



ETHAN SIGNS AGREEMENT FOR 100% OF KAFWA MANGANESE PROJECT

The Directors of Perth based explorer, **Ethan Minerals Limited (ASX: ETH)** are pleased to provide a **Project Update** on the Zambian based, Kafwa Manganese Project.

HIGHLIGHTS

- Wholly owned Allegra Mining Zambia Limited, signs an agreement for the 100 per cent acquisition of the Kafwa Manganese Project
- Allegra has applied for another six mining leases in the Mukonshi area
- Allegra commences process of winding up Eagle Eye Joint Venture

In May 2010, Ethan Minerals announced it had signed a Joint Venture, via its wholly owned subsidiary Allegra Mining Zambia Limited ("Allegra"), with Zambian based company Eagle Eye Mining Zambia Limited ("Eagle Eye") to develop a Zambian based manganese project. Under the terms of the JV, Allegra would derive 70 per cent of net revenues existing in identified prospects and any future prospects offered by Eagle Eye to Allegra. Exploration and trial mining at the Kafwa Manganese Project began in August 2010, with Ethan constructing a 12 kilometre haul road, linking the Project with the Great North Highway. Two dominant styles of manganese mineralisation were identified.

Allegra has now executed an agreement with Mr Jazzman Chikwakwa, the owner of the Prospecting Licenses covering the Kafwa Manganese Project, to grant all parts of the prospecting and mining rights covering the Licenses to Allegra for their remaining life.

Key terms of the agreement:

- Initial payment of USD\$50,000 by 28 October 2010;
- Final payment of USD\$400,000 by 30 November 2010;
- The owner of the Prospecting Licenses to be paid a royalty of USD\$30 for each tonne of manganese produced;
- The owner to be provided a motor vehicle by 30 November 2010.

Following the execution of the agreement with Mr Jazzman Chikwakwa, Allegra has now commenced the process of winding up the Eagle Eye Joint Venture.

Current field work at the project indicates that the zones of Manganese mineralisation have an extensive lateral strike length of several kilometers, and an average visual estimated vertical extent seen in the test pits from 1 – 10m. Allegra intends to carry out further exploration to validate and quantify the extent of manganese mineralisation.

Allegra has applied for an additional six mining leases in the Mukonshi Area totaling approximately 200 square kilometers to extend its manganese footprint in Zambia.

In commenting on the progress being made at the Kafwa Manganese Project, Ken Fitzgerald, Executive Director, Ethan Minerals Limited, said,

"Allegra is anticipating completing the first of two planned shipments of manganese ore to a prospective long term customer by the end of October 2010 as part of its trial mining process, with the second shipment planned by the end of November 2010. Each shipment will be in the order of 10,000 tonnes with the first shipment currently located at the port of Dar es Salaam."



"We are very pleased with these latest developments in Zambia and will be providing further updates for shareholders as more substantial progress is made."



Manganese ore removed from one of the veins



Stock Pile of Manganese in Storage waiting to be graded and bagged for transportation to port

For more information,

Or contact:

Mr Ken Fitzgerald
Executive Director
Ethan Minerals Limited
Tel: +61 8 9472 5502
Mob: +61 (0)417 099 167

Mr Rod North
Managing Director
Bourse Communications Pty Ltd
Tel: +61 3 9510 8309
Mob: +61 (0)408 670 706