



PROSPERITY

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PROSPERITY RENEGOTIATES STRATEGIC PARTNERSHIP AGREEMENT

- Buy back rights over key Aceh projects terminated
- Cooperation Agreement replaced by a new Joint Venture Agreement

Prosperity Resources Ltd (ASX: PSP) (the "Company") is pleased to announce that it has reached agreement with its Indonesian strategic partner, PT Dana Mitra Utama (the "Dana"), to terminate the previous Cooperation Agreement which included buy-back rights of up to 40% over key projects held by Prosperity's 81% owned subsidiary, PT Prosperity Surya Persada (the "PT PSP"), including the Pinang-Pinang gold-copper project located in Indonesia's Aceh Province.

Termination of the Cooperation Agreement releases the Company from the terms of the buy-back rights, and affords Prosperity greater flexibility in its future activities in Indonesia.

Final consideration for terminating the Cooperation Agreement and buy-back rights is the issue to Dana of 5 million fully paid ordinary Prosperity shares and 10 million unlisted Prosperity options vesting immediately and exercisable at 10 cents on or before 31 August 2010.

Additionally, a new Joint Venture Agreement governing the operation of PT PSP has been concluded between PT PSP's owners, namely Dana and Prosperity's Indonesian subsidiary, PT Prospindo.

We are extremely satisfied with the result of these negotiations with Dana, our strategic partner in Indonesia. We regard cancellation of the buy-back rights and the conclusion of the new Joint Venture Agreement as very positive outcomes for the Company and for our shareholders. Prosperity's Chairman, Mr Mo Munshi said, "This result is yet another decisive step toward achieving Prosperity's objectives in Indonesia."

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