



HIGHLIGHTS

✚ Helicopter borne magnetic survey defines several new potential porphyry centres and high grade Au-Cu skarn occurrences and confirms prospectivity of existing Prospects

✚ Prosperity now holds a 410km² (41,000 ha) contiguous land package along a 60 km structural corridor to the west of the Sumatra Fault

✚ First trenching completed at Mutiara Prospect with best results including:

- Trench M1: 18 metres @ 2.61g/t gold and 0.71% copper
- Trench M23: 12 metres @ 4.77g/t gold and 3.62% copper
- Trench M26: 18 metres @ 1.39g/t gold and 0.42% copper

✚ Further exploration at Panton Luas Prospect reveals widespread mineralisation including trench results:

- Trench M26: 18 metres @ 1.39g/t gold and 0.42% copper
- Trench P3: 15 metres @ 6.71g/t gold
- Trench P37: 6 metres @ 2.70g/t gold and
- Trench P37: 15 metres @ 3.10g/t gold

✚ Prosperity raised \$3.2m during the quarter

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Capital Structure:
ASX Listed Shares: 302M
ASX Unlisted Options: 45.2M

ASX Code:
PSP – ordinary shares

Directors:
Mo Munshi
Chairman/Managing Director

John Arbuckle
Non-Executive Director

Sebastian Hempel
Non-Executive Director





Projects

Panton Luas Prospect (Prosperity 75%)

Gold – Copper

During the quarter, Prosperity completed a helicopter borne magnetic survey over the six license areas in Aceh. The Company continued the program of surface sampling and completed a trenching program at the **Panton Luas Prospect** in Aceh Province, Indonesia.

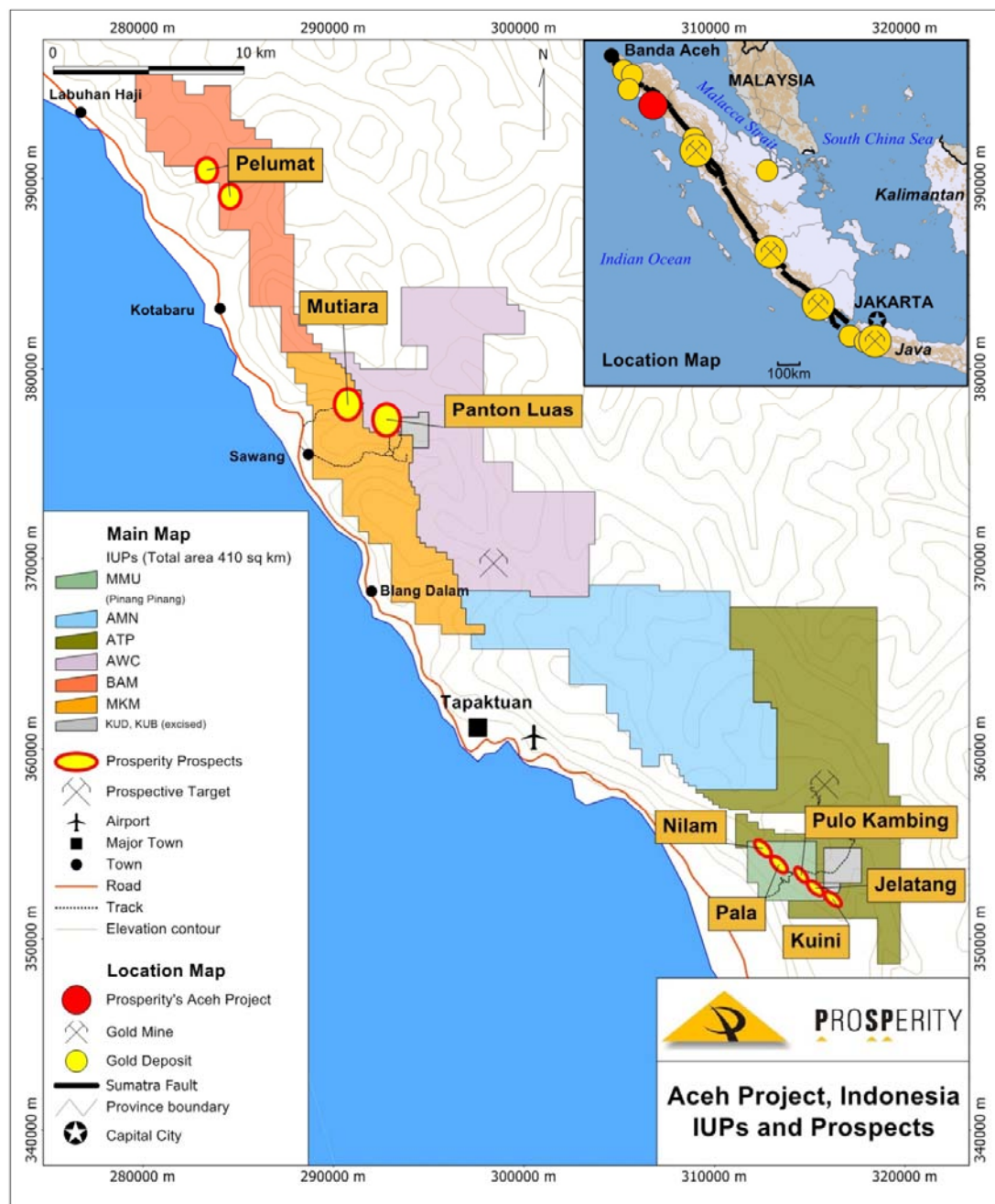


Figure 1: Prosperity's land package in Aceh



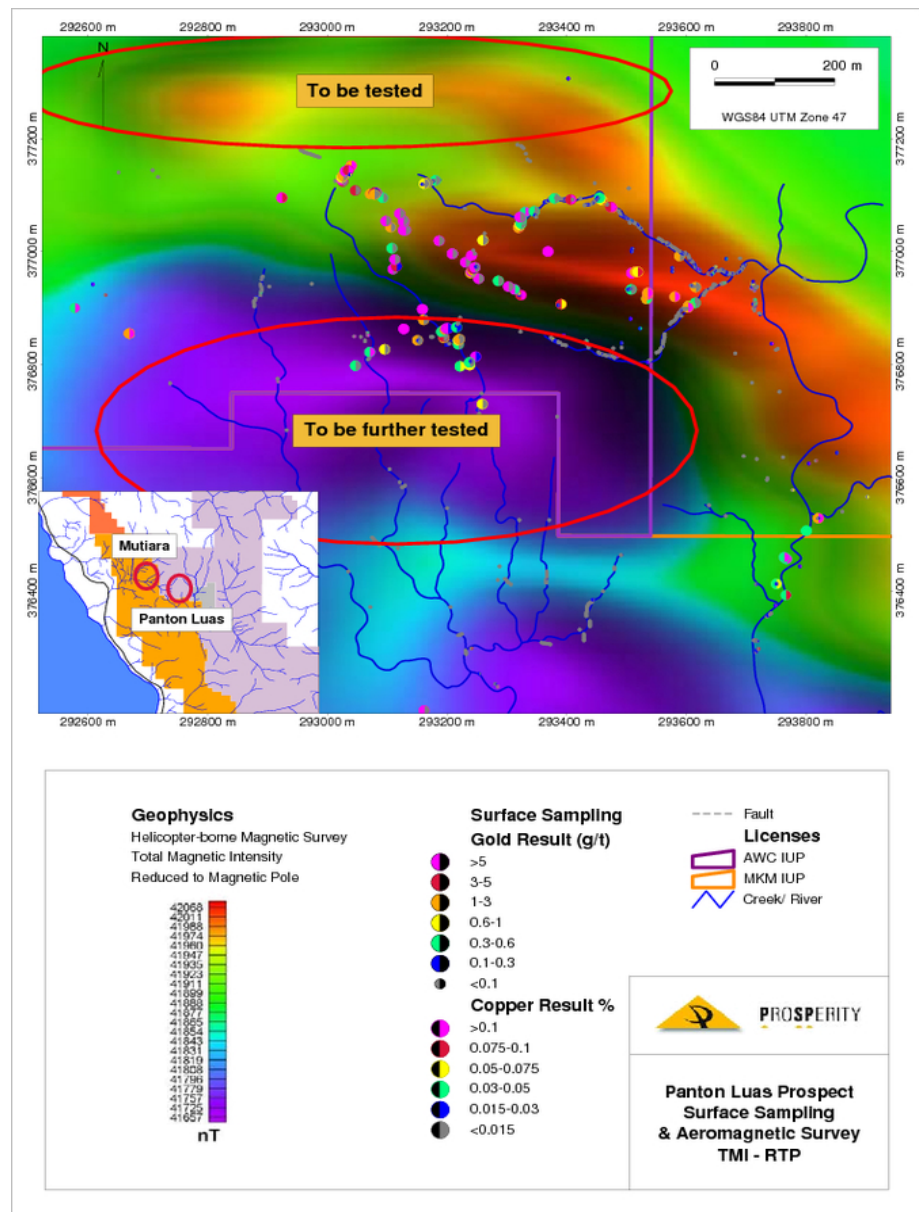
Panton Luas contains a gold-rich, copper-poor style of mineralisation with a strike length of more than 500 metres coinciding with the northwest-trending Panton Luas ridge. Zones of mineralisation also occur across a width of 400 metres at lower elevations in streams and creeks on both sides of the main ridge perpendicular to the ridge following the broad trend of mineralised structures and lithological contacts.

The highlights from the **Panton Luas** trenching results are as follows (figure 3)

Trench P3; **15 metres @ 6.71g/t gold**
 Trench P4; **3 metres @ 15.3g/t gold and 0.11% copper**
 Trench P19; **6 metres @ 2.68g/t gold and 0.26% copper**
 Trench P37; **6 metres @ 2.70g/t gold and**
 Trench P37; **15 metres @ 3.10g/t gold**

The magnetic survey produced excellent results from Panton Luas, extending the size of the Prospect (Figure 2). The survey has defined new significant targets with similar characteristics to those already explored including potential high grade Au-Cu skarn and porphyry hosted mineralisation to the north and south of Panton Luas and follow up work will commence in the next quarter.

Figure 2 Panton Luas magnetic survey



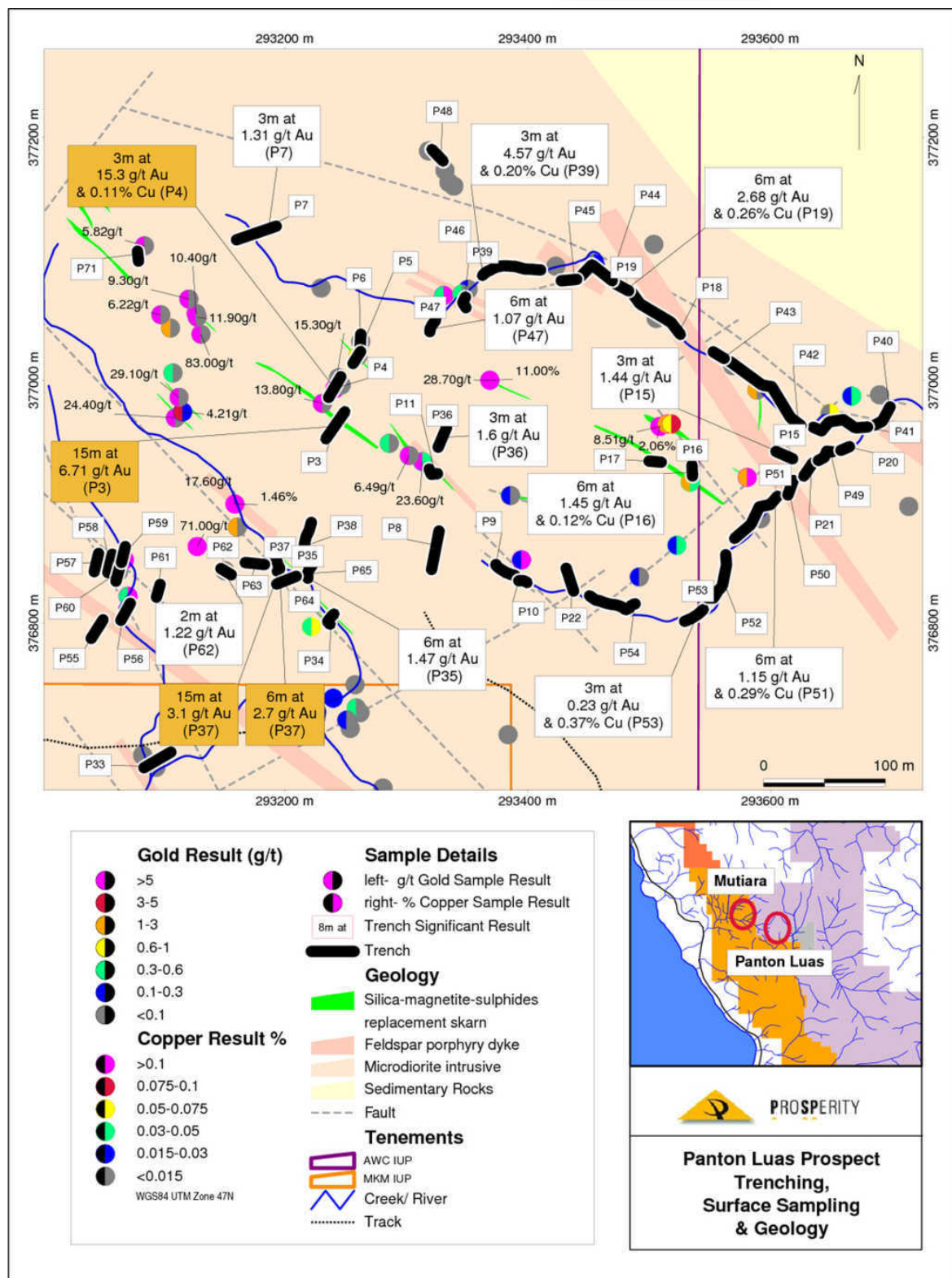


Figure 3: Panton Luas Trench and Surface Sample Results

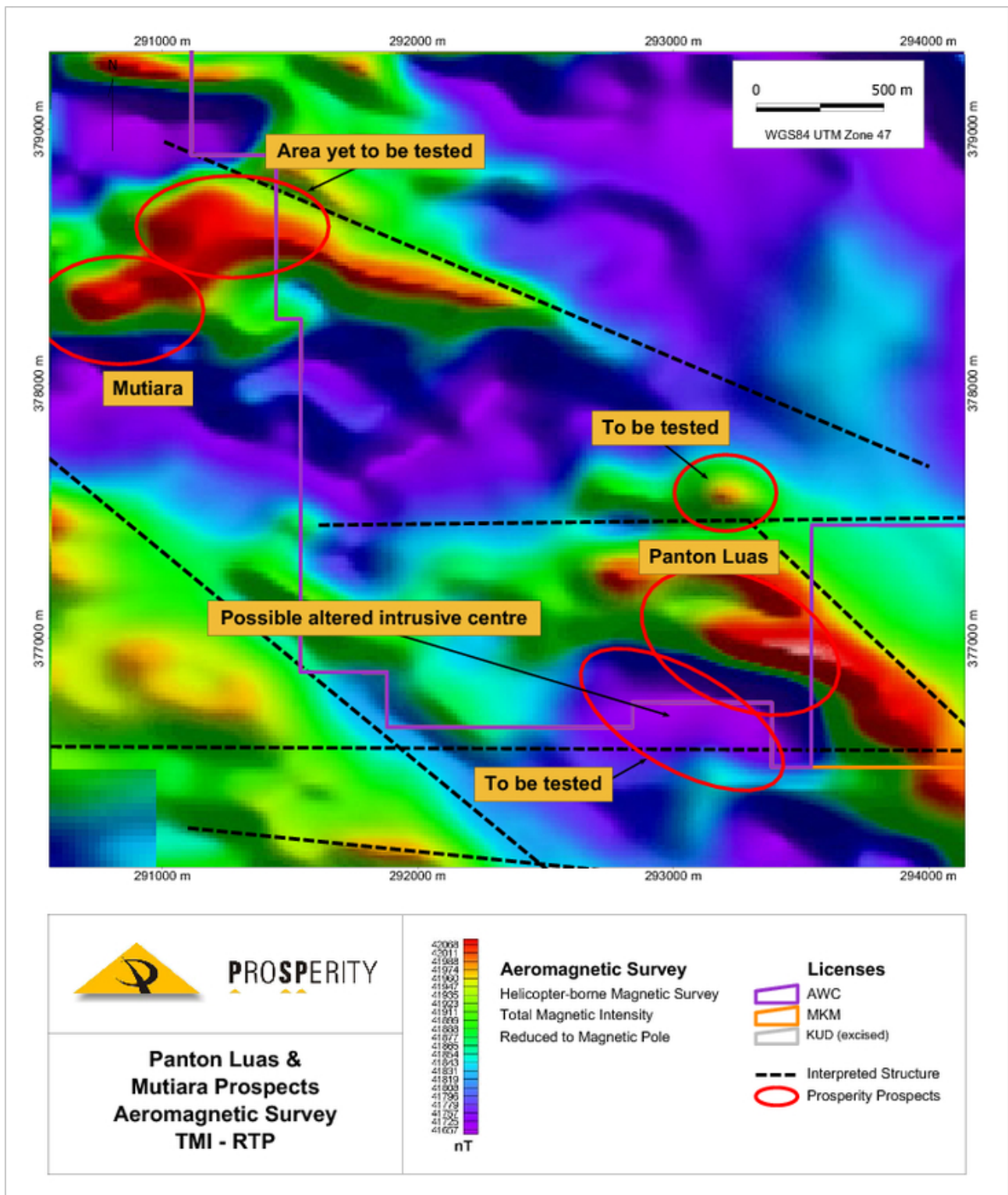


Figure 4: Pantan Luas - Mutiara area magnetic survey



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

Gold – Copper

The **Mutiara Prospect** is 1.2 kilometres long by 1.2 kilometres wide within the MKM IUP (figure 1) During the quarter a follow up surface sampling and trenching program was completed at the Mutiara Prospect (figure 5). Skarn and microdiorite-hosted gold and copper results returned from a large number of grab rock-chip samples and trenches define a broad mineralised zone located within a west-northwest orientated structural corridor of altered microdiorite intrusive rocks. Mineralisation within this corridor is open in both directions along strike and is located approximately 1.5 kilometres north west of the highly prospective Panton Luas Prospect.

The highlights from the **Mutiara** trenching results are as follows:

Trench M1;	18 metres @ 2.61g/t gold and 0.71% copper,
Trench M23;	12 metres @ 4.77g/t gold and 3.62% copper,
Trench M24;	6 metres @ 1.80g/t gold and 0.78% copper,
Trench M25;	3 metres @ 1.75g/t gold and 0.29% copper
Trench M26;	18 metres @ 1.39g/t gold and 0.42% copper

The magnetic survey images from Mutiara and Pelumat (Figures 6 and 7) illustrate a number of features of geology, structure, alteration and mineralisation recognised by Prosperity in the field and relates them to magnetic anomalies seen in the magnetic survey images. These illustrate the close correlation between direct field observation of alteration characteristics of both porphyry and skarn mineralisation with the magnetic anomalism and gives confidence to the interpretations that can be made from the magnetic survey data in unmapped areas.



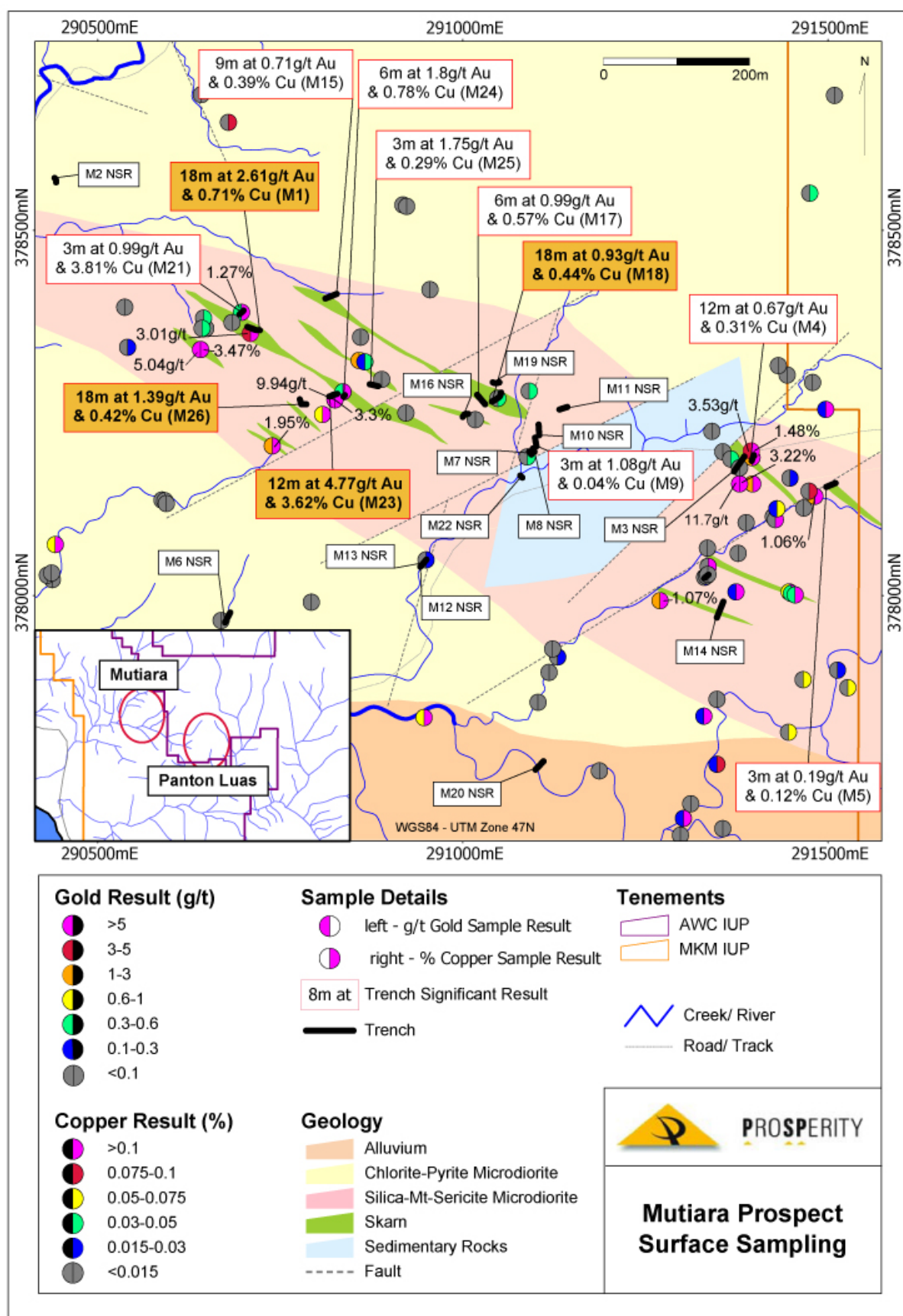


Figure 5: Mutiara gold/copper surface results

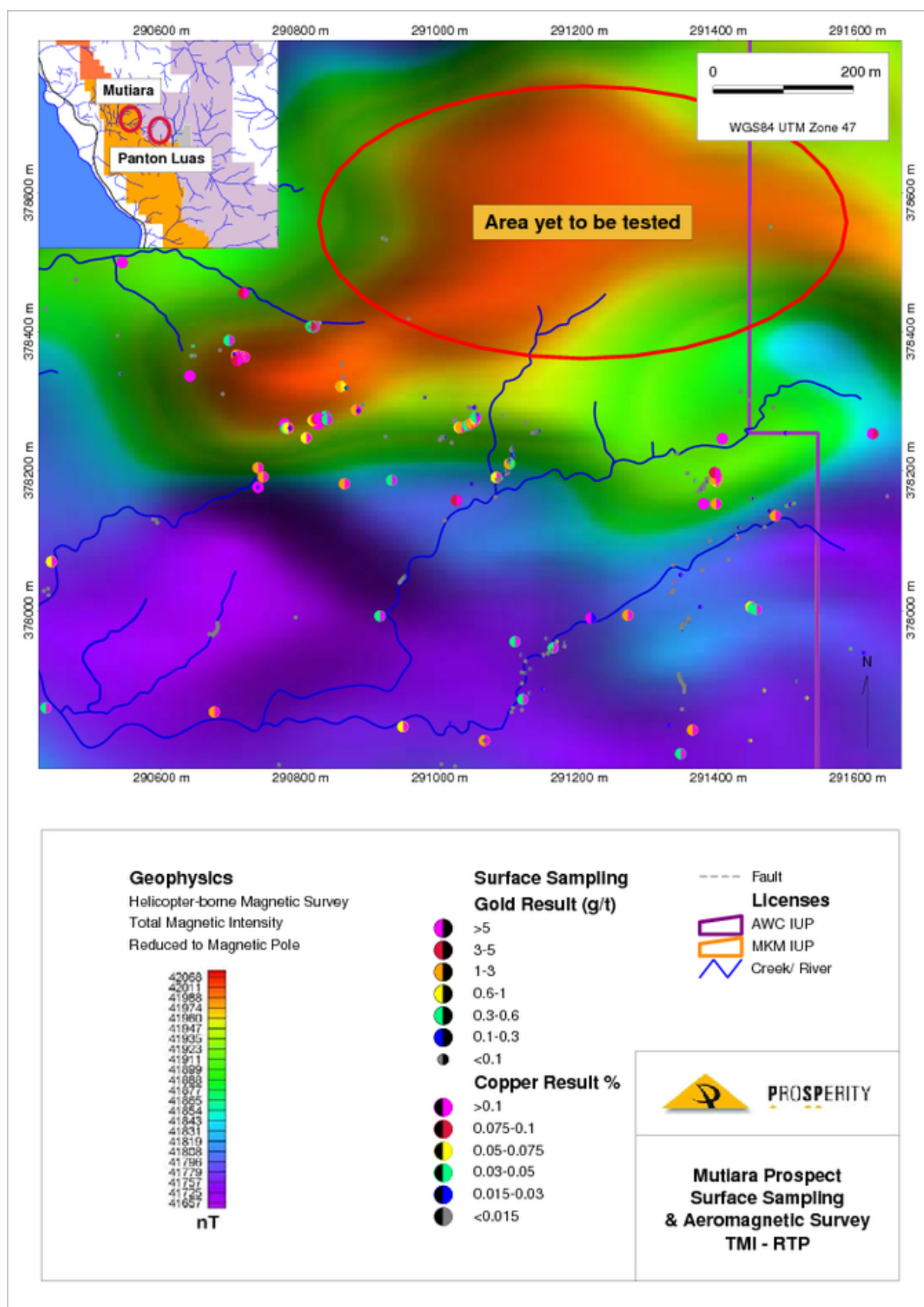


Figure 6: Mutiara surface samples and magnetic survey results



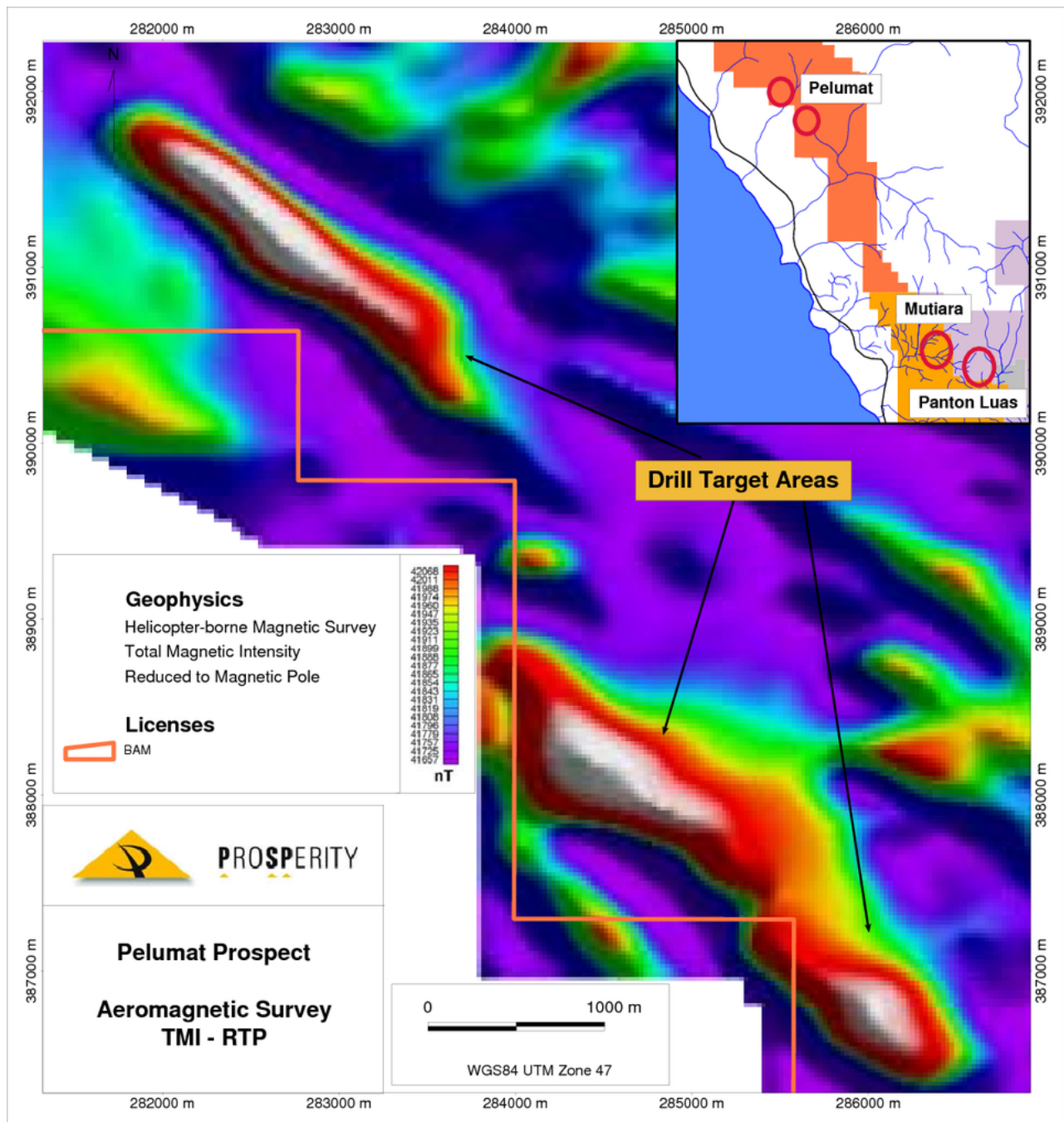


Figure 7: Pelumat area magnetic survey

Pinang-Pinang (Prosperity right to acquire 73%)

Gold – Copper

The Pinang-Pinang area is located on the PT MMU IUP and contains the Pala, Jelatang and Nilam Prospects. The results of the helimag survey over this area are shown in Figure 8. The survey results highlight the prospectivity of the known targets and also revealed a number of new sites within distinctive structural settings and with magnetic characteristics that are similar to known targets which will require follow up.





These include potential high grade Au-Cu skarn and porphyry hosted mineralisation which all lies within the major controlling structural corridor encompassed by Prosperity Licences. Assessment of the magnetic data is ongoing.

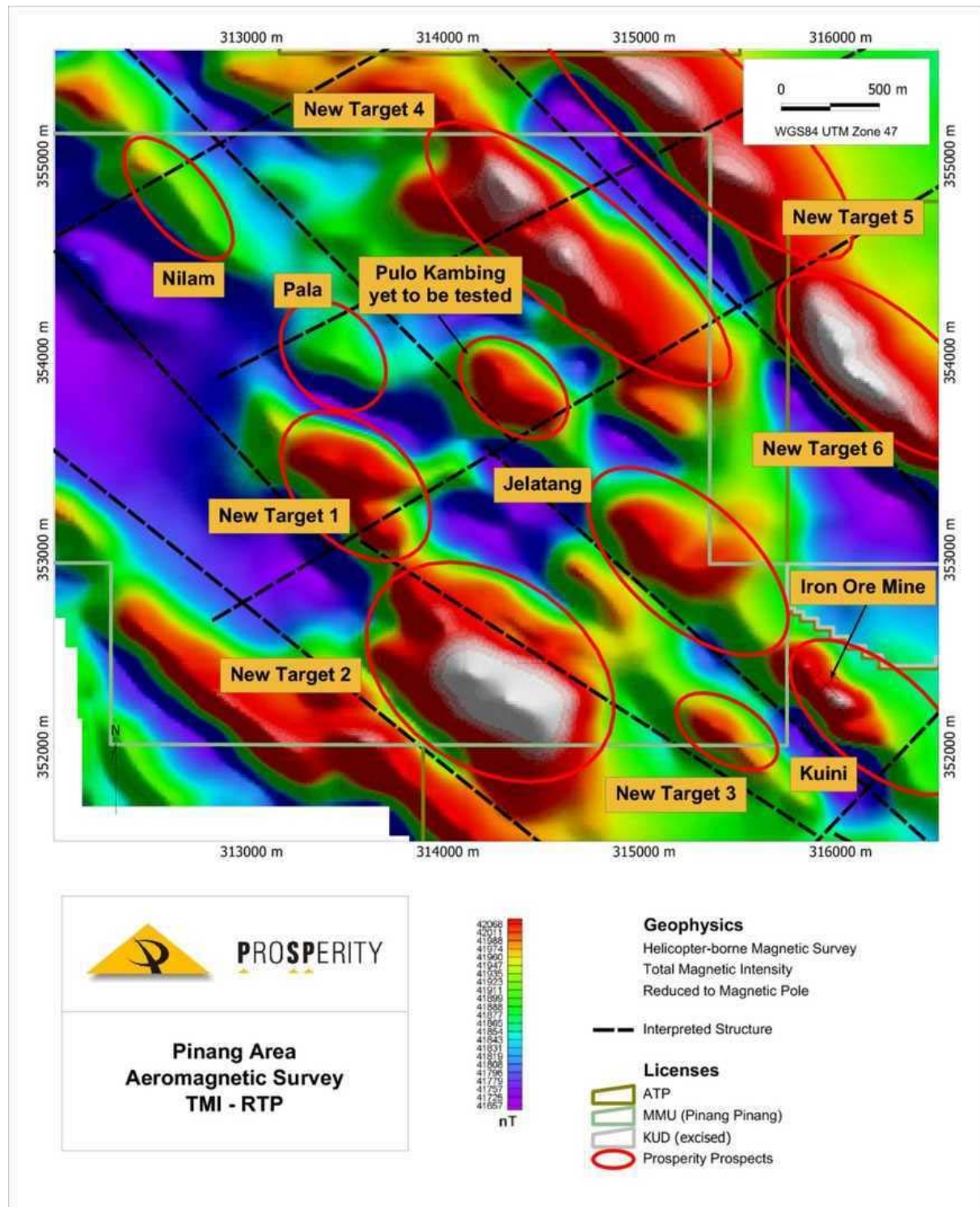


Figure 8: Pinang-Pinang Area magnetic survey results showing 6 new targets





Corporate

Prosperity completed a share placement of 14.86 million ordinary shares to sophisticated investors at \$0.15 per share to raise \$2.23 million during the quarter. Prosperity's Indonesian partner, PT Dana exercised ten million unlisted options at an exercise price of \$0.10 per share to raise a further \$1m during the quarter. The Company extended its repayment date for the US\$500,000 loan to 31st March 2011.

No exploration fieldwork was carried out at the Tennant Creek, Mt Gibson or Yalgoo projects during the September 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:

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or visit 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")

30 SEPTEMBER 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) administration	(264)	(264)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research & development tax refund	-	-
Net Operating Cash Flows		(261)	(261)
Cash flows related to investing activities			
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	(733)	(733)
Net Investing Cash Flows		(733)	(733)
1.13	Total operating and investing cash flows (carried forward)	(994)	(994)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(994)	(994)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,560	3,560
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(309)	(309)
1.18	Dividends paid	-	-
1.19	Proceeds for pending issue of shares	-	-
1.19	Exchange gain realised	(41)	(41)
	Net financing cash flows	3,210	3,210
	Net increase (decrease) in cash held	2,216	2,216
1.20	Cash at beginning of quarter/year to date	515	515
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,731	2,731

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
1.23 Aggregate amount of payments to the parties included in item 1.2	39
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' remuneration \$24,425
Services provided by director-related entities \$15,000

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

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

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	652	652
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	488
4.2 Development	-
4.3 Production	-
4.4 Administration	197
Total	685

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	2,731	213
5.2 Deposits at call	-	302
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,731	515

+ 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	E59/1038 E59/1404 M59/275	Surrendered Surrendered Surrendered	100% 100% 100%
6.2	Interests in mining tenements acquired or increased	PT MKM	Acquired	51% 80%

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 Preference +securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	301,889,179	301,889,179		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,000,000 15,000,000 10,000,000 14,863,806 600,000	5,000,000 15,000,000 10,000,000 14,863,806 600,000	- 2 cents 10 cents 15 cents 5 cents	- 2 cents 10 cents 15 cents 5 cents
7.5 +Convertible debt securities (description)				

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options	<i>Total number</i>	<i>Number quoted</i>	<i>Exercise price</i>	<i>Expiry date</i>
	Unlisted (1)	250,000	-	40 cents	31 Dec 2010
	Unlisted (2)	3,500,000	-	10 cents	28 Feb 2011
	Unlisted (3)	32,000,000	-	5 cents	28 Feb 2011
	Unlisted (4)	*250,000	-	50 cents	31 Dec 2011
	Unlisted (5)	1,500,000	-	15 cents	28 Feb 2012
	Unlisted (6)	2,000,000	-	12 cents	31 Mar 2012
	Unlisted (7)	1,000,000	-	20 cents	31 Mar 2012
	Unlisted (8)	1,000,000	-	30 cents	31 Mar 2012
	Unlisted (9)	1,000,000	-	40 cents	31 Mar 2012
	Unlisted (10)	500,000	-	12 cents	31 Oct 2012
	Unlisted (11)	500,000	-	15 cents	31 Oct 2012
	Unlisted (12)	100,000	-	15 cents	31 Dec 2012
	Unlisted (13)	100,000	-	5 cents	28 Feb 2013
	Unlisted (14)	500,000	-	5 cents	28 Feb 2013
	Unlisted (15)	500,000	-	10 cents	28 Feb 2013
	Unlisted (16)	500,000	-	10 cents	28 Feb 2013
7.8	Issued during quarter	10,000,000	-	10 cents	31 Aug 2010
7.9	Exercised during quarter	10,000,000 15,000,000 600,000	- - -	10 cents 2 cents 5 cents	31 Aug 2010 30 Sep 2010 28 Feb 2013
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

* - 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:Date: 29 October 2010

(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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