ETHAN RECEIVES FORMAL RATIFICATION OF KAMPUMBA MANGANESE MINING LEASES

Perth based explorer, Ethan Minerals Limited (ASX:ETH) is pleased to advise that the Company has received formal ratification of the Kampumba Manganese Mining Leases, located in the Zambian Copper Belt, Central Zambia, Africa.

HIGHLIGHTS

- The Zambian Court has now ratified local Chief, Chief Mukonchi David Musonda's rights to that area and the agreement has been stamped by the Zambian Court
- Allegra is also reviewing the required capital expenditure to lift this production to 1,000,000 MT PA.

On October 22nd, Ethan formally announced the granting of additional leases of 2,000sq kms and 416 sq kms of Manganese areas within the Zambian Copper Belt. Within the new manganese leases granted, is the Kampumba mine. The Company reached an agreement with the local interests to acquire an 80% interest in the operating manganese mine, with the remaining 20% a free carried interest to the local community.

The Project is located in Central Zambia, approximately 80 kilometres east of Kabwe and is close to the Great North Road, the main artery for road transport infrastructure. The Kampumba Project has been in production for the past 50 years and is currently operating at a rate of approximately 650,000MT of manganese ore annually. The operation is an open cut mine with a run of grades which are typically above 50% and as high as 61% Mn.

The October 22nd announcement stated that the Zambian Supreme Court was scheduled to confirm the ratification of the manganese lease by Friday, 29th October. The Zambian Court has now ratified local Chief, Chief Mukonchi David Musonda's rights to that area and the agreement has been stamped by the Zambian Court.

As previously advised, the mine was previously illegally operated by Chinese miners. These have now been evicted by the Zambian police and courts and the rights to operate and the title to the leases have been reaffirmed to Allegra Mining Zambia Ltd. by the Zambian Government and the surface and access rights have been reaffirmed to Chief David Musonda. The Chief has also now assigned the full operating rights of the mine to Allegra Mining Zambia Limited.

During the period of time in which the illegal Chinese miners were operating within the lease, the Kampumba mine was producing at the rate of 650,000 MT of Mn. The Run of Mine grade was 50% to 61% Mn. Allegra will contribute USD $40,000 for environmental and community infrastructure to earn an 80% full operating interest in this mine that can produce high grade Mn at the rate of 650,000 MT PA. Allegra will also pay the appropriate lease fees as outlined in the announcement of 27th October, 2010.

Allegra is also reviewing the required capital expenditure to lift this production to 1,000,000 MT PA. The Kampumba mine operates as an outcrop and open cut operation. Subsequently, the machinery required will be basic bulldozers, excavators and trucks. These are readily available from South Africa and can be onsite within 14 days of purchase.

In commenting on the ratification of the mining leases, Ken Fitzgerald, Executive Director, Ethan Minerals said,

"Ethan is pleased to have the Kampumba Mining Leases formally ratified. The Company can now focus on lifting production capacity at the mine and look to completing further exploration in order to define a JORC Compliant Resource at the Project."

HIS ROYAL HIGHNESS,
CHIEF MUKONCHI,
DAVID MUSONDA,
P.O. BOX
KAPIRI MPOSHI.

25th October 2010.

Ministry of Mines and Development
Po Box 31969
Lusaka ,Zambia

<u>To Whom It May Concern</u>

Dear sir,

This letter serves to inform you that I have given full concert to Allegra Mining Company to do the exploration and mining in my Area.

They have shown full commitment and dedication already as they been doing exploration for Manganese, which most of the others mines haven't done to my satisfaction.

Your Consideration to have this company given the Licence will help my Chiefdom and our people will benefit a lot as they will give employment to many and bring development to my chiefdom.

Allegra Mining Company as shown maturing and focus in their work already kindly help them.

Yours Faithfully

His Royal Highness
Chief David Musonda.

REPUBLIC OF ZAMBIA
CHIEF MUKONCHI
25 OCT 2010
LUNSEMFWA LOCAL COURT
P.O.BOX 810004 KAPIRI- MPOSHI

Chief X.

Figure-1, Formal Letter of Consent to Allegra Mining, from His Royal Highness Chief David Musonda.

The information in this update pertaining to mineral resources and exploration results was compiled by Mr. M P Sullivan who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Sullivan is a consultant to Ethan Minerals Limited and has sufficient experience which is relevant to the style of mineralization and the type of deposit that is under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Sullivan consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

For more information please visit www.ethanminerals.com.au

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About Ethan Minerals Limited

Ethan Minerals Limited ("Ethan") successfully listed fully oversubscribed on the ASX on 4th December, 2009 having raised over $5 million dollars. Ethan is an Australian-based exploration company focused on the successful discovery and development of quality base and precious metals deposits in Western Australia, focussing initially on its Northampton Project, north of Geraldton. The Company's strategy is to develop its lead project, the Mary Springs Project, where a JORC Compliant Inferred Resource of 394,419 MT at 6.5% Pb has been quoted by Independent Consultants, MineMap. Ethan will also look to secure projects that have attractive project economics or prior exploration activity, offering a robust exploration model and are thereby essentially 'drill ready'. Utilising advanced exploration models, coupled with proven analytical and geophysical techniques Ethan will identify and delineate additional drill targets within the Northampton Project in an effort to develop new, commercial base metal projects. Ethan is currently targeting additional prospective opportunities for investment in Africa and Indonesia.