

ETHAN MINERALS LIMITED

ACN 124 354 329

PROSPECTUS

AN OFFER TO RAISE UP TO \$4,000,000 BY THE ISSUE OF UP TO 20,000,000 SHARES IN THE COMPANY AT AN ISSUE PRICE OF \$0.20 PER SHARE.



This is an important document. Please consult your professional adviser(s) if you have any questions. The mineral properties described in this Prospectus are at the exploration and evaluation stage and accordingly investment in the Shares offered by this Prospectus should be regarded as speculative in nature.

Lead Manager to the Offer

 **FERNSHAW SECURITIES**

CORPORATE DIRECTORY

Directors

Graham Anderson (Chairman)
Kenneth Fitzgerald (Executive Director)
Julie Glanville (Executive Director)
Nigel Ferguson (Non Executive Director)

Company Secretary

Leonard Math

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PKF Chartered Accountants and Business Advisers

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Independent Accountant

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ASX Code ETH



Kenneth Fitzgerald (Executive Director)



Julie Glanville (Executive Director)

INVESTMENT HIGHLIGHTS

Ethan is based in Perth, Western Australia and was established to explore for and develop copper, lead, zinc and associated gold and silver resource opportunities in Australia.

Ethan has a focus on base metal exploration of four licences in Western Australia, surrounding and predominantly north of the town of Northampton, Western Australia. The Company's lead prospect is the historical Mary Springs Mine Prospect with a JORC Inferred Resource as calculated by Minemap of some 145,000 tonnes @ 11.5%Pb for approximately 16,600 tonnes of contained lead metal. The resource is open in all directions and work to date has not yet defined the copper, zinc, gold and silver content. Historical reports and production figures indicate over 100 historical base metals workings within the Northampton Mineral Field. At least 40 of these are within licences now held directly by, or under option to, Ethan. Ethan's Directors firmly believe that potential exists within the licence package for several potential mineral resources which could potentially be treated through a centralised plant.

With an initial drilled inferred base metals resource at Mary Springs and with historically recorded mineralisation within each licence, the Company has planned early commencement of drilling upon successful completion of the Offer on these lead projects that may potentially increase its resource base.

The Northampton Project is bisected by the Northwest Coastal Highway and a grid power source passes within 500 metres of the Mary Springs Prospect site. Several sealed roads cross the licence package with additional access gained through well maintained shire gravel roads and farm access roads and tracks.

Ethan will maintain an active program of identifying projects that complement the existing portfolio and the Company's corporate strategy.

Upon successful completion of the Offer, the Company will have up to 49,431,250 Shares on issue offering shareholders excellent leverage to exploration success.

The Company's Board and management have extensive and relevant experience in the exploration, mining and finance industries. This experience base together with established relationships with mining industry professionals will ensure the best prospect of success.



Hughie Bell 1967 30 level historic Mary Springs Mine



Hanging wall of Galena ore body at historic Mary Springs Mine



IMPORTANT NOTICE

This Prospectus is dated 9th October 2009 and was lodged with the ASIC on that date. No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Neither the ASIC nor ASX take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is important that you read this Prospectus carefully, in its entirety and seek professional advice where necessary before deciding to invest in the Company. In particular, in considering the prospects for the Company, you should consider the risk factors that could affect the performance of the Company. The Offer does not take into account your investment objectives, financial situation and particular needs. Accordingly, you should carefully consider the risk factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Shares the subject of this Prospectus should be considered speculative.

No person is authorised to provide any information or make any representation in connection with the Offer contained in this Prospectus which is not contained in this Prospectus.

WEB SITE - ELECTRONIC PROSPECTUS

A copy of this Prospectus may be downloaded from the Company's website at **www.ethanminerals.com.au**. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

The Corporations Act prohibits any persons passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any persons may obtain a hard copy of this Prospectus free of charge by contacting the Company by telephone on (08) 9472 5502 during normal business hours.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances; any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications before the expiry of the Exposure Period.

GLOSSARY

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary at the end of the Prospectus.



*Diamond drill collar B3 at
Mary Springs Mine*



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Copper sample from historic Wheal Fortune Mine (QVCG 334)



CHAIRMAN'S LETTER

Dear Investor,

Welcome to Ethan and its initial public offer.

Ethan has 100% of one advanced exploration licence, 100% of six Queen Victoria Crown Grant licences and has an option to earn an 80% interest in a further 3 exploration licences within one contiguous project locality surrounding the town of Northampton in Western Australia. The area of Northampton is mostly a farming community with well established infrastructure such as power, roads and water supplies.

The Northampton Mineral Belt is well known for its high grade outcrops of base and precious metals. A fact noted as early as the first Boer War of 1880 when the rich lead outcrops were mined to fabricate bullets.

The Board has worked towards securing access to under explored areas with excellent prospectivity for base and precious metal deposits. Some of these areas have never had modern exploration completed on them as either access had been denied or the licence had been held by private landholders under Queen Victoria Crown Grants. The QVCGs to which Ethan holds access rights contain a large number of historic copper, lead and silver producing mines that date back to 1850. The QVCGs were given to private landholders prior to the forming of the State of Western Australia. Hence, the West Australian Government does not hold the mineral rights to the QVCGs nor is the Government permitted to grant exploration licences over the land. Native Title does not apply to QVCGs.

One of the most interesting exploration targets in the Company's Northampton Project is in the Mary Springs area which is located on Vacant Crown and farming land. This area contains potential for lead, copper and zinc mineralisation. Outcrops were first mined at the turn of the century but not to any great depth. Surface samples have returned between 9.5% and 13.5% copper, with some native copper grading at 40%. These sites of mineralisation appear to occur at between 500 and 1000 metres along strike, on multiple parallel zones approximately 250 to 500 metres apart. These structural trends extend for some 10 to 15 kilometres.

In 1969, Samin Limited, completed initial drilling of one of the Mary Springs' lead pods. Recent reworking of this drill database by MineMap has outlined a JORC Inferred Resource as calculated by MineMap of some 145,000 tonnes @ 11.5%Pb for approximately 16,600 tonnes of contained lead metal. The resource is open in all directions and work to date has not yet defined the copper, zinc, gold and silver content.

A renewed exploration effort was undertaken in the late 1970's to late 1980's with many companies having success in delineating anomalies and recovering good mineralisation in drilling. One such company, Australian Consolidated Minerals N.L. (ACM) had an option to purchase the Mary Springs Mine during September 1974. ACM completed nine drill holes, of which only two are within Ethan's tenements. Unfortunately the economic conditions of the day prevailed, with ACM terminating the agreement in June 1975 having failed to locate further significant mineralisation as well as having concluded that the price of lead at that time needed to be in the order of A\$565 per tonne for the prospect to be viable.



Top view of historic Baddera Mine tailing dump and other tailing dumps in the background



CHAIRMAN'S LETTER

Economic conditions have obviously played an important role in the success of the Mary Springs Mine however at today's buoyant commodity prices with lead over \$2500 per tonne, the Mary Springs mine creates a very prospective opportunity for Ethan Minerals. Worthy of note, is that copper, zinc, silver and gold mineralisation associated with the Mary Springs Mine was not explored for by Samin and as yet is to be quantified by Ethan.

Ethan has spent approximately 3 years negotiating and signing Mining Access Agreements with QVCGs holders, as well as a Land Access Agreements with the Mary Springs' landholders. As a result Ethan now has clear access to exploration rights covering some 985km².

Ethan has also entered into an agreement with the local Native Title Claimant Group, paving the way for the Company to gain access to over 50,000 acres of prospective land overlapping Ethan's Northampton Project.

Also within the exploration and mining areas held by the Company is an as yet unquantified amount of historical tailing dumps. Initial surveys indicate the presence of approximately 60,000 tonnes of tailings which will require verification. These tailings could be simply treated through a small gravitational plant to produce a concentrate and at current buoyant commodity prices, could prove an asset for the Company.

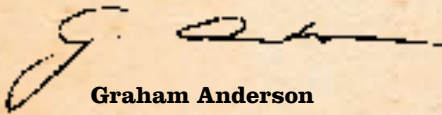
In conclusion, Ethan is in a unique position to explore, develop and profitably mine a well known and richly mineralised poly-metallic area that has never been properly explored due to lack of cohesively negotiated Mining and Land Access Agreements.

It is assumed that any profits won by Ethan will be applied to further enhance the exploration program, subject to ongoing positive results. We are now inviting public subscription to fund this work.

The Directors of Ethan are all well experienced in the mid-sized mining and exploration industry and have strong and diverse technical backgrounds, including corporate and project management, exploration and mine geology, metallurgy, accounting and corporate governance.

Ethan is offering investors the opportunity to subscribe for a maximum 20,000,000 Shares at 20 cents per share to raise \$4,000,000.

On behalf of my fellow Directors I look forward to welcoming you as a shareholder of Ethan.



Graham Anderson
CHAIRMAN



Nanda Native Title meeting



1. INVESTMENT SUMMARY

The information set out in this section is not comprehensive and should be read in conjunction with more detailed information appearing elsewhere in this Prospectus.

1.1 COMPANY BACKGROUND

Ethan was incorporated in 9 March 2007 to acquire prospective exploration project areas in Western Australia.

Ethan was formed with a focus on identifying and developing copper, gold, lead and zinc opportunities with the potential to substantially increase the Company's market value.

The Company's objectives over the two years following admission to the Official List are to:

- Explore and drill the targets identified on the Company's projects in order to discover and ultimately mine economic mineral deposits.
- Fast track exploration and drilling programs at The Mary Springs Prospect and aim for production of base and precious metals.
- Continue to build the Company's portfolio of resource assets through careful selection of projects with the ability to add significant value to the Company.

1.2 ETHAN'S EXPLORATION PROJECTS RIGHTS

The Company has rights to 100% of one advanced exploration licence, 100% of six Queen Victoria Crown Grant (QVCG) licences and can earn an 80% interest in a further 3 exploration licences within one contiguous project locality surrounding the town of Northampton in Western Australia. These are described more fully in the Independent Geologists Report in Section 5.

Details of the tenements are disclosed in the Tenement Schedule in the Solicitor's Report in Section 6.

Ethan's current exploration portfolio at the Northampton Project comprises four licences, one granted and three applications and seven QVCG licences, namely:

TENEMENT	LICENCE NAME	AREA (Ha)	STATUS	ETHAN'S EQUITY %
E66/53	Baddera	21,147	Granted	80%
E66/56	Mary Springs	1,517	Pending	100%
E66/64	Springvale	54,825	Pending	80%
E66/73	Ginos	21,118	Pending	80%
QVCG (Lots 1 & 2)	Camp Hill	87.9 & 105.7	Granted	100%
QVCG 32	Yanganooka	23.5	Granted	100%
QVCG 312	Scott & Gales, Kathleen Hope & Martin Springs	5	Granted	100%
QVCG 334	Wheal Fortune, Extended & Paringa	20.2	Granted	100%
QVCG 437	Kirtons Area	28.3	Granted	100%
QVCG 1472	Baddera Area	28.3	Granted	100%
QVCG 2647	Rhyhope	31.43	Granted	100%

1.3 NORTHAMPTON PROJECT

This project is comprised of seven QVCGs as well as exploration licences E66/56; E66/64; E66/53 and E66/73. QVCGs are privately owned areas of land that were granted during Queen Victoria's reign in the 1800's and the minerals rights are alienated from the Crown.



1. INVESTMENT SUMMARY

Ethan's entire land holding has good access from the North West Coastal Highway, the Northampton to Port Gregory Road and the Kalbarri to North West Coastal Highway and by well maintained gravel roads and tracks to the prospects. Ravensgate have researched and compiled extensive notes on the Northampton project which are summarised in the following sections.

Western Australia's first mining operations were undertaken based on the lead-silver and copper, vein-type deposits in the Northampton Complex with more than 100 deposits worked between 1850 and 1973 in the three main centres of Northampton, Galena and Narra Tarra. The overall historical production is conservatively estimated at 77,000 tonnes lead, 4,268 tonnes copper, 42.3 tonnes zinc and 212.3kg silver.

1.4 GEOLOGY

Regional geology

The Northampton Project occurs within the Proterozoic Northampton Complex which has undergone repeated deformation during the Proterozoic and rifting in the Mesozoic Gondwana break-up of the continents. Most of the Northampton Complex is overlain by Mesozoic and Cainozoic cover rocks.

The three main geological units contained in the area are granulite, granite and migmatites. The granulites are the oldest rocks in the Northampton Complex representing a pile of geosynclinal sediments of mostly greywacke composition with intercalated siliceous bands and intruded gabbroic sills. The granulite, granite and migmatite units have undergone macroscopic folding with the axes of the folds oriented between north and northwest.

A major fault associated with marginal shearing and quartz veining is located approximately 5km east of Northampton and strikes north-northwest and parallel to the fold axes of the region.

The Northampton Complex is intersected by a closely spaced swarm of dolerite dykes striking north-north east. All the lead-silver and copper mines in the Northampton Complex appear to be related to the same north-northeast trending fault system that has controlled the intrusion of dolerites.

1.5 MINERALISATION

Byrne and Harris (1993) reviewed the ore deposits of the Northampton Complex and have defined the fractures at Northampton as brittle-ductile shear zones trending 038°N containing brecciated wall rock cemented by quartz and typically with disseminated sulphides. The vuggy nature of the quartz and other minerals suggests that some of the infilling took place in dilational zones.

The mineralised lodes within these shear zones also fill open fissures and fault breccias. Most deposits are in simple veins associated with the opening of flexures in faults. The larger deposits are located in structurally more complex situations where faults intersect or in cymoid loops where two parallel shears are connected.

Sulphide vein zones are commonly located near the margins of the shear zone and to a lesser extent within the breccia zone with individual veins up to 1m wide with ore deposits being up to 9m wide, 270m long and 150m deep. Galena is the main sulphide mineral with accessory sphalerite, pyrite, marcasite and chalcopyrite all within a gangue of quartz, carbonate and barite. In the copper lodes, chalcopyrite is dominant with sphalerite more commonly associated with the lead mines.

In the oxidised/supergene zones which are usually quite shallow at Northampton, lead occurs as cerussite (lead carbonate), anglesite (lead sulphate) and pyromorphite (lead chlorophosphate).



*Measuring Galena ore body with yard ruler
at historic Mary Springs Mine*



1. INVESTMENT SUMMARY

The galena and sphalerite of the Northampton mines are not in equilibrium with the other sulphides and may be of different origin (Michael & Groves, 1997). The galena's silver content is quite low, averaging 30g/t Ag.

Silicification, chloritisation and kaolinization are the dominant wall rock alteration styles which will allow for possible targeting through remote sensing techniques.

1.6 HISTORICAL PRODUCTION

The mines of the Northampton district are located within a large area of granulite and gneiss and are clustered either around Northampton or in an area extending some 3km north of Baddera.

Mining began with the discovery of lead in the Murchison River bed by a member of A.C. Gregory's 1848 expedition leading to the development of the Geraldine Mine with most mines discovered being worked in the period 1865 to 1890.

Export of lead ore from the field from 1850 to 1899 is recorded as 34,140 tonnes and according to Montgomery (1908), the average ore grade was 65%–70% lead for some 20,300 to 23,400 tonnes of contained metal. Since 1899, total recorded production from the mineral field is 77,700 tonnes of lead metal from 455,859 tonnes of ore and concentrate. Total recorded zinc metal production is 42.26 tonnes with silver production being stated at 212kg silver.

Several Mines or prospects fall within areas of the QVCGs under option to Ethan and some are discussed briefly below. Further information can be obtained from the Independent Geological Report.

Mary Springs Lead Mine

The Mary Springs Mine is located less than 500m from the Northwest Coastal Highway and 80km north of the township of Northampton. During the period 1951 to 1967 the mine produced 925 tonnes of lead ore and concentrates. From 1967 to 1969 Canadian Southern Cross Mines NL (CSC) mined 3,508 tonnes of lead ore containing 530 tonnes of lead metal extracted from three parallel ore shoots generally striking at 030° and dipping to the west at 70°.

Where the ore is observed in pillars the ore is 1.2 to 1.5m wide and is comprised of quartz and sulphides with 30% to 40% galena with veins of massive galena up to 30cm thick present on the footwall side of the lode. Ethan's Directors have been shown photographs of underground workings taken by the last miners at the site showing galena veins approximately 1.5 to 2 metres wide.



*Ken Fitzgerald inspecting old diamond drill core
at Mary Springs Mine*



*Diamond drill collar B10 at
Mary Springs Mine*



1. INVESTMENT SUMMARY

Scott and Gales, Kathleen Hope and Martin Springs Mines

The three mines are located 8km north west of Northampton. Scott and Gales Mine is about 300m south of the old Martin Springs Copper Mine and consists of two shafts about 40m apart. The lode is made up of malachite, azurite, chalcocite, galena and cerussite, but is poorly defined and requires further exploration work.

The Kathleen Hope Mine is located just south of Scott and Gales Mine. Production was first recorded in 1957 and over the next ten years the mine produced 23.3 tonnes of lead metal and 808 grams of silver from 371.8 tonnes of ore.

The Martin Springs Mine is located 300m north of Scott and Gales Mine and was largely a copper producer. No further information was available from historical records.

Wheal Fortune, Wheal Fortune Extended and the Paringa Mines

This trio of mines is located 5km west north west of Northampton and lies within a shear line trending 040°-050°N and dipping 70°W or more to the southeast and consists of a number of parallel, en echelon shears with richer zones occurring where the shears intersect pegmatite. Individual ore shoots plunge south with ore zones up to 1.2m wide. Ore minerals include galena, sphalerite, chalcopyrite and pyrite in the primary zone with malachite, azurite, covellite, chalcocite and native copper in the oxidised and supergene zones.

The Wheal Fortune copper and lead mine was worked from 1862 to 1868 over a length of 223m and to a depth of 90 m. The Wheal Fortune Mine produced 3,015 tonnes of lead ore at 75% Pb and 2,681 tonnes of copper ore at 17% Cu.

The Wheal Fortune Extended Mine connected with the Wheal Fortune Mine at the 55m level.

At the northerly Paringa Mine, the ore is located in shears striking at between 030°-040°. The shears cut garnet granulites which have been invaded by pegmatites. While mylonitic shears cut the Paringa lodes, it is not certain whether they relate to ore forming processes.

The total production for all three mines from 1899 was 44,753 tonnes of ore for 4,428 tonnes of lead and 28 kilograms of silver.

Kirtons South, Kirtons North, Kirtons North Extended and Kirtons Group of Mines

The Kirtons Group of Mines is located 6.5km west-northwest of Northampton. During the main period of production, underground mining was carried out at the Kirtons North Extended Mine where a shoot was stoped over a length of 70m and a width of between 0.90m and 1.2m. The Kirtons North Extended lodes contained galena, cerussite and copper minerals.

The Kirtons North Mine has many similar features to the Kirtons North Extended Mine which was mined discontinuously over a length of some 60m. Where mined, the mineralised section was 0.60m to 0.90m in width, with galena and cerussite occurring in the northern workings and copper and oxidised zinc minerals in the southernmost shaft.

The Baddera Group

The Baddera Group is located some 9km north of Northampton and 1.5km by dirt road east of the North-West Coastal Highway with two mines having been worked on the property, the Baddera and the Baddera North. Discovered in 1873 the mine was worked for a period of 10 years to a depth of 30m. Production figures are not available for this period except for one production record of 687.8 tonnes of concentrate averaging 72% Pb.

The mine was reopened in 1910 and worked until 1920 with production figures of 14,200 tonnes of lead metal from 132,000 tonnes of ore for an average grade of about 11%Pb. The Baddera North Mine was worked from 1946 through to 1954 with recorded production of 731 tonnes of lead from 15,200 tonnes of ore for an average grade of about 5%Pb.



1. INVESTMENT SUMMARY

At the Baddera Mine, discontinuous lenses of galena occur within a lode shear 2.5m in width striking 050° and dipping 70° to the west. The mineralised shear is located in granulite, pegmatite and quartz.

The Baddera ore bodies occur on cymoid loop structures formed where two bands of massive glassy quartz have been intersected by the lode shear. The two bands of quartz trend at 030° sub-parallel to the local foliation of the country rocks. The two branches of the shear (the cymoid loop) are exposed at the southern end of the Baddera Mine and can be followed in the surface workings and rejoin in the southernmost open pit. At surface, the Baddera workings extend for about 130m.

Rhyhope Mine

The Rhyhope Mine is located 3km west of Northampton and located south of the Northampton – Port Gregory Road. The Rhyhope lode follows a shear zone in gneiss striking at 025° and dipping easterly with the lode consisting of crushed gneiss with minor quartz and pyrite, galena, sphalerite and barite.

1.7 EXPLORATION TARGETS AND POTENTIAL MINERALISATION STYLES

The Northampton Project area has a long history of base metal mining within discrete areas contained within QVCG licences. With the access to extensive land areas held by graziers, farmers and native title claimant groups a synthesised regionally conducted exploration program testing a mineralisation style has never been completed. Significant tracts of land have never really been fully tested for potential mineralisation.

Having negotiated several access agreements with QVCG holders as well as with graziers, farmers and native title claimant groups Ethan is now in a unique position to conduct a well organised exploration and development strategy which will target base and precious metal lode mineralisation.

Historical data suggests that two main types of structurally controlled ore shoots are present within the area:

1. The first, which is frequently associated with the lead deposits is divided into the following structural settings:

Lens structures – branching of the shear containing a brecciated lens of country rock which is mineralised, such as at Protheroe and Narra Tarra

Link structures – two parallel shears connected near their ends by linking shears and when under extensional stress, the linking shears dilate thereby creating space for ore formation, such as at Surprise, Galena and Surprise North

Intersecting lodes – breccias develop at the intersection of two shears as at Deebles and Baddera

Curved lodes – ore forms within the curved section of a shear as seen at Nooka

2. The second main type of ore shoot is associated with copper deposits. These shoots are sub-horizontal within the shears as a result of them being mainly supergene by nature and also their relationship to the water table. Malachite and azurite predominate with much lower grades of copper as chalcopyrite and covellite sulphides, present in the primary zone.

It has also been noted that sulphide vein zones are commonly located near the margins of the shear zones possibly associated with intrusive dolerite dykes and to a lesser extent within the breccia zones. Individual veins up to 1m wide with ore deposits and accumulations being up to 9m wide, 270m long and 150m deep.

Galena is the main sulphide mineral with accessory sphalerite, pyrite, marcasite and chalcopyrite all within a gangue of quartz, carbonate and barite.

In the copper lodes, chalcopyrite is dominant with sphalerite more commonly associated with the lead mines.



1. INVESTMENT SUMMARY

This mineral assemblage and litho-structural setting is an easy market to identify through remote sensing techniques including landsat imagery, geophysics combined with soil sampling, trenching and structural mapping.

Ethan will be targeting a series of parallel, en echelon shears where richer zones occur at intersections with pegmatites. Presently Ethan has identified two main mineralised areas or fields with up to 15 parallel and potentially mineralised zones. Most of which have historical workings, diggings or in the case of Mary Springs and the QVCG licences an historical mine.

1.8 SUMMARY OF PROPOSED EXPLORATION EXPENDITURE

The Company proposes to adopt the budgets included with the Independent Geologist's Report, summarised below, for its exploration activities. These budgets are based on the Company's present knowledge of the projects and the proposed expenditure may be refined to suit the results and programs. Given the inherent uncertainties associated with mineral exploration, programmes and budgets are subject to change.

SUMMARY OF ETHAN'S BUDGETED EXPLORATION EXPENDITURE \$2.5M CAPITAL RAISING			
Northampton Project	Year 1	Year 2	Total
Data Acquisition	75,000	50,000	125,000
Geophysics and remote sensing	175,000	75,000	250,000
Geochemistry	75,000	50,000	125,000
Drilling RC	175,000	150,000	325,000
Drilling Diamond	25,000	30,000	55,000
Assays	25,000	30,000	55,000
Resource work	25,000	15,000	40,000
Field work	80,000	80,000	160,000
Administration and tenement costs	33,000	35,000	68,000
Corporate, Consultancy and Administration, Office overheads	493,000	493,000	987,000
Total	1,181,000	1,008,000	2,190,000

SUMMARY OF ETHAN'S BUDGETED EXPLORATION EXPENDITURE \$4.0M CAPITAL RAISING			
Northampton Project	Year 1	Year 2	Total
Data Acquisition	75,000	50,000	125,000
Geophysics and remote sensing	175,000	125,000	300,000
Geochemistry	125,000	100,000	225,000
Drilling RC	175,000	225,000	400,000
Drilling Diamond	75,000	125,000	200,000
Assays	75,000	100,000	175,000
Resource work	35,000	75,000	110,000
Field work	175,000	225,000	400,000
Administration and tenement costs	33,000	35,000	68,000
Corporate, Consultancy and Administration, Office overheads	500,000	507,000	1,007,000
Working capital	340,000	340,000	680,000
Total	1,783,000	1,907,000	3,690,000



1. INVESTMENT SUMMARY

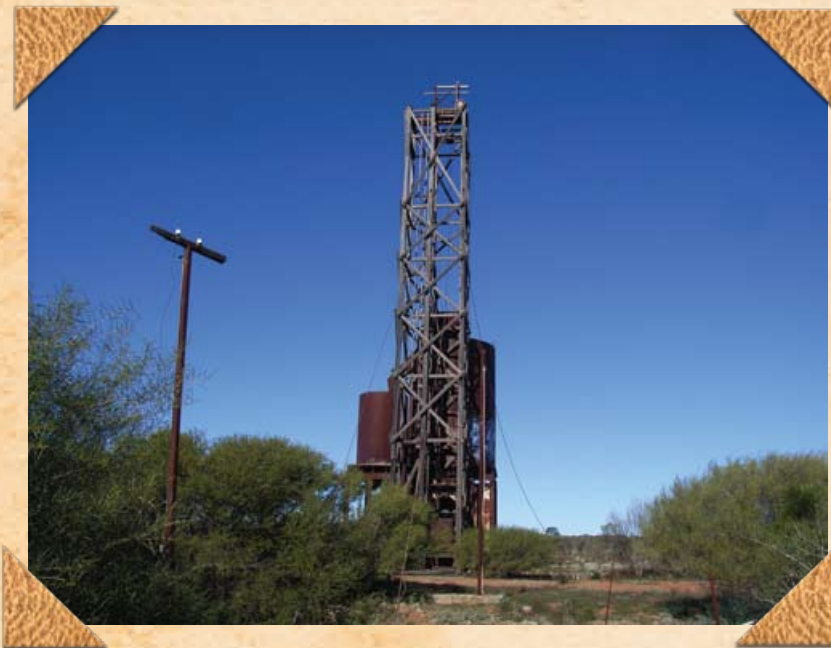
Any additional capital raised over the maximum amount will be utilised to complete additional drilling and resource work.

The Directors believe that the Company will have sufficient working capital to meet its business obligations, as set out in the table on page 11, on completion of the Offer.

To capitalise on future opportunities and depending on the success of its activities, the Company may require further debt or equity fundraisings.

This Prospectus invites investors to apply for up to a total of 20,000,000 Shares at a price of \$0.20 for each Share to raise a maximum of \$4,000,000, before costs of the Offer. All Shares offered under this Prospectus will rank equally with existing Shares.

All application monies are payable in full on application.



Head Frame of Mary Springs Mine



Part of ore body at Mary Springs Mine



2. DETAILS OF THE OFFER

2.1 KEY DATES

LODGEMENT OF PROSPECTUS	09/10/2009
Opening Date	19/10/2009
Closing Date (5.00pm WST)	13/11/2009
Allotment of Shares under this Prospectus (anticipated)	18/11/2009
Trading of Shares to commence on ASX (anticipated)	08/12/2009

The above dates are indicative only and may vary. The Company reserves the right to change the key dates of the Offer without prior notice which may have a consequential impact on other dates.

2.2 SHARES OFFERED FOR SUBSCRIPTION

Pursuant to this Prospectus, the Company is offering a minimum of 12,500,000 Shares up to a maximum of 20,000,000 Shares at an issue price of \$0.20 each to raise a minimum of \$2,500,000 and a maximum of up to \$4,000,000 before costs of the Offer.

Details of the rights attaching to the Shares are set out in Section 10.2 of the Prospectus.

2.3 APPLICATION FOR SHARES

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the Shares offered by this Prospectus before deciding to apply for Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus. The Shares offered by this Prospectus are speculative in nature.

An Application for Shares can only be made on the Application Form contained at the back of this Prospectus. The Application Form must be completed in accordance with the instructions set out on the Application Form.

Applications must be for a minimum of 10,000 Shares (being minimum application monies of \$2,000), and thereafter in multiples of 1,000 Shares (\$200).

The Application Form must be accompanied by a cheque in Australian dollars, for the full amount of your application monies. Cheques must be made payable to "Ethan Minerals Limited – Application Account" and should be crossed "Not Negotiable".

Application Forms must not be circulated to prospective investors unless accompanied by a copy of this Prospectus.

Completed Application Forms and accompanying cheques must be received by no later than 5.00 pm (WST) on the Closing Date by the Share Registry:

BY DELIVERY TO:	BY POST TO:
Security Transfer Registrars Pty. Ltd., 770 Canning Highway, Applecross. W.A. 6153	Security Transfer Registrars Pty. Ltd., P.O. Box 535, Applecross. W.A. 6953

The Company reserves the right to extend the Offer or close the Offer early without notice. Applicants are therefore urged to lodge their Application Form as soon as possible.

An original, completed and lodged Application Form, together with a cheque for the application monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.



2. DETAILS OF THE OFFER

If the Application Form is not completed correctly, or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the application monies.

No brokerage or stamp duty is payable by Applicants in respect of Applications for Shares under this Prospectus.

2.4 ALLOCATION AND ALLOTMENT OF SHARES

The Company reserves the right to reject any Application or to allocate to any Applicant fewer Shares than the number applied for. The Company also reserves the right to reject or aggregate multiple applications in determining final allocations.

In the event an Application is not accepted or accepted in part only, the relevant portion of the application monies will be returned to Applicants, without interest.

The Company reserves the right not to proceed with the Offer or any part of it at any time before the allocation of the Shares to Applicants. If the Offer or any part of it is cancelled, all application monies, or the relevant application monies will be refunded.

The Company also reserves the right to close the Offer or any part of it early, or extend the Offer or any part of it, or accept late Applications Forms either generally or in particular cases.

The allotment of Shares to Applicants will occur as soon as practicable after Application Forms and application monies have been received for the minimum subscription of Shares being offered, following which statements of shareholding will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their statement of shareholding will do so at their own risk.

2.5 APPLICATION MONEY HELD IN TRUST

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

2.6 MINIMUM SUBSCRIPTION AND OVERSUBSCRIPTIONS

The minimum subscription to be raised under this Prospectus is \$2,500,000.

No Shares will be issued pursuant to this Prospectus until the minimum subscription has been achieved. Should the minimum subscription not be reached within 4 months after the date of this Prospectus, all applications monies will be dealt with in accordance with the Corporations Act.

The Company believes the minimum subscription is sufficient working capital to achieve its objectives as set out in this Prospectus.

There is a provision for acceptance of oversubscriptions to a value of \$1,000,000.

2.7 CAPITAL STRUCTURE

The capital structure at completion of the Offer, assuming the Offer is fully subscribed, is set out below:

ISSUED SHARE CAPITAL	MINIMUM OF \$2.5 MILLION NUMBER OF SHARES	% OF SHARES	MAXIMUM OF \$4 MILLION NUMBER OF SHARES	% OF SHARES
Shares on issue at the date of Prospectus	28,431,250	67.80%	28,431,250	57.52%
Shares to be issued pursuant to Prospectus	12,500,000	29.82%	20,000,000	40.46%
Shares to be issued to consultant pursuant to Prospectus	1,000,000	2.38%	1,000,000	2.02%
Total Shares on issue at the close of the Offer	41,931,250	100%	49,431,250	100%



2. DETAILS OF THE OFFER

Details on the Shares to be issued on acquisition of tenements are set out in Section 7 of this Prospectus.

At the date of this Prospectus, there are 11,500,000 Unlisted Options. These Unlisted Options are vested immediately.

The details of the Unlisted Options are as follows:

- 10,000,000 exercisable at \$0.20 expiring 18th October, 2012
- 1,500,000 exercisable at \$0.20 expiring 5th November, 2013

2.8 DIVIDEND POLICY

The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Company's projects. These activities are expected to dominate the two year period following the issue of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Subject to the Company achieving sustained profitability, the Directors will consider paying dividends, subject to available cash flow and capital requirements allow.

2.9 ASX LISTING

The Company will apply to ASX within 7 days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares, other than those existing Shares that the ASX is likely to treat as restricted securities as defined in the ASX Listing Rules.

If the Shares are not admitted to official quotation within 3 months after the date of this Prospectus, none of the Shares offered by this Prospectus will be allotted or issued. In that circumstance, all Applications will be dealt with in accordance with the Corporations Act.

The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Company or the Shares. ASX, its officers and employees, take no responsibility for the contents of this Prospectus.

2.10 INVESTMENT RISKS

The business of the Company involves mining exploration and investment in mining tenements and accordingly, investments in the Shares offered by this Prospectus should be considered speculative. The key risks associated with an investment in the Company are in Section 1 of this Prospectus.

2.11 LEAD MANAGER AND HANDLING FEES

Precinct Eight Pty Ltd ("**PEP**") has agreed to act as Corporate Adviser to the Company and PEP has arranged for Fernshaw Securities Pty Ltd ("**Fernshaw**") to act as Lead Manager to the Offer on a best endeavours basis. Fernshaw will be paid a Capital Raising Fee of 5% of the gross amount it raises. Fernshaw will rebate to the Company 5% of the Capital Raising Fee in respect of any Applications for Shares which are received and accepted and have been sourced by the Ethan Directors. Fernshaw may also pay other brokers and holders of Australian Financial Services Licences a commission on Applications for Shares which are received and accepted and which bear their stamp.



Early morning at Mary Springs Mine



3. PROFILES OF DIRECTORS

Graham Anderson BBus, CA - Chairman

Graham Anderson is a graduate of Curtin University and has over 20 years' commercial experience as a Chartered Accountant. He operates his own specialist accounting and management consultancy practise, providing a range of corporate advisory and audit services to both public and private companies. From 1990 to 1999 he was an audit partner at Horwath Perth. He is a Director and Company Secretary of a number of listed and unlisted public companies in both the resource and industrial sectors. He is a Chairman and Company Secretary of APA Financial Services Limited, Director of Globe Securities Limited, Director and Company Secretary of Dynasty Metals Australia Limited, Echo Resources Limited and Pegasus Metals Limited and Company Secretary of a number of other ASX listed companies.



Kenneth (Ken) Fitzgerald - Executive Director

Kenneth (Ken) Fitzgerald has worked for over 30 years in commercial business including mining, earth moving, transportation and agricultural industries. Ken has extensive experience in identifying and managing mineral resources in Western Australia including the Goldfields, Eastern and Northern Wheatbelt and Murchison areas. Furthermore Ken was a founding operator of Gypsum Resources in the Wheatbelt regions. Ken has acted as an agent in environmental and responsible mining negotiations with Government agencies involving environmental clearances and provision of gypsum and mineral clay product for the enhancement of arable land in the Wheatbelt regions. Ken is a founder of Ethan Resources Pty. Ltd. and a founding Director of Ethan.



Julie Glanville - Executive Director

Julie Glanville has a Masters Degree in Educational Management and has 32 years' experience as an educator. During that time Julie was a Primary and a Special Educator Principal for 20 years, a Special Education Consultant, a Primary and a Special Education Teacher and a Guest Lecturer at Tertiary Institutions and Professional Associations. Julie's professional career has developed both leadership and management skills of exceptional quality. Preceding her career in Education, Julie completed a Secretarial Diploma with Honours culminating in her appointment as a secretary to the Deputy Leader of the State Opposition at Parliament House, Sydney, New South Wales. Recently Julie has embarked on a new career path integrating her established skill set as Sole Trader of Ethan Park Contractors, Managing Director of Ethan Resources Pty. Ltd. and a founding Director of Ethan.

Nigel Ferguson BSc, AusIMM - Non-Executive Director

Nigel Ferguson is a geologist with over 23 years of experience in the exploration and definition of precious and base metal mineral resources. Mr. Ferguson is also experienced at working in overseas locations having worked in Saudi Arabia, South East Asia, Central America and Africa in both generative and management roles.

Mr. Ferguson has held several senior technical management roles and was Ashanti Goldfield's country manager for Tanzania, being instrumental in assessing the now multi million ounce Geita Gold Project for acquisition by Ashanti. Mr. Ferguson held the principal role of Chief Executive Officer for AIM listed mineral explorer Condor Resources plc, as well as being a non executive director for Burey Gold Ltd (ASX), African Metals Corp. (TSX_V), and Samba Minerals Limited (Unlisted ASX).



4. INDEPENDENT MINE GEOLOGIST REPORT

17 August 2009

The Directors
Ethan Minerals Limited
Suite 24, 443 Albany Highway
VICTORIA PARK WA 6100



Dear Sirs

Independent Mine Geologist's Report on the mineral assets of Ethan Minerals Limited

MineMap Pty Ltd ('MineMap') has been commissioned by Ethan Minerals Limited (ACN 124 354 329) ('Ethan') to provide an independent mine geologist's report on the Company's Mary Springs prospect in Western Australia. This report is to be included in a Prospectus to be lodged by Ethan Minerals Limited with the Australian Securities and Investments Commission, offering for subscription a minimum of 12.5 million shares and up to a maximum of 20 million shares at an issue price of \$0.20 per share (the 'Prospectus'), to raise a total of a minimum of \$2.5 million and up to \$4 million (before costs associated with the issue). The funds raised will be used for the exploration, evaluation and pre development of the Marys Springs Prospect as well as other mineral properties in which Ethan, it is understood will be the beneficial owner.

The review is based on information provided by the title holders along with technical reports by consultants, previous tenement holders and other relevant published and unpublished data for the areas. MineMap has endeavoured by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. Ethan was given a final draft of this report and thereby given an opportunity to identify any material errors or omissions in it. MineMap has not verified the status of tenure or any related access issues, which has been addressed elsewhere in the Prospectus. The Author of this report has completed a site visit to the Mary Springs Prospect.

The report complies with section 716(2) of the Corporations Act 2001 where consent is required if statements have been attributed to third parties.

In consideration of the definition provided by the ASX and in the JORC Code, these properties are classified as exploration projects which are inherently speculative in nature. The properties are considered to be sufficiently prospective, however, subject to varying degrees of risk, warrant further exploration and development of their economic potential consistent with the programs proposed by Ethan.

Ethan intends to raise a minimum of \$2.5 million and maximum of \$4 million and at least half of the liquid assets held and funds proposed to be raised are understood to be committed to the exploration and development of the properties. Ethan has sufficient working capital to carry out its stated objectives and has prepared staged exploration programs specific to the exploration potential of the individual tenements which are consistent with its budget allocations. The independent geological report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears.

As such MineMap have no objection to release of the report provided due regard is given to the qualifications and limitations of the data utilised in preparing the report.

MineMap and its employees are not, nor intend to be, directors, officers or other direct employees of Ethan and have no material interest in any of the projects or Ethan. The relationship with Ethan is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully

Seldon Mart

For and on behalf of: MineMap Pty Ltd



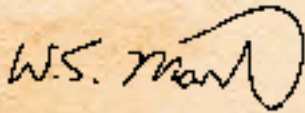
4. INDEPENDENT MINE GEOLOGIST REPORT

Author: William Seldon Mart, Principal Consultant, MineMap

**Seldon Mart – Principal Consultant, MineMap
BSc Geology, Member AIMM**

William Seldon Mart has relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves. Mr. Mart is employed fulltime by MineMap Pty. Ltd. as Chief Executive Officer, and has consented in writing to the inclusion in this report of his compiled information in the form and context in which it appears.

Seldon Mart was assisted in the review of the Mary Springs deposit by Mr. Peter Clifford, Senior Consultant Mining, MineMap, MSc Mining Engineering and who is eminently qualified having over 20 years of Mining Engineering experience in Australia and overseas.



Seldon Mart

For and on behalf of: MineMap Pty Ltd



INDEPENDENT MINE GEOLOGIST'S REPORT

on the
Mineral Resources Report

Unconstrained Model – Mary Springs Prospect Western Australia

17 August 2009

for
ETHAN MINERALS LIMITED



4. INDEPENDENT MINE GEOLOGIST REPORT

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4. INDEPENDENT MINE GEOLOGIST REPORT

EXECUTIVE SUMMARY

This report was prepared by MineMap Pty. Ltd. for Ethan Minerals Limited and is a company report designed to fully inform Ethan Minerals Limited Directors of the total Inferred Mineral Resources contained within the Mary Springs Lead Project. It has been prepared in accordance with, and complies with, the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (The JORC Code).

All grade estimates used in the current resources are derived from 3,886.9 metres of assayed drill intersections from 39 surface diamond drill holes. Drilling is outside the previously mined areas, intersecting down-dip and along-strike extensions of the previously-mined ore body. Extensive research has been used to derive a robust geological model. There are several mineralised bodies, all located adjacent to each other within the tenements owned by Ethan Minerals Limited. Of these mineralised bodies only one was considered and assigned Inferred Mineral Resource status. Mineralisation is reasonably considered by MineMap Pty. Ltd. based on the data sets provided by Ethan Minerals Limited to persist to a depth of 135 metres based on the deepest drill intersections. The host granulite and dolerite structure is characterized by good vertical continuity, width and strike length.

The average grade derived from 75 significant drill intersections above 1% Pb per tonne is 10.46% Pb. A slightly lower average grade of 9.73% Pb was derived from 81 significant drill intersections above 0.5% Pb per tonne.

Historically the Northampton Mineral Field has produced in the order of 700,000 long tons of lead ore yielding approximately 77,000 tons of metallic lead from the inception of mining (1850's) to 1965 (Campbell 1965). Campbell estimates a further 33,000 tons of copper ore yielding 2,500 tons of copper was mined from the field during this period. From 1951 to 1969 Mary Springs Lead Mine (Mineral Claim 234) was the dominant producer. Between 1951 and 1967 1,020 tons of lead ore and concentrates was mined. CSC from 1967 to 1969 mined 3,867 tons of lead ore yielding 585 tons of lead (15%).

MineMap completed a re-evaluation of Mary Springs Lead Mine's mineral resources in September 2009. MineMap estimated the Total Inferred Mineral Resources incorporating a 10% mining dilution skin at 0.2% Pb to be 145,097 tons at 11.46% Pb containing 16,628 tons of lead based on a cut off grade of 1% Pb for the ore polygons.

1.0 Purpose of This Report

This report includes information on the data used, significant drill intersections, geological models and methods of grade estimation, together with information derived from historical records.

All defined resources are extensions of known structures, the continuity of which has been proven by mining (sinking, driving and rising on lode and stoping), and extensions were interpreted by drilling.

All grade estimates used in the current resources are derived from 3,886.9 metres of assayed drill intersections from 39 surface diamond drill holes. Drilling is outside the previously mined areas, intersecting down-dip and along-strike extensions of the previously-mined ore body. Extensive research has been used to derive a robust geological model. There are several mineralised bodies, all located adjacent to each other within the tenements owned by Ethan Minerals Limited. Of these mineralised bodies only one was considered and assigned Inferred Mineral Resource status. Mineralisation is reasonably considered by MineMap Pty. Ltd. based on the data sets provided by Ethan Minerals Limited to persist to a depth of 135 metres based on the deepest drill intersections. The host granulite and dolerite structure is characterized by good vertical continuity, width and strike length. No tailings or stope fill are included in any Resource category at this time.

This report was prepared by MineMap Pty. Ltd. for Ethan Minerals Limited and is a confidential company report designed to fully inform Ethan Minerals Limited Directors of the total Inferred Mineral Resources contained within the Mary Springs Lead Project. It has been prepared in accordance with, and complies with, the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (The JORC Code) and is based on work by a team of Competent Persons as defined by JORC.



4. INDEPENDENT MINE GEOLOGIST REPORT

The following statements apply in respect of the information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves: The information is based on, and accurately reflects, information compiled by Mr. William Seldon Mart, BSc (Geology), MSc (Hydrogeology), Dip Ed, Cert. EnvMgt, FAusIMM, who is a Member of the Australasian Institute of Mining and Metallurgy. William Seldon Mart has relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves. Mr. Mart is employed fulltime by MineMap Pty. Ltd. as Chief Executive Officer, and has consented in writing to the inclusion in this report of his compiled information in the form and context in which it appears.

The report examines the following:

- The geological model – geology, testing and proving continuity by drilling and mining
- Resource body models, shapes and volumes
- Historical grade estimates
- MineMap's grade estimates based on drilling and
- Quality control of surveying, mapping, sampling, assaying and density (specific gravity) measurements

2.0 The Geological Model

A key part of accurate mineral resource and ore reserve estimation is a clear understanding of the geological model or models of a mineralised body or system – the shape of the mineralised bodies, their orientation and location, the nature, chemistry and origin of the lead-bearing fluids, the fluid pathways, the control mechanisms on metal deposition and the continuity of the mineralised bodies. The model must be robust and proven by testing.

This information can be used to define future exploration targets.

2.1 Geology

The following geological model is an extract from Randell 1973 with the geological environment of the field having been well described and documented. A full description and review of available reports is contained in Jones and Noldart, 1962.

The dominant rock type of the district is an Archaean granulite, consisting of variably granetiferous quartz-feldspar gneiss, sillimanite – cordierite – granet – quartz – feldspar gneiss, plagioclase – hornblende – diopside – hypersthene gneiss or felspathoid quartzite. Graphite is a common accessory.

These rocks are thought to represent the highly metamorphosed equivalent of a sedimentary sequence containing carbonaceous shales, greywackes and sandstones (Jones and Noldart, 1962).

Pegmatitic segregation occurs within the granulite and is generally conformable to the gneissosity, although some are reported to be transgressive (Jones, Noldart 1962, etc). Outcrops of “pegmatite” observed at the Mary Springs Lead Mine lack visible contact effects with the host granulite, but exhibit pegmatitic style folding.

Dolerite dykes transect the granulite sequence and maintain remarkable persistent parallelism throughout the field. They vary in width from a metre to 80 metres, strike north-east and dip steeply to the north-west. Ilmenite, an ubiquitous accessory, gives rise to anomalously high magnetic fields over these dykes. During injection of the dolerite, pegmatitic material may also have been injected or at least remobilized into transgressive locations. Dolerite intrusion culminated in intense hydrothermal activity on or near the margins of the dykes. Feldspars are altered to clay minerals and garnets show varying stages of chloritisation. Shearing and brecciation has taken place at the contacts and the resultant breccias or “Lode channel” has clasts of altered dolerite and granulite set in a matrix of altered feldspar and quartz.



4. INDEPENDENT MINE GEOLOGIST REPORT

The “Lode channel” is often vughy with drusy quartz developed, and is variably mineralised with galena, sphalerite, chalcopyrite and pyrite. A broad regional zoning is evident and most mines have had a major production of only one base metal.

Jones and Noldart (1962) attempted to identify the factors controlling mineralization. A partial control by north-west tear faults can be demonstrated at some but not all deposits. It is doubtful if there is control through mineralization favouring a particular bed or horizon within the granulite sequence. Campbell (1965) proposed that shear-tension fracturing provided loci for mineralization and that this fracturing could be brought about by stress build-up at the interface of different rock types or at points where physical properties (e.g. hardness) of a rock differ.

Locally at Mary Springs it appears that mineralization is associated along the contact of the granulite sequence and the dolerite structure which is characterized by good vertical continuity, width and strike length (Mart 2008).

Geological interpretation is normally based on detailed 1:25,000 scale geological mapping controlled by surveyed grid, interpretation of detailed aeromagnetic data, aerial photo interpretation and published geological maps and reports from government sources.

Geological interpretation of drilling results was based on interpolation between holes and previous workings, from detailed mine maps.

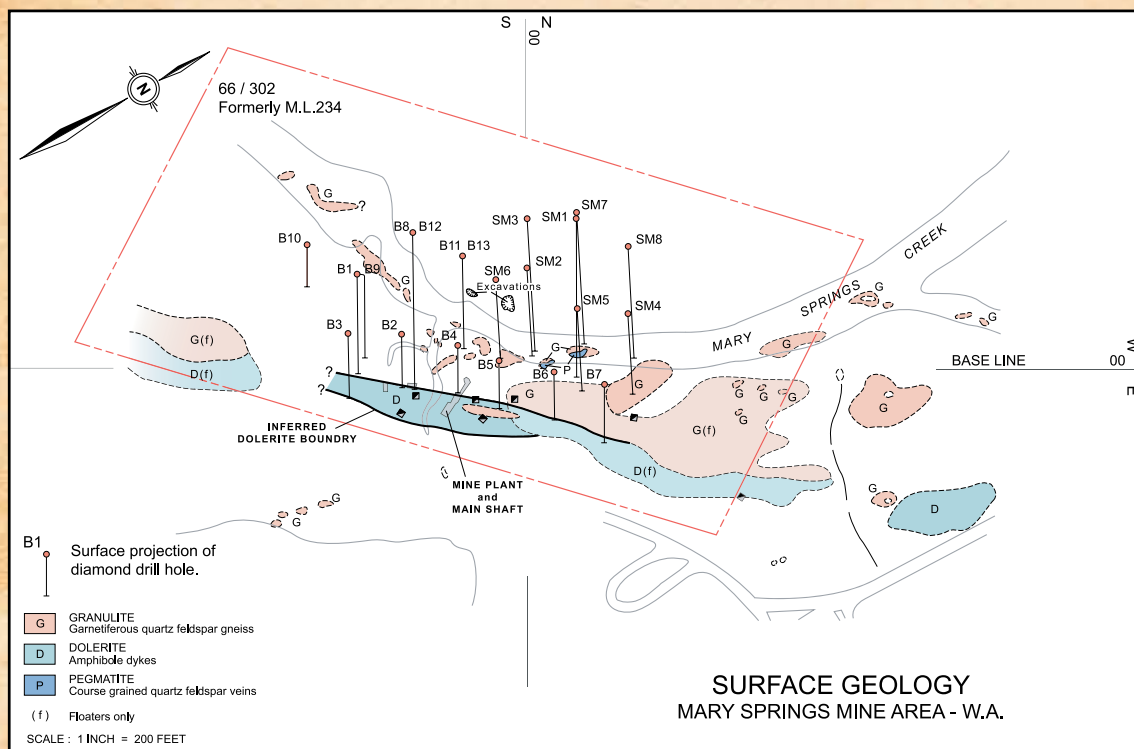


Figure 1. Plan View of Central Area showing Surface Geology, Main Lode Structures and Drill Hole Locations (Randell 1972)



4. INDEPENDENT MINE GEOLOGIST REPORT

2.2 Testing the Model

2.2.1 Drilling

Ethan Minerals Limited has a robust geological model that has been predicted and then tested by diamond-core drilling down to 160m vertical depth. Intersections into the known contact of the granulite sequence and the dolerite have hit the predicted position within one metre at depths of up to 152m downhole. Over 3,886.9 metres of drilling has been completed in 39 diamond drill holes on down-dip and strike extension resources.

Drilling is outside the previously mined areas, intersecting down-dip and along-strike extensions of the previously known mineralised zones (mined areas). Previous explorers that drilled, mapped and sampled the area from 1951 until 1973 acquiring the leases include WAGS, Canadian Southern Cross Mines N.L. (CSC), Poseidon, Samin and ACM. Detailed project evaluations was conducted by Westcoll in 1968/9, CSC and Poseidon Ltd. in 1972/3, and Ethan Minerals Limited holds copies of much of this data.

2.2.2 Underground mining

Underground mining was carried out in seven locations locally at Mary Springs since 1850's with the main shaft commencing in 1951 and abandoned in 1969. The main shaft is approximately 3.1m by 1.9m wide and 70.7m deep (10 feet by 6 feet by 230 feet) and has two crosscuts developed off of it (103 foot level and the 203 foot level) for approximately 378.5m (1230 feet) of crosscutting as well as several stopes reaching heights of up to 7.5m – 9.2m (25 to 30 feet) resulting in approximately 6,000 tons of broken ore of which approximately 4,000 tons was milled. Between 1951 and 1967 1,020 tons of lead ore and concentrates was mined. CSC from 1967 to 1969 mined 3,867 tons of lead ore yielding 585 tons of lead (15%).

Most of the historic workings were driven on lode. Grades within the ore shoots were generally consistent and were selectively mined prior to 1967.

To-date the old workings have not as yet been sampled by Ethan Minerals Limited however both rock-chip and bulk sampling are planned for the future.

2.2.3 Survey Accuracy of Previous Workings

Detailed mine plans of previous mining operations are held by Ethan Minerals Limited and these will be digitized and modeled in commercial computer programs, and cross-checked against modern survey data as required for future drill program planning. The majority of previous plans were accessed from originals held by the Western Australian Department of Mines and Energy (now the Department of Infrastructure and Resources).

Previous Imperial plans including old workings, main shaft and drill holes have been validated in the field and resurveyed by Hille Thompson & Delfos on 5th March, 2008 based on MGA zone 50 - 94.

2.2.4 Continuity of Geological Structures

A strike length continuity of over 1,500m and average horizontal width of 16m for the host granulite and dolerite structure has been proven by surface mapping and surface diamond drilling and to a vertical depth of 160m. The strike extent has been proven by mapping to extend for a further 800m south-west and 500m north-east, giving a total strike length of 2.8 km which will require further drilling to confirm any potential mineralisation.

3.0 Other Factors

3.1 Payabilities

Diamond drilling was used to confirm the presence of the lead-bearing structures, and the presence of mineralisation in those structures at the drill intersection point. The lead grade in the intersection may or may not be representative of the grade in the surrounding area.

Continuity of the structure is confirmed if the intersection matches the known geometry of the structure, given that the width of the mineralized zone is generally less than 18 metres.

Grade continuity from historical mining records was around 40 to 50 metres along strike (currently open ended) and 50 metres down the dip.



4. INDEPENDENT MINE GEOLOGIST REPORT

3.2 Specific Gravity

Laboratory measurements of specific gravity (S.G.) on the granulite sequence and dolerite structure diamond drill core by Samin Ltd. in 1972 an average of 3.15. The specific gravity measurement presented Samin Ltd.'s 1973 drilling report on Mary Springs of 3.15 was used to determine the current total Inferred Mineral Resources for the Mary Springs Lead project.

3.3 Mineralogy

The mineralisation of the Mary Springs Lead deposit, was an initial lobe formation which was an assemblage of quartz-ankerite-chlorite-sulphides with entrained highly chloritised wall rock. This lobe was brecciated, and subsequently bonded by the secondary low temperature silica.

3.4 Metallurgy

The following metallurgy is an extract from Randell 1973.

Lead ore mined by C.S.C. from Mary Springs Lead Mine was milled and gravity-concentrated at the Northampton State Battery. From the production figures it can be shown that recovery was 78.9%, producing a concentrate containing 78% lead. Tailings contained 3% lead.

Samin Ltd's Amdel metallurgical reports showed that for an ore sample containing 17.4% lead, recovery of 95% is possible using a simple flotation circuit. The concentrate grade was 83.6% lead.

By gravity concentration alone it is possible to produce a maximum concentrate grade of 72% lead for a total recovery of 84.4%.

4.0 Historical Grade Estimates

4.1 Recovered Grade

Historical grade estimates were examined for previous underground mine production areas, bulk mining. From 1967 to 1969 C.S.C. mined 3,867 tons of lead ore yielding 585 tons of lead resulting in an historical grade estimate of 15%. This grade could not be cross-checked, however diamond drilling indicates similar overall grades for the current resource as indicated from historical mining records.

5.0 Mary Springs Mineral Resource Grade Estimation

All grade estimates used in the current resources are derived from 3,886.9 metres of assayed drill intersections from 39 surface diamond drill holes. Drilling is outside the previously mined areas, intersecting down-dip and along-strike extensions of the previously-mined ore body. The mineral resource drilling database includes 3,886.9 metres of drilling from 39 diamond drill holes. The holes intersected down-dip and along-strike extensions of known structures.

From this database, there are 81 significant drill intersections for which a mineralized body could be identified, in 21 diamond drill holes. A significant drill intersection is one assaying, equal to or greater than 1% lead, noting that at Mary Springs 25.5% of the diamond drill intersections are equal to or above 5% Pb, 41.6% of the intersections are equal to or above 1% Pb and 45% of intersections exceed 0.5% Pb. This is positive proof that economic lead grades persist along strike and down dip from the previously mined areas down to at least 135 metres vertical depth.

5.1 Drill Hole Distribution

The diamond drill hole distribution at Mary Springs is set out at intervals of approximately 30m along strike. The drill hole spacing on the sections is generally at 25m centres which well within the requirements for determining a Total Indicated Mineral Resources for the Mary Springs Lead Project, however as no down hole survey details is currently available for the diamond drill holes the current resource will be reported as Inferred. Ethan Minerals Limited plans in the near future to complete down hole surveys of several of the diamond drill holes.



4. INDEPENDENT MINE GEOLOGIST REPORT

5.2 Cut-off and Top Cut Grades

Cut-off grades are calculated to determine minimum lead values for a number of different purposes, such as a local stoping area cut-off, a larger shaft or level area cut-off, milling or haulage cut-offs, low-grade and high grade cut-offs for sensitivity analyses and Net Present Value calculations, and charting of tonnage grade curves. One variant of the cut-off grade is the operating break-even grade, which is the minimum amount of lead needed to cover mining and processing costs. The breakeven grade will vary with the lead price, and will vary according to what costs are included as mining costs. A cut-off grade of 1% Pb was applied to the model based on current commodity prices and mining costs. Sensitivity analysis carried out using 0.5% Pb cut-off grade as part of the project review.

A top cut of 25.7% Pb was applied and is representative of the 95 percentile given the limited data set.

6.0 Mineral Resources

6.1 Database Integrity

Between 1969 and 1970 several diamond drilling campaigns were undertaken at the Mary Springs site. In 2008 MineMap Pty. Ltd. undertook conversion of the raw data to electronic format. The original data including drill collar positions, drill logs, assays were extensively checked, verified and where required resurveyed to eliminate data errors prior to re-evaluating the resource estimate. Where drill holes were interpreted in MineMap mining software to have passed through the mineralized body but no assay was recorded or assays were of unremarkable values, the relevant logs were examined for the presence of Galena and lithological contact between granulite sequence and the dolerite.

6.2 Total Mineral Resources

After completing surface drilling at Mary Springs Lead Mine, C.S.C. estimated that 79,800 short tons of lead ore at 17.2% for the 300 ft level to the surface. This estimate incorporated 15% mining dilution.

In 1969 Westcoll based on their recently completed drilling program, inspection of both the 103 ft and 203 ft level crosscuts, re-estimated the indicated reserve as 89,500 long tons at a grade of not less than 14% Pb for the 303 ft level to the surface.

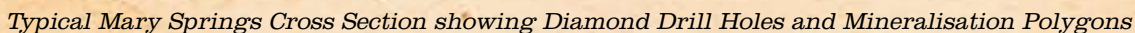
With the addition of Samin Ltd's diamond drill hole (SM 1) increased the indicated reserves to 172,500 long tons and extended the resource to the 400 ft level.

Feasibility studies on the economics of the Mary Springs Lead Mine have been completed by Samin staff. These show that viability is dependent on the availability of at least 150,000 to 200,000 long tons of 10 – 15% lead ore (Randell 1972).

Randell 1972 stated, “ it is not unreasonable that mineable mineralisation could continue to 500 ft below the surface and thus further enhance ore reserves, although considerable further testing is required at these depths.”

MineMap completed a re-evaluation of Mary Springs Lead Mine's mineral resources in August 2009. MineMap estimated the Total Inferred Mineral Resources incorporating a 10% mining dilution skin at 0.2% Pb to be 145,097 tonnes at 11.46% Pb containing 16,633 tonnes of lead based on a cut off grade of 1% Pb for the ore polygons as shown below.





VOLUME	TONNES (ROUNDED)	GRADE	MINING DILUTION%	RECOVERY%	CONTAINED METAL TONNES (ROUNDED)	SG	MODEL CELL DIMENSIONS
4,1875	131,906	12.61	0	100	16,633	3.15	5mx2.5mx2.5m
4,1875	118,716	12.61	0	90	14,970	3.15	5mx2.5mx2.5m
4,1875	145,097	11.46	10	100	16,628	3.15	5mx2.5mx2.5m
4,1875	145,097	11.46	10	100	16,628	3.15	5mx2.5mx2.5m

4. INDEPENDENT MINE GEOLOGIST REPORT

The current work involved the use of variograms, kriging and indicator kriging. Kriging can tend to smear values across the hangingwall and footwall so geological boundaries were tightly constrained. If boundaries are not constrained it can lead to overestimation of tonnage, dilution of grade and creation of false ore blocks outside the ore zone. For these reasons the Block Model has been oriented to the nominal structure. The Mary Springs orebody was Modeled using a 3D Ellipsoidal Search Algorithm designed to specify parameters for 3D Inverse Distance Calculations to distribute grades inside a rotated model. The minimum block size for the resource model is 5m x 2.5m x 2.5m and the grade has only been interpolated within a (3DM) wire frame of the structure. Only the grades that fell within the wire frame were used in the interpolation. The resources were modeled and grades calculated using drill-hole assays and where required bulked to 1m true width, or where assaying of the entire 1m width was not undertaken, dilution was added at an assumed grade of zero % Pb. Where the true width exceeded 1 metre actual grades were used.

7.1.1 Classification

The following criteria are used to classify Mineral Resources in compliance with the JORC Code.

7.1.2 Inferred Mineral Resource

The procedures used were as follows:

- Lead content calculations were based on metal accumulations (m.%/t Pb) obtained from drilling intersections;
- Volumes were estimated based on the average of the drilled true widths of the Lodes;
- Tonnages were estimated from the volume calculated, and a Bulk Density of 3.15 t/m³, then where applicable, discounted by the % payability factor; and
- Grade was estimated by dividing metal accumulation (ETW m x g/t Pb) by the mean intersection width.

7.1.3 Cut-off Grades

For Mineral Resources estimates of potential open pit mineable mineralisation, a metal accumulation cut-off of 1% Pb was used (mineralisation above 150m vertical depth).

The resource cut-off grade used for reporting this deposit was 1% Pb. This results in inclusion of lower grade resource material in the vicinity of higher grade material within a reserve block and the exclusion of some higher grades isolated in lower grade areas.

A top cut of 25.7% Pb was applied and is representative of the 95 percentile given the limited data set.

7.2 Audits and Reviews

Mr. Mart carried out a review of the Mary Springs Lead project data and re-evaluated the lead resources at the site. Mr. Mart is a Chartered Professional and Fellow of the Australasian Institute of Mining & Metallurgy. He was formerly Chief Geologist for Lawler's Gold Mine Western Australia. He has over fifteen years experience in ore reserve estimation for a variety of commodities. Mr. Mart is the CEO of MineMap Pty. Ltd. (developers of MineMap Mine Planning and Design Software) and currently under contract managing the geology department at Nifty Copper, Western Australia.



4. INDEPENDENT MINE GEOLOGIST REPORT

8.0 Recommendations

It is recommended that the following steps be undertaken to enable resource upgrading:

- Validation of geology and geological contacts (re-logging of diamond core if required) if core is not available twinning of several of the critical diamond drill holes maybe required;
- Down hole surveying of all completed and future diamond drill holes;
- Conversion of all old mine plans to electronic format for use in 3D mine planning and design software if mine plans are not available resurveying and mapping of the underground maybe required;
- Detailed mapping (1:5000) of the surface geology be completed and transferred to electronic format;
- Infill drilling needs to be completed;
- Mining and milling costs be determined; and
- Re-run block model and undertake open pit or underground optimization.

9.0 References

Randell M H, 1972. Exploration Summary Report Mary Springs Lead Mine and Environs Northampton Mineral Field, W.A.

Randell M H, 1973. Mary Springs Lead Mine Results of Drilling August/September 1973



4. INDEPENDENT MINE GEOLOGIST REPORT

GLOSSARY

acid(ic) In geology, a chemical classification of igneous rocks. Containing more than 66% silica. In chemistry, having a pH <7.

aeromagnetics Airborne geophysical survey measuring variations in the Earth's magnetic field

alteration (zone/envelopes) change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal solutions.

anomalous a departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical features (values higher or lower than the norm).

assay Chemical analysis. Strictly refers to analysis of precious metals by the fire assay method with a gravimetric finish. Commonly used to mean any chemical analysis.

base metal generally a metal inferior in value to the precious metals, mainly copper, lead, zinc, nickel, tin and aluminium.

bed-rock solid rock underlying soil, alluvium etc

block model the term applied to the final output of a computer based process to reflect the likely configuration of the mineralisation and the surrounding material based on three-dimensional blocks.

chalcopyrite copper-iron sulphide mineral. The main ore of copper.

country rock the enclosing rock around a body of ore

cross-section a section, usually vertical, through an ore body or geological model at right angles to main trend

cut-off the estimated lowest grade of ore that can be mined and treated profitably in a mining operation.

density Mass divided by volume. Measured here in tonnes per cubic metre.

diamond drilling method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.

dilution reduction in grade resulting from admixture of lower grade material during mining or rock-breaking processes.

disseminated mineralisation more or less evenly distributed throughout a rock.

drill cross section a section perpendicular to strike on which the trace of drill holes are plotted.

drill intercepts the intersections (usually of the target mineralisation) made within an exploration drill hole.

dyke a tabular body of igneous rock, cross cutting the host strata at a high angle.

epigenetic mineral deposit of later origin than the enclosing rocks.

fault a fracture in rocks along which rocks on one side have been moved relative to the rocks on the other.

feasibility study a comprehensive study of technical, financial, economic and legislative matters of sufficient depth and accuracy to provide the basis for financing.

felsic igneous rock composed principally of feldspars and quartz.

fracture a break in the rock.

galena lead sulphide mineral, an ore of lead

gangue waste minerals associated with ore

geological mapping the recording in the field of geological information on a map.

geophysical techniques the exploration of an area in which physical properties (e.g. resistivity, conductivity, magnetic properties) unique to the rocks in the area are quantitatively measured by one or more methods.

geostatistics Mineral resource estimation method. A computer based method wherein particular relationships between sample points are established and employed to project the influence of the sample points. Based on the application of statistics to the variation in grade of ore bodies.

grade quantity of ore or metal relative to its other constituents.

granite, granitic coarse grained igneous rock composed of quartz and feldspar with varying amounts of ferromagnesian minerals such as biotite or hornblende, with or without muscovite. Adjective is 'granitic'.

granitoid field term for a body of rock of granitic composition.

igneous Rocks formed by solidification from the molten state.

Indicated Resource An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence.

Inferred Resource An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence.

in-situ Term used to describe rocks and minerals found in their original position of formation.

intermediate Igneous rocks between acid and basic in composition.



4. INDEPENDENT MINE GEOLOGIST REPORT

GLOSSARY CONTINUED

intrusive A rock that has intruded previously existing rocks.

joint Fracture in rock along which no appreciable movement has occurred.

JORC Code The "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2004 Edition",

Kriging Mathematical statistical technique used in ore reserve estimation. It is used for interpolating sparse and clustered spatial data.

lineament Long major topographic feature commonly resulting from a fault.

lithological Pertaining to the type of rock.

lode Tabular or vein-like deposit of valuable mineral between well defined walls.

mafic referring to igneous rocks composed dominantly of iron and magnesium minerals.

Measured Resource A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence.

metamorphism Alteration and recrystallisation of rocks because of heating or application of pressure or both.

open pit mine excavation or quarry, open to the surface

ore rock or mineral(s) that can be extracted at a profit. Often applied (incorrectly) to mineralisation in general.

Ore Reserve An 'Ore Reserve' is the economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined.

ore shoot pods of mineralised material, often high grade, within a vein

outcrop a body of rock exposed at the ground surface

pegmatite coarse grained igneous rocks, similar to granite, often very coarse grained, rarely with crystals tens of metres in length. May contain rare or unusual minerals or metals. Often occurs as dykes or veins.

percussion drilling method of drilling using a hammering action with rotation, forcing dust and cuttings to the hole collar by compressed air. Usually refers to open hole percussion drilling, where cuttings return outside the drill rods. See also **RAB drilling** and **RC drilling**

potassic alteration Type of alteration due to introduction or increase of the alkali

pyrite An iron sulphide mineral, often associated with economic mineralisation. Occasionally used as an ore of sulphur.

pyroxene Family of silicate minerals that usually contain iron and magnesium and commonly calcium.

RAB drilling See **Rotary Air Blast**

raise See **Rise**

RC drilling See **Reverse Circulation**

recovered grades means the eventual recovery after mining dilution and processing losses measured against plant feed tonnes.

resource See **Measured, Indicated or Inferred Mineral Resource**. Mineralisation to which conceptual tonnage and grade figures are assigned, but for which exploration data are inadequate to estimate ore reserves.

reverse circulation drilling Method of drilling whereby rock chips are recovered by pressurised air returning inside the drill rods.

rock-chip sampling Obtaining a sample, generally for assay, by breaking chips off a rock face.

schist Type of fine grained metamorphic rock with laminated fabric similar to slate.

S.G. Specific Gravity

shear Zone in which rocks have been deformed by lateral movement along innumerable parallel planes.

silicified referring to rocks in which a significant proportion of the original constituent minerals have been replaced by silica.

Specific Gravity Mass divided by volume at a specified temperature compared to an equal amount of water which is assigned an SG of 1.0. Equivalent to density (mass per unit volume), measured here in tonnes per cubic metre.

sphalerite Zinc sulphide mineral.

stockwork Interlocking network of tabular veins or lobes.

stope Mine excavation from which ore is being or has been extracted.

strike The azimuth of a surface, bed or layer of rocks in the horizontal plane.

sulphides Minerals comprising a chemical combination of sulphur and metals.

tailings Material rejected from a treatment plant after the recoverable valuable minerals have been extracted.

tonalite Igneous rock similar to granite but containing mainly calcium feldspar rather than alkali (sodium and potassium) feldspar.

vein A narrow dyke-like intrusion of mineral traversing a rock mass of different material.



5 INDEPENDENT GEOLOGIST'S REPORT



1 September 2009

The Directors
Ethan Minerals Limited
Suite 24, 443 Albany Highway
VICTORIA PARK WA 6100

Dear Sirs

Independent Geologist's Report on the mineral assets of Ethan Minerals Limited

Corvidae Pty Ltd as Trustee for Ravensgate Unit Trust Trading as Ravensgate ('Ravensgate') has been commissioned by Ethan Minerals Limited (ACN 124 354 329) ('Ethan') to provide an independent geologist's report on the Company's projects in Western Australia. This report is to be included in a Prospectus to be lodged by Ethan Minerals Limited with the Australian Securities and Investments Commission, offering for subscription minimum of 12.5 million shares and up to a maximum of 20 million shares at an issue price of \$0.20 per share (the 'Prospectus'), to raise a total of a minimum of \$2.5 million and up to \$4 million (before costs associated with the issue). The funds raised will be used for the purpose of exploration and evaluation of the mineral properties in which Ethan it is understood, will be the beneficial owner.

This review is based on information provided by the title holders along with technical reports by consultants, previous tenement holders and other relevant published and unpublished data for the areas. A listing of the principal sources of information is included in this report. Ravensgate has endeavoured by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. Ethan was given a final draft of this report and thereby given an opportunity to identify any material errors or omissions in it. Ravensgate has not verified the status of tenure or any related access issues, which has been addressed elsewhere in the Prospectus. No site visit has been completed recently by the authors or reviewer.

This report has been prepared in accordance with the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission ('ASIC') and the Australian Stock Exchange ('ASX'), which pertain to Independent Expert Reports. The report complies with section 716(2) of the *Corporations Act 2001* where consent is required if statements have been attributed to third parties.

In consideration of the definition provided by the ASX and in the JORC Code, these properties are classified as exploration projects which are inherently speculative in nature. The properties are considered to be sufficiently prospective, however, subject to varying degrees of risk, warrant further exploration and development of their economic potential consistent with the programs proposed by Ethan.



5 INDEPENDENT GEOLOGIST'S REPORT

Ethan intends to raise a minimum of \$2.5 million and maximum of \$4 million and at least half of the liquid assets held and funds proposed to be raised are understood to be committed to the exploration and development of the properties. Ethan has sufficient working capital to carry out its stated objectives and has prepared staged exploration programs specific to the exploration potential of the individual tenements which are consistent with its budget allocations. The independent geologists report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears.

Ravensgate and its employees are not, nor intend to be, directors, officers or other direct employees of Ethan and have no material interest in any of the projects or Ethan. The relationship with Ethan is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully



Stephen Hyland

For and on behalf of: RAVENSGATE



5 INDEPENDENT GEOLOGIST'S REPORT

Author: Stephen Hyland, Principal Consultant, Ravensgate

Stephen Hyland – Principal Consultant, Ravensgate

BSc Geology, Member of Australasian Institute of Mining and Metallurgy, CIMM, GAA

Stephen Hyland has had extensive experience of over 20 years in exploration geology and resource modelling and has worked extensively within Australia as well as offshore in Africa, Eastern and Western Europe, Central and South East Asia, modelling base metals, gold, precious metals and industrial minerals. Stephen's extensive resource modelling experience commenced whilst working with Eagle Mining Corporation NL in the diverse and complex Yandal Gold Province where for three and half years he was their Principal Resource Geologist. Whilst the majority of his time there had been developing the now successful Nimary Mine, he also assisted the regional exploration group with preliminary resource assessment of Eagle's numerous exploration and mining leases. Since 1997 Stephen has been a full time Consultant with the minerals consulting firm Ravensgate where he is responsible for all geological modelling and reviews, mineral deposit evaluation, computational modelling, resource estimation, resource reporting for ASX / JORC and other regulatory compliance areas. Primarily Stephen specialises in Geological and Resource Block Modelling generally with the widely used Medsystem / Minesight 3D mine-evaluation and design software. Stephen Hyland holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia. He is a Qualified Person under the rules of the CIMM and NI43-101.

Co-author: Kate Holdsworth, Senior GIS Specialist, Ravensgate

Kate Holdsworth, Senior GIS Specialist, Ravensgate

BSc Hons Geology, Member of Australasian Institute of Mining and Metallurgy

Kate Holdsworth is a senior GIS geologist with over 17 years GIS experience who joined the Ravensgate team in September 2006. During her tenure at Ravensgate, she has contributed to the compilation of numerous Independent Geologists Reports, Valuation Reports, GIS projects as well as having assisted clients with their exploration reporting requirements and QA/QC investigations into client's data quality.

Prior to joining Ravensgate, she worked for Giscoe Pty Ltd, a GIS company in Johannesburg, for ten years, where she was involved in diverse GIS projects, including database creation, database population and data validation. Kate has four years experience in GIS with the Geological Survey of South Africa, where she was a member of their GIS database design team.

Reviewer: Edward Radley, Senior Resource Consultant, Ravensgate

Edward Radley, BSc Geology, Member of Australasian Institute of Mining and Metallurgy

Edward Radley is a registered professional geologist with over fifteen years experience in the coal and metalliferous minerals industry. Edward Radley has carried out numerous resource estimations and technical assessments of mining and exploration properties in Australia, Africa, New Zealand and Indonesia. Edward Radley is a Senior Resource Geologist employed by Ravensgate. Prior to joining Ravensgate Edward worked for Rio Tinto Coal Australia in the role of Senior Resource Geologist. Previous to that role he managed exploration and resource definition at the Solid Energy Stockton Coal Mine in New Zealand. During his time with Solid Energy his roles ranged from Mine Geologist to Project Resource Geologist and Senior Resource Geologist. Previously to his coal experience he has worked in Gold Mines in Australia and New Zealand in roles ranging from Mine Geologist to Project Exploration Geologist. Additionally he has experience with industrial minerals, base metals and alluvial mining and prospecting. Edward Radley is an experienced user of Vulcan and Minescape software.



5 INDEPENDENT GEOLOGIST'S REPORT

INDEPENDENT GEOLOGIST'S REPORT

PREPARED BY RAVENSGATE ON BEHALF OF:

ETHAN MINERALS LIMITED

Author(s):	Stephen Hyland	Principal Consultant	BSc (Geol), MAusIMM, CIMM, GAA
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Date:	1 September 2009		
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Stephen Hyland

For and on behalf of: RAVENSGATE



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1. SUMMARY

Ethan Minerals Limited (Ethan) is an unlisted public Australian minerals resource company which was incorporated in 2007. Through a series of joint ventures and purchase option agreements the company has acquired a substantial portfolio of exploration licences in Western Australia. Ethan is now seeking to list on the Australian Stock Exchange (ASX) in order to raise capital to fund the future technical assessment of its Northampton Project.

Ethan's mineral assets comprise 100% of one granted exploration licence and an option to earn an 80% interest in three exploration licence applications as well as a 100% access right to seven Queen Victoria Crown Grants situated in Western Australia. The area over which the licences are held are prospective for base metals and associated precious metals. There are no active mines on any of the licences. All the licences are easily accessible via a good network of public and private roads.

The Northampton Project is situated within 10km of Northampton and is described as being within the Proterozoic Northampton Complex. This is generally described as an area of basement consisting of granite, granulite and migmatites. The Northampton Project includes a large number of historic silver, lead and copper producing mines that date back to 1850. An inferred resource estimate of 145,097 tonnes at 11.46% Pb has been calculated for the Mary Springs prospect. Part of Ethan's exploration strategy is to target extensions to the historical mines in the area.

Based on the review of Ethan's Northampton Project area, Ravensgate considers that the project is of merit and worthy of further exploration.

Ethan's proposed exploration programme consists of exploration and resource evaluation phases. Ravensgate considers Ethan's exploration strategy to be justified and appropriate for the prospectivity of the various licences and that the allocated budget adequately covers the cost of the proposed exploration programme.

A summary of the statutory expenditure commitments and the proposed exploration expenditure is given in the tables below.

SUMMARY OF ETHAN'S BUDGETED EXPLORATION EXPENDITURE \$2.5M CAPITAL RAISING			
Project	Year 1	Year 2	Total
Data Acquisition	75,000	50,000	125,000
Geophysics and remote sensing	175,000	75,000	250,000
Geochemistry	75,000	50,000	125,000
Drilling RC	175,000	150,000	325,000
Drilling Diamond	25,000	30,000	55,000
Assays	25,000	30,000	55,000
Resource work	25,000	15,000	40,000
Field work	80,000	80,000	160,000
Administration and tenement costs	33,000	35,000	68,000
Total	688,000	515,000	1,203,000



5 INDEPENDENT GEOLOGIST'S REPORT

SUMMARY OF ETHAN'S BUDGETED EXPLORATION EXPENDITURE \$4M CAPITAL RAISING			
Project	Year 1	Year 2	Total
Data Acquisition	75,000	50,000	125,000
Geophysics and remote sensing	175,000	125,000	300,000
Geochemistry	125,000	100,000	225,000
Drilling RC	175,000	225,000	400,000
Drilling Diamond	75,000	125,000	200,000
Assays	75,000	100,000	175,000
Resource work	35,000	75,000	110,000
Field work	175,000	225,000	400,000
Administration and tenement costs	33,000	35,000	68,000
Total	943,000	1,060,000	2,003,000

Any additional capital raised over the maximum amount will be utilised to complete additional drilling and resource work.

2. INTRODUCTION

2.1 Terms of Reference

Ravensgate was requested by Ethan Minerals Limited (Ethan) to complete an Independent Geologist's Report on its primary mineral assets in Western Australia. Ethan is seeking to list on the Australian Stock Exchange (ASX) in order to raise working capital to fund the future technical assessment of its project. A partial requirement of listing is the completion of an Independent Geologist's Report (IGR) on the mineral assets of the company.

This report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The Valmin Code) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

Ravensgate has not attempted to establish the legal status of tenements within the project area with respect to Native Title claims. Ravensgate has not independently verified ownership and current standing of the tenements and is not qualified to make legal representations in this regard. Details of the legal ownership of the mineral assets are dealt with elsewhere in the Prospectus.

The Independent Geologist's Report is based on information available up to and including the date of this report. Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based.

Consent has been given for the distribution of this report in the form and context in which it appears.

2.2 Qualifications, Experience and Independence

Ravensgate is an independent, privately owned consulting firm and has been providing exploration, mining and mineral resource consulting services to the minerals industry since 1997.

The primary author, Mr Stephen Hyland, is a registered professional geologist with over 20 years international experience in the minerals industry. He has carried out numerous resource estimations and technical assessments of mining and exploration properties in Africa, Eastern and Western Europe, Central and South East Asia. He is a Principal Resource Consultant employed by Ravensgate. He holds the relevant qualifications and professional associations required by the ASX, JORC and Valmin Codes in Australia.



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The secondary author, Mrs H. Kate Holdsworth is a Senior Geologist and GIS Specialist with substantial international minerals industry experience and more than two years experience specifically in the Australian minerals industry.

The reviewer, Mr Edward Radley, is a registered professional geologist with over 15 years experience in mining and exploration geology. His experience covers base metals, gold and coal deposits. Edward has excellent experience in designing and managing resource definition drilling programs. He has an expert level of knowledge in resource modelling and estimation including good exposure to geostatistical best practice methods. He has also built stratigraphic, alteration and structural models which were used to generate exploration targets. He is a Principal Consultant employed by Ravensgate. He holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia.

Neither Ravensgate nor any of its employees or associates is an insider, associate or affiliate of Ethan or any associated company. Neither Ravensgate nor any of its affiliates have acted previously in any capacity for Ethan or any of its associates or affiliates.

Ravensgate's professional fees are based on time charged for work actually carried out, and are not contingent on any prior understanding concerning the conclusions to be reached.

2.3 Principle Sources of Information

This review is based on the information provided by the current title holders, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area.

Ravensgate did not complete its own independent assessment of the quality of the geological data or the accuracy of any Mineral Resources. Furthermore, the status of agreements, royalties or tenement standing pertaining to the assets was not investigated. This report is based on public information some of which was supplied by Ethan or publically sourced data. Ravensgate did not visit the project area, however the Principal Author is familiar with many of the areas described having visited some of these locations in the past. Ravensgate is of the opinion that the absence of a recent site visit to each of the specific localities described here does not have a significant material effect on the conclusions and opinions expressed in this report.

The authors have endeavoured, by carrying out a reasonable amount of checking and cross-referencing along with other associated information enquiries, to help confirm the authenticity and completeness of the technical data upon which this report is based. Ethan was given a final draft of this report and requested to identify any material errors or omissions prior to its ultimate lodgement.

2.4 Background Information

Ethan Minerals Limited was incorporated in March 2007 as a public company. Ethan has interests in the Northampton area with a total area of approximately 985 km². The project is situated in Western Australia and is prospective for base metals and associated precious metals (Tenement Schedule Table 1 and Location Refer Figure 1).

TABLE 1 TENEMENT SCHEDULE				
PROJECT	TENEMENT	NAME	AREA (HA)	APPLICATION STATUS
NORTHAMPTON	E66/56	Mary Springs	1,517	Pending
	E66/64	Springvale	54,825	Pending
	E66/53	Baddera	21,147	Granted
	E66/73	Ginos	21,118	Pending
Total Area			98,607	



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Figure 1 Locality Map of Ethan's Northampton Project



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3. NORTHAMPTON

3.1 Introduction

This project is comprised of seven Queen Victoria Crown Grants “QVCGs” (*Figure 2*) as well as the exploration licences E66/56, E66/64, E66/53, E66/73 (*Figure 2*). QVCGs are privately owned areas of land that were granted during Queen Victoria's reign in the 1800s. The QVCGs are all situated within 10km of Northampton with good access from the North West Coastal Highway and by well maintained gravel roads and tracks to the prospects. Sampson (2007) compiled extensive notes on the Northampton Project which are summarised in the following section.

Western Australia's first mining operations were undertaken based on the lead-silver and copper, vein-type deposits in the Northampton Complex. More than 100 deposits were worked in the Northampton Mineral Field between 1850 and 1973 in the three main centres of Northampton, Galena and Narra Tarra. The overall production is conservatively estimated at 77,000 tonnes lead, 4,268 tonnes copper, 42.3 tonnes zinc and 212.3kg silver (Ferguson 1999).

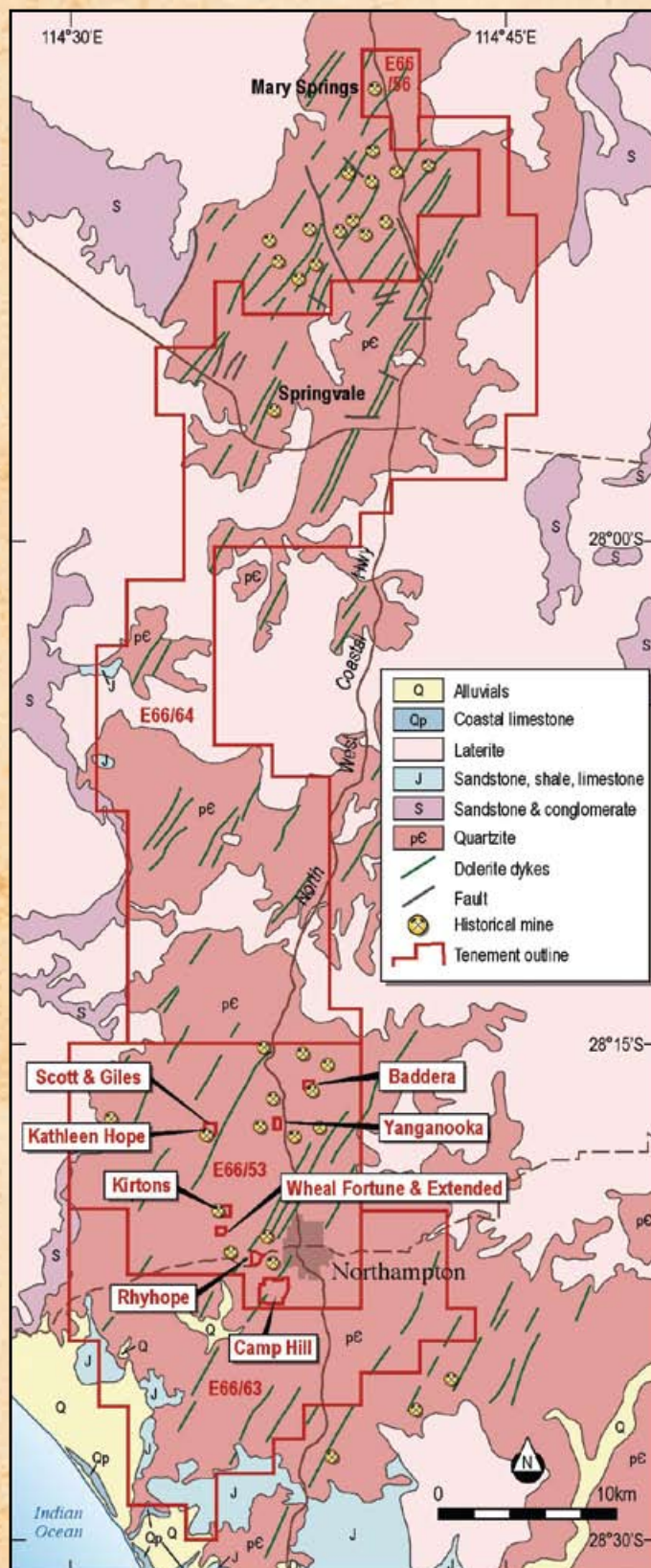
Listed in Table 2 are the Queen Victoria Crown Grants over which Ethan has option agreements. The mineral rights for QVCG are alienated from the Crown.

TABLE 2 QUEEN VICTORIA CROWN GRANTS - NORTHAMPTON PROJECT		
QV CROWN GRANT	AREA	PROSPECTS
Lot 1, Volume 1926, Folio 96	87.9 Ha	Camp Hill
Lot 2, Volume 1926, Folio 97	105.7 Ha	
QVCG 32, Volume 823, Folio 18	23.5 Ha	Yanganooka, Yanganooka North and Lucy
QVCG 312, Volume 1518, Folio 46	5 Ha	Scott and Gales, Kathleen Hope and Martin Springs
QVCG 334, Volume 1248, Folio 460	20.2 Ha	Wheal Fortune, Wheal Fortune Extended and Paringa
QVCG 437, Volume 1122, Folio 281	28.3 Ha	Kirtons, Kirtons South, Kirtons North and Kirtons North Extended
QVCG 1472, Volume 122, Folio 140A	28.3 Ha	Baddera, Baddera North and Baddera South
QVCG 2647, Volume 1836, Folio 641	31.4332 Ha	Rhyhope



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Figure 2 *Geology Map of the Northampton Project with the tenements and QVCGs indicated*



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3.2 Geology

3.2.1 Regional Geology

The project occurs within the Proterozoic Northampton Complex. This is a horst within the Pinjarra Orogen. The Pinjarra Orogen is situated on the western margin of the Yilgarn Craton and has undergone repeated deformation during the Proterozoic and was the site of rifting in the Gondwana break-up in the Mesozoic. Most of the Northampton Complex is overlain by Mesozoic and Cainozoic cover rocks.

The three main units within the Northampton Complex are granulite, granite and migmatites (Peers, 1975). The granulites are interpreted to be of sedimentary origin and were intruded by granite with the accompanying production of migmatites along the granite-granulite boundary and contact metamorphic effects within both the granites and granulites. From field and petrographic evidence it has been concluded that the migmatite is a mechanical mixture of the granulite and the invading granite.

The granulites are the oldest rocks in the Northampton Complex and they represent a unit of geosynclinal sediments of mostly greywacke composition with intercalated siliceous bands (now quartzites) and intruded gabbroic sills (now basic granulites).

Pegmatite layers which occur throughout the granulite appear to be mainly metasomatic and a product of the granulite country rock. The discordant basic granulite intrusives occurring mainly in an area south of Northampton are considered to be metamorphosed gabbros.

The granulite was intruded by the granite as a sheet structure which is thickest in the eastern part of the Northampton Complex and gradually interfingers with the granulite towards the west.

The granulite, granite and migmatite units have undergone macroscopic folding with the axes of the folds oriented between north and northwest.

A major fault associated with marginal shearing and quartz veining is located approximately 5km east of Northampton and strikes north-northwest and parallel to the fold axes of the region (Peers, 1975).

The Northampton Complex is intersected by a closely spaced swarm of dolerite dykes striking north-north east. All the lead-silver and copper mines in the Northampton Complex appear to be related to the same north-northeast trending fault system that has controlled the intrusion of dolerites (Ferguson, 1999).

3.2.2 Mineralisation

Byrne and Harris (1993) reviewed the ore deposits of the Northampton Complex based on experimental fault and shear zone models and studies of mineralisation within wrench systems. They have defined the fractures at Northampton as brittle-ductile shear zones.

The brittle-ductile shear zones trending 038° contain brecciated wall rock (mostly granulite gneiss with lesser pegmatite and dolerite) cemented by quartz and typically with disseminated sulphides. The vuggy nature of the quartz and other minerals suggests that some of the infilling took place in dilational zones (Ferguson, 1999). The mineralised lodes within the shear zones also fill open fissures and fault breccias. Most deposits are in simple veins associated with the opening of flexures in faults. The larger deposits are located in structurally more complex situations where faults intersect or in cymoid loops where two parallel shears are connected (Blockley, 1971).

Sulphide vein zones are commonly located near the margins of the shear zone and to a lesser extent within the breccia zone (Ferguson, 1999). The ore commonly takes the form of boudins suggesting 'pinch and swell' under the influence of post-ore tectonism. However, Blockley in a personal communication to Ferguson indicated that the galena showed no signs of deformation.

Individual veins within the different deposits may be up to 1m wide with ore deposits being up to 9m wide, 270m long and 150m deep (Blockley, 1971).



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Galena is the main sulphide mineral with accessory sphalerite, pyrite, marcasite and chalcopyrite all within a gangue of quartz, carbonate and barite. In the copper lodes, chalcopyrite is dominant with sphalerite more commonly associated with the lead mines (Byrne and Harris, 1993).

In the oxidised/supergene zones (usually quite shallow at Northampton) lead occurs as cerussite (lead carbonate), anglesite (lead sulphate) and pyromorphite (lead chlorophosphate).

The galena and sphalerite of the Northampton mines are not in equilibrium with the other sulphides and may be of different origin (Michael & Groves, 1997). The galena's silver content is quite low, averaging 30g/t.

Silicification, chloritisation and kaolinisation are the dominant wall rock alteration styles (Ferguson, 1999).

Byrne and Harris (1993) recognised two main types of structurally controlled ore shoots. The first type which is frequently associated with the lead deposits is divided into the following structural settings:

- Lens structures – branching of the shear containing a brecciated lens of country rock which is mineralised, such as at Protheroes and Narra Tarra
- Link structures – two parallel shears connected near their ends by linking shears and when under extensional stress, the linking shears dilate thereby creating space for ore formation, such as at Surprise, Galena and Surprise North
- Intersecting lodes – breccias develop at the intersection of two shears as at Deeblies and Baddera
- Curved lodes – ore forms within the curved section of a shear as seen at Nooka

The second main type of ore shoot is associated with copper deposits. These shoots are sub-horizontal within the shears as a result of them being mainly supergene by nature and also their relationship to the water table. Malachite and azurite predominate with much lower grades of copper as chalcopyrite and covellite sulphides, present in the primary zone (Ferguson, 1999).

Some early workers have suggested a genetic relationship between the dolerite dykes and the mineralising events. This was based on the observed association of both the dolerite and base metal mineralisation within the 038° oriented shears. However only 30% of the deposits are in contact with dykes and none of the larger deposits are associated with dolerite dykes. Isotope studies by Michael and Groves (1977) indicate a high 207 Pb/204 Pb ratio which suggests a crustal rather than a magmatic source for the lead.

The mineralisation is considered to post-date emplacement of the dolerite dykes (Byrne and Harris, 1993).

With regards to the method of formation of the mineralisation, Richards et al (1985) have suggested two stages in the mobilisation of lead from the greywacke precursors of the granulites. In the first stage during regional compression at 1.02Ga heating and compression of the greywacke would have helped mobilise lead, strontium and uranium with the circulation of aqueous fluids then extracting lead from the granulites (meta-greywackes) and redepositing it as base metal mineralisation and ore bodies. Blockley (1971) suggested that the ores were deposited by hot solutions given off during the last stages of the intrusion of the dolerite dykes.

3.3 Historical Production

The mines of the Northampton district are located within a large area of granulite and gneiss which has been exposed by the down cutting action of the Bowes River. Most of the mines are clustered either around Northampton or in an area extending some 3km north of Baddera.

Mining in the Northampton Mineral Field began with the discovery of lead in the Murchison River bed by a member of A.C. Gregory's 1848 expedition. This discovery led to the development of the Geraldine Lead Mine. Most of the recorded lead mines were discovered and worked in the period 1865 to 1890. Records are sparse and information on production and development is generally lacking (Blockley, 1971).



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Export of lead ore from the Northampton Mineral Field from 1850 to 1899 is recorded as being 34,140 tonnes and according to Montgomery (1908), the average ore grade was 65%–70% lead for some 20,300 to 23,400 tonnes of contained metal.

Since 1899 total recorded production from the Northampton Mineral Field has been 77,700 tonnes of lead metal from 455,859 tonnes of ore and concentrate. Total recorded zinc metal production is 42.26 tonnes and 212kg silver.

Mines/prospects which fall within areas of the Queen Victoria Crown Grants (QVCG) under option to Ethan Minerals Limited are discussed below.

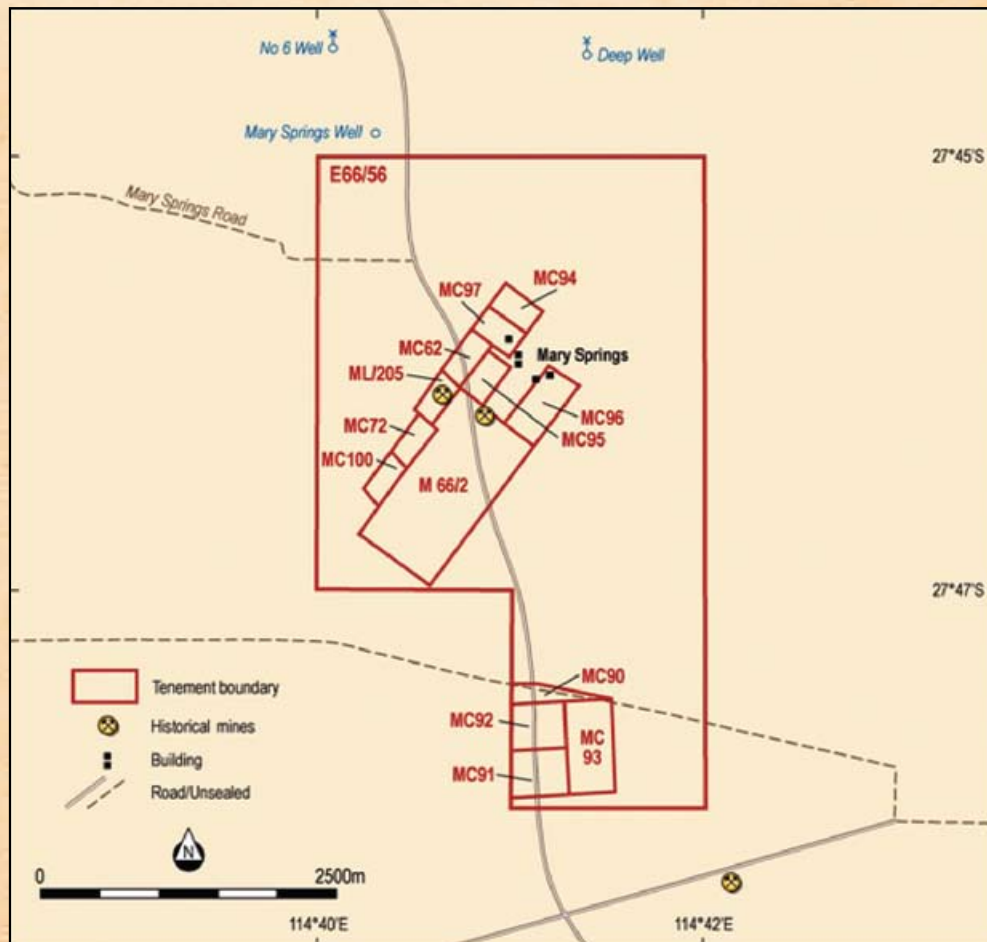
3.3.1 Mary Springs Lead Mine

The Mary Springs Mine is located less than 500m from the Northwest Coastal Highway and 80km north of the township of Northampton (Figure 3). During the period 1951 to 1967 the mine produced 925 tonnes of lead ore and concentrates. From 1967 to 1969 Canadian Southern Cross Mines NL (CSC) mined 3,508 tonnes of lead ore containing 530 tonnes of lead metal.

Three parallel ore shoots have been mined in the granulite rocks. The two most significant shoots occur within the contact zones on both sides of a 20m thick dolerite dyke. The third shoot is located approximately 50m west of the dyke. The shoots generally strike at 030° and dip to the west at 70°.

The shoot located on the western side of the dolerite dyke has been worked to a depth of approximately 30m. Where the ore is observed in pillars the ore is 1.2 to 1.5m wide, it is comprised of quartz and sulphides with 30% to 40% galena (Blockley, 1971). Veins of massive galena up to 30cm thick may be present on the footwall side of the lode (Blockley, 1971).

Figure 3 Mary Springs Mine locality map



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3.3.2 Camp Hill Mine

The Camp Hill Mine is situated 2km south of Northampton on the western side of the North-West Coastal Highway.

The lode is a south western continuation of the Gwalla Copper Mine. Shallow workings extend for about 180m at surface on a bearing of 035°. Some stoping has been carried out from two shafts situated 150m apart. The presence of dolerite boulders on the dumps suggests that the lode follows a dyke, but no dolerite was seen in surface exposures.

The lode was worked mainly for copper although Maitland (1903) mentions that lead was also produced from the mine.

3.3.3 Yanganooka, Yanganooka North and Lucy Mines

The Lucy Mine is located 7km north of Northampton and 2km south west of the Gurkha Mine. The Lucy Mine was worked in 1956 and produced 5.48 tonnes of lead from 136.1 tonnes of ore. No reports or plans are available for the Lucy Mine.

Blockley (1971) describes the lode as following a 0.90m to 1.2m wide breccia zone striking 030° and dipping to the west. The wall rock is an altered gneiss, with the ore consisting of quartz-filled breccia mineralised with galena, pyrite and minor chalcopyrite.

The surface workings extend for some 46m and predominantly consist of pits and bulldozed costeans. A 15m vertical shaft has been sunk to the west of the lode.

No other historical information on the Yanganooka mines could be sourced.

3.3.4 Scott and Gales, Kathleen Hope and Martin Springs Mines

The three mines are located 8km north west of Northampton and are accessed by a track heading west from the North-West Coastal Highway, 3km north of the town.

Scott and Gales Mine is about 300m south of the old Martin Springs Copper Mine and consists of two shafts about 40m apart. Each shaft is approximately 8m deep. The lode is made up of malachite, azurite, chalcocite, galena and cerussite but is poorly defined and is observed only as a zone of metamorphosed conglomerate. In the southern shaft, lead and copper mineralisation is distributed over a width of 1.5m and follows banding in the sediments (Blockley, 1971).

The Kathleen Hope Mine is located just south of Scott and Gales Mine. Production was first recorded in 1957 and over the next ten years the mine produced 23.3 tonnes of lead metal and 808g of silver from 371.8 tonnes of ore.

The southern shoot has been opened up over a length of 37m and at its northern end is 3.6m wide with lead mineralisation occurring along the entire width. The edges of the lode are made up of siliceous veins while the central part is brecciated gneiss with the lode cutting across the foliation of the gneiss. A 13.4m deep shaft was sunk to the east of the lode outcrop.

The northern shoot was worked over 23m from three shafts. A kidney-shaped ore body 18m long and up to 0.90m wide is said to have been worked above the 36.5m level. This shoot was not followed to depth due to unsafe mining conditions.

The Martin Springs Mine is located 300m north of Scott and Gales Mine and was largely a copper producer. No further information was available (Blockley, 1971).

3.3.5 Wheal Fortune, Wheal Fortune Extended and the Paringa Mines

This trio of mines is located 5km west north west of Northampton and lies within a shear line trending 040°-050° and dipping 70° or more to the southeast.

Ferguson (1999) reports that the shear line is believed to be made up of a number of parallel, en echelon shears with the richer zones occurring where the shears intersect pegmatite. Individual ore shoots plunge to the south with ore zones up to 1.2m wide. Ore minerals include galena, sphalerite, chalcopyrite and pyrite in the primary zone with malachite, azurite, covellite, chalcocite and native copper in the oxidised and supergene zones.

The Wheal Fortune copper and lead mine was worked from 1862 to 1868 over a length of 223m and to a depth of 90m. The Wheal Fortune Mine produced 3,015 tonnes of lead ore at 75% Pb and 2,681 tonnes of copper ore at 17% Cu.



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The Wheal Fortune Extended Mine connected with the Wheal Fortune Mine at the 55m level.

At the northerly Paringa Mine, the ore is located in shears striking at between 030°-040°. The shears cut garnet granulites which have been invaded by pegmatites. While mylonitic shears cut the Paringa lodes, it is not certain whether they relate to ore forming processes.

The total production for all three mines from 1899 was 44,753 tonnes of ore for 4,428 tonnes of lead and 28kg of silver (Ferguson, 1999).

3.3.6 Kirtons South, Kirtons North, Kirtons North Extended and Kirtons Mines

The Kirtons group of mines is located 6.5km west-northwest of Northampton. Access is gained via a road branching off the Port Gregory Road immediately east of the Unandara Creek crossing.

Past nomenclature for this group of mines is confusing as it seems that at various times the name 'Kirtons' has been applied to any or all of the mines of the group. Similarly production figures cannot be broken down for each of the mines (Blockley, 1971).

Kirtons Mine is located 150 metres south-southwest of Kirtons North Mine with shallow workings extending over a length of 90m with a 9m shaft being the only shaft of any depth. This shaft is located on a lode branching off the main lode with the largest open pit being located near the junction of the two lodes.

The Kirtons South Mine is located some 240m south-southwest of Kirtons Mine. Kirtons South Mine was worked over a length of 55m both at surface and underground by means of two shafts 40m apart. The northern shaft is 21m deep and inclined steeply eastward. To the north of this shaft is a surfaced stope 9m long. Between the two shafts, the surface is covered by recent creek deposits.

The Kirtons North Extended Mine is the largest of the group of four. During the main period of production, underground mining was carried out from a main inclined shaft, probably the shaft at the northern end of the workings. Here, a shoot was stoped over a length of 70m and a width of between 0.90m and 1.2m at the 48.7m level however, it thinned or lensed out above the 67m level. Another shoot was located 44m south of the shaft on the 67m level. The mine was closed in 1919.

More recently (year not known), a shaft was sunk at the southern end of the lode some 120m south of the main inclined shaft. Two levels drove into the lode at 18.2m and 27.4m. On the 18.2m level the drive exposed thin, irregular veins of galena over a width of 0.76m. On the 27.4m level a lode 0.91m in width was worked with veins of solid galena up to 0.3m thick, exposed on the hanging wall side over a length of 27m. The ore was stoped to a height of 4.5m on this level. The Kirtons North Extended Mine lodes contained galena, cerussite and copper minerals (Blockley, 1971).

The Kirtons North Mine is located 460m south-southwest of the Kirtons North Extended Mine with Kirtons North Extended Mine being the furthest north of the four mines.

The Kirtons North Mine has many similar features to the Kirtons North Extended Mine. At Kirtons North the lode dips easterly at between 80° and 85° and was mined discontinuously over a length of some 60m.

The deepest part of the mine is a 30m shaft at the northern end of the workings. A two-compartment shaft is located 12m west of the lode near the southern end of the line. Mining was carried out from the 30m shaft and the lode was stoped to the surface over a length of 6m. Where mined, the mineralised section was 0.60m to 0.90m in width, with galena and cerussite occurring in the northern workings and copper and oxidised zinc minerals in the southernmost shaft (Blockley, 1971).



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3.3.7 The Baddera Group

The Baddera Group is on QVCG Location 1472, some 9km north of Northampton and 1.5km by dirt road east of the North-West Coastal Highway.

Two mines have been worked on the property, the Baddera and the Baddera North. The southern extension of the Baddera ore body was worked as the Baddera South Mine (Blockley, 1971).

The Baddera Mine was discovered in 1873 and was worked for a period of 10 years to a depth of 30m. Production figures are not available for this period except for one production record of 687.8 tonnes of concentrate averaging 72% Pb.

The Baddera Mine was reopened in 1910 and worked until 1920 with production figures of 14,200 tonnes of lead metal from 132,000 tonnes of ore for an average grade of about 11% Pb.

The Baddera North Mine was worked from 1946 through to 1954 with recorded production of 731 tonnes of lead from 15,200 tonnes of ore for an average grade of about 5% Pb.

At the Baddera Mine discontinuous lenses of galena occur within a lode shear 2.5m in width striking 050° and dipping 70° to the west. The mineralised shear is located in granulite, pegmatite and quartz. There is considerable variation in the width and length of individual mineralised lenses. The lenses also display boudinage structures which may indicate post-ore ductile shearing (Ferguson 1999).

Blockley (1971) describes the Baddera ore bodies as occurring on cymoid loop structures which have formed where two bands of massive glassy quartz have been intersected by the lode shear. The two bands of quartz trend at 300° sub-parallel to the local foliation of the country rocks. The two branches of the shear (the cymoid loop) are exposed at the southern end of the Baddera Mine and can be followed in the surface workings and rejoin in the southernmost open pit.

At surface, the Baddera workings extend for about 130m.

3.3.8 Rhyhope Mine

The Rhyhope Mine is located 3km west of Northampton and located south of the Northampton – Port Gregory Road. It is located on QVCG Location 2647.

It is known that the mine operated briefly in 1907 and that the prospector at that time struck even older workings. However no production figures are available for that period.

From the year 1950 the mine was in production for two years yielding 50.8 tonnes of lead metal and 964.4g of silver from approximately 437 tonnes of ore.

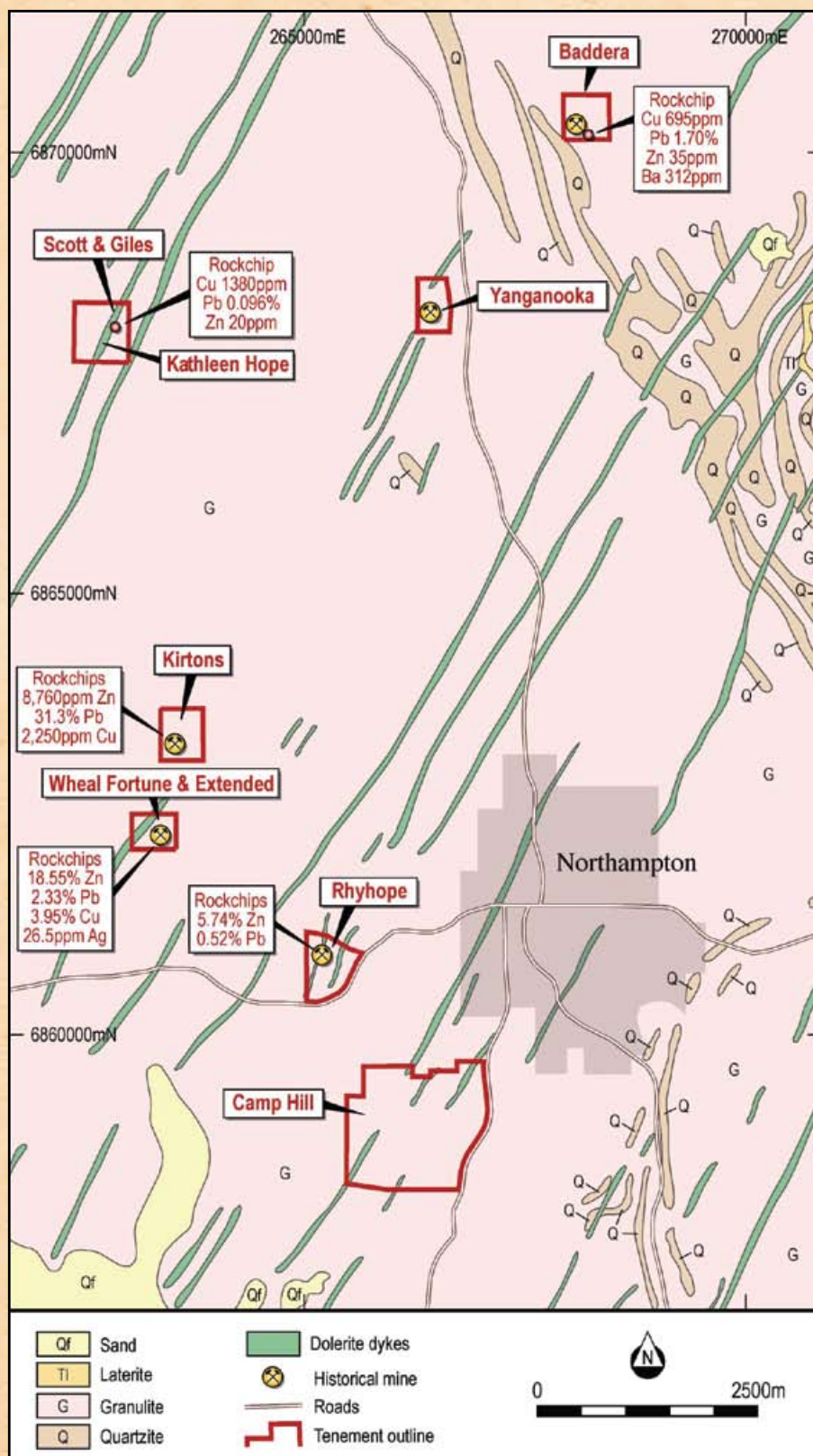
The Rhyhope lode follows a shear zone in gneiss striking at 025° and dipping easterly with the lode consisting of crushed gneiss with minor quartz and pyrite, galena, sphalerite and barite. It was worked over 60m from an open pit, three shafts and a few shallow pits. The shaft situated midway along the line of workings is 25.9m deep and from the 21.9m level of this shaft ore was stoped out over a length of 6m and a height of 10m (Blockley 1971).

Montgomery (1908) describes a 19.5m shaft on the footwall side of the lode with levels at 12.1 and 17.6m. Montgomery states that where the lode was cut in the lower crosscut it was 0.46 m in width but poor in grade. However in driving south for 4m the grade improved and widened to 1.2m showing a good percentage of galena. This drive eventually struck old workings. It is not clear which shaft Montgomery was referring to.



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Figure 4 Locality and geology map for the Northampton Project, results shown are from the Ethan rock chip sampling programme, December 2007



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3.4 Previous Exploration

Previous exploration in the Northampton area as described below is on a regional scale and only on Ethan's properties when the actual prospect is named.

Prior to the 1970's exploration consisted of prospecting for surface gossans and silicified breccias associated with base metal mineralisation. The exploration was carried out by A.C.M., Allied Minerals and Dresser. Prior to 1950 some diamond drill holes were completed beneath several of the old mines by the Western Australian Mines Department as well as by some private companies.

During the 1970's exploration was carried out in the vicinity of the Baddera mining centre. This was comprised of a helicopter borne electromagnetic (EM) and magnetic survey. This was followed up by geological mapping, a ground based Induced Polarisation (IP) survey and rock chip sampling.

Areas prospective for further work were outlined. This resulted in mapping which located fault breccia zones. These zones were defined over distances of 1,700m and included silicification, chloritisation and kaolinisation of the host rocks. Several IP and EM anomalies were also identified which currently remain untested by drilling.

In the early 1980s, regional exploration was carried out by Esso and was based on conceptual stratiform base metal models. A programme of regional and detailed geophysics was conducted with geochemical and drilling follow up.

Since 1987 exploration has been carried out by West Australian Metals NL. They undertook photo-interpretation, geological mapping, stream sediment geochemistry and detailed airborne magnetic surveys over the Northampton, Galena and Nabawa districts.

Regional exploration programmes carried out by CRA Exploration Pty Limited during the 1990s focused on the possibility that vein-style lead-zinc may occupy the faulted eastern margin of the complex beneath Perth Basin sediments. The possibility of sediment-hosted deposits in the Tumblagooda Sandstone was considered worth investigating. This was undertaken by carrying out an airborne electromagnetic (GEOTEM) survey and magnetic survey in order to locate structurally and stratigraphically favourable areas. Further exploration in the region focused on locating stratiform, Broken Hill-style Pb-Zn-Ag massive sulphide deposits and to a lesser extent, vein-type deposits and mineralisation. The Northampton work programme took on a more regional approach to further define prospective areas for base metal mineralisation. This was undertaken by using the results obtained from the airborne magnetic and GEOTEM survey to determine potential targets. These were then followed up with ground investigations. This investigation took the form of a phased assessment using various ground magnetic and electromagnetic surveys, mapping, gridding, auger sampling and/or shallow RAB drilling. Limited diamond drilling was carried out at some of the more promising prospects.

The Mary Springs area (E66/56) was explored by Canadian Southern Cross Mines NL (CSC). In the late 1960s CSC carried out a geochemical soil survey, ground magnetics, electromagnetics and diamond drilling programs. The diamond drilling was undertaken during 1966. Thirteen holes were drilled for a total length of 1,277m on the historic licence M.L. 234 (Table 3 and Location refer Figure 5). The historic licence falls completely within Ethan's licence E66/56. CSC concluded from the drilling, that mineralisation of economic significance was indicated to a depth of 91m. They also confirmed the presence of two lodes at or near the margins of a steeply west-dipping dolerite dyke.



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TABLE 3 SELECTED DRILL INTERSECTIONS FROM DRILLING UNDERTAKEN BY CANADIAN SOUTHERN CROSS MINES N.L.

DRILL HOLE	FROM (M)	TO (M)	INTERVAL (M)	AVERAGE PB %
B1	79.85	83.51	3.66	16.23
	38.10	40.53	2.43	33.90
B2	54.86	59.43	4.57	11.56
	62.48	64.00	1.52	19.32
B3	40.84	45.41	4.57	6.35
B4	37.79	41.14	3.35	9.25
	65.98	67.66	1.68	27.44
B5	22.86	29.56	6.70	8.08
B6	27.12	29.26	2.14	2.36
B7	36.57	37.79	1.22	4.73
	46.02	46.32	0.30	7.10
B8	98.23	98.96	0.73	12.59
	102.29	104.02	1.73	16.90
	110.82	114.75	3.93	7.99
B9	93.32	98.11	4.79	13.90
B11	98.05	99.82	1.77	39.10
	110.03	110.94	0.91	14.90

Western Collieries Ltd (Westcoll) carried out exploration in the area during the period 1968 to December 1969. The exploration took place on historic mineral claims No's 94-97, 99 and 100. These claims fall within Ethan's licence E66/56. Exploration activities undertaken were ground magnetics, geochemical soil survey, induced polarisation survey, electromagnetics and diamond drilling. Eighteen diamond drillholes were drilled for a total of 1,362m. The holes were drilled in order to test targets located during geochemical and geophysical exploration. The drilling programme was considered successful as the source of the geochemical and geophysical anomaly was located. Westcoll considered only one intersection (MS5) to be of possible economic significance (refer to Table 4).

Samin Limited (Samin) purchased the Mary Springs Lead Mine from Westcoll. They completed one diamond drillhole (SM1) to test for a northerly plunging extension of mineralisation. At a vertical depth of 121.92m an intersection of economic significance was made in the west lode (refer to Table 4).

Metallurgical test work was undertaken on Mary Springs lead ore through Amdel at their laboratories in South Australia. The following results were returned from an ore sample containing 17.4% Pb, indicating a recovery of 95% is possible using a flotation circuit. The concentrate grade was 83.6% Pb.

During August/September of 1973, a further seven diamond drillholes were drilled for a total of 1,110m. The holes were drilled to test a northerly plunge to the lead shoots of mineralisation. Significant intersections are listed in Table 4.



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Figure 5 Locality of drilling by past explorers at Mary Springs

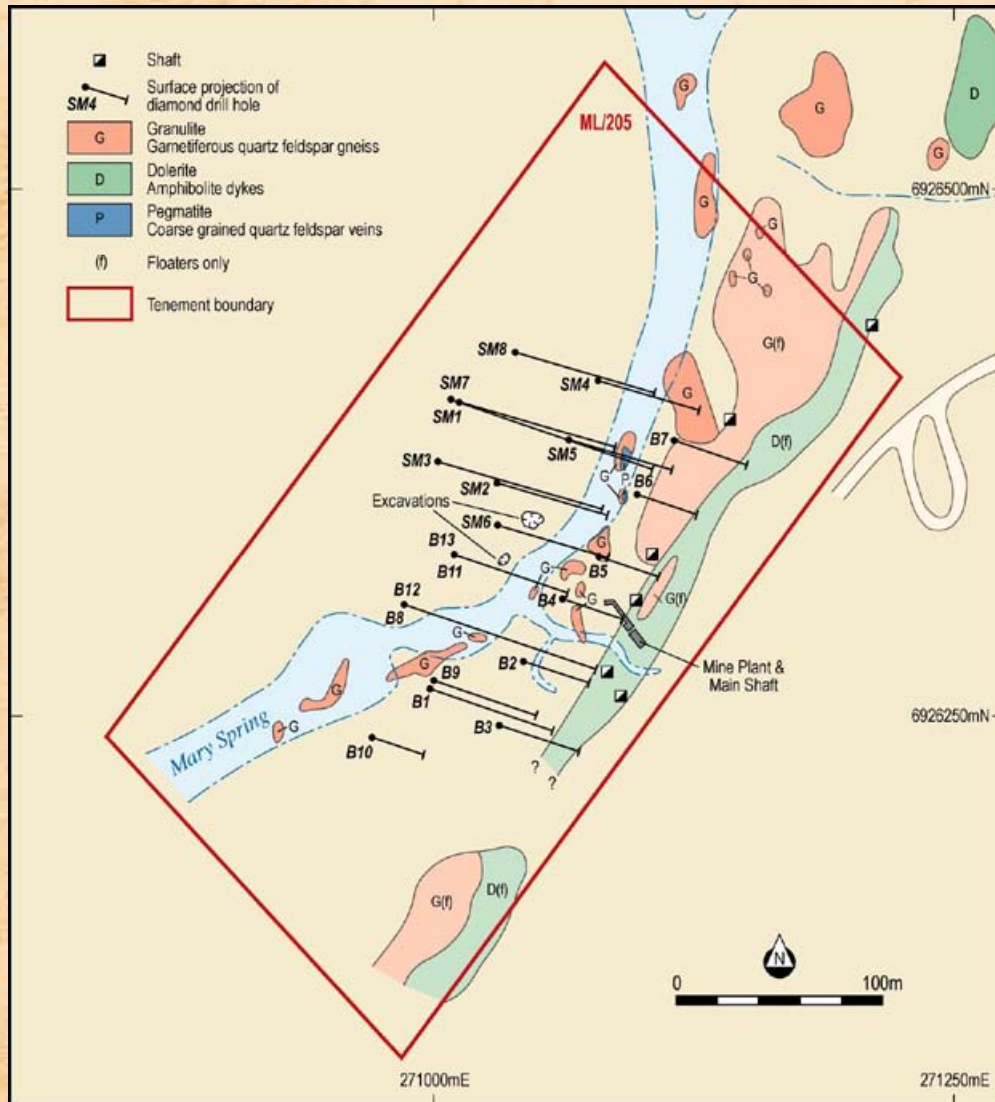


TABLE 4 DRILL INTERSECTIONS FROM MARY SPRINGS LEAD MINE

DRILL HOLE	FROM (M)	TO (M)	INTERVAL (M)	AVERAGE PB %
MS5	33.62	34.14	0.52	25
SM1	142.04	145.08	3.04	3.69
SM1	145.08	146.61	1.53	2.0
SM1	146.61	150.27	3.66	6.15
SM1	150.27	150.57	0.30	1.3
SM2	113.90	115.79	1.89	16.9
SM2	128.63	131.06	2.43	0.99
SM3	150.42	150.48	0.06	1.87
SM4	92.29	93.27	0.98	2.55
SM5	117.04	117.71	0.67	4.43
SM6	99.43	101.13	1.70	22.1
SM7	162.61	164.74	2.13	0.35
SM8	151.76	152.52	0.76	10.1



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Australian Consolidated Minerals N.L. (ACM) had an option to purchase the Mary Springs Mining property from Samin during September 1974. ACM drilled nine holes, of which two are within Ethan's tenements GMS 1 and GMS 2. The holes were drilled in order to test previously determined geochemical anomalies. Significant results are listed in Table 5. ACM terminated the agreement in June 1975 as they failed to locate further significant mineralisation as well as having concluded that the price of lead at that time needed to be in the order of A\$565 per tonne for the prospect to be viable.

TABLE 5 DRILL INTERSECTIONS BY AUSTRALIAN CONSOLIDATED MINERALS N.L.				
DRILL HOLE	FROM (M)	TO (M)	INTERVAL (M)	AVERAGE PB %
GMS 1	30.5	30.8	0.3	0.44
	30.8	30.88	0.08	37
	30.88	31.5	0.62	0.08
GMS 2	19.5	21	1.5	0.09
	21	22.5	1.5	0.14
	22.5	24	1.5	0.18
	24	25.5	1.5	0.41
	25.5	27	1.5	0.15
	27	28.5	1.5	0.08
	28.5	30	1.5	0.08

3.5 Previous exploration on historic licenses E66/6, E66/7 and E66/12

3.5.1 Project geology E66/6 and E66/7

The project consists of quartzo-feldspathic igneous intrusives with associated minor pelitic, paragneisses metamorphosed to granulite facies before 1000Ma. A porphyritic granite and a swarm of NE trending dolerite dykes intruded at around 1000Ma and 750Ma respectively. The known Cu-Pb-Zn mineralisation post dates the dolerite dykes and generally occurs as veins in faults, often along the margins of the dykes.

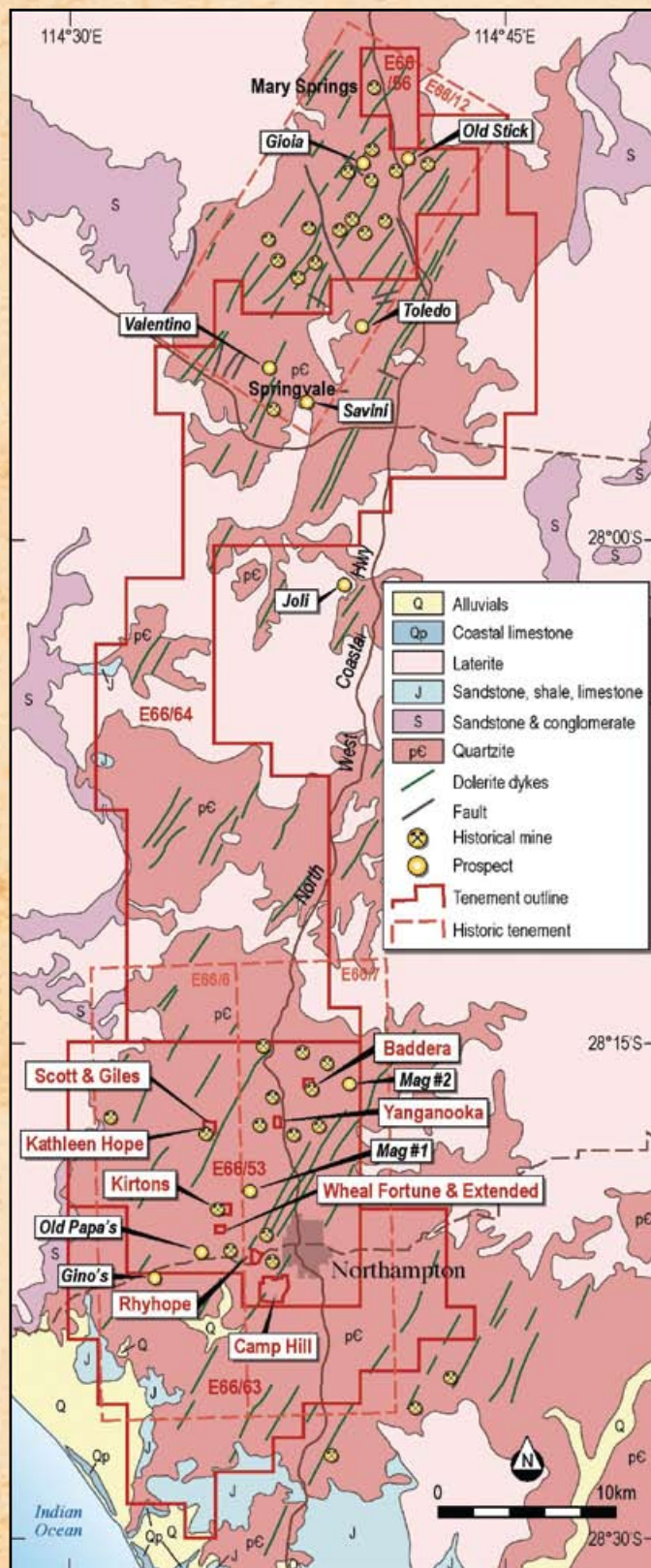
3.5.2 Project Geology E66/12

This area consists mostly of granulite facies paragneisses of the Northampton Block which were metamorphosed prior to 1,000Ma. In the eastern part of the lease, some porphyritic granite also occurs. Approximately 700-800Ma a swarm of NE trending dolerite dykes were intruded. Cu-Pb-Zn mineralisation post-dates the dolerite dykes (*Figure 6*).



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Figure 6 Map indicating the position of prospects as well as the historic tenements in relation to Ethan's tenements



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3.5.3 Previous Exploration

West Australian Metals NL (WAM) undertook exploration from 1990 – 1992. WAM was searching for vein or Broken Hill type deposits. The scope of their search encompassed:

- **Historical research** indicated that the vein deposits ranged from 1,000 to 100,000 tonnes of ore with grades ranging from 5-20% Cu, 10-40% Pb and 5-10% Zn. Mining has taken place intermittently with many mines being repeatedly reopened and worked from the 1850s to the 1950s. Historically Pb has been the dominant metal mined. The conclusions drawn by WAM as a result of their historical research was that little was understood with regard to the factors controlling mineralisation and the genesis of the ore. They also concluded that the main style of hydrothermal alteration associated with the vein deposits is silicification of gneiss and kaolinisation of dolerite, depending on which of these rock types constitutes the wallrock. Modern exploration methods had not comprehensively been utilised in the area.
- **Aerial photography interpretation** was used in conjunction with aeromagnetic interpretation to assist in mapping units and structures.
- **Aeromagnetic data acquisition and interpretation** show one large anomaly was found located in E66/6, a similar but smaller anomaly was found on E66/7. In total 33 anomalies were located on the tenements E66/6 and E66/7. These targets are based on the potential for dilational sites along north-west trending faults and north-east trending dolerite dykes.

The aeromagnetic anomaly in E66/6 underwent further investigation during 1992. The source of the anomaly was interpreted to be magnetite bearing pelites, giving rise to an investigation to assess whether there is an association with stratiform massive sulphides. From preliminary rock chip sampling one magnetic pelite anomalous in Zn and one anomalous in Cu was identified.

- **Geochemical surveying** in the form of stream sediment sampling and rock chip sampling mostly of mullock heaps was carried out. Rock chip sampling shows a widespread distribution of Zn, with Ag being restricted to the Cu mines.

CRA Exploration Pty Ltd (CRAE) carried out work from 1992 to 1995. They had a joint venture agreement with WAM and undertook a regional approach to the definition of prospective areas for base metal mineralisation, particularly on tenement E66/12 using the following general programme:

- **Historical exploration review**
- **Reconnaissance mapping**
- **GEOTEM survey** of the entire project area delineating a complex zone of highly conductive and magnetic anomaly known as the Walcott Prospect. Six other targets were highlighted but these targets were only considered to be possible leads to potentially mineralised stratigraphy. These were followed up with ground work and mapping. The main anomalies being the Gioia Prospect and the Joli Prospect. These localities are not on Ethan's exploration licences but Old Stick Prospect, Savini Prospect, Toledo's Prospect and Valentino's Prospect do fall within Ethan's exploration licences.
- **Evaluation of potential targets**

The Old Stick Prospect's (Figure 6) GEOTEM anomaly has a strike of approximately 1,500m. Three lines of ground TEM were completed. All the TEM responses were coincident with the fences. The prospect is a broad topographic ridge and is mostly covered by shallow soil with some lateritic sub-crop. Two samples were collected comprising quartz-ironstone float (3778102 and 3778103, refer Table 6). Sample 3778103 showed strong brecciation and minor sulphides. It was not clear whether this float was associated with late stage vein mineralisation on a NE trending dyke or within a separate feature.

Recommendations were made to carry out soil sampling and ground magnetic surveys to determine a trend and association with the base metal values.



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Work carried out on the Savini Prospect (*Figure 6*) consisted of two ground EM lines, a weak response was detected. The prospect geology is predominantly covered by colluvial and alluvial cover. No mapping or rock-chip sampling was carried out. No future work is recommended unless the results from the along strike Valentino's Prospect are encouraging.

The results of the GEOTEM survey at the Toldedo's Prospect (*Figure 6*) consisted of a NNW trending moderate to weak conductor. No ground TEM was carried out due to limited access. The geology of the prospect is mostly concealed by colluvial cover. One sample of the widespread, sheared, graphitic material was collected and analysed (3778107, Table 6).

A total of 42 auger holes at 50m intervals were completed on three 400m-spaced lines. The holes were drilled to a depth of 1.2m from which 20 samples were taken for assay by Amdel Laboratories, Wangara. The assay results revealed a range from 2-120ppm Zn, 10-120ppm Pb and 12,600-173,000ppm Fe. From the results it was possible to determine that there are two subtle multi element trends. One is a Pb trend following a NE-SW dyke and a Zn related trend coinciding with a NW-SE fault. Four lines of ground magnetics were completed and all the magnetic anomalies were determined to be due to dolerite dykes. A total of 51 auger holes at 25m intervals on three lines paced 100m apart were also completed. The samples taken were analysed at Analabs, Welshpool. The results of the samples ranged from 29-397ppm Zn and (-)5-123ppm Pb. CRAE concluded that the results of the work completed failed to define a quality target and thus no further work was recommended unless significant results were returned from the Walcott Prospect.

The Valentino's Prospect's GEOTEM survey resulted in the discovery of a moderate conductor which trends approximately parallel to the local stratigraphy. Due to access problems the prospect was only re-viewed in areas adjacent to the road. It was noted that a sequence of finely laminated psammo-pelites were present with minor intercalated felsic units dipping steeply to the SW. Small bands of cherty material with weakly disseminated fine sulphides (pyrite/pyrrhotite) lie parallel to the compositional lamination. Three rock-chip samples were collected (3778104-3778106, Table 6). A west north-westerly magnetic trend was also defined by ground magnetics. A total of 83 soil samples were taken at 50m intervals on three lines 400m apart and were again analysed by Analabs, Welshpool. The results ranged from 8-122ppm Zn and 5-54ppm Pb. CRAE recommended that no further work be carried out on the prospect unless encouraging results were returned from the Walcott Prospect.

TABLE 6 PROSPECT ROCK-CHIP SAMPLING ANALYSES

SAMPLE NUMBER	ZN (PPM)	PB (PPM)	FE (PPM)
3778102 (Old Stick)	15	85.4	10500
3778103 (Old Stick)	858	7869	277000
3778107 (Toldedo's)	1180	56.7	77400
3778104 (Valentino's)	27	161	16700
3778105 (Valentino's)	22	65.4	33900
3778106 (Valentino's)	12	32.4	9260

- **Follow up on magnetic anomaly on E66/12**, the Walcott Prospect with SIROTEM, ground magnetics, geological mapping, rock-chip sampling, soil sampling and diamond drilling. This prospect does not fall on Ethan's tenements.

CRA Exploration Pty Ltd (CRAE) from 1993 to 1995, had a joint venture agreement with WAM. CRAE considered that all the mineralisation located to date was structurally hosted in veins and breccias associated with faults and dykes of a predominantly NE strike. The source of metals for vein mineralisation was not clearly understood. Stratiform Pb-Zn-Ag massive sulphide deposits of the Broken Hill type have not been found in the Northampton area but this was the conceptual target of exploration. CRAE also undertook a regional approach to the definition of prospective areas for base metal mineralisation, on licences E66/6 and E66/7 and adopted the following programs:



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- **Historical exploration review** From their review CRAE considered the area prospective for stratiform Pb-Zn-Cu deposits as the broad tectonic setting of a continental margin, the complex deformational and high grade metamorphic history of the rocks as well as the presence of an extensive turbidite succession all typify a possible Broken Hill type mineralisation.
- **Reconnaissance mapping**
- **GEOTEM** survey of the entire project area suggests the presence of prospective belts containing magnetic and conductive stratigraphies with discrete magnetic and conductive targets.
- **Evaluation of potential targets** A total of 365 auger holes were completed at the Mag #1 prospect, 195 samples were assayed by Amdel Laboratories. From the auger sampling CRAE concluded that there was no association of base metals with the magnetic features. The sample assay results ranged from 32-195ppm Zn and 20-350ppm Pb.

Mag #2 was located as a discrete magnetic high in an area of dissected magnetic dykes in the survey carried out by WAM (1990, aeromagnetic survey). The anomaly is located 2.5km east of Baddera, the largest Pb producing area in the Northampton Mineral Field. A limited baseline survey and ground magnetic grid were completed. The survey indicated that the anomaly was due to dissected portion of dolerite dykes. CRAE concluded that no further investigations were necessary.

The GEOTEM anomaly at Gino's Prospect was followed up with ground magnetic surveying. One sample of laterised granulite float was sent for analysis from which no significant results were returned. A programme of 64 auger holes was completed from which a total of 32 samples were analysed. These results indicated slightly elevated base metals. The results ranged from 18-94ppm Zn and 35-115ppm Pb. Fifty-two RAB holes were drilled for a total of 287m. CRAE concluded that base metal anomalism was insignificant throughout with the most significant values being 185ppm Zn and 60ppm Pb. CRAE considered the drill results disappointing, but thought there was scope for further testing of the graphite-biotite horizon.

Old Papa's Prospect was explored further by following up on the original GEOTEM survey with ground magnetic surveys. Two rock-chip samples were taken; they were of sheared graphitic float. The results returned were 194 and 262ppm Zn and 703 and 557ppm Pb. An auger hole programme of 60 holes was completed with 30 samples submitted to Amdel Laboratories for analysis. The results returned were weakly anomalous ranging from 14-210ppm Zn and 40-250ppm Pb. A further 13 auger samples were sent for analysis at Analabs Laboratories. The results returned ranged from 48-234ppm Zn and 11-73ppm Pb. Forty RAB holes were drilled for a total of 235m. Two parallel zones of Pb-Zn geochemistry were outlined. The analyses from drilling ranged from 22-339ppm Zn and 24-1337ppm Pb. CRAE recommended that the geochemical anomaly should be tested with deeper RC / diamond drilling.

3.6 Recent Exploration

During December 2007, Ethan undertook a rock-chip sampling programme in the Northampton Project area. A total of 14 samples were collected from historic base metal mines in the area. The location of the rock-chip samples are indicated in Table 7. The samples were analysed by UltraTrace Analytical Laboratories and the assay results are listed in Table 7. Ethan concluded that these results confirmed the potential for the presence of significant Cu-Pb-Zn mineralisation.



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TABLE 7 RESULTS FROM ETHAN MINERALS ROCK CHIP SAMPLING PROGRAMME

SAMPLE NUMBER	LOCATION	ZN PPM	PB %	CU PPM
77902	Mary Springs, 50271005E 6925193N	20	1.7	60
77903	Mary Springs, 50270878E 6924045N	140	0.012	65
77904	Mary Springs, 50270870E 6924086N	205	0.012	45
77905	Mary Springs, 50268727E 6924272N	170	21.7	420
77906	Baddera, 50268206E 6870199N	35	1.7	695
77907	Kathleen Hope, 50262885E 6867988N	20	0.096	1380
77908	Kirtons, 50262878E 6862547N	130	0.144	130
77909	Kirtons, 50263111E 6863326N	8760	31.3	2250
77910	Wheal Fortune, 50263667E 6862158N	18.5%	2.34	3.93%
77911	Wheal Fortune Extd, 50263790E 6862264N	1800	13.1	4690
77912	Mary Springs, 50271901E 6926180N	1340	11.4	675
77913	Wheal Ellen, 50266554E 6859863N	9.66%	0.2	205
77914	Rhyhope, 50266165E 6860631N	5.74%	0.52	205
77915	Rhyhope, 50266167E 6860577N	985	0.038	100

3.7 Recent Data Reviews

During the period August 2009, MineMap Pty Ltd (MineMap) re-evaluated the Mary Springs resource estimate. MineMap estimated a JORC compliant total Inferred Mineral Resource incorporating a 10% mining dilution skin at a 0.2% Pb lower cut-off to be 145,097 tonnes at 11.46% Pb, therefore containing 16,633 tonnes of lead metal. Mineralisation envelopes for this resource estimation were based on a lower cut-off grade of 1% Pb. Ravensgate has neither made, nor undertaken, any parallel re-estimation or verification of this resource estimate.

MineMap concluded that additional drilling is required in the areas drilled by CSC and Samin. They suggested RC percussion and diamond drilling as infill drilling to these earlier programmes. MineMap concluded from examination of the diamond drill log data which they used for their resource calculation at Mary Springs, that for some of the drill hole's recovery was less than ideal (Mart 2009). Depending on mineralisation type, this observation implies that there may be a possible minor resource grade increase in conjunction with better sample recovery.

3.8 Scoping Studies

The directors of Ethan are undertaking a scoping study with the view to estimating approximate production scheduling and costing on the Mary Springs Project.

3.9 Exploration Strategy and Discussion for Northampton

From historical records it is clear that discovery of mineralised lodes that were subsequently mined, had been made largely through the exposure of the base metal mineralisation at the surface. This perhaps bodes well for the possibility of discovering additional mineralised lodes which may not have surface expression.

Work by Dresser in the period between 1973 and 1975 included EM surveys through which a significant number of targets were located. These anomalies were within fault breccias associated with the known Wheal May and Baddera mines. A significant number of other targets however, were located within four newly recognized fault breccia zones trending at 045°.

Dresser considered that two high-volume breccia zones located by geological mapping had good potential.

Ethan has proposed that known high grade mineralised shoots/structures and mines will be the focus of their exploration strategy with orientation soil sampling over the extensions and parallel structures. Within the first year minor drilling will be targeted towards and around the historical workings. Some testing of any soil anomalies located may also be possible.



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Ethan intends to carry out additional reverse circulation and diamond drilling at the Mary Springs Mine to accurately define the mineralised widths and grades on these sections. Future drilling programmes will test for additional mineralisation along strike, down dip and down plunge of known mineralisation.

Year two of the proposed exploration program will provide the opportunity for more extensive drilling and geophysics on the positive prospects. Refer to Ethan's proposed budget in Table 8.

TABLE 8 PROPOSED BUDGET FOR NORTHAMPTON			
Project	Year 1	Year 2	Total
Data Acquisition	75,000	50,000	125,000
Geophysics and remote sensing	175,000	75,000	250,000
Geochemistry	75,000	50,000	125,000
Drilling RC	175,000	150,000	325,000
Drilling Diamond	25,000	30,000	55,000
Assays	25,000	30,000	55,000
Resource work	25,000	15,000	40,000
Field work	80,000	80,000	160,000
Administration and tenement costs	33,000	35,000	68,000
Total	688,000	515,000	1,203,000

Ravensgate is of the opinion that the historical mines in the area are prospective in terms of extensional exploration for base metals and that the proposed budget is commensurate with this prospectivity.



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5. GLOSSARY OF TECHNICAL TERMS

aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
airborne geophysical data	Data pertaining to the physical properties of the Earth's crust at or near surface and collected from an aircraft.
alluvial	Relating to alluvium which is sediment deposited by flowing water, as in a riverbed, flood plain, or delta.
anomalies	An area where exploration has revealed results higher than the local background level.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
assayed	The testing and quantification of metals of interest within a sample.
auriferous	Containing gold.
base metals	A non-precious metal, usually referring to copper, lead and zinc.
bedrock	Any solid rock underlying unconsolidated material.
BIF	A rock consisting essentially of iron oxides and cherty silica and possessing a marked banded appearance.
boudins	Typical features of sheared veins and shear zones where, due to stretching along the shear foliation and compression perpendicular to this, rigid bodies break up
carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO ₃ . Essential component of limestones and marbles.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral common in metamorphic rocks.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
colluvium	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
costean	Small pit through the superficial deposit to the solid rock.
cymoid	A vein, or a vein-shaped structure, shaped like a reverse curve.
eluvial	Weathered material which is at or near its point of formation.
fault zone	A wide zone of structural dislocation and faulting.
feldspar	A group of rock forming minerals.
folding	A term applied to the bending of strata or a planar feature about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
gangue	That part of an ore deposit from which a metal or metals is not extracted.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granulite	The granulite facies is part of a metamorphic facies series with the term granulite used to include a group of metamorphic rocks recrystallised under a range of high temperature conditions.



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greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
horst	An upthrown area between two parallel faults.
igneous	Rocks that have solidified from a magma or lava.
intrusions	A body of igneous rock which has forced itself into pre-existing rocks.
ironstone	A rock formed by cemented iron oxides.
lineament	A significant linear feature of the Earth's crust, usually equating a major fault or shear structure.
lithological contacts	The contacts between different rock types.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
orogeny	The process of mountain formation, especially by a folding and faulting of the earth's crust.
outcrops	Surface expression of underlying rocks.
porphyry	Rock containing relatively large conspicuous crystals, especially feldspar, in a fine-grained igneous matrix.
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
pyroclastic	Composed primarily of rock fragments of volcanic origin.
RAB drilling	A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated material which overlies or covers in situ basement rock.
resources	In situ mineral occurrence from which valuable or useful minerals may be recovered.
rock chip sampling	The collection of rock specimens for mineral analysis.
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
sedimentary	A term describing a rock formed from sediment.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
silica	Dioxide of silicon, SiO ₂ , usually found as the various forms of quartz.
soil sampling	The collection of soil specimens for mineral analysis.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.
syncline	A fold in rocks in which the strata dip inward from both sides towards the axis.
ultramafic	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.



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Your Ref:
Our Ref:SJ:100525
Document No: 356705v6

9 October 2009

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Dear Sirs,

Re: SOLICITORS REPORT

This Report is prepared for inclusion in the Prospectus to be issued by Ethan Minerals Limited ("**Company**") for the issue of up to 20 million fully paid ordinary shares in the Company ("**Shares**") at \$0.20 each to raise \$4 million, to be dated on or about 9 October 2009 ("**Prospectus**").

This Report relates to Western Australian mining tenements and tenement applications, as described in **Part 1 of Schedule A** which is attached to and forms part of this Report ("**Tenements**").

Part 2 of Schedule A contains an overview of private land alienated pre 1899 over which the Company has acquired agreements to access for the purposes of exploration and mining operations ("**Pre 1899 Land**"). Rights to certain minerals in this land are alienated from the Crown and the Mining Act 1978 (WA) ("**Mining Act**") has no application to this ground. Further information on the rights the Company has acquired to this ground is included in this Report.

This Report also contains a summary of the material contracts which affect the Tenements in **Schedule B** ("**Material Contracts**").

1 OPINION

As a result of the searches and enquiries, but subject to the assumptions and qualifications set out in this Report, we are satisfied that as at the date of the relevant searches:

- (a) the details of the Tenements included in this Report are accurate as to their status and the Company's interest;
- (b) where an application for a Tenement has been lodged, details included in this Report are accurate, and
- (c) the details of the Pre 1899 Land are accurate as to their status and the Company's interest.

2 ASSUMPTIONS and QUALIFICATIONS

In this Report:

- (a) we have assumed the accuracy and completeness of the "Mining Tenement Register Searches", "Registered Reports" and other information obtained from the Department of Mines and Petroleum ("**DMP**");
- (b) we have assumed the accuracy and completeness of the "Registered Searches" and other information obtained from Landgate in relation to the Pre 1899 Land;
- (c) we have assumed the accuracy of information which has been provided to us by the Company;
- (d) the continued holding of the Tenements is subject to compliance with the terms and conditions of the relevant legislation and any applicable agreements;
- (e) we have assumed the accuracy and completeness of any instructions, documents and information given by the Company or any of its officers, agents or representatives;



6. INDEPENDENT SOLICITOR'S REPORT

- (f) with respect to any application for the grant of a Tenement, we express no opinion as to whether such an application will be granted and whether or not competing applications have been made by other parties;
- (g) with respect to applications which are not capable of being legally transferred, we have assumed a constructive trust as the means by which a beneficial interest is created in the application;
- (h) where compliance with the requirements necessary to maintain a tenement in good standing is not disclosed on the searches obtained, we express no opinion on such compliance;
- (i) where complaints or objections have been lodged against the Tenements we make no comment on the likelihood of success of such complaints or objections;
- (j) where a tenement has been granted we have assumed that the future act provisions of the Native Title Act 1993 (Cth) have been complied with;
- (k) references in **Schedule A** to any area of land are taken from details in the searches obtained. It is not possible to verify the accuracy of the land area without conducting a survey; and
- (l) where Ministerial consent to any agreement or dealing in relation to a Tenement is being or will be sought, we express no opinion as to whether such consent will be granted or the consequences of being refused.

This Report only relates to the mining, native title and Aboriginal heritage laws applicable to the Tenements and the private land respectively as at the date of this Report. This Report is limited to the matters expressly contained within it.

3 TENEMENTS GENERALLY

The Company has acquired the Tenements in **Part 1 of Schedule A**, or options to purchase those tenements, and has acquired the rights to access, explore and, if applicable, conduct mining operations over private land described in **Part 2 of Schedule A**, as a result of entering into the various material contracts summarised in **Schedule B**.

4 LEGISLATION

The Tenements in Western Australia comprise a granted exploration licence, and applications for exploration licences under the Mining Act.

Exploration Licence

An exploration licence applied for post 10 February 2006 remains in force for a period of five years and may be extended by an initial term of 5 years and by a further period or periods of 2 years. An exploration licence cannot be assigned or any legal or equitable interest dealt with during the first year of its term without the prior written consent of the Minister for Mines and Petroleum ("**Minister**").

At the end of the initial term, 40 percent of the exploration licence must be relinquished or converted to a mining lease. The holder of an exploration licence may apply for a mining lease in relation to the same land (or part thereof). If the exploration licence expires prior to the determination of the mining lease application, the rights and obligations of the licence apply as if it is current until the determination of the mining lease application.

Applications for Exploration Licences

Applications for exploration licences are not capable of being transferred prior to grant.

Tenement Conditions

Tenements are granted subject to various conditions prescribed by the Mining Act. The conditions regulate the payment of rent and expenditure and also reporting requirements. Additional conditions may also be imposed, such as those addressing environmental issues.



6. INDEPENDENT SOLICITOR'S REPORT

The notes to **Schedule A** refer to endorsements and conditions of particular note and are not an exhaustive list of all the applicable conditions relating to the Tenements. We note that E66/53 is subject to numerous additional heritage and environmental conditions that are set out in Schedule A. For a full list of the conditions the Department of Mines and Petroleum Register should be searched.

Rights to Access and Explore Pre 1899 Land

The owner of land alienated from the Crown before 1899 retains the rights to minerals excluding gold, silver and precious metals. The Mining Act only applies to these lands in relation to gold, silver and precious metals, and the owner of the land may mine or deal with minerals (other than gold, silver or precious metals) as they see fit, subject to compliance with applicable environmental legislation.

Should the Company wish to explore for gold, silver and precious metals on the Pre 1899 Land they will need to apply for the appropriate tenements under the Mining Act.

The Company has entered into access agreements with the registered proprietors of the Pre 1899 Land listed in **Schedule A**, summaries of which are included in **Schedule B**.

5 LAND ACCESS

Access to much of the land in Australia for the purpose of conducting commercial activities, such as mining, is governed by certain Commonwealth and State legislation which outlines procedures that must be followed to gain access to land and also steps that must be taken to ensure that Aboriginal sites are protected from any damage.

The applicable legislation is summarised below.

Native Title Claim Process

On 3 June 1992, the High Court of Australia held in *Mabo v. Queensland (no. 2)* that the common law of Australia recognises a form of native title. The Commonwealth Parliament responded to the Mabo decision by passing the Native Title Act 1993 ("**NTA**") which came into operation on 1 January 1994.

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. The Federal Court will then refer the application to the Native Title Registrar of the National Native Title Tribunal ("**NNTT**") for the application of the registration test. If the Native Title Registrar is satisfied that the lodged claim meets the registration requirements set out in the NTA, it will be entered on the Register of Native Title Claims ("**Register**") maintained by the NNTT. Registered claimants are given certain procedural rights in relation to "future acts" under the NTA including the "right to negotiate" procedure.

Future Act Procedures

A future act is a proposed activity or development on land and/or waters that may affect native title, including the grant of mining or exploration tenements granted post 1 January 1994 ("**Future Act**"). Claimants' gain the right to negotiate in relation to the grant of those interests if their native title claim is registered at the time the government issues a notice (known as a section 29 notice), stating it intends to do the act (i.e. grant the tenement), or is registered within four months of that time.

Right to Negotiate Procedure

Under the right to negotiate procedures, parties are required to negotiate in relation to the grant of the proposed Future Act, e.g. the grant of a mining tenement. Negotiations are initiated to obtain the agreement of the relevant native title parties to the carrying out of the proposed Future Act on the native title land. The right to negotiate procedure consists of a statutory six month period of negotiation between the relevant government party, the native title party and the grantee, during which time the parties must negotiate in good faith.



6. INDEPENDENT SOLICITOR'S REPORT

Generally, the grantee party and the registered native title claim group come to an agreement in relation to the grant of the tenement. If parties cannot reach agreement as to the terms of grant, a negotiation party may apply to the NNTT (as the arbitral body) to make a determination as to whether the grant may proceed (and if so, on what conditions). Subject to Federal Ministerial intervention the agreement of the parties, or the decision of the NNTT, will determine whether the mining interest is granted.

Expedited Procedure

Some Future Acts might have minimal impact on the native title rights and interests and many qualify for "fast tracking". This process is known as "expedited procedure" and it is State Government policy that it will apply to the grant of exploration and prospecting licences in Western Australia where the applicant has executed a Regional Standard Heritage Agreement ("**RSHA**") or has an existing Alternative Heritage Agreement ("**AHA**") in place. In the absence of such an agreement the applications will be processed under the right to negotiate regime (discussed above).

RSHA's were developed by a Heritage Protection Working Group established by the WA State Government with the purpose of considering and finalising the development of model regional heritage protection agreements. The HPWG has representatives from industry, native title representative bodies ("**NTRBs**") and Government organisations.

If the proposed grant is advertised under the expedited procedure, native title parties can lodge an objection. An objection by a native title party is not an objection to the tenement being granted, but is an objection to the application being fast-tracked. If there is no objection lodged, the tenement can be granted. If an objection is lodged to the grant of the tenement under the expedited procedure, the parties may either negotiate and reach agreement, or apply to the NNTT for a determination. Some claimant groups will lodge an objection despite a RSHA being executed. Generally this is because they will seek a more 'favourable' agreement. In these circumstances it is open to the tenement applicant to agree to additional terms with the claimant group, or apply to the NNTT for a determination. Generally, where the applicant has executed a RSHA or AHA and there are no registered sites in the area of the tenement then the NNTT will determine the tenement can be granted.

Aboriginal Heritage Acts

Tenements in Western Australia are granted subject to an endorsement reminding the tenement holder of its obligation to comply with the requirements of the Aboriginal Heritage Act 1972 (WA) ("**Heritage Act**").

The Heritage Act protects sites and areas of significance to Aboriginal people. The consent of the Minister for Indigenous Affairs is required where any use of land is likely to result in the excavation of or damage to an Aboriginal site or any object on or under that site.

There is no requirement or need for a site to be registered in any public manner or be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the Heritage Act. A register of sites is maintained by the Aboriginal Affairs Department of Western Australia.

In respect of any Aboriginal sites that are ultimately identified on any of the Tenements, a tenement holder will need to ensure that any interference with such sites is in strict conformity with the provisions of the Heritage Act.

The Commonwealth Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth) also affords some protection to Aboriginal sites.

This Act applies to all of the Tenements and is aimed at the preservation and protection from desecration of significant Aboriginal areas and significant Aboriginal objects. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with Aboriginal tradition.



6. INDEPENDENT SOLICITOR'S REPORT

Native Title Status of the Tenements

Some of the Tenements relate to land which is currently the subject of native title claims. Those claims are identified in **Schedule A**. It is also possible that additional claims may be made in the future over the area of the Tenements.

In relation to granted or live tenements, we presume that the future act provisions of the NTA have been complied with prior to grant. In relation to E66/53 and E66/64 we are advised that the tenement applicant has executed the Regional Standard Heritage Agreement (RSHA) in relation to the tenements.

We are advised by the DMP that E66/64 and E66/56 have met the requirements of the future act regime and can proceed to grant once the GST has been paid to DMP.

We are advised by DMP that E66/73 has yet to be advertised under the expedited procedure of the NTA. State Government policy requires the execution of an RSHA or an AHA by the tenement applicant prior to the tenement being advertised under the expedited procedure.

To the extent that native title has not been extinguished with respect to the underlying land, it is important to note that where a tenement is proposed to convert from an exploration licence to a mining lease and native title claims are lodged and registered, it will be necessary to go through the right to negotiate process with any native title holders or claimants whose claims are accepted for registration at the relevant time, unless the Company enters into agreement with the claimants relating to conversion.

We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that existing claims may be successful, or the possibility of any further native title claims being made in the future. In addition, we have not undertaken any investigations that would determine the content of any individual rights claimed in or under any native title claim over the Tenements.

Access to the Pre 1899 Land is governed by private agreement and applications for mining tenements are not required to explore and mine for minerals excluding gold, silver and precious metals. While the area of the Pre 1899 Land may be included within the external boundary of a native title claim, in our view the Pre 1899 Land is excluded from the claim as private freehold land pursuant to the NTA. In addition, as the government party is not required to grant any further interest in the area for mining operations to occur, the future act provisions of the NTA are not triggered.

Protection of Aboriginal Sites

Tenements in Western Australia are granted subject to an endorsement reminding the tenement holder of its obligation to comply with the requirements of the Heritage Act.

The Heritage Act protects sites and areas of significance to Aboriginal people. The Minister for Indigenous Affairs consent is required where any use of land is likely to result in the excavation of or damage to an Aboriginal site or any object on or under that site.

There is no requirement or need for a site to be registered in any public manner or be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the Heritage Act. A register of sites is maintained by the Aboriginal Affairs Department of Western Australia.

We have not conducted a search of that register for the purposes of this Report. The Heritage Act applies to all Aboriginal sites and objects, whether or not they are registered under the Heritage Act.



6. INDEPENDENT SOLICITOR'S REPORT

6 MATERIAL CONTRACTS SUMMARY

We have examined the material contracts relevant to the Tenements, a summary of which is contained in **Schedule B** to this Report ("**Material Contracts**").

We have assumed:

- (a) that the Material Contracts have been duly executed and have been, or are, in the course of being stamped and lodged in compliance with the relevant legislation;
- (b) the authenticity of all seals and signatures;
- (c) all of the Material Contracts are within the capacity and powers of, and have been validly authorised, executed and delivered by and are binding on each of the parties to them;
- (d) the Material Contracts comprise the entire agreement of the parties with respect to the subject matter of the Material Contract; and
- (e) each party to the Material Contracts had, and has, full corporate power and authority to observe and perform all of its obligations under the Material Contracts.

7 CONSENTS

This Report is provided solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document without our prior written consent.

Allion Legal consents to being named in this Prospectus as the authors of this Report.

Allion Legal has given and has not, before the lodgement of this Prospectus, withdrawn its consent to the inclusion of this Report in the Prospectus.

8 DISCLOSURE OF INTEREST

Allion Legal will be paid normal and usual professional fees for the preparation of this Report and related matters, as set out elsewhere in the Prospectus.

Yours faithfully



ALLION LEGAL



6. INDEPENDENT SOLICITOR'S REPORT

TENEMENT SCHEDULE

TENEMENT NUMBER AND TYPE	REGISTERED HOLDER/ APPLICANT	GRANT DATE	APPLICATION DATE	ANNUAL MINIMUM EXPENDITURE COMMITMENT	TENEMENT NOTES	NATIVE TITLE NOTES
E66/56	Jason Stanley Macdonald		21/6/07			C, E
E66/64	Duketon Consolidated Pty Ltd		17/12/07			A, B, C, E
E66/53	Duketon Consolidated Pty Ltd	10/9/08		\$70,000	1,2,3,4,5	A, B, D
E66/73	Duketon Consolidated Pty Ltd		3/7/09			A, B

Tenement Notes

1. The land the subject of this Licence affects a Heritage Place No. 1902, 1903, 1904, 1906, 1907, 1909, 1912, 1913, 4658, 5114, 8922, 8924 registered pursuant to the Heritage of WA Act 1990.
2. The land the subject of this Licence may affect a heritage place located in the Northampton townsite, registered pursuant to the Heritage of Western Australia Act 1990 (WA).
3. The land the subject of this Licence affects a Rare Flora site (including Rare Flora Site 29667) declared under the Wildlife Conservation Act 1950 (WA). The Licensee is advised to contact the Department of Environment and Conservation for information on the management of Declared Rare Flora (or Priority Listed Flora) present within the tenement area.
4. The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing any exploration activities on specified Reserves contained in the tenement area.
5. Additional conditions placed on activities on Water Reserves contained in the tenement.

Native Title Notes

- A. Hutt River native title claim (WC00/001)
- B. Mullewa Wajarri native title claim (WC96/93)
- C. Nanda native title claim (WC00/13)
- D. The tenement is subject to a condition that if the Hutt River People send a request by pre-paid post to the licensee's or agent's address, not more than ninety days after the grant of this licence, the licensee shall within thirty days of the request execute in favour of Hutt River People the Regional Standard Heritage Agreement (RSHA) endorsed by peak industry groups and the Yamatji Land and Sea Council.
- E. We are advised by DMP that these tenements have passed through the future act regime and are ready for grant pending the payment of the relevant GST payment.



6. INDEPENDENT SOLICITOR'S REPORT

SCHEDULE A

PART 2 – PRIVATE LAND

DESCRIPTION OF LAND	REGISTERED PROPRIETOR	NOTES
Lot 312 on Deposited Plan 231894 being the whole of the land on Volume 1518, Folio 40	A.J.;E.M. and S.J. Mitchell Pty Ltd	
Lot 32 on Deposited Plan 231895 being the whole of the land on Volume 823, Folio 18	A.J.;E.M. and S.J. Mitchell Pty Ltd	1
Lot 1 on Diagram 82182 being the whole of the land on Volume 1926, Folio 96	Dennis Vivian Simpson and Margaret Elizabeth Simpson	
Lot 2 on Diagram 82182 being the whole of the land on Volume 1926, Folio 97	Dennis Vivian Simpson and Margaret Elizabeth Simpson	
Lot 334 on Deposited Plan 231890 being the whole of the land on Volume 1248, Folio 460	Coolooloo Nominees Pty Ltd	
Lot 2647 on Deposited Plan 107880 being the whole of the land on Volume 1836, Folio 641	Philip Anthony Johnson	2
Lot 437 on Deposited Plan 231890 being the whole of the land on Volume 1122, Folio 281	Kevin Andrew Johnson	
Lot 1472 on Deposited Plan 251613 being the whole of the land on Volume 122, Folio 140A	William Robert John Patrick and Gordon Robert Patrick	3

Notes

1. Title excludes the land shown on Original Plan 11691 [not material according to Landgate]
2. Mortgage to National Australia Bank registered 14 June 2006
3. I093675 Memorial. Heritage of Western Australia Act 1990 lodged 2 May 2002.

SCHEDULE B

SUMMARY OF MATERIAL CONTRACTS AFFECTING THE TENEMENTS

1. Mining Access Agreement

Ethan Minerals Limited ("**Company**") has entered into mining access agreements with the parties named in Part 2 of Schedule A of this report ("**Grantors**"). The Grantors have granted the Company the exclusive right to carry out exploration and mining operations on the private land described in Part 2 of **Schedule A** of this Report ("**Land**") ("**Mining Access Agreements**"). The Land was alienated prior to 1 January 1899 and as such all non precious minerals (minerals other than gold, silver and precious metals) vest with the Grantors being the registered proprietors of the Land (see section 5 of this report for further details).

The Company's right to carry out exploration and mining operations commence from the date the Company receives in principle approval to list on the ASX and ends on the date that the Company advises the Grantors that mining operations are not feasible or that mining operations have ceased on the Land (whichever the earlier). If the Company does not commence mining operations by 13 July 2012 then the Grantors have the right to terminate the Mining Access Agreements. The Company retains the first right of refusal to renegotiate the rights described above.



6. INDEPENDENT SOLICITOR'S REPORT

In consideration for the Grantors granting the rights described above, the Company has paid the following and will issue the following ordinary fully paid shares in the Company upon listing on ASX:

GRANTOR	CASH	SHARES
A.J, E.M. and S.J. Mitchell Pty Ltd	\$25,000	1,000,000
Dennis Vivian Simpson and Margaret Elizabeth Simpson	\$12,500	500,000
Coolooloo Nominees Pty Ltd	\$12,500	500,000
Philip Anthony Johnson	\$12,500	500,000
Kevin Andrew Johnson	\$12,500	500,000
William Robert John Patrick and Gordon Robert Patrick	\$12,500	500,000

In addition each individual Grantor is entitled to a water bore to be constructed on the Land capped at a maximum cost of \$10,000 each.

2. Tenement Option Agreement – Duketon

On 19 December 2008 the Company entered into an option agreement to acquire an 80% interest in E66/53, E66/63, E66/64 ("**Tenements**") from Duketon Consolidated Pty Ltd ("**Vendors**") ("**Option**"). In consideration for the Option, the Company has agreed to pay to the Vendors an option fee of \$50,000. Pursuant to subsequent agreement between the parties E66/63 was surrendered and replaced by E66/73.

The initial option period was to 30 June 2009. This period has been extended to 8 January 2010.

The Company can exercise the Option upon receiving in principle approval from the ASX for the Company to be admitted to the official list of the ASX and by issuing to the Vendors 3,000,000 ordinary fully paid shares in the Company ("**Shares**"). Upon exercise of the Option the Company will acquire an 80% interest in the Tenements. The Vendors will retain a 20% free carried interest in the Tenements until the completion of a Bankable Feasibility Study ("**BFS**"). Upon completion of a BFS the Vendor must elect to contribute to exploration expenditure and establish a joint venture agreement with the Company or elect to convert its interest to a 2% net smelter royalty.

3. Tenement Sale Agreement – Mary Springs

On 29 December 2008 the Company entered into sale agreement with Jason Stanley Macdonald ("**Vendor**") to acquire exploration licence E66/56 ("**Agreement**"). In consideration of the sale the Company has agreed to pay to the Vendor \$100,000 and a 1.5% net smelter royalty.

The Agreement contains usual and appropriate terms including adequate vendor warranties concerning the tenement owned by Mr Macdonald. The Agreement grant to the Vendor the right to collect a single 44 gallon drum of lead crystals from the tenement each 12 month period.



7. INDEPENDENT ACCOUNTANT'S REPORT

Our ref: PT:CL



BDO Kendalls

BDO Kendalls Corporate Finance (WA) Pty Ltd
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ABN 27 124 031 045
AFS Licence No 316158

11 September 2009

The Directors
Ethan Minerals Limited
Suite 24, 443 Albany Highway
Victoria Park WA 6100

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

We have prepared this Investigating Accountant's Report ("**Report**") on historical financial information of Ethan Minerals Limited ("**Ethan**" or "**the Company**") for inclusion in the Prospectus.

Broadly, the Prospectus will offer up to 20,000,000 shares at an issue price of \$0.20 each to the general public for a total consideration of \$4,000,000 ("**the Offer**").

Under the proposed issue, the minimum subscription is for the issue of 12,500,000 ordinary shares to raise \$2,500,000 before costs and up to a maximum of 20,000,000 shares to raise \$4,000,000 before costs. Included in the issue is a provision for acceptance of oversubscriptions to the value of \$1,000,000.

2. Basis of Preparation

This Report has been prepared to provide investors with information on the Income Statement, Statement of Changes in Equity and the Balance Sheet and the pro-forma Balance Sheet as noted in Appendices 1, 2 and 3.

This Report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risk associated with the investment, and has been prepared based on the complete Offer being achieved. BDO Kendalls Corporate Finance (WA) Pty Ltd ("**BDO Kendalls**") has not been requested to consider the prospects for the Company, the shares on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly has not done so, and does not purport to do so. BDO Kendalls accordingly takes no responsibility for these matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are set out in the Prospectus.

Expressions defined in the Prospectus have the same meaning in this Report.



7. INDEPENDENT ACCOUNTANT'S REPORT

3. Background

Incorporated in March 2007, Ethan is a base metals exploration company based in Perth, Western Australia. The Company's primary focus is to explore for and develop copper, lead, zinc and associated gold and silver deposits in Australia.

The Company has rights to 100% of an advanced exploration licence, 100% access rights to seven Queen Victoria Crown Grant ("QVCG") licences and has an option to earn an 80% interest in a further three exploration licences which are located in close proximity to the town of Northampton, Western Australia. The Mary Springs Prospect represents Ethan's flagship project at which the Company aims to fast track exploration and drilling programs.

Ethan's current exploration portfolio at the Northampton Project is summarised in the table below:

TENEMENT	LICENSE NAME	AREA (HA)	STATUS	ETHAN'S EQUITY %
E66/53	Baddera	21,147	Granted	80%
E66/56	Mary Springs	1,517	Pending	100%
E66/64	Springvale	54,825	Pending	80%
E66/73	Ginos	21,118	Pending	80%
QVCG (Lots 1&2)	Camp Hill	87.9 & 105.7	Granted	100%
QVCG 32	Yanganooka	23.5	Granted	100%
QVCG 312	Scott & Gales, Kathleen Hope & Martin Springs	5	Granted	100%
QVCG 334	Wheal Fortune, Extended & Parings	20.2	Granted	100%
QVCG 437	Kirtons Area	28.3	Granted	100%
QVCG 1472	Baddera Area	28.3	Granted	100%
QVCG 2647	Rhyhope	31.43	Granted	100%

4. Scope

You have requested BDO Kendalls to prepare an Investigating Accountant's Report covering the following financial information:

- Ethan's reviewed balance sheet as at 20 August 2009;
- the pro-forma balance sheet as at 20 August 2009 reflecting the actual position as at that date, major transactions between that date and the date of our report and transaction relating to the proposed capital raising under the Prospectus;
- the historical income statement; and
- the accounting policies applied by Ethan in preparing its financial statements.

The historical financial information set out in the appendices to this Report has been extracted from the financial statements of the Company for the period ended 20 August 2009.

The Directors are responsible for the preparation of the historical financial information including determination of the adjustments.



7. INDEPENDENT ACCOUNTANT'S REPORT

4. Scope (continued)

We have conducted our review of the historical financial information in accordance with the Australian Auditing and Assurance Standard ASRE 2405 "Review of Historical Financial Information Other than a Financial Report". We made such inquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a review of work papers, accounting records and other documents pertaining to balances in existence at 20 August 2009;
- a review of the assumptions used to compile the pro-forma Balance Sheet;
- a review of the adjustments made to the pro-forma historical financial information;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in the appendices to this Report; and
- enquiry of Directors and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review was limited primarily to an examination of the historical financial information, the pro-forma financial information, analytical review procedures and discussions with both management and directors. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical information or pro-forma financial information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- support by another person, corporation or an unrelated entity has not been assumed;
- the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- the going concern basis of accounting has been adopted.

5. Conclusion

Statement on Historical Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the historical financial information as set out in the Appendices to this report does not present fairly the financial performance for the period from 1 July 2009 to 20 August 2009 or the financial position as at 20 August 2009 in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Statement of Pro-forma Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the pro-forma financial information does not present fairly the financial position of the Company as at 20 August 2009, in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions had occurred on that date.



7. INDEPENDENT ACCOUNTANT'S REPORT

6. Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Balance Sheet

The pro-forma balance sheet post issue is shown in Appendix 2. This has been prepared based on the reviewed financial statements as at 20 August 2009 and the transactions and events relating to the issue of shares under this Prospectus:

Pro-forma adjustments

- Issue of 20,000,000 ordinary shares at 20 cents each through the Prospectus to raise \$4,000,000 under the Offer;
- Settlement of liabilities associated with the debt settlement agreement between Ethan and Julie Glanville and Ken Fitzgerald, Executive Directors in relation to services provided by them to Ethan prior to Ethan obtaining approval to list on the ASX for which they have not yet been paid. Settlement consideration is a cash payment of \$60,000 each and the issue of 1 million ordinary shares to each director at 20 cents. The settlement consideration is based on the assumption that Ethan is successful in raising \$4,000,000 as part of the Offer;
- The payment of expenses associated with the preparation and issue of the Prospectus amounting to approximately \$309,275. These capital raising costs have been netted off against the share capital raised; and
- The issue of 1 million options and 1 million ordinary shares to the value of \$286,100 to Precinct Eight Pty Ltd ("**Precinct Eight**"). Precinct Eight act as adviser to the Company and Precinct Eight has arranged for Fernshaw Securities Pty Ltd ("**Fernshaw**") to act as Lead Manager to the Offer on a best endeavours basis. These capital raising costs have been netted off against the share capital raised.

8. Disclosures

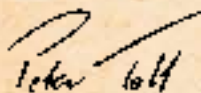
BDO Kendalls Corporate Finance (WA) Pty Ltd is the corporate advisory arm of BDO Kendalls in Perth.

Neither BDO Kendalls Corporate Finance (WA) Pty Ltd nor BDO Kendalls, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent to the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

BDO Kendalls Corporate Finance (WA) Pty Ltd



Peter Toll
Director

7. INDEPENDENT ACCOUNTANT'S REPORT

APPENDIX 1 ETHAN MINERALS LIMITED INCOME STATEMENT

REVIEWED
FOR THE PERIOD
FROM
1 JULY 2009 TO
20 AUGUST 2009
\$

Revenue from ordinary activities

Other Income	150
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Total Revenue	150
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Expenses from ordinary activities

Professional Fees and Services	77,832
--------------------------------	--------

Travel & Entertainment	544
------------------------	-----

Exploration & Expenditure Expenses	38,082
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Occupancy Expenses	2,745
--------------------	-------

Other Expenses	4,271
----------------	-------

Depreciation and Amortisation	1,301
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Total Expense	124,775
----------------------	----------------

Profit/(Loss) from ordinary activities before income tax expense	(124,625)
--	-----------

Income tax expense relating to ordinary activities	-
--	---

Net Loss from ordinary activities after income tax expense	(124,625)
--	------------------

The Income Statement is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.



7. INDEPENDENT ACCOUNTANT'S REPORT

APPENDIX 2 ETHAN MINERALS LIMITED BALANCE SHEET

	NOTES	REVIEWED 20-AUG-09 \$	PRO-FORMA ADJUSTMENTS \$	PRO-FORMA AFTER ISSUE \$
CURRENT ASSETS				
Cash and cash equivalents	2	173,053	3,570,725	3,743,778
Prepayments		4,000	-	4,000
Other Receivables		18,376	-	18,376
TOTAL CURRENT ASSETS		195,429	3,570,725	3,766,154
NON-CURRENT ASSETS				
Property, Plant & Equipment		10,305	-	10,305
Exploration and Evaluation Expenditure		100,000	-	100,000
TOTAL NON-CURRENT ASSETS		110,305	-	110,305
TOTAL ASSETS		305,734	3,570,725	3,876,459
CURRENT LIABILITIES				
Accounts Payable	3	539,148	(520,000)	19,148
TOTAL CURRENT LIABILITIES		539,148	(520,000)	19,148
TOTAL LIABILITIES		539,148	(520,000)	19,148
NET ASSETS / (NET LIABILITIES)		(233,414)	4,090,725	3,857,311
EQUITY				
Share Capital	4	1,565,191	4,004,625	5,569,816
Reserves	5	369,000	86,100	455,100
Accumulated Losses		(2,167,605)	-	(2,167,605)
TOTAL EQUITY		(233,414)	4,090,725	3,857,311

The pro-forma Balance Sheet after Issue is as per the Balance Sheet before Issue adjusted for the transactions relating to the issue of shares pursuant to this Prospectus. The Balance Sheet is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.



7. INDEPENDENT ACCOUNTANT'S REPORT

APPENDIX 3

ETHAN MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY

	REVIEWED 20-AUG-09 \$	PRO-FORMA ADJUSTMENTS \$	PRO-FORMA AFTER ISSUE \$
Total equity as at 1 July 2009	(108,789)	-	(108,789)
Loss for the period	(124,625)	-	(124,625)
Total recognised for the period	(233,414)	-	(233,414)
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	-	4,004,625	4,004,625
Issue of share based payments	-	86,100	86,100
TOTAL EQUITY	(233,414)	4,090,725	3,857,311

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.



7. INDEPENDENT ACCOUNTANT'S REPORT

APPENDIX 4

ETHAN MINERALS LIMITED

NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

(a) Basis of preparation of historical financial information

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The historical information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal groups held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

Compliance with AIFRS ensures that the historical financial information, complies with International Financial Reporting Standards.

(b) Foreign Currency Translation

The functional and presentation currency of Ethan is Australian dollars (A\$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in the income statement, except for differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

(c) Revenue Recognition

Revenue from the sale of goods or services is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from the sale of goods or services is recognised when the service is provided.

Sale of Goods and Services

Revenue from sale of goods or services is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.



7. INDEPENDENT ACCOUNTANT'S REPORT

(d) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

(e) Impairment of Assets

At each reporting date the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(f) Cash and Cash Equivalents

"Cash and cash equivalents" includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(g) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Company commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Held for Trading

Investments held for trading are measured at fair value with gains or losses recognised in the income statement. A financial asset is classified as held-for-trading if acquired principally for the purpose of selling in the short term or if it is a derivative that is not designated as a hedge. Investments held for trading are classified as current assets on the balance sheet.



7. INDEPENDENT ACCOUNTANT'S REPORT

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold-to-maturity and are measured at amortised cost subsequent to initial recognition using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category, and are classified as non-current assets. After initial recognition, these investments are measured at fair value with gains or losses recognised as a separate component of equity (available-for-sale investments revaluation reserve). Where losses have been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss, being the difference between the acquisition cost and current fair value less any impairment loss previously recognised in the income statement, is removed from equity and recognised in the income statement.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through the income statement. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through the income statement where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in the income statement.

Loans and receivables

Non-current loans and receivables include loans due from related parties repayable no earlier than 365 days of balance sheet date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is credited to the income statement immediately and amortised using the effective interest method.

(h) Fair value estimation

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at balance sheet date. The quoted market price for financial assets is the current bid price and the quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at balance date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at balance sheet date. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.

The fair value of trade receivables and payables is their nominal value less estimated credit adjustments.

(i) Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

(j) Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of balance sheet date are recognised in respect of employees' services rendered up to balance sheet date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sick leave are included as part of Employee Benefit Provisions.



7. INDEPENDENT ACCOUNTANT'S REPORT

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the balance sheet date using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at balance sheet date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Profit-sharing and Bonus Plans

The Company recognises an expense and a liability for bonuses and profit-sharing when the entity is contractually obliged to make such payments or where there is past practice that has created a constructive obligation.

Retirement Benefit Obligations

The Company has a defined contribution superannuation fund. Contributions are recognised as expenses as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(k) Contributed Equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(l) Exploration and evaluation expenditure

Exploration and evaluation expenditure encompasses expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditure incurred by the Company is accumulated for each area of interest and recorded as an asset if:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (1) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
 - (2) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation expenditure incurred by the Company subsequent to acquisition of the rights to explore is expensed as incurred.

A provision for unsuccessful exploration and evaluation is created against each area of interest by means of a charge to the income statement.



7. INDEPENDENT ACCOUNTANT'S REPORT

The recoverable amount of each area of interest is determined on an annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(m) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Share Based Payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the holder become unconditionally entitled to the options. Fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Ethan ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the income statement. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.



7. INDEPENDENT ACCOUNTANT'S REPORT

	REVIEWED 20-AUG-09 \$	PRO-FORMA AFTER ISSUE \$
NOTE 2. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	173,053	3,743,778
Adjustments arising in the preparation of the pro-forma cash balance are summarised as follows:		
Reviewed balance at 20 August 2009		173,053
Proceeds from shares issued under this Prospectus		4,000,000
Cash payment as part of the debt settlement agreement between Ethan and two Executive Directors		(120,000)
Share issue costs		(309,275)
Pro-forma Balance		3,743,778

	REVIEWED 20-AUG-09 \$	PRO-FORMA AFTER ISSUE \$
NOTE 3. ACCOUNTS PAYABLE		
Accruals	539,148	19,148
Adjustments arising in the preparation of the pro-forma accruals balance are summarised as follows:		
Reviewed balance at 20 August 2009		539,148
Settlement of liabilities relating to the debt settlement agreement between Ethan and two Executive Directors		(520,000)
Pro-forma Balance		19,148



7. INDEPENDENT ACCOUNTANT'S REPORT

	REVIEWED 20-AUG-09 \$	PRO-FORMA AFTER ISSUE \$
NOTE 4. CONTRIBUTED EQUITY		
Contributed equity	1,565,191	5,569,816
Adjustments arising in preparation of the pro-forma contributed equity balance are summarised as follows:		
	NUMBER OF SHARES	\$
Reviewed balance as at 20 August 2009	28,431,250	1,565,191
Issue of 20 million ordinary shares at 20c per share pursuant to the Offer under the Prospectus	20,000,000	4,000,000
Issue of 1 million ordinary shares at 20c per share to Precinct Eight as part of the advisory fees.	1,000,000	200,000
Issue of 2 million ordinary shares at 20c per share as part of the debt settlement agreement between Ethan and two Executive Directors	2,000,000	400,000
Share issue expenses	-	(595,375)
Pro-forma balance	51,431,250	5,569,816

	REVIEWED 20-AUG-09	PRO-FORMA AFTER ISSUE
NOTE 5. RESERVES		
Reserves	369,000	455,100
Adjustments arising in the preparation of the pro-forma reserve balance is summarised as follows:		
	NUMBER OF OPTIONS	\$
Reviewed balance as at 20 August 2009	11,500,000	369,000
Issue of 1 million options to Precinct Eight as part of advisory fees, exercisable at 23c with an expiry date 2 years after the date of admission to the ASX	1,000,000	86,100
Pro-forma balance	12,500,000	455,100



7. INDEPENDENT ACCOUNTANT'S REPORT

The following options were issued during the period:

Options on Issue at date of Prospectus

CLASS	NUMBER	EXERCISE PRICE	EXERCISE DATE	VALUE	\$
Employee & Director options	10,000,000	\$0.20	18 October 2012	\$0.0321	321,000
Employee & Director options	1,500,000	\$0.20	5 November 2013	\$0.0320	48,000
	<u>11,500,000</u>				<u>369,000</u>

Options issued to Precinct Eight as part of services provided

CLASS	NUMBER	EXERCISE PRICE	EXERCISE DATE	VALUE	\$
Precinct Eight options	1,000,000	\$0.23	2 years from ASX Listing Date	\$0.0861	86,100
	<u>1,000,000</u>				<u>86,100</u>

NOTE 6: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 7: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the prospectus.



8. CORPORATE GOVERNANCE

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering its policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. The Company makes disclosure of its corporate governance policies in accordance with the revised Corporate Governance Principles and Best Practice Recommendations ("**Revised Principles and Recommendations**") as published by ASX Corporate Governance Council in 2007.

Further information about the Company's corporate governance practices is set out on the Company's website at www.ethanminerals.com.au. Revised Principles and Recommendations of the ASX, information published on the Company's website includes charters (for the Board), codes of conduct and other policies and procedures relating to the board and its responsibilities.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Company complies in all respects subject to the following necessary departures with the Recommendations.

Principle 2 Recommendation 2.1

A majority of the board should be independent directors.

The Directors are not independent directors, as each Director is either separately engaged by the Company in their capacity as a professional advisor or is a substantial shareholder. However, the Board believes that all the Directors can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. The Directors are given the opportunity to seek independent professional advice at the company's expense. Any Director who has a conflict of interest in relation to a particular item of business must absent themselves from the Board Meeting before commencement of discussion on the topic.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of independent directors.

Principle 2 Recommendation 2.2

The chair should be an independent director.

The Company's Chairman, Mr Graham Anderson, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of an independent director. However, the Board believes that the Chairman is able to and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairman.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of an independent Non-executive Chairman.

Principle 2 Recommendation 2.4

The Board should establish a nomination committee.

The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing directors to enable identification of attributes required in new directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.

The Board acknowledges this does not comply with recommendation 2.4 of the ASX Corporate Governance Guidelines. If the Company's activities increase in size, scope and nature, the appointment of a nomination committee will be reviewed by the Board and implemented if appropriate.



8. CORPORATE GOVERNANCE

Principle 4 Recommendation 4.2

The Board should establish an audit committee.

The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.

The Board acknowledges this does not comply with recommendation 4.2 of the ASX Corporate Governance Guidelines. If the Company's activities increase in size, scope and nature, the appointment of an audit committee will be reviewed by the Board and implemented if appropriate.

Principle 8 Recommendation 8.1

The Board should establish a remuneration committee.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for directors and executives of the Company.

The Board acknowledges this does not comply with recommendation 8.1 of the ASX Corporate Governance Guidelines. If the Company's activities increase in size, scope and nature, the appointment of a remuneration committee will be reviewed by the Board and implemented if appropriate.

In addition, all matters of remuneration will continue to be determined in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, no Directors participate in any deliberations regarding his or her own remuneration or related issues.

The Shares offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company. Whilst the Directors commend the Offer, potential investors should consider whether the Shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. This list is not exhaustive and potential investors should read this Prospectus in its entirety and if in any doubt consult their professional adviser before deciding whether to participate in the Offer.



Front view of historic Baddera Mine tailing dump



9. RISK FACTORS

9.1 General Economic Risks and Business Climate

Share market conditions, may affect the listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- movements in or outlook on interest rates and inflation rates;
- currency fluctuations;
- commodity prices;
- changes in investor sentiment towards particular market sectors; and
- the demand and supply for capital.

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest.

9.2 Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- successful conclusions to bankable feasibility studies;
- access to adequate capital for project development;
- design and construction of efficient mining and processing facilities within capital expenditure budgets;
- securing and maintaining title to tenements and compliance with the terms of those tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of the Company.

9.3 Native Title

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not extinguished by the grant of mining licences, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.



9. RISK FACTORS

All tenements granted prior to 1 January 1994 are valid or validated.

Tenements granted between 1 January 1994 and 23 December 1996 may be invalid if they fail to comply with the Native Title Act or for certain other reasons because of native title. However, such invalid tenements may be validated if certain statutory criteria are met.

For tenements to be validly granted (or renewed) after 23 December 1996 the special “right to negotiate” regime established by the Native Title Act must be followed.

It is important to note that the existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

A detailed discussion of native title and the claims is contained in the Independent Solicitor’s Report in Section 6 of this Prospectus.

9.4 Risks Specific to the Company Projects

The Company’s projects represent the main business activity and focus of the Company. Risks specific to these projects include the following:

Competition

The markets involve a number of participants. Current levels of demand may see an increase in production from existing market participants, the potential for past participants in the market to re-enter or new start ups to emerge.

Resource Estimate

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on the Company’s operations.

Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns and cyclone activity;
- alterations to joint venture programs and budgets;
- unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- mechanical failure of operating plant and equipment; adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- industrial action, disputation or disruptions;
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- shortages or unavailability of manpower or appropriately skilled manpower;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals.



9. RISK FACTORS

Commodity Prices

The Company expects to derive its revenue from the sale of minerals.

Consequently, the Company's expected earnings will be closely related to the price of these commodities together with the terms of the off-take agreement(s) under which these metals will be sold.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Currency

The Company's expected revenue will be in US\$ while its cost base will be in A\$, consequently the US\$/A\$ exchange rate will have an impact on the Company's expected earnings in A\$.

The US\$/A\$ exchange rate is affected by numerous factors beyond the control of the Company.

These factors include Australia's and the global economic conditions and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Environment

The Company's Projects are subject to Western Australian and Federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

Areas disturbed by the Company's activities will be rehabilitated as required by applicable laws and regulations.

Ethan is committed to responsible environmental management of all activities. We believe environmental effects of our mining and infrastructure activities must be planned or avoided, or unavoidable effects minimised and remediated to an acceptable level.

To ensure this commitment is achieved, external expertise has been engaged in the development and implementation of a structured Environmental Management System that is compliant to ISO 14001 (Environmental Management Systems).

Monitoring of our impact on the environment from mining of lead ore through to delivery to the Port (Geraldton) will be a key component. Transportation of Lead Ore to the Port has been identified as a primary community concern. Procedures for containment of ore and Zero release to the environment have been developed.

Ethan's shipment method will involve sealing lead ore inside bulk bags which will then be bolt-locked inside steel shipping containers and transported from the mine to Geraldton and overseas. Independent inspection and verification of the bag filling, container loading and container and vehicle cleaning procedures at the mine site will ensure the integrity of the shipment process. The company believes this method is "best practice" for the safe handling and transport of lead ore.

Occupational Health & Safety

Ethan is committed to Occupational Health and Safety (OHS) and will provide and maintain a safe working environment including safe systems of work for all its employees, visitors and contractors.

To ensure this commitment is achieved, external expertise has been engaged (Tracmin Safety Pty Ltd) in the development and implementation of a structured Health & Safety Management System that is compliant to AS4801 (Occupational Health and Safety Management Systems).



9. RISK FACTORS

Implementation of this system is well advanced, incorporating all aspects of Occupational Health monitoring and assessment through to Contractor pre-qualification and Contractor Management.

Tracmin will also provide ongoing inspection/auditing services to ensure compliance and measure our progress towards “best practice” in OHS Management of our Operations.

Title

The exploration licences comprising some of the Tenements which the Company holds or in which it has an interest may be the subject of applications for extension in the future.

If a Tenement is not extended, the Company may suffer significant damage through loss of the opportunity to discover and/or develop any mineral resources on that Tenement.

In addition, the Company cannot guarantee that those Tenements that are applications for tenements will ultimately be granted in whole or in part.

For more details on the issue of title to the Tenements, refer to the Independent Solicitor's Report in Section 6 of this Prospectus.

Directors and management

The Company is dependent on a small and skilled team to undertake the business of the Company and implement its exploration and development programs. The Directors and management also have specific expertise of establishing start up mining companies and exploration programmes. If Directors or managers were to leave the Company, the Company may not be able to find suitable replacements.

Consequently, the exploration and development programs and the management of the Company could be affected by the lack of suitable Directors, managers, employees or staff.

Solvency and liquidity risk

For the first 12 to 18 months of operations the Company may not have any income other than the interest on the cash deposits from its capital raisings. If the Company is not successful in establishing early mining operations, securing off-take agreements and/or joint ventures then the Company could run out of working capital if it were then not able to raise further working capital. Accordingly, in these circumstances, the Company could lose entitlement or rights to interests in these projects. As the Company currently has no operating income, the Shares should be considered speculative.

Early stage of development

The mineral tenements of the Company as described in this Prospectus are at various stages of exploration and potential investors should understand that mineral exploration and development are high risk undertakings.

The Company's mineral projects are at an early stage of development, and although work to date allows some of the exploration to be classed as a “JORC Inferred Resource”, it does not have other economic resources that could be classified for the purposes of a regulatory or stock exchange code. Hence, the Shares are deemed speculative. There can be no assurance that all of exploration of the project areas described in this Prospectus, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified as is the case, there is no guarantee that it can be economically exploited.



9. RISK FACTORS

OTHER RISKS:

Unforeseen risks

There may be other unforeseen risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations, and/or the valuation and performance of the Shares.

Combination of risks

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlined in all the subsections of this section 9 could affect the performance, valuation, financial position and prospects of the Company.

Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

Additional Financing Requirements

The Directors can give no assurances that its objectives will in fact be met without future borrowings or further capital raisings and if such borrowings or capital raisings are required, that they can be obtained on terms favourable to the Company.

Uninsured Loss and Liability

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses and liabilities to third parties. There is a risk that the Company may not be insured against all losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or tenure of the Company's assets may be at risk.



Dennis Simpson QVCG holder (Lots 1 and 2) and Marshall Clifton, Water Driller

10. ADDITIONAL INFORMATION

10.1 Incorporation

The Company was incorporated on 9 March 2007 as a limited company.

10.2 Rights Attaching To Shares

(a) General

The Shares to be issued pursuant to this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with all Shares in the Company.

The rights attaching to the Shares arise from a combination of the Company's Constitution, the Corporations Act, the ASX Listing Rules and general law. A copy of the Company's Constitution is available for inspection during business hours at its registered office.

A summary of the more significant rights is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's shareholders. To obtain such a statement, persons should seek independent legal advice.

(b) Voting Rights

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder and for each partly paid share held, a fraction of one vote equal to the proportion which the amount paid up bears to the amounts paid or payable on that share. In the case of an equality of votes, the chairperson has a casting vote.

(c) Dividends

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve but only out of profits of the Company. The Directors may determine the method and time for payment of the dividend.

(d) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company in proportion which the amount paid on the Shares bears to the total amount paid and payable on the Shares.

(e) Transfer of Shares

Generally, shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASTC Rules, the ACH Clearing Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, the ASTC Rules, the ACH Clearing Rules or under the Company's Constitution.

(f) Directors

The Constitution and the ASX Listing Rules contain provisions relating to the rotation and election of Directors.

(g) Calls on Shares

Subject to the Corporations Act and the terms of issue of a share, the Company may, at any time, make calls on the shareholders of a share for all, or any part of, the amount unpaid on the share. If a shareholder fails to pay a call or instalment of a call, the Company may, subject to the Corporations Act and ASX Listing Rules, commence legal action for all, or part of the amount due, enforce a lien on the share in respect of which the call was made or forfeit the share in respect of which the call was made.

(h) Further Increases in Capital

Subject to the Corporations Act, the ASX Listing Rules, the ASTC Rules and the ACH Clearing Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue Shares and grant Unlisted Options over Shares, on any terms, at any time and for any consideration, as the Directors resolve.



10. ADDITIONAL INFORMATION

(i) Variation of Rights Attaching to Shares

Subject to the Corporations Act, the ASX Listing Rules, the ASTC Rules and the ACH Clearing Rules and the terms of issue of Shares in a particular class, the Company may vary or cancel rights attached to Shares in that class by either special resolution passed at a general meeting of the holders of the Shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

(j) General Meeting

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

10.3 Rights Attaching to Unlisted Options

(a) Notice of Exercise

Each Unlisted Option may be exercised by notice in writing to the Company at any time before their date of expiry. Any notice of exercise of an Unlisted Option received by the Company with payment in full of the exercise price will be deemed to be a notice of the exercise of that Unlisted Option as at the date of receipt.

(b) Quotation of Unlisted Options and Shares on Exercise

Application will not be made to ASX for official quotation of the Unlisted Options. Application will be made for official quotation of the shares issued upon exercise of Unlisted Options and the Company must use reasonable endeavours in accordance with section 708A(5)(e) of the Corporations Act to give ASX a written notice that complies with section 708A(6) of the Corporations Act. The Unlisted Options are not transferable.

(c) Participation Rights or Entitlements

There are no participating rights or entitlements inherent in the Unlisted Options and Unlisted Optionholders will not be entitled to participate in new issues of securities offered to shareholders during the currency of the Unlisted Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced so as to give Unlisted Optionholders the opportunity to exercise their Unlisted Options before the date for determining entitlements to participate in any issue.

(d) Shares Allotted on Exercise

Shares allotted pursuant to the exercise of Unlisted Options:

- (i) will be allotted following receipt of all the relevant documents and payments and will rank equally with the issued shares; and
- (ii) may not be offered for sale during the 12 month period following issue unless the Company either gives a notice that complies with section 708A(6) of the Corporations Act or lodges a prospectus that qualifies the shares for resale under section 708A(11) of the Corporations Act.

(e) Reorganisation of Share Capital

In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Unlisted Optionholder shall be reconstructed in accordance with the Listing Rules applying at the time of the reorganisation.

(f) Bonus Issues

If, from time to time, before the expiry of the Unlisted Options the Company makes a pro rata issue of shares to shareholders for no consideration, the number of shares over which an Unlisted Option is exercisable will be increased by the number of shares which the Unlisted Optionholder would have received if the Unlisted Option had been exercised before the date for calculating entitlements to the pro rata issue.



10. ADDITIONAL INFORMATION

(g) **No change in exercise price**

Subject to the ASX Listing Rules, the Unlisted Option does not confer any rights to a change in the exercise price of the Unlisted Option.

10.4 Material Contracts

(a) **Executive Service Agreements**

The Company has entered into consultancy agreements with the following:

1. Ridgeback Holdings Pty Ltd and Nigel Ferguson ("**Ridgeback Holdings Agreement**");
2. Ethan Park Contractors and Julie Glanville ("**Ethan Park Contractor's Agreement**"); and
3. Neening Park Contractors and Ken Fitzgerald ("**Neening Park Contractor's Agreement**").

The Consultancy Agreements are each on similar terms and are subject to the successful listing of the Company on ASX.

Under the Ridgeback Holdings Agreement, the Company has agreed to pay Ridgeback Holdings an ongoing consulting fee of \$80,000 per year plus GST in exchange for the provision of consulting services to the Company from the date the Company is admitted to the ASX official list. The Ridgeback Holdings Agreement will continue as long as the parties agree, and may be terminated with six-months notice. Ridgeback Holdings is also entitled to participate in the Company's employee share option plan set out in section 10.4(f) of this Prospectus.

Pursuant to the Ethan Park Contractor's Agreement, the Company has agreed to pay Glanville \$120,000 per annum for 2 years in exchange for the provision of consulting services to the Company. Ethan Park Contractors is currently being paid \$5,000 per month for provision of consultancy services to Ethan since May 2007. Julie Glanville is the Director of Ethan Park Contractors.

Pursuant to the Neening Park Contractor's Agreement, the Company has agreed to pay Fitzgerald \$120,000 per annum for 2 years in exchange for the provision of consulting services to the Company. Neening Park Contractors is currently being paid \$5,000 per month for provision of consultancy services to Ethan since May 2007. Ken Fitzgerald is the Director of Neening Park Contractors.

(b) **Financial Service Agreements**

The Company has entered into an agreement with Precinct Eight agreeing to pay a monthly retainer of \$5,000 for four months from 13 August 2009 and grant 1,000,000 Unlisted Options exercisable at 23 cents and 1,000,000 Shares in exchange for the provision of exclusive financial advisory and other services to the Company ("**Service Agreement**"). Under the Service Agreement, Precinct Eight will provide pre-IPO capital raising advice, provide strategic financial advice, seek sophisticated investors, arrange for accountants and brokers, prepare the product disclosure statement and oversee and conduct the due diligence committee.

(c) **Debt Settlement Agreement**

The Company has reached an agreement with Glanville and Fitzgerald ("**Debt Settlement Agreement**") in relation to services provided by Glanville and Fitzgerald to the Company prior to the Company obtaining approval to list on the ASX. Glanville and Fitzgerald claim an amount of approximately \$ 766,534.58 ("**Services Claim**"). Pursuant to the Debt Settlement Agreement which is conditional upon ASX listing, Glanville and Fitzgerald have agreed to payment in full satisfaction of the Services Claim of \$520,000 made part by cash and part by the issue of Shares in the Company at 20c ("**Debt Settlement Shares**"), subject to Shareholder approval, in the following manner:



10. ADDITIONAL INFORMATION

Capital Raising	Cash	Debt Settlement Shares
\$ 2,500,000	\$ 35,000	1,125,000
\$ 3,000,000	\$ 50,000	1,050,000
\$ 4,000,000	\$ 60,000	1,000,000
\$ 5,000,000	\$ 100,000	800,000

If Shareholder approval is not obtained to issue the Debt Settlement Shares in part discharge of the Debt then the outstanding portion of the Debt will be paid quarterly to Glanville and Fitzgerald over a 24 month period.

(d) Director & Officer Protection Deeds

The Company has entered into Director and Officer Protection Deeds (“**Deed**”) with each Director and the Company Secretary (“**Officers**”). Under the Deed, the Company indemnifies the relevant Officer to the maximum extent permitted by law against legal proceedings, damage, loss, liability, cost, charge, exchange, outgoing or payment suffered, paid or incurred by the officer in connection with the Officer being an officer of the Company, the employment of the Officer with the Company or a breach by the Company of its obligations under the Deed.

Subject to the Company listing on ASX, the Company is required to insure the Officers against liability arising from any claim against the Officers in their capacity as officers of the Company. The Company will pay insurance premiums in respect of the above insurance.

(e) Independent Solicitor’s Report

Further material contracts are referred to and summarised in the Independent Solicitor’s Report contained in Section 6 of this Prospectus.

(f) Employee Share Option Plan

Under the terms of the Company’s employee share option plan (“**Plan**”), the Board may offer free options to persons (“**Eligible Persons**”) who are:

- (i) full-time or part-time employees (including a person engaged by the Company under a consultancy agreement); or
- (ii) Directors.

of the Company or any subsidiary based on a number of criteria including contribution to the Company, period of employment, potential contribution to the Company in the future and other factors the Board considers relevant.

Upon receipt of such an offer, the Eligible Person may nominate an associate to be issued with the options.

Number of options

The maximum number of options issued under the Plan at any one time is 5% of the total number of Shares on issue in the Company provided that the Board may increase this percentage, subject to the Corporations Act and the Listing Rules.

Terms of options

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company.

There is no issue price for the options. The exercise price for the options will be such price as determined by the Board (in its discretion) on or before the date of issue provided that in no event shall the exercise price be less than the weighted average sale price of Shares sold on ASX during the five Business Days prior to the date of issue or such other period as determined by the Board (in its discretion).

Shares issued on exercise of options will rank equally with other ordinary shares of the Company.



10. ADDITIONAL INFORMATION

Options may not be transferred other than to an associate of the holder. Quotation of options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of options.

An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise satisfied. The Board may determine the vesting period (if any). An option will lapse upon the first to occur of the expiry date, the holder acting fraudulently or dishonestly in relation to the Company, the employee ceasing to be employed by the Company or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.

If, in the opinion of the Board any of the following has occurred or is likely to occur, the Company entering into a scheme of arrangement, the commencement of a takeover bid for the Company's Shares, or a party acquiring a sufficient interest in the Company to enable them to replace the Board, the Board may declare an option to be free of any conditions of exercise. Options which are so declared may, subject to the lapsing conditions set out above, be exercised at any time on or before their expiry date and in any number.

Future Issues of Shares

New Issues

There are no participating rights or entitlements inherent in the options and option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 6 Business Days after the issue is announced. Option holders shall be afforded the opportunity to exercise all options which they are entitled to exercise pursuant to the Plan prior to the date for determining entitlements to participate in any such issue.

Bonus Issues

If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("**Bonus Issue**"), each option holder holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those options the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the option holder may subscribe pursuant to the exercise of those options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank pari passu in all respects with the other Shares issued upon exercise of the options.

Reconstruction of Capital

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each option holder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

Taxation

Under current taxation laws any taxation liability in relation to the options, or the Shares issued on exercise of the options, will fall on the participants. The Company will not be liable to fringe benefits tax in relation to options or Shares issued under the Plan.

Participation by Directors

Although Directors are eligible to be offered options under the Plan, this first requires specific Shareholder approval due to the requirements of the ASX Listing Rules and the Corporations Act.

10.5 Interests of Directors



10. ADDITIONAL INFORMATION

Other than as set out below or elsewhere in this Prospectus, no Director (whether individually or in consequences of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had in the two years period ending on the date of this Prospectus, any interest in the formation or promotion of the Company, or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of securities, or the offer of securities.

Other than set out below or elsewhere in this Prospectus, no amounts of any kind (whether in cash of Shares or otherwise) have been paid or agreed to be paid to any Director or to any Director or to any company or firm with which the Director is associated to induce him or her to become, or to qualify as a Director, or otherwise for services rendered by him or her or any company or firm with which the Director is associated in connection with the formation or promotion of the Company or offer of the securities.

Remuneration of Directors

In accordance with the Constitution, the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting. The current aggregate maximum is \$250,000. A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of ordinary duties of a Director. A Director may also be reimbursed out of pocket expenses incurred as a result of their directorship or any special duties.

The Directors have resolved that each non-executive director is entitled to receive fees of \$40,000 per annum and the Chairman of Directors is entitled to receive \$60,000 per annum. Payments of Director's fees will be in addition to any payments to directors in any employment capacity. These fees will commence immediately upon ASX listing. In addition, GDA Corporate in which Graham Anderson is a Director of will be paid professional fees at normal commercial rates for Company Secretarial and Accounting duties.

Ethan Park Contractors have been paid a fee of \$10,000 per month since incorporation for consulting services provided by Mr. Ken Fitzgerald and Ms Julie Glanville. Mr. Fitzgerald and Ms Glanville are beneficiaries of Ethan Park Contractors.

Ridgeback Holdings Pty. Ltd. has been paid a total of \$27,520 for the period since incorporation in March 2007 for geological consulting services and assistance with the preparation of the Prospectus. Mr. Nigel Ferguson is a Director and beneficiary of Ridgeback Holdings Pty. Ltd.

GDA Corporate has been paid a fee of \$2,500 per month since incorporation for company secretarial, consulting and accounting services. Mr. Graham Anderson is the Director and beneficiary of GDA Corporate and Mr. Leonard Math is an employee of GDA Corporate.

Directors' Holdings

The details of Directors' interests in the Securities as at the date of this Prospectus are:

DIRECTOR	SHARES	UNLISTED OPTION
Graham Anderson	1,500,000	1,500,000
Nigel Ferguson	1,550,000	1,500,000
Kenneth (Ken) Fitzgerald	1,500,000	3,000,000
Julie Glanville	1,500,000	3,000,000



10. ADDITIONAL INFORMATION

10.6 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

MineMap Pty Ltd has given and has not, before lodgement of this Prospectus, withdrawn its consent to being named as the independent mining geologist in the form and context in which it is named and to the inclusion of the Report on the Inferred Mineral Resources for the Mary Springs Project included in Section 4 of the Prospectus in the form and context in which it is included.

Ravensgate has given and has not, before lodgement of this Prospectus, withdrawn its consent to being named as the independent geologist in the form and context in which it is named and to the inclusion of the Independent Geological Report included in Section 5 of the Prospectus in the form and context in which it is included.

Allion Legal has given and has not, before lodgement of this Prospectus, withdrawn its consent to being named as the independent solicitor reporting on tenements in the form and context in which it is named and to the inclusion of the Independent Solicitor's Report included in Section 6 of the Prospectus in the form and context in which it is included.

BDO Kendalls Corporate Finance (WA) Pty Ltd has given and has not, before lodgement of this Prospectus, withdrawn its consent to being named as the independent accountant and auditor of the Company in the form and context in which it is named and to the inclusion of the Independent Accountant's Report included in Section 7 of the Prospectus in the form and context in which it is included.

Precinct Eight Pty Ltd has given and has not, before lodgement of this Prospectus, withdrawn its consent to being named as the Corporate Advisor to the Company in the form and context in which it is named in Section 2.12 of the Prospectus.

Fernshaw Securities Pty Ltd has given and has not, before lodgement of this Prospectus, withdrawn its consent to being named as Lead Manager to the Offer in the form and context in which it is named in Section 2.12 of the Prospectus.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and has not withdrawn their consent prior to the lodgement of this Prospectus with the ASIC:

- (a) Allion Legal as Solicitor Reporting on Tenements and Material Contracts;
- (b) MineMap Pty Ltd as Consulting Mining Geologist reporting on Inferred Mineral Resources for the Mary Springs Project;
- (c) Ravensgate as Independent Consulting Geologist;
- (d) PKF Chartered Accountants and Business Advisers as Auditor of the Company;
- (e) BDO Kendalls Corporate Finance (WA) Pty Ltd as Independent Accountant;
- (f) Precinct Eight Pty. Ltd. as Corporate Advisor to the Offer;
- (g) Fernshaw Securities Pty Ltd as Lead Manager to the Offer; and
- (h) Security Transfer Registrars Pty Ltd as Share Registrar.

There are persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus, nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.



10. ADDITIONAL INFORMATION

10.7 Interests of Experts and Advisers

Except as disclosed in this Prospectus, no promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those person is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in the formation or promotion of the Company, or property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash or Shares or otherwise) have been paid or agreed to be paid to any promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Allion Legal has acted as Solicitor to the Offer and provided advice and assistance in relation to certain aspects of this Prospectus, the Company's due diligence regime and enquiries and in relation to its application and admission to ASX. Allion Legal has prepared the Solicitor's Report in respect to the tenements and the material contracts. In respect of these services, Allion Legal has or will be paid up to \$30,000 (plus GST) for Prospectus services.

Ravensgate has acted as the Independent Geologist and has prepared the Independent Geological Report included in Section 5 of this Prospectus. Ravensgate has or will be paid \$30,000 (plus GST) in respect of these services.

BDO Kendalls Corporate Finance (WA) Pty Ltd has acted as the Independent Account to the Offer and prepared the Independent Accountant's Report included in Section 7 of this Prospectus. BDO Kendalls Corporate Finance (WA) Pty Ltd has or will be paid \$7,000 (plus GST) in respect of these services.

PKF Chartered Accountants and Business Advisers has agreed to act as auditor to the Company and will receive fees approximately \$20,000 (plus GST) for these services in 2009/2010.

Precinct Eight Pty. Ltd. will be paid the Corporate Advisors Fee and Capital Raising Fee disclosed in Section 2.13 and its out of pocket expenses (plus GST).

Fernshaw Securities Pty Ltd has agreed to act as Lead Manager to the Offer on a best endeavours basis and will be paid a Capital Raising Fee as disclosed in Section 2.12 of this Prospectus.

10.8 Litigation

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Prospectus, litigation searches confirm that the Company is not involved in any legal proceedings, nor so far as the Directors are aware, are any legal proceedings pending or threatened against the Company the outcome of which will have a material adverse effect on the business or financial position of the Company.

10.9 Expenses of the Offer

The total expenses connected with the Offer are estimated to be approximately \$309,275. These expenses will be borne by the Company.

10.10 Offer to Precinct Eight

The Company will offer under this Prospectus 1,000,000 Unlisted Options exercisable at 23 cents and 1,000,000 Shares to Precinct Eight, as set out in section 10.4(b) of this Prospectus.

The Company will send Precinct Eight a Prospectus together with an Application Form for the Unlisted Options and Shares. To accept this offer, Precinct Eight should complete and return the Application Form sent with a copy of this Prospectus to the Company by the Closing Date or such other date as the Directors may nominate.



10. ADDITIONAL INFORMATION

10.11 Restricted Securities

ASX may classify certain existing Shares on issue in the Company (as opposed to those to be issued under this Prospectus) as being subject to the restricted securities provisions of the ASX Listing Rules. If so classified, such Shares would be required to be held in escrow for a period determined by ASX and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX.

10.12 CHESS

The Company will apply to participate in the Clearing House Electronic Sub-register System (“**CHESS**”).

CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd (“**ASTC**”), a wholly owned subsidiary of ASX, in accordance with the ASX Listing Rules and the ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHESS statement.

10.13 Tax Consideration

Investors should seek and rely on their own professional taxation advice in relation to an investment in the Company.

10.14 Distribution of Prospectus

The Prospectus has been prepared by the Company. In preparing the Prospectus, the Company has taken reasonable steps to ensure that the information in the Prospectus is not false or misleading. In doing so, the Company has had regard to the prospectus requirements of the Corporations Act.

Prospective investors should read the full text of the Prospectus as the information contained in individual sections is not intended to and does not provide a comprehensive review of the business and financial affairs of the Company nor the securities offered pursuant to the Prospectus.

No persons is authorised to give any information in relation to or to make any representation in connection with the Offer described in the Prospectus that is not contained in the Prospectus. Any such information or representation may not be relied upon as having been authorised by the Company in connection with the Offer.

The Prospectus provides information to assist investors in deciding whether they wish to invest in the Company and should be read in its entirety. If you have any questions about its contents or investing in the Company you should contact your stockbroker, accountant or other financial adviser.

10.15 Non-Resident Investors

The Prospectus does not constitute an offer in any country or place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to subscribe for Shares.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.



10. ADDITIONAL INFORMATION

Intending investors resident outside Australia should first consult their professional advisers as to whether or not governmental or other consents are required, or whether formalities need to be observed to enable them to invest. Intending non-resident investors should also seek advice in respect of the taxation effect of an investment in the Company and dividends that the Company may distribute in the future.

The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

10.16 Privacy

The Application Form accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth) (as amended). The Company (and its share registry on behalf of the Company) may collect, hold and use that person information in order to assess your Application, service your needs as a Shareholder and provide facilities and services that you request and to administer the Company.

Access to information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

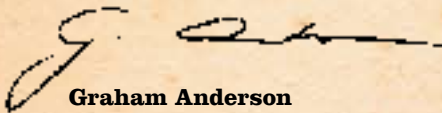
If you do not provide the information requested of you in the Application Form, the Company's share registry may not be able to process your Application or administer your holding of Shares appropriately. Under the Privacy Act 1988 (Cth) (as amended), you may request access to your personal information held by (or on behalf of) the Company. You can request access to your personal information by telephoning or writing to the Company to the attention of the Privacy Officer.

Directors' Statements

This Prospectus is used by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 9 October 2009



Graham Anderson
Chairman

For and on behalf of
Ethan Minerals Limited



*Ken Fitzgerald at tailing dumps at the historic
Baddera Mine*



GLOSSARY

The following defined terms apply throughout this Prospectus unless the context requires otherwise:

“\$” means Australian dollars unless otherwise specified;

“**ACH Clearing Rules**” means the operating rules of Australian Clearing House Pty Limited ACN 001 314 503;

“**Applicant**” means a person who completes and lodges an Application Form;

“**Application**” means an application for Shares pursuant to this Prospectus;

“**Application Form**” means the application form attached to this Prospectus;

“**ASIC**” means the Australian Securities & Investments Commission;

“**ASTC Rules**” means the settlement rules of Australian Settlement and Transfer Corporation Pty Ltd;

“**ASX**” means ASX Limited (ACN 008 624 691);

“**ASX Listing Rules**” means the Listing Rules of ASX as amended from time to time;

“**Closing Date**” means the last date on which Application Forms may be submitted;

“**Company**” or “**Ethan**” means Ethan Minerals Limited (ACN 124 354 329);

“**Constitution**” means the Constitution of the Company;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Directors**” or “**Board**” means the directors of the Company as at the date of this Prospectus;

“**Exposure Period**” means the period of 7 days after the date of lodgement of this Prospectus with the ASIC, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act;

“**Issue**” means the issue of minimum of 12,500,000 and maximum of 20,000,000 Shares under this Prospectus;

“**Offer**” means the offer of Shares pursuant to this Prospectus;

“**Official List**” means the official list of ASX;

“**Opening Date**” means the first date on which Application Forms can be received;

“**Prospectus**” means this prospectus dated 9 October 2009;

“**Shares**” means fully paid ordinary shares in the capital of the Company;

“**Shareholder**” means a holder of a Share(s);

“**Share Registry**” means Security Transfer Registrar Pty Ltd;

“**Unlisted Options**” means an option to be issued a Share on the terms set out in section 10.3; and

“**WST**” means Western Standard Time.



TREATMENT OF APPLICATION

The return of an Application Form with your cheque for the application money will constitute your offer to purchase or subscribe for Shares. If your Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid.

The decision of the Company as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final. The decision on the number of Shares to be allocated to you shall also be final. You will not, however, be treated as having offered to purchase more Shares than is indicated on the Application Form.

Investors whose application are not accepted, or are Accepted in respect of a lower number of Shares than the number applied for, will receive a refund of all or part of their application money without interest, as applicable.

CORRECT FORMS OF REGISTRABLE NAMES

Only legal entities may be registered as holders of the Shares. Applications must be in the full name(s) of natural persons, companies or other legal entities. Shares cannot be registered in the name of a trust and no trust can be implied. The name of a beneficiary or any other registrable name may be included by way of account description if completed exactly as described in the examples of correct forms of registrable names below.

TYPE OF INVESTOR	CORRECT FORM	EXAMPLES OF INCORRECT FORM
Individuals Give full name - not initials	JOHN FRED WILLIAMS	J. F. Williams
Persons under the age of 18 Do not use the name of the minor, use name(s) of parent(s)/guardian(s)	MICHAEL JOHN WILSON & SARAH JANE WILSON <ANDREW WILSON A/C>	Andrew Wilson
Companies Use company title, not abbreviations	JOHN WILLIAMS PTY LTD	J. Williams Co. John Williams P/L
Trusts Do not use the name of the trust, use name(s) of trustee(s)	JOHN FRED WILLIAMS <WILLIAMS FAMILY A/C>	John Williams Family Trust
Deceased Estates Do not use the name of deceased, use personal names of executor(s)	JANE MARY MCDONALD <EST JOHN SMITH A/C>	Estate of the Late John Smith
Partnerships Do not use the name of partnership, use personal names of partners	SARAH JANE WILSON & MICHAEL JOHN WILSON <SARAH WILSON & SON A/C>	Sarah Wilson & Son
Clubs/Unincorporated Bodies Do not use name of clubs etc, use personal names of office bearer(s)	JOHN FRED WILLIAMS <ABC TENNIS ASSOCIATION A/C>	ABC Tennis Association
Superannuation Fund Do not use name of fund use name(s) of trustee(s)	SARAH WILSON PTY LTD <SUPER FUND A/C>	Sarah Wilson Pty Ltd Superannuation Fund

How to complete the Application Form

Please complete all relevant sections of the Application Form in BLOCK LETTERS. These instructions are cross-referenced to each section of the Form.

A	Insert the <i>Number of Shares</i> you wish to apply for in Section A. The application must be for a minimum of 10,000 Shares and thereafter must be in multiples of 1,000 Shares.
B	Insert your <i>application money</i> by multiplying the number of Shares by 20 cents per share in Section B.
C	Enter the <i>Full Name(s)</i> and <i>Title(s)</i> of all legal entities that are to be recorded as the registered holder(s) of the Shares. You should refer to the back of the Application Form for the correct forms of name which can be registered. Applications using the wrong form of name may be rejected. Up to three joint Applicants may register. An account designation may be entered on the last line of this section. It should be contained within <> brackets with A/C at the end eg <SUPER FUND A/C>.
D	Enter your <i>Postal Address</i> for all correspondence. All communications to you from Ethan Minerals Limited will be mailed to the person(s) and address as shown. For joint applications, only one address can be entered.
E	Please insert your <i>Telephone Number(s)</i> and contact name in case there are irregularities with your application.
F	If the applicant is a company, insert A.C.N. or A.R.B.N
G	Enter the <i>tax file number(s)</i> of the applicants. With a joint holding, only the tax file number of two holders are required.
H	- Make your cheque(s) or bank draft(s) payable to "Ethan Minerals Limited - Application Account" in Australian currency. Your cheque(s) or bank draft(s) must be drawn on an Australian bank. - Attach your cheque(s) or bank draft(s) to the Application Form where indicated. Complete the details of your cheque(s) or bank draft(s) in this section

LODGEMENT OF APPLICATIONS

Return your completed Application Form and cheque(s) or bank draft(s) to:

Security Transfer Registrars Pty. Ltd.
770 Canning Highway,
Applecross. W.A. 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Applications must be received at the above address by 5.00pm (WST) on 13 November 2009 (subject to the right of the Company to vary this date)

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CORRECT FORMS OF REGISTRABLE NAMES

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B	Insert your <i>application money</i> by multiplying the number of Shares by 20 cents per share in Section B.
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Ethan Minerals Limited

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WEB: www.ethanminerals.com.au