



Prospect Resources

Date: 6 July 2012

Prospect Resources Limited (formerly Ethan Minerals Limited)

Financial Information
31 May 2012

ACN 124 354 329

ASX Code : PSC

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Condensed Statement of Financial Position
As at 31 May 2012

	Reviewed 31/05/2012
Assets	
Current Assets	
Cash and cash equivalents	1,201,631
Trade and other receivables	7,507
Total Current Assets	<u>1,209,138</u>
Non-Current Assets	
Exploration and evaluation expenditure	1,300,000
Total Non-Current Assets	<u>1,300,000</u>
Total Assets	<u>2,509,138</u>
Liabilities	
Current Liabilities	
Trade and other payables	193,715
Total Current Liabilities	<u>193,715</u>
Total Liabilities	<u>193,715</u>
Net Assets	<u>2,315,423</u>
Equity	
Contributed equity	14,835,398
Reserves	899,650
Accumulated losses	<u>(13,419,625)</u>
Total Equity	<u>2,315,423</u>

Notes to the Financial Information For the period ended 31 May 2012

1. Corporate information

The financial information of Prospect Resources Limited (formerly Ethan Minerals Limited) ("the Company") as at 31 May 2012 was authorised for issue in accordance with a resolution of the Directors on 6 July 2012.

Prospect Resources Limited is a company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (under code 'PSC'). These shares are currently suspended from trading.

The principal activity of the Company is exploration for mineral resources.

2. Significant accounting policies

Statement of compliance

The financial information is a special purpose financial report prepared in accordance with the accounting policies outlined below. The financial information does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report or interim financial report.

Basis of preparation

The financial information have been prepared on the basis of historical cost, except where stated. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the financial information are consistent with those adopted and disclosed in the Company's 2011 annual financial report for the financial year ended 30 June 2011. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

No comparative information is included in this financial information.

**Notes to the Financial Statements
For the period ended 31 May 2012**

3. Going concern

As at 31 May 2012 the company had accumulated losses of \$13,419,625.

The company will have the ability to continue as a going concern based on the following:

- i. On the 14 May 2012, the Company issued 100,000,000 ordinary shares and 60,000,000 options exercisable at \$0.015, raising \$251,500 before costs. On the 24 May 2012, the Company issued 190,000,000 ordinary shares raising \$1,900,000 before costs. The Company used part of these funds to repay a loan of \$950,000 to a syndicate headed by Pager Partners, by either offsetting against securities applied for on 14 May 2012 and 24 May 2012, or via a cash payment on 5 June 2012.
- ii. Ongoing management of expenditure in line with cash flow forecasts.

Cash flow forecasts indicate that the company has sufficient cash flows to meet all commitments and working capital requirements for a period of at least 12 months from the date of signing this financial information. Accordingly, the directors are satisfied that the going concern basis of preparation is appropriate.

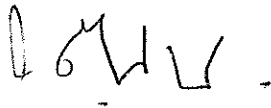
The financial information has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial information and notes thereto are in accordance with the accounting policies described in Note 2, including compliance with accounting standards and giving a true and fair view of the financial position the Company.

On behalf of the directors



Hugh Warner
Director

Perth, 6 July 2012.

Independent Auditor's Review Report to the directors of Prospect Resources Limited

We have reviewed the accompanying financial information of Prospect Resources Limited, which comprises the statement of financial position as at 31 May 2012, notes comprising a summary of significant accounting policies and directors' declaration as set out on pages 3 to 6.

Directors' Responsibility for the 31 May 2012 Financial information

The directors of the company are responsible for the preparation and fair presentation of the financial information in accordance the accounting policies disclosed in Note 2 to the financial information and for such internal control as the directors determine is necessary for the preparation and fair presentation of the financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial information based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial information is not presented fairly, in all material respects, information in accordance the accounting policies disclosed in Note 2. As the auditor of Prospect Resources Limited, ASRE 2405 requires that we comply with the ethical requirements relevant to the review of the annual financial information.

A review of the financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial information of Prospect Resources Limited does not present fairly, in all material respects, Prospect Resources Limited's financial position as at 31 May 2012 in accordance with the accounting policies described in Note 2 to the financial information.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial information, which describes the basis of accounting. The financial information is prepared to assist the directors of Prospect Resources Limited to meet the financial reporting requirements of the Australian Securities Exchange ("ASX") for the purposes of re-admission of the Company's shares for trading on the ASX. As a result, the financial information may not be suitable for another purpose.



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants
Perth, 6 July 2012