PROSPERITY

ASX ANNOUNCEMENT

6th February 2012

HIGH GRADE AU-CU INTERSECTIONS FROM KUINI PROSPECT IN ACEH

ASX: PSP

SHARE INFORMATION

Issued Shares: 346.54m

Unlisted Options: 20.95m

BOARD OF DIRECTORS

Chairman & MD: M. Munshi

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Non-Exec: S. Hempel

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KEY PROJECTS

ACEH

Ownership: earning 73%

Location: Aceh, Indonesia

TENNANT CREEK

Ownership: 100%

Location: NT, Australia

Highlights:

- **Prosperity has intersected high grade gold and copper mineralisation in the third diamond drill hole at its gold-copper Kuini Project in Aceh, Indonesia.**
- **It also intersected highly anomalous molybdenum grades which further suggest an association with a porphyry system at depth.**
- **This intersection adds further significance to the encouraging wide intersections from the first two holes announced to ASX on 2nd February 2012 for this project.**

- **Significant results from Hole PNGD022 include:**

From 36.0m: 39.8m@2.74 g/t Au, 0.45% Cu
Including: 17.3m@0.61% Cu, 0.88g/t Au;
with 9.6m@1.33g/t Au, 0.79% Cu;
and 3.3m@2.08g/t Au,1.05% Cu;
and 5.0m@0.12% Mo
and also: 16.1m@5.78 g/t Au, 0.42% Cu;
including: 1.0m@1.3% Cu
and: 1.0m@58g/t Au

From 89.0m: 1m@2.56g/t Au;
From 105.0m: 3.0m@0.22g/t Au;

Prosperity Resources Limited (ASX: PSP) is pleased to release the results from the third hole in its 2011-2012 drilling program at the Kuini Prospect in southern Aceh. A fourth hole is in progress but has not been completed. The program continues testing the 650 metre recognised strike of the magnetite bearing skarn target. The hole was designed to test a section approximately 120 metres to the NW of holes PNGD020 and PNGD021 in which significant gold and copper mineralisation associated with magnetite bearing endoskarn in a microdiorite intrusive was reported to the ASX on the 2nd February. The hole is also located 110 metres SE of Hole PNGD017 in which highly anomalous grade intersections of Cu-Au was intersected in an earlier drill program.

The Kuini Prospect is one of ten known porphyry related skarn and intrusive targets recognised from regional helicopter-borne magnetics flown by Prosperity along 60 kilometres of strike length in Prosperity's 410 square kilometre Aceh Project. The location of Prosperity exploration activities in southern Aceh are shown in Figure 16.

Chairman Mr. Mo Munshi said "we are excited to be able to report these new results from our drilling at the Kuini Prospect. These add to the significance of the drill hole intersection results from Hole PNGD020 on the adjacent section **(63.6m@0.56 g/t Au, 0.12% Cu from 166.2m)**. The intersections of high molybdenum grades with the gold and copper further highlight the potential of the system and connections with a deeper porphyry source for the mineralisation".

Geology and Site Setting

The local geology and mineralisation were discussed in the previous ASX release on Kuini (2nd February 2012).

A generalised synthesis of geological and structural relationships from surface mapping and drill hole intersections, as inferred at this time, is given in Figures 1 to 3. These figures also show the Au-Cu rock chip geochemistry from the area (ASX release on 24th October 2011), drill hole locations and outlines the extent of molybdenum anomalism as presently recognised.

Drilling Program

Drill Hole PNGD022 tested 120 metres to the NW of the PNGD020 and PNGD021 section, under the Kuini Pit, and 110 metres to the SE of Hole PNGD017. The locations of all drill holes in the Kuini-Jelatang Project area are shown Figures 1-3 and the relationship of them to the airborne magnetics and molybdenum anomalism is shown in Figure 4.

Hole PNGD022

This hole was primarily designed to test the geological section at nominal 100 metre section spacing between existing drilling to further assess size and character of any skarn or other mineralised body at depth and continues the objective of obtaining evidence that demonstrates the potential for a porphyry system at depth as a source for the skarn alteration and mineralisation and where this might be located.

The hole is notable for the approximately 40 metre intersection containing high grade gold, copper and molybdenum associated with skarn and stockwork veins. The high grade molybdenum zone peaking at 0.24% Mo over 1 metre within a 5 metre intercept and associated silica bearing stockworks suggests a vector toward to a mineralisation source. An intercept of 16.1 metres@5.78g/t Au and 0.42% Cu including a 1 metre intercept of 58g/t Au is also very notable. (Refer Figure 5).

Hole PNGD022 was collared in sediments outside of the interpreted limits of the magnetic body and the structural corridor. It was designed to pass through a full section of the geology encompassing the magnetic body. It intersected 34 metres of carbonaceous sediment before passing through a sharp contact between the sediment into quartz diorite and microdiorite with mixed prograde and retrograde endoskarn. Mineralisation occurs in intensely altered and veined and fractured magnetite-hematite endoskarn in both units and contains chalcopyrite and pyrite sulphides. In addition there appears to be a distinct possibly of a higher temperature stockwork related event that may relate to intrusive activity likely predating the skarn event beneath the section reflected by the presence of quartz veins and veinlets and with evidence of several events of formation. The microdiorite forms the better reactive host for the mineralisation. A summary of the geological section and gold-copper intercepts are shown in Figure 5. Examples of core intersections are shown in Figures 6-15.

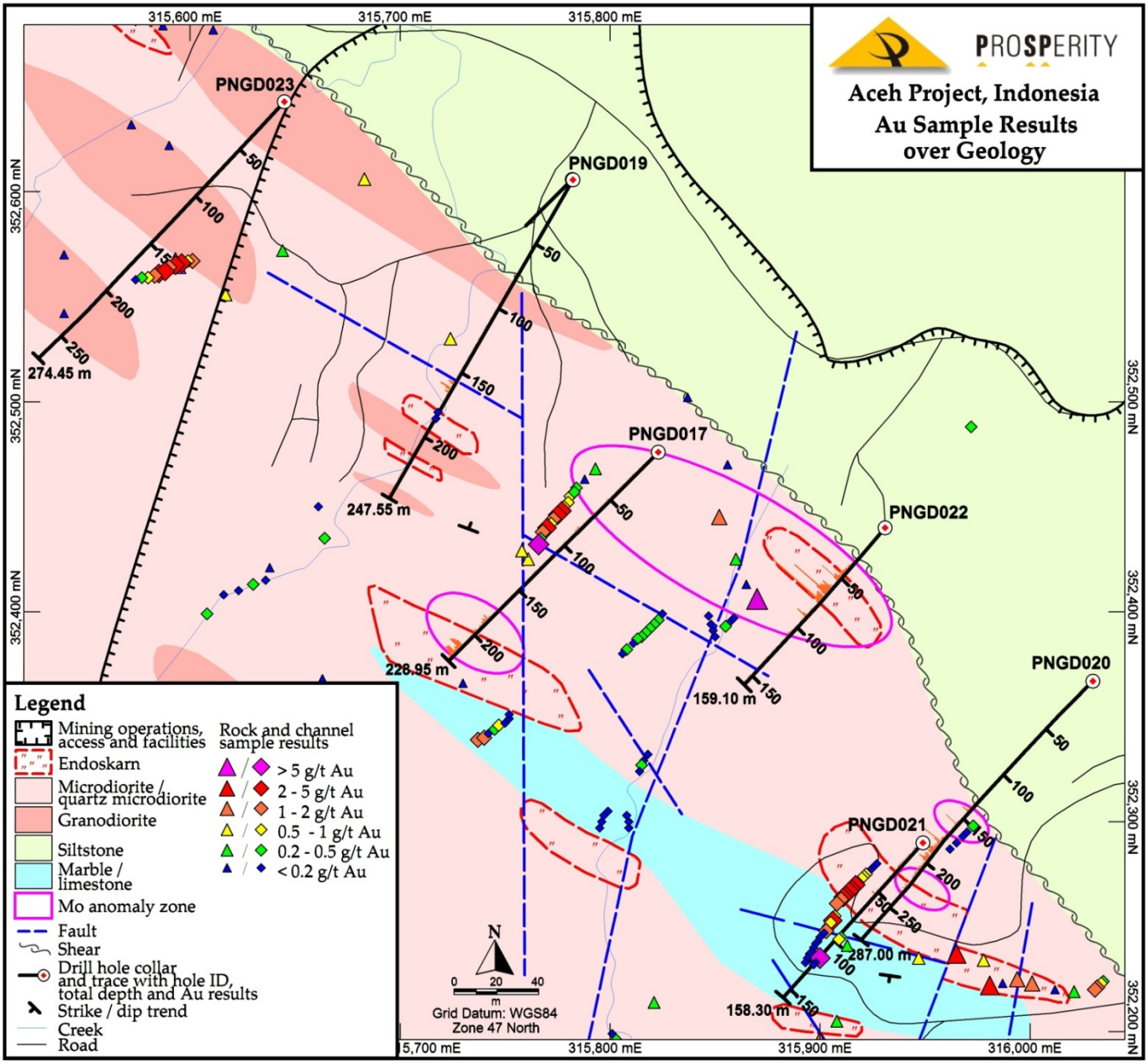

Figure 1: Summary geology with gold rock chip results and with inferred Mo anomaly zone circled. Drill hole collar locations and traces indicated.

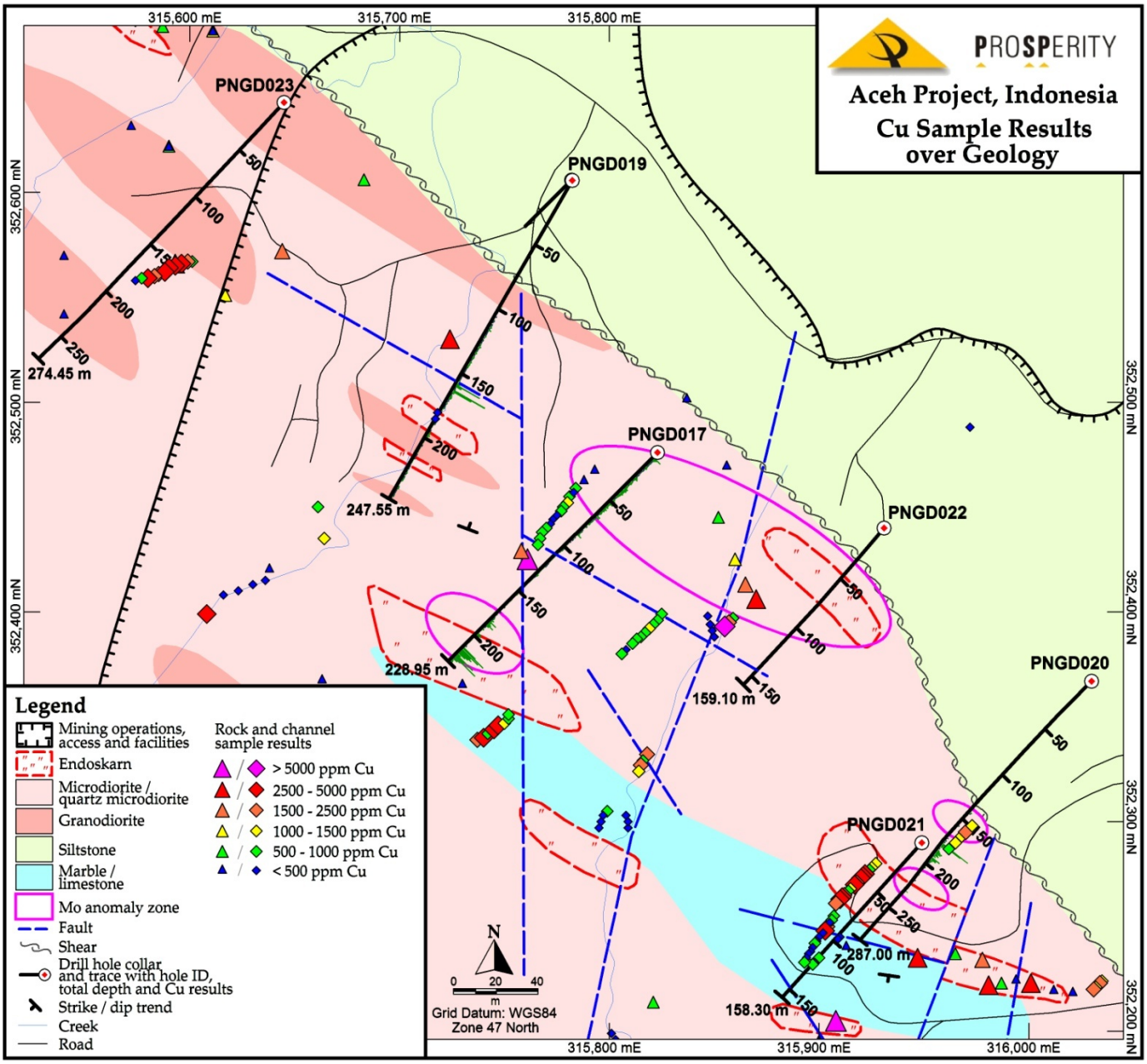

Figure 2: Summary geology with copper rock chip results and with inferred Mo anomaly zone circled. Drill hole collar locations and traces indicated.

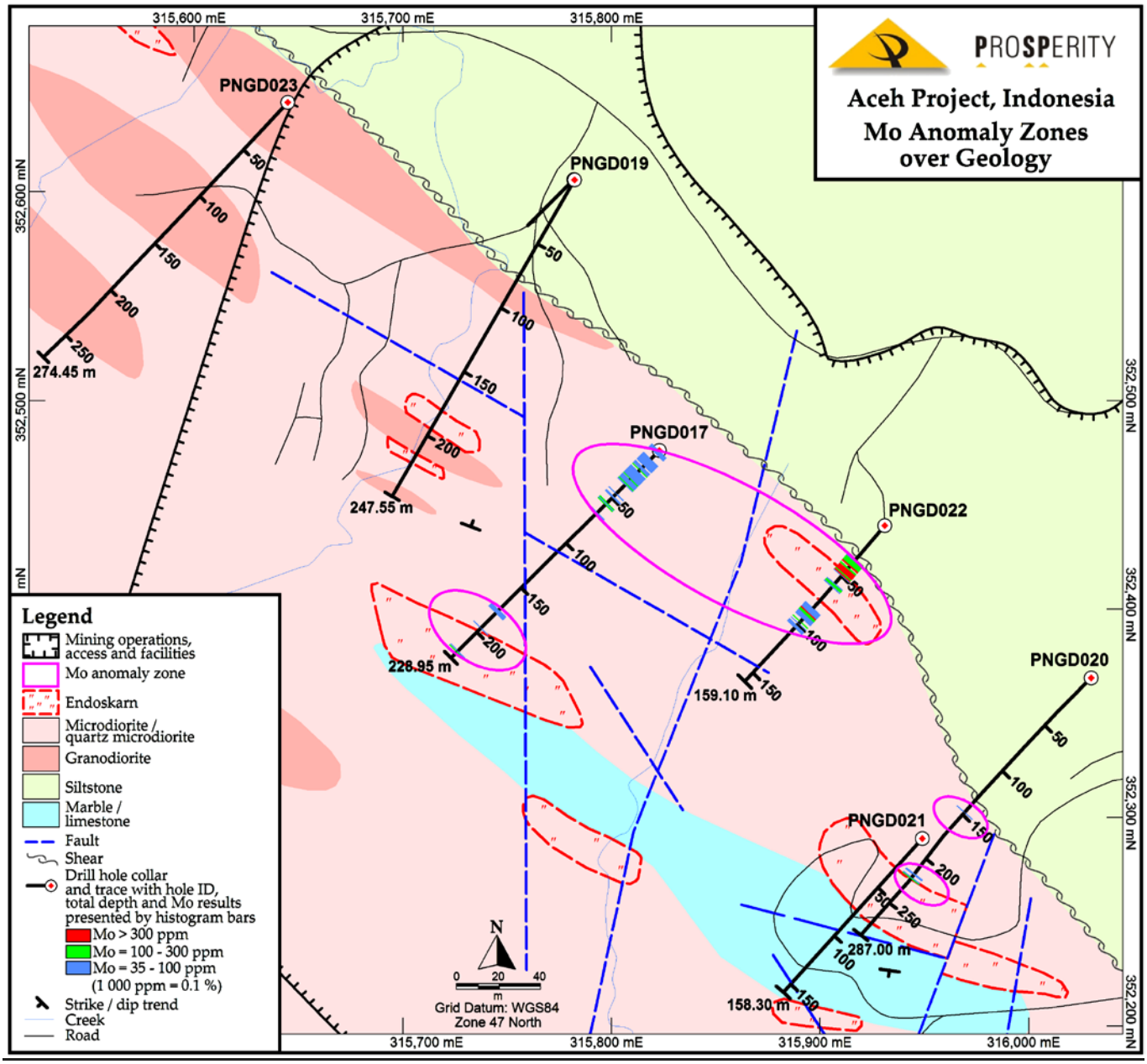

Figure 3: Distribution of molybdenum in drill holes in relation to geology. Histograms on drill holes indicate intersected position of elevated molybdenum grades and magenta ellipses circle inferred Mo anomaly zones. These Mo-rich zones are likely to be a vector toward higher temperature and source zones for the mineralised fluids.

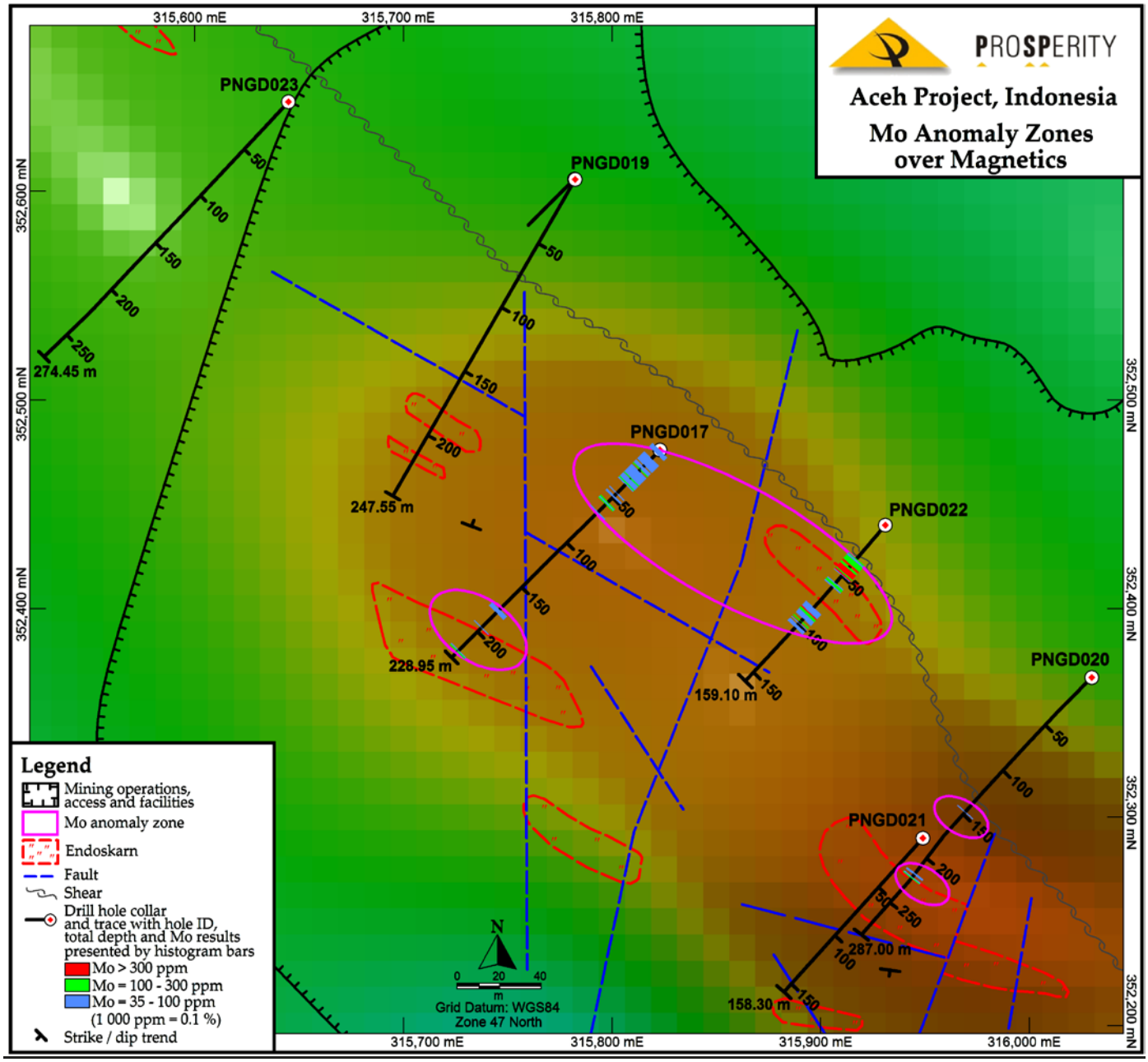

Figure 4: Molybdenum distribution in relation to airborne magnetic anomaly at Kuini (RTP TMI data)

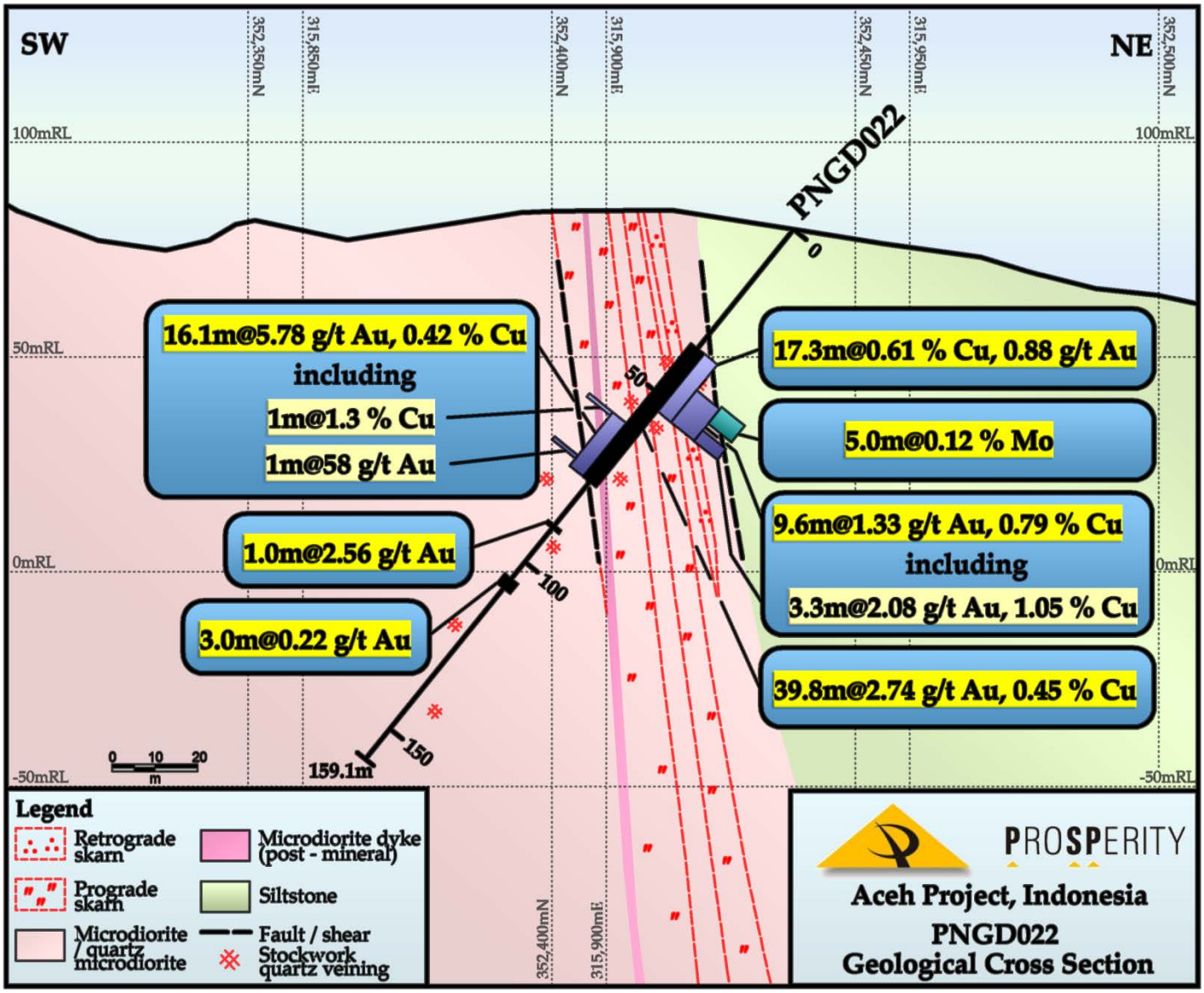

Figure 5: Summary section of drill hole PNGD022 showing geology and significant gold-copper-molybdenum intersections. In Hole PNGD022 the 39.8 metre intersection within the skarn zone from 36 metres to 76 metres averaged 2.74g/t gold and 0.45% copper and included the higher grade intervals shown. The higher grade zones are highlighted in the following table of analytical results for the upper section of the hole.

Table 1: Analytical results for mineralised section of Hole PNGD022. Colour code highlights higher values for Au (yellow and pink) and Mo (green) with main Cu zone (pale brown). Blue rows show positions and values for standards and blanks inserted in analytical runs by Prosperity as part of systematic QA/QC checks.

Prosperity - Kuini Drill Hole PNGD022							
Element			Au1 (ppm)	Au2 (ppm)	Cu (ppm)	Mo (ppm)	Fe (%)
Method	From	To	FA50	FA50	IC01	IC01	IC01
PNGD022001A			<0.005		7	<1	2.51
PNGD022001	33.65	34.65	0.115		2110	109	5.33
PNGD022002	34.65	36	0.097		1410	49	3.39
PNGD022003	36	38	0.185		1850	114	3.04
PNGD022004	38	40	0.31		5520	110	5.19
PNGD022005	40	41.4	0.22		2380	498	2.35
PNGD022006	41.4	42	0.47	0.455	4230	25	21.9
PNGD022007	42	43	0.44		6080	150	9.31
PNGD022008	43	43.7	0.39		3390	218	9.27
PNGD022009	43.7	45	0.537		6500	370	5.11
PNGD022010	45	46	1.03	0.932	8780	1320	7.4
PNGD022011	46	47	0.807	0.84	6360	2380	6.95
PNGD022012A			0.874		7090	520	6.41
PNGD022012	47	48	2.39	2.42	9270	1480	8.56
PNGD022013	48	49	0.328		3710	101	15.4
PNGD022014	49	50	0.652		4270	320	45.4
PNGD022015	50	51	1.51		7390	76	32.1
PNGD022016	51	52	1.27		6280	6	25.3
PNGD022017	52	52.65	5.07	4.78	27600	2	34.2
PNGD022018	52.65	53.3	1.19		4870	2	34.1
PNGD022019	53.3	54	0.065		450	8	5.65
PNGD022020	54	55	0.066		724	19	5.7
PNGD022021	55	56	0.028		91	1	5.41
PNGD022022	56	57	0.025		122	1	4.56
PNGD022023A			0.007		10	1	2.53
PNGD022023	57	58	0.046		561	15	5.66
PNGD022024	58	59	0.162		2290	48	5.93
PNGD022025	59	59.7	0.725		2980	105	12.5
PNGD022026	60	61	2.55	2.5	13000	191	34.5
PNGD022027	61	62	1.5		5440	61	33.7
PNGD022028	62	63	1.8		7130	7	31.9
PNGD022029	63	64	2.4		6490	3	43.1
PNGD022030	64	65	2.34		2950	3	42.7
PNGD022031	65	66	10.1	10.2	4030	3	39.4
PNGD022032	66	67	2.76		4240	1	37
PNGD022033	67	67.8	1.22		3010	2	34.3
PNGD022034	67.8	68.8	0.01	0.007	45	1	4.05
PNGD022035A			1.59		36	2	3.24
PNGD022035	68.8	70	1.93		3970	2	39
PNGD022036	70	71	1.72		4430	1	42
PNGD022037	71	72	1.49		3000	3	34.9
PNGD022038	72	73	1.26		1870	4	26.9
PNGD022039	73	74	58		1980	3	21
PNGD022040	74	75	3.37	3.32	2750	7	16.5
PNGD022041	75	76.1	0.425		2370	21	6.33
PNGD022042	76.1	78	0.014		161	6	3.84
PNGD022043	78	79.55	0.012		127	2	3.07
PNGD022044	79.55	81	0.065		1030	14	5.92
PNGD022045	81	82	0.12		1450	8	5.39
PNGD022046A			0.005		8	1	2.49

Prosperity - Kuini Drill Hole PNGD022							
Element			Au1 (ppm)	Au2 (ppm)	Cu (ppm)	Mo (ppm)	Fe (%)
Method	From	To	FA50	FA50	IC01	IC01	IC01
PNGD022046	82	83.15	0.15		716	7	5.65
PNGD022047	83.15	84	0.052		338	40	3.34
PNGD022048	84	85	0.041		432	53	3.12
PNGD022049	85	86	0.021		113	32	3.04
PNGD022050	86	87	0.058	0.06	535	40	3.15
PNGD022051	87	88	0.2		479	81	3.9
PNGD022052	88	89	0.862		465	308	6.64
PNGD022053	89	90	2.56		558	159	6.38
PNGD022054	90	91	0.14		559	206	5.94
PNGD022055	91	92	0.099		568	97	6.4
PNGD022056	92	93	0.119		880	87	6.04
PNGD022057	93	94	0.036	0.041	391	77	5.32
PNGD022058A			0.897		7090	526	6.45
PNGD022058	94	95	0.092	0.092	676	66	5.64
PNGD022059	95	96	0.045		420	11	6
PNGD022060	96	97	0.036		279	14	5.72
PNGD022061	97	98	0.042		302	123	5.81
PNGD022062	98	99	0.044		332	23	5.62
PNGD022063	99	100	0.055		410	48	5.7
PNGD022064	100	101	0.024		155	19	5.44
PNGD022065	101	102	0.068		507	43	5.36
PNGD022066	102	103	0.054		396	57	6.7
PNGD022067	103	104	0.048		299	36	6.44
PNGD022068	104	105	0.063		485	20	4.72
PNGD022069A			<0.005		4	1	2.35
PNGD022069	105	106	0.108		913	13	5.03
PNGD022070	106	107	0.233		1510	9	6.03
PNGD022071	107	108	0.318		1440	3	5.05
PNGD022072	108	109	0.072		415	3	5.84
PNGD022073	109	110	0.058		849	7	5.26
PNGD022074	110	111	0.052		537	3	5.25
PNGD022075	111	112	0.077		703	3	5.09
PNGD022076	112	114	0.091		644	2	5.78
PNGD022077	114	116	0.067	0.065	275	4	6.38
PNGD022078	116	118	0.044		337	2	5.51
PNGD022079	118	120	0.032		359	3	5.38
PNGD022080	120	122	0.047		167	2	5.65
PNGD022081A			1.55		33	1	3.34
PNGD022081	122	124	0.086		346	4	5.78
PNGD022082	124	126	0.042		294	3	5.79
PNGD022083	126	128	0.058		382	2	6
PNGD022084	128	130	0.049		552	4	6.18
PNGD022085	130	132	0.023		156	2	6.15
PNGD022086	132	134	0.025		244	1	6.03
PNGD022087	134	136	0.034	0.034	152	1	5.35
PNGD022088	136	138	0.033		263	3	5.48
PNGD022089	138	140	0.034		273	6	6.17
PNGD022090	140	142	0.017		95	1	5.68
PNGD022091	142	144	0.043		190	2	5.5
PNGD022092A			<0.005		4	<1	2.51

Examples of drill core from Hole PNGD022 are shown below. They illustrate the range of rock types, structural fabric, alteration and sulphide mineralisation intersected through the hole. Aluminium tags correspond to start of sample interval and show sample number (see Table for depths and analyses).

Figure 6: Contact between sediments and microdiorite at 33.65 metres.

Figure 7: Higher temperature stock work and crystalline quartz veins in microdiorite 36-40 metres down hole. Detail of deformed laminated quartz veins with sulphide centreline and fracture fill and alteration in quartz diorite.

Figure 8: Extensive high temperature quartz filled stockwork veins in quartz diorite intrusive with local endoskarn replacement in top two rows. Sulphide fills vein centrelines and cross cutting fractures and appears to postdate the quartz veins 42.3 metres.

Figure 9: Porphyry-related quartz stockwork veins 44-47 m depth. Detailed photos are shown below.

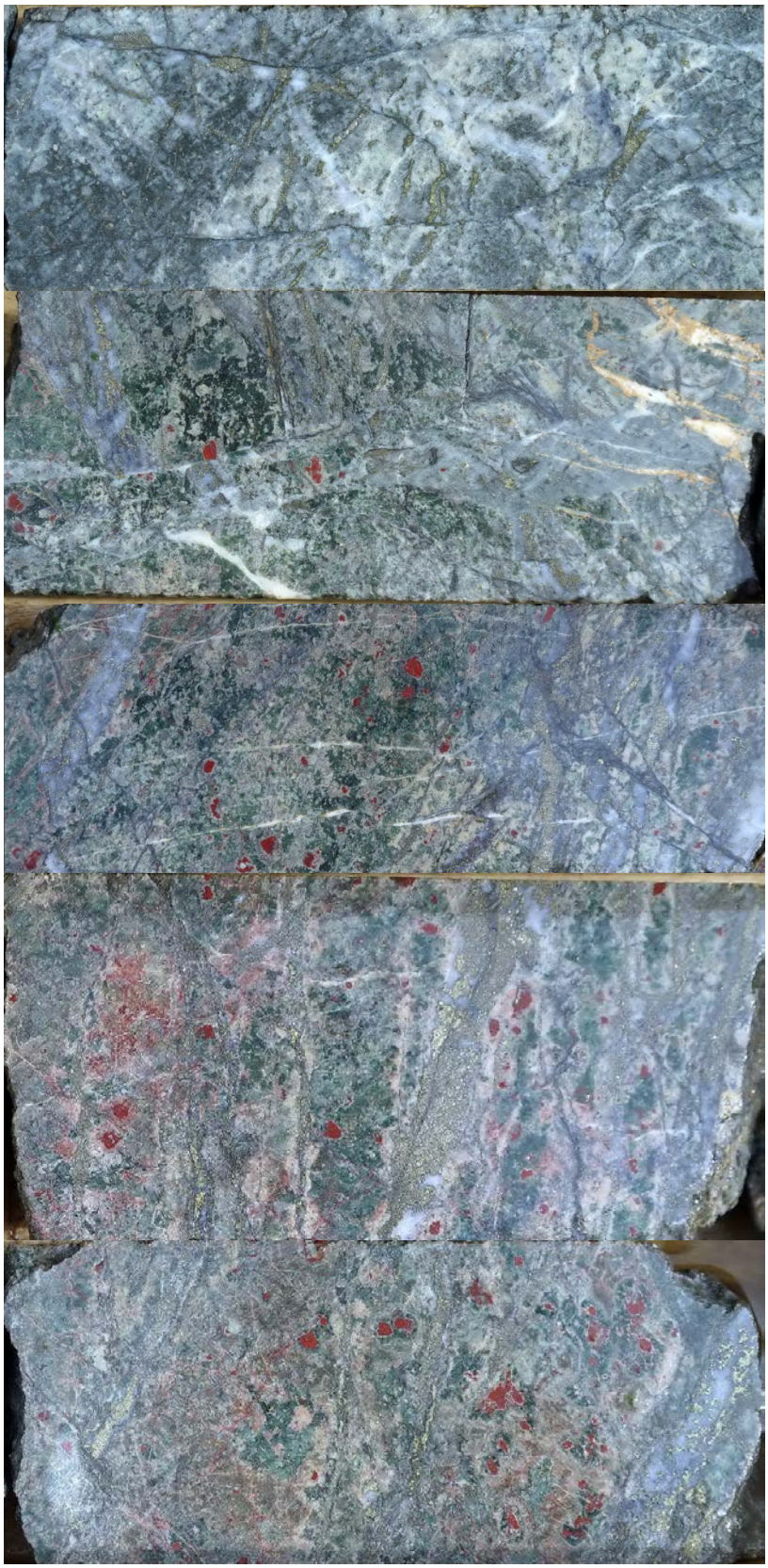

Figure 10: Examples of section of core shown in Figure 9 above. Alteration includes dark green chlorite and actinolite with red hematite. Rock is cut by late quartz sulphide veins with significant chalcopyrite content (grades to 0.8% Cu).

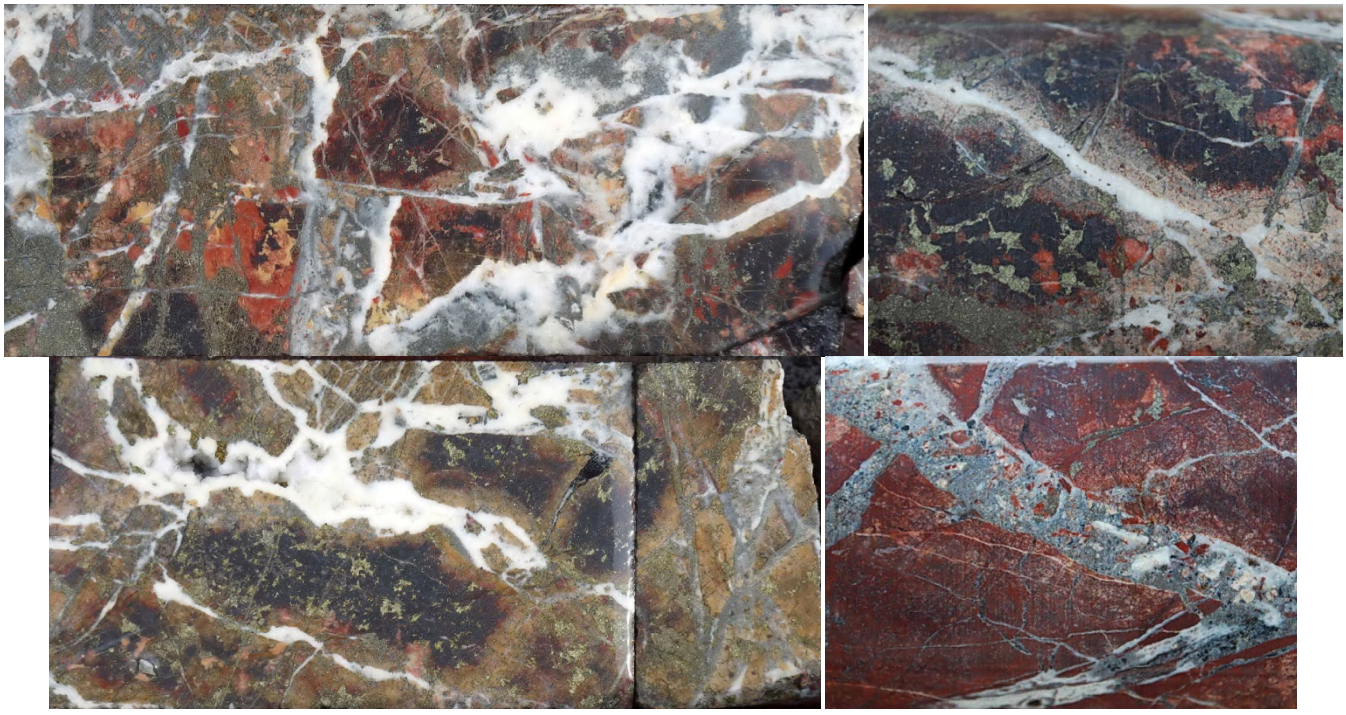

Figure 11: Sulphide overprint through quartz vein stockwork also with carbonate fill in microdiorite (50-52 metres), late vein selvedge alteration and breccia dyke in endoskarn .

Figure 12: Core interval 60-62 metres showing intersection of replacement endoskarn in microdiorite. Note hydrothermal magnetite growths and extensive sulphide development. This section has elevated Au values. Detailed views are shown below.

Figure 13: Intersection of sulphide-rich endoskarn in microdiorite in section from 60-65 metres coincident with anomalous Au zone. Note hydrothermal magnetite vein fill in upper photograph.

Figure 14: High grade Au interval at 73-75 metres in sulphide-rich endoskarn (Sample PNGD022039 = 58g/t Au).

Figure 15: Examples of quartz stockwork veinlets 88 to 90 metres down hole. Detail showing multiple vein formation textures and relation to sulphide introduction.

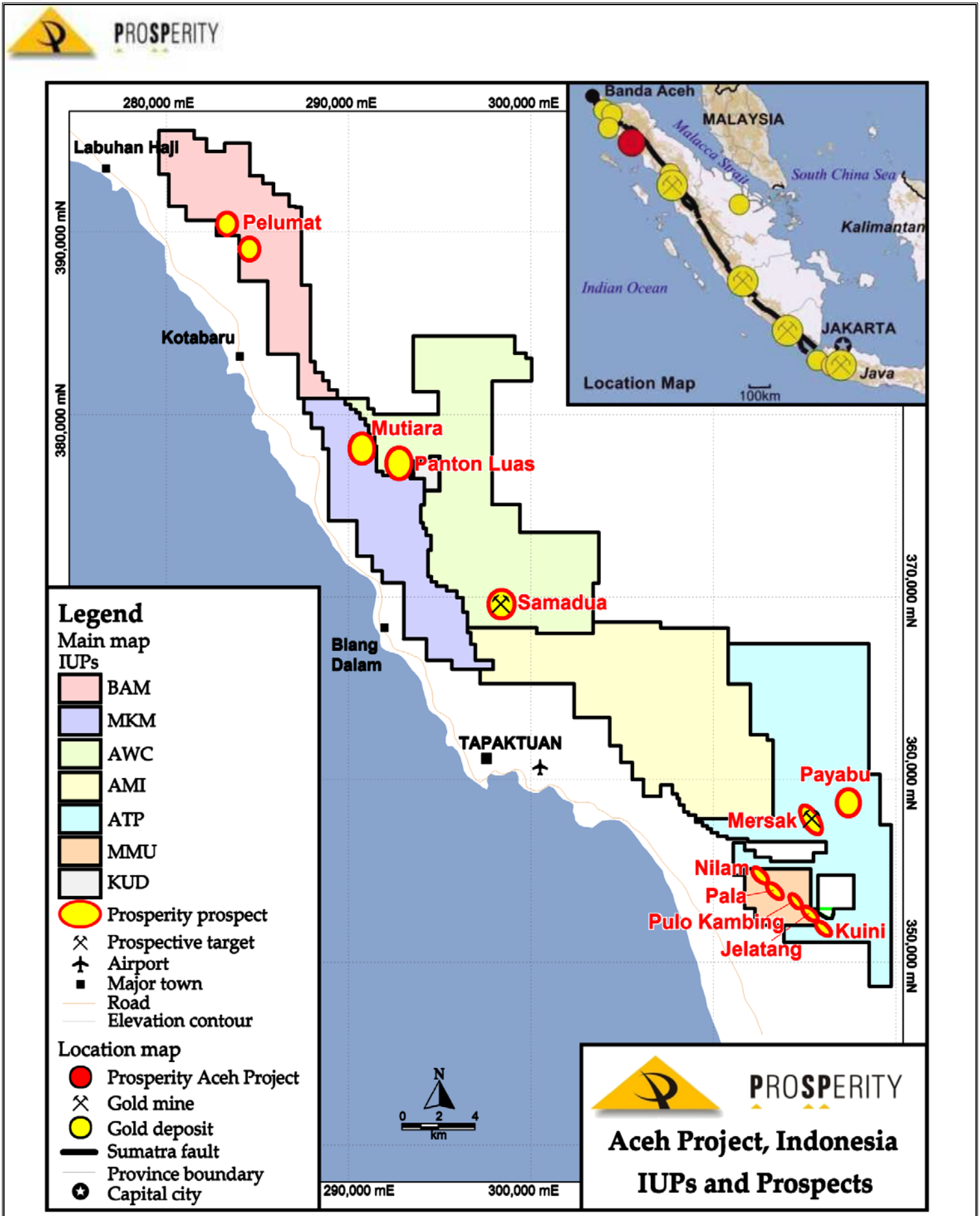

Figure 16: Location of Prosperity Licences (IUPs) and joint venture areas with assessed project target zones. (Coordinates WGS84 Zone 47 North).

Grid Coordinates on all figures WGS84 Zone 47 North

Analyses were undertaken by Intertek, Jakarta using 50g fire assay for Au (Method FA50, Aqua regia finish); low base metals by ICP-OES (Method IC01); high base metals (>1%, Method GA50).

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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.