



2nd February 2012

PROMISING DRILLING RESULTS FROM KUINI PROSPECT IN ACEH

Highlights:

- Prosperity has completed three diamond drill holes of its initial 1,500 metre drilling program at its gold-copper Kuini Project in Aceh, Indonesia targeting an airborne magnetic high coincident with microdiorite intrusive hosting Au-Cu bearing magnetite-rich endoskarn. Analytical results from the first two holes, along one section, are given in this release.
 - Significant results from these two holes include:
 - Hole PNGD020:
 - From 166.2m: 63.6m@0.56 g/t Au, 0.12% Cu
 - Including: 2.0m@3.42g/t Au, 1.63% Cu;
 - 5.7m@1.38g/t Au, 0.28% Cu;
 - 6.7m@1.19g/t Au, 0.23% Cu
 - From 142m: 1m@1.58g/t Au;
 - From 157.15m: 0.7m@3.31g/t Au;
 - Hole PNGD021:
 - From 6m: 20m@0.23% Cu
 - Including: 6.0m@0.41% Cu,
 - 8.0m@0.2g/t Au;
 - From 52m: 1.2m@0.7g/t Au
- Intersected geology and analytical results suggest potential for a Au-Cu porphyry intrusive source for mineralised fluids at depth.

Prosperity Resources Limited (ASX: PSP) is pleased to release the results from the first two holes in its 2011-2012 drilling program at the Kuini Prospect in southern Aceh. A third hole has been completed but results are not yet fully compiled and a fourth hole is in progress. The program is testing south east along the 650 metre strike extension from the Jelatang Prospect previously drilled in June 2010. The two holes drilled in the Jelatang Prospect intersected significant gold and copper mineralisation associated with massive magnetite endoskarn in a microdiorite intrusive with one hole finishing in mineralisation (ASX release 8th July 2010). The new drilling tested beneath high Au-Cu grades determined in rock chip and composite channel samples of magnetite bearing endoskarn over significant widths south east of this earlier drilling (ASX release 24th October 2011).

ASX: PSP

SHARE INFORMATION

Issued Shares: 346.54m
Unlisted Options: 20.95m

BOARD OF DIRECTORS

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

ACEH

Ownership: earning 73%
Location: Aceh, Indonesia

TENNANT CREEK

Ownership: 100%
Location: NT, Australia

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. Figure 12 shows the location of Prosperity exploration activities in southern Aceh.

Chairman Mr. Mo Munshi said "we are pleased to be able to report results from the first two holes from our drilling of the Kuini Prospect. These follow up significant rock chip and composite channel results reported earlier. The drill results give us much encouragement to continue our program to test the strike and depth extent of the mineralised magnetic skarn body. The intersections are important as they firm up our model of the immediate skarn target zone, highlight the potential of similar magnetic targets in the near region and suggest potential associated with a deeper porphyry source for the mineralisation".

Geology and Site Setting

The mineralisation at the site occurs predominantly in magnetite-rich Cu-Au bearing endoskarn hosted in magnetite bearing microdiorite intrusives which together have a strong magnetic signature. The host intrusives and mineralised skarns dip steeply north east and appear structurally confined within a lithological package that includes sedimentary units (sandstone, dark carbonaceous mudstone and limestone (marble) units) in structural and intrusive juxtaposition with fine and medium grained granodiorite and quartz diorite. Mapping is confined for the most part to exposure available in areas contained within the Prosperity ATP IUP being exploited for hematite ores derived from surface oxidised magnetite skarn. Slope scree or mine waste mask some of the geological relationships. The drilling has and will enable more complete geological sections to be made and help determine and clarify geological relationships.

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 & 2. These figures also show the Au-Cu rock chip geochemistry from the area (some previously reported in an ASX release on 24th October 2011) and drill hole locations.

Drilling Program

Drill hole locations proposed in an earlier release have been changed following additional mapping, site access constraints and results from intersections achieved in the drill holes completed or in progress. Future holes in this program will also be repositioned to best exploit new information obtained as the drilling progresses. The locations of all drill holes in the Kuini-Jelatang Project area are shown Figures 1 & 2.

Hole PNGD020

This hole was primarily designed to assist with first pass geological interpretation of the prospect, to verify the interpreted location of the causative magnetic body derived from the 3D magnetic inversion model and as a test of the size and character of any skarn or other mineralised body intersected at depth. In addition a further objective was to obtain evidence that might demonstrate the potential for a porphyry system at depth as a source for the skarn alteration and mineralisation. This objective had not been clearly demonstrated in surface exploration nor in the drilling that was undertaken in the earlier holes at Jelatang (Holes PNGD017 and PNGD019).

The hole is notable for the broad intersection of gold intersected within prograde skarn. A 63.6 metre intercept from 166.2 metres to 229.75 metres averaged 0.56g/t gold and 0.12% copper. This is the longest gold-copper mineralised intersection achieved to date in the wider project area in Aceh.

Hole PNGD020 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 128.6 metres of carbonaceous sediment before passing through a major zone of deformation and into porphyritic diorite and microdiorite containing prograde silica-magnetite-garnet-

hedenburgite and retrograde silica-chlorite-epidote-sericite bearing endoskarn and limestone (marble). Mineralisation occurs in intensely altered magnetite-hematite endoskarn in microdiorite and contains chalcopyrite and pyrite sulphides. The hole was terminated in recrystallised limestone (marble). Locally the hole intersected breccia zones, some shear related, with associated quartz sulphide infill. A summary of the geological section and gold-copper intercepts are shown in Figure 3. Examples of core intersections from selected intervals are shown in Figures 4-10.

Hole PNGD021

Hole PNGD021 was collared in microdiorite on the same section line as Hole PNGD020 and was designed as a shallower test of the section geology to correlate the drilled section with geology determined from surface mapping and to intersect the higher grade mineralised section defined by composite rock chip samples of outcropping mineralised skarn. It intersected narrow intervals of gold and copper anomalism in skarn within the microdiorite unit and terminated in a massive limestone (marble) unit. Figure 11 shows footwall contact.

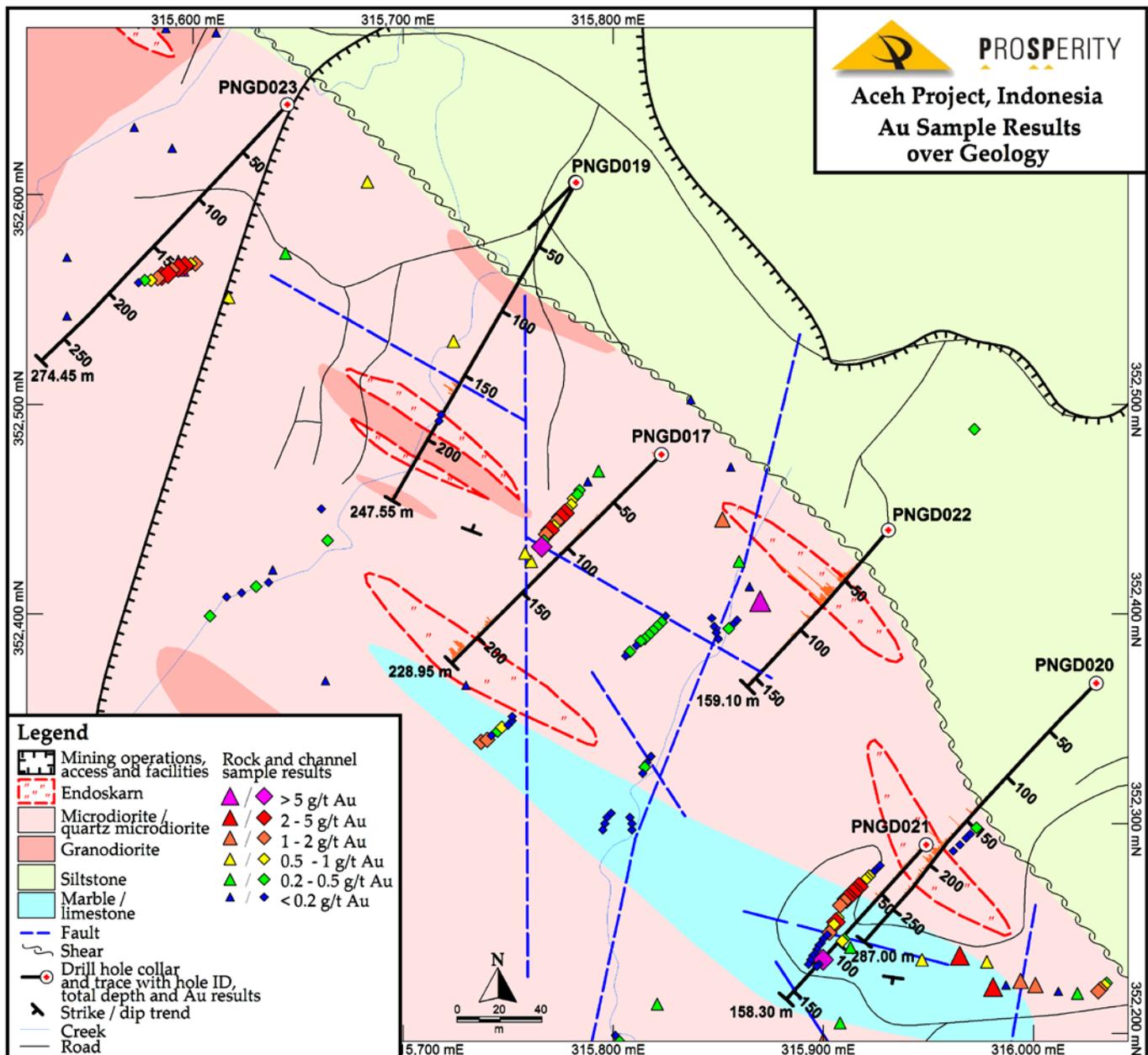


Figure 1: Summary geology with gold rock chip results. Drill hole collar locations and sections indicated.

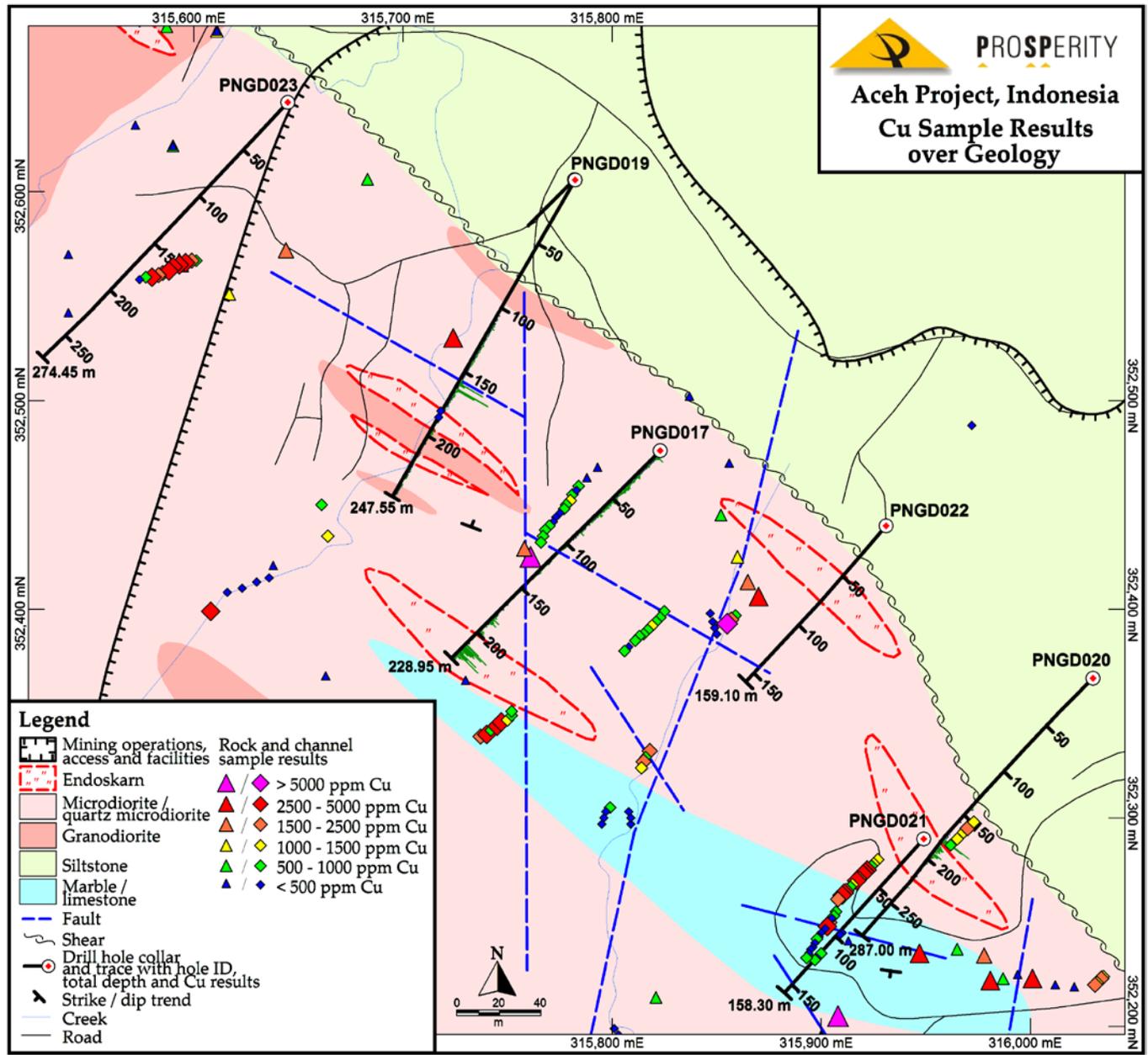


Figure 2: Summary geology with copper rock chip results. Drill hole collar locations and sections indicated.

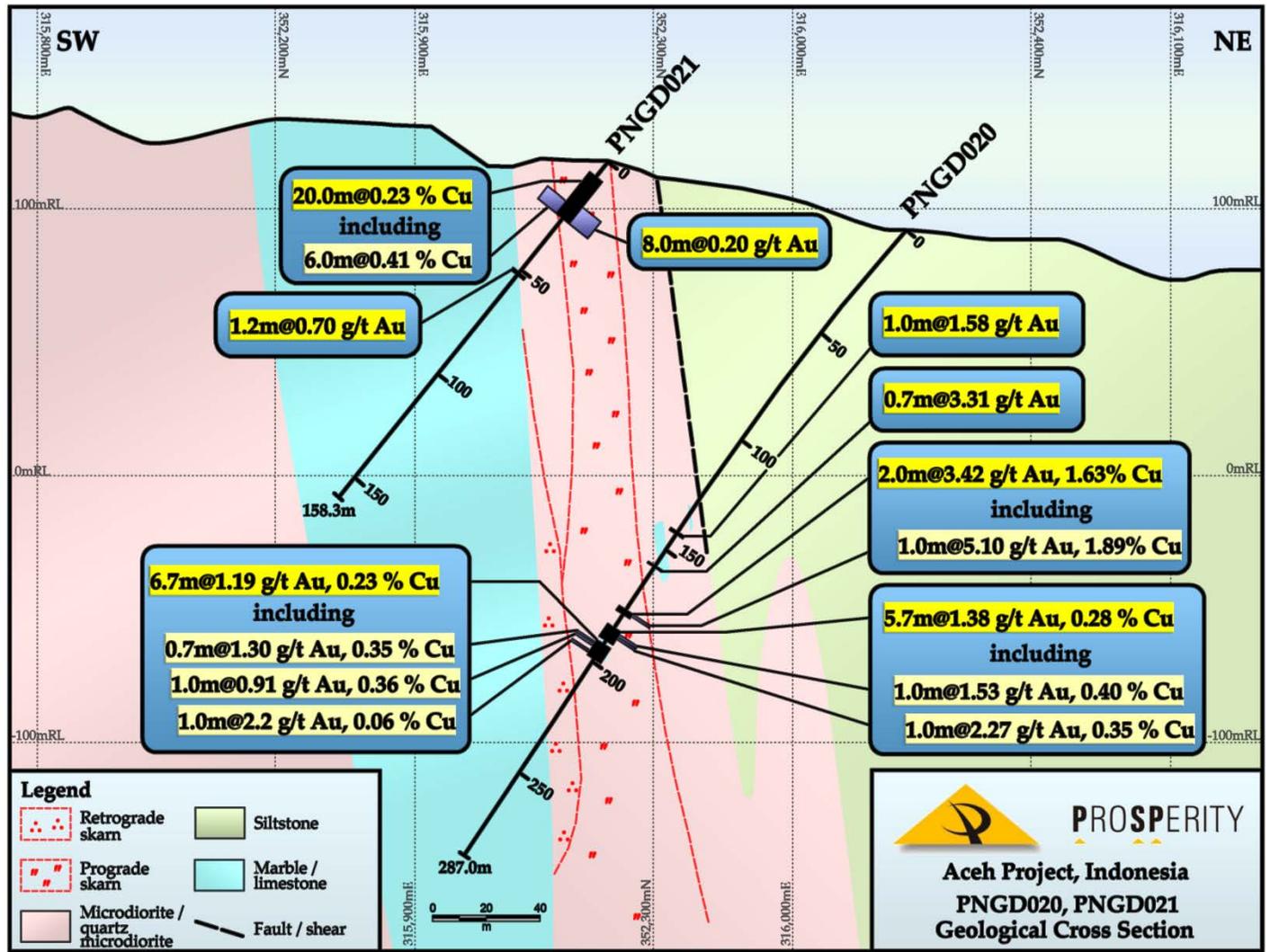


Figure 3: Summary section of drill holes PNGD020 and PNGD021 showing geology and significant gold - copper intersections. In Hole PNGD020 the 63.3m intersection through the prograde skarn interval from 166.2 metres to 229.75 metres averaged 0.56g/t gold and 0.12% copper and included the higher grade intervals shown.



Examples of drill core from Hole PNGD020 are shown below. They illustrate the range of rock types alteration and sulphide mineralisation intersected through the hole.



Figure 4: (L) Intrusive breccia, 128 m; (C) Sheared granodiorite with sulphide, 130.23m; (R) Brecciated quartz vein with silica-pyrite fill, 130.6m



Figure 5: (L) Altered microdiorite, 133.6 m; (R) Limestone (marble) - pyrite breccia, 157.3m



Figure 6: (L) Altered microdiorite in contact with limestone; (R) Detail of photo left showing magnetite-pyrite-hematite alteration, 159.95m



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Figure 7: (L) Altered microdiorite with late sulphide fill in veins, 166.5 m; (R) Massive magnetite rich endoskarn with chalcopyrite and pyrite in matrix, 176.5 m.



Figure 8: Coarse pyrite at limestone (marble) contact with microdiorite, 192.4m.

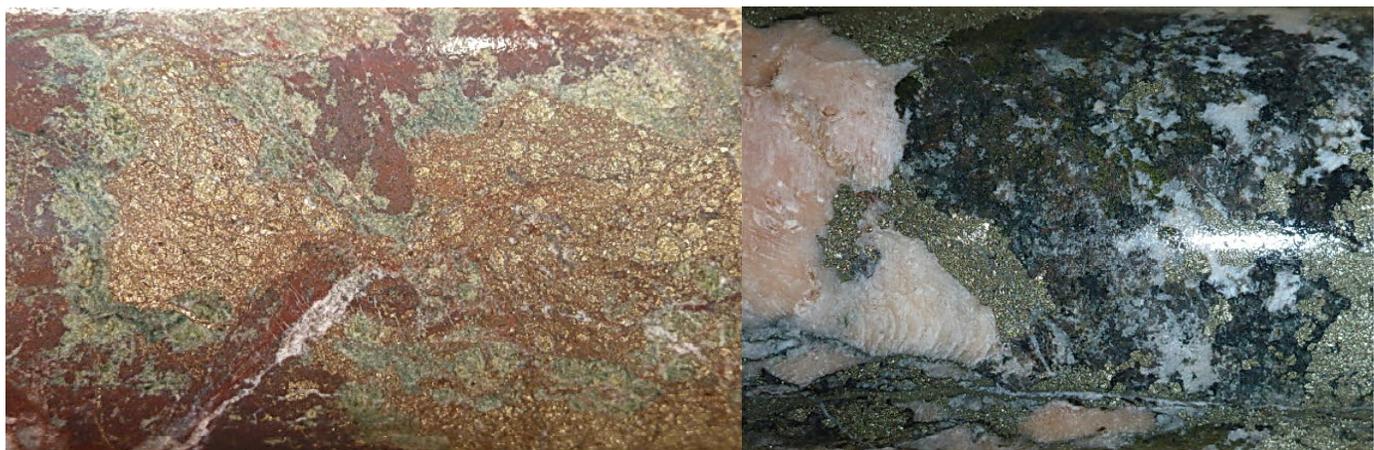


Figure 9: (L) Chlorite-hematite-sulphide alteration of magnetite-rich endoskarn, 209m; (R) Coarse magnetite-pyrite carbonate skarn, 216m.



Figure 10: Core interval 144.3 - 155.5 m showing intersection from endoskarn in microdiorite through limestone (marble) and porphyritic diorite mid-section of drill hole. Note fracture pattern through rocks and high core recoveries achieved in drilling in these rocks.



Figure 11: Intersection between microdiorite breccia and limestone at footwall contact in Hole PNGD021 at 53.m depth.



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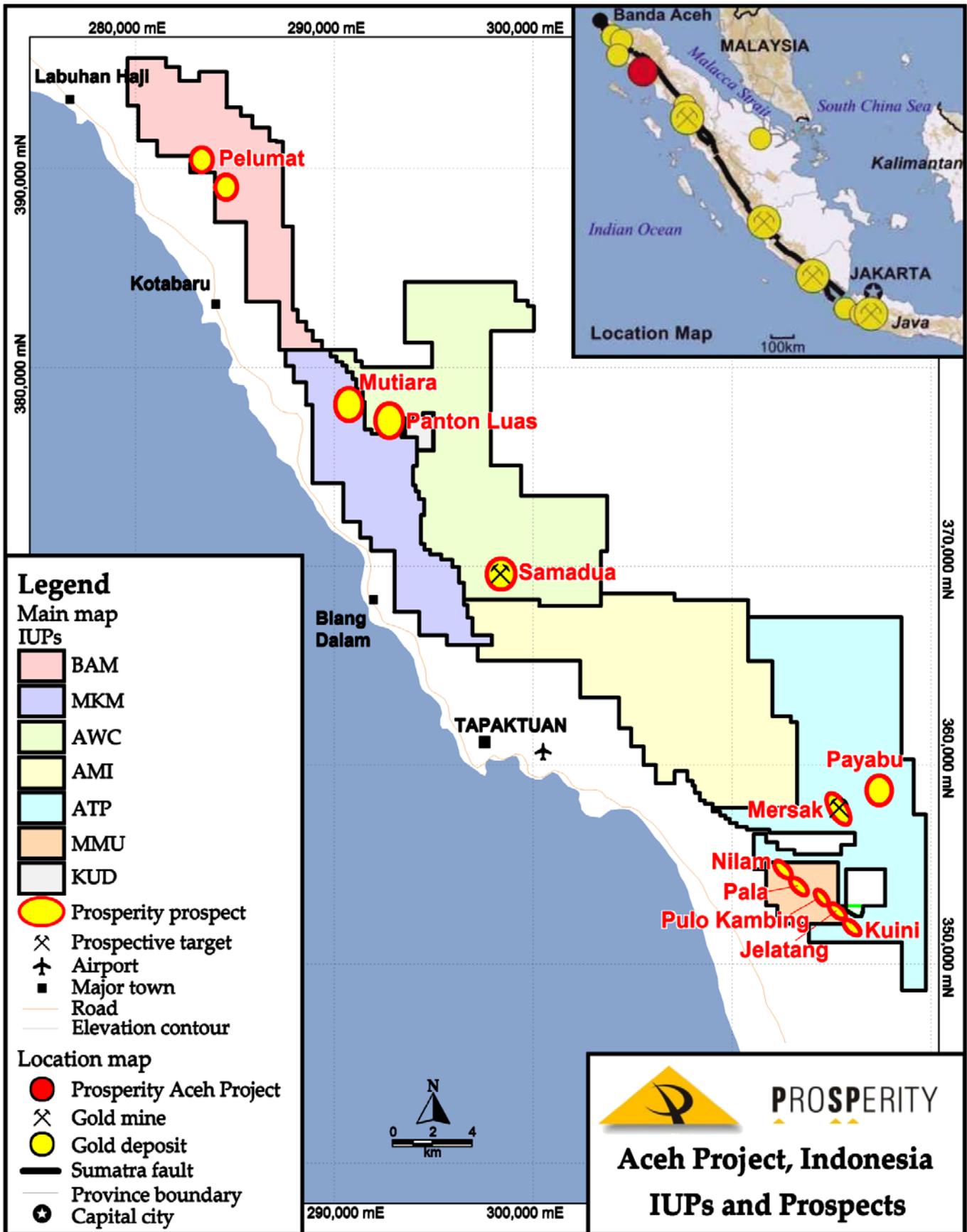


Figure 12: Location of Prosperity Licences (IUPs) and joint venture areas with assessed project target zones.
(Coordinates WGS84 Zone 47 North).



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.