(599)	(599)
1.20	Cash at beginning of quarter/year to date	737	737
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	138	138

**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	67
1.2 4	Aggregate amount of loans to the parties included in item 1.10	

1.2  
5 Explanation necessary for an understanding of the transactions

Directors salaries and consulting fees for services rendered

**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

NA

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

NA

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Appendix 5B  
Mining exploration entity quarterly report

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### 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	984	492
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	
4.3 Production	
4.4 Administration	50
<b>Total</b>	150

### 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	138	737
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Loan facilities available	492	492
<b>Total: cash at end of quarter</b> (item 1.22)	630	1,229

### Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter

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Appendix 5B  
Mining exploration entity quarterly report

6.1	Interests in mining tenements relinquished, reduced or lapsed	EL23819	Relinquished	100%	0%
		EL23873	Relinquished	100%	0%
		EL23918	Relinquished	100%	0%
		M59/282	Relinquished	100%	0%
		M59/283	Relinquished	100%	0%
		M59/284	Relinquished	100%	0%
		M59/285	Relinquished	100%	0%
		M59/322	Relinquished	100%	0%
		M59/323	Relinquished	100%	0%
		M59/324	Relinquished	100%	0%
		M59/329	Relinquished	100%	0%
		M59/407	Relinquished	100%	0%
		M59/408	Relinquished	100%	0%
		M59/428	Relinquished	100%	0%
		M59/429	Relinquished	100%	0%
		M59/057	Relinquished	100%	0%
		E59/1339	Relinquished	100%	0%
		E59/1341	Relinquished	100%	0%
		6.2	Interests in mining tenements acquired or increased	M59/282	Acquired
M59/283	Acquired			75%	100%
M59/284	Acquired			75%	100%
M59/285	Acquired			75%	100%
M59/322	Acquired			75%	100%
M59/323	Acquired			75%	100%
M59/324	Acquired			75%	100%
M59/329	Acquired			75%	100%
M59/407	Acquired			75%	100%
M59/408	Acquired			75%	100%
M59/428	Acquired			75%	100%
M59/429	Acquired			75%	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 <b>Preference + securities</b> (description)				

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Appendix 5B  
Mining exploration entity quarterly report

7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	382,692,180	382,692,180		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
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)	500,000	-	12 cents	31 Oct 2012
	Unlisted (2)	500,000	-	15 cents	31 Oct 2012
	Unlisted (3)	3,000,000	-	20 cents	30 Nov 2012
	Unlisted (4)	100,000	-	15 cents	31 Dec 2012
	Unlisted (5)	2,000,000	-	4 cents	31 Dec 2012
	Unlisted (6)	100,000	-	5 cents	28 Feb 2013
	Unlisted (7)	500,000	-	5 cents	28 Feb 2013
	Unlisted (8)	500,000	-	10 cents	28 Feb 2013
	Unlisted (9)	500,000	-	10 cents	28 Feb 2013
	Unlisted (10)	1,250,000	-	20 cents	31 Mar 2013
	Unlisted (11)	2,500,000	-	25 cents	30 Jun 2013
	Unlisted (12)	500,000	-	30 cents	30 Jun 2013
	Unlisted (13)	1,000,000	-	30 cents	30 Nov 2013
	Unlisted (14)	1,500,000	-	30 cents	30 Nov 2014
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Appendix 5B  
Mining exploration entity quarterly report

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7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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**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 5).

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

Sign here: ..... Date: 31 October 2012  
(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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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