PROSPECT RESOURCES LIMITED
(FORMERLY ETHAN MINERALS LIMITED)

ACN 124 354 329

ANNUAL REPORT
30 JUNE 2012

CORPORATE DIRECTORY

DIRECTORS	Jonathan Pager Michael Pollak Hugh Warner
SECRETARY	Andrew Whitten
PRINCIPAL OFFICE	Suite 6, 245 Churchill Ave Subiaco, WA 6008 Telephone: (08) 9217 3300 Facsimile: (08) 9338 3006
REGISTERED OFFICE	Suite 6, 245 Churchill Ave Subiaco, WA 6008
AUDITORS	Deloitte Touche Tohmatsu Woodside Plaza, Level 14 240 St Georges Terrace Perth WA 6000
ASX CODE	Shares – PSC (formerly ETH)
SHARE REGISTRY	Security Transfer Registrars Pty Ltd Suite 1, Alexandra House, 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
LEGAL REPRESENTATIVES	Whittens Lawyers and Consultants Level 5, 137-139 Bathurst Street Sydney NSW 2000

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DIRECTORS' REPORT

The Directors of Prospect Resources Limited (formerly Ethan Minerals Limited) ("the Company") submit hereby the annual report of the company for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporation Act 2001, the Directors report as follows:

OFFICERS AND DIRECTORS

The Directors at any time during or since the end of the year are:

Name	Particulars
Hugh Warner	Non Executive Director and Chairperson (appointed 3 January 2012)
Jonathan Pager	Non Executive Director (appointed 3 January 2012)
Michael Pollak	Non Executive Director (appointed 3 January 2012)
Kenneth Fitzgerald	(resigned 3 January 2012)
Julie Glanville	(resigned 3 January 2012)
Douglas William O'Neill	(resigned 1 July 2011)

The above named Directors held office during and since the financial year, except as otherwise stated.

INCOMPLETE RECORDS

The management and affairs of the Company were not under the control of the Directors of the Company since it entered voluntary administration on 1 July 2011 until the date that the Deed of Company Arrangement ("DOCA") was effectuated, being 28 March 2012.

The financial report was prepared by the Company's current Directors who were not in office at the time the Company entered voluntary administration or for the full periods presented in this report. The Directors who prepared this financial report were appointed on 3 January 2012.

To prepare the financial report, the Directors have reconstructed the financial records of the Company using:

- data extracted from the Company's accounting system for the period 1 July 2010 to the date the Company entered administration; and
- the record of receipts and payments made available by the Administrator for the period from their appointment on 1 July 2011.

It has not been possible for the Directors to obtain all the books and records:

- of the Company for the period prior to the appointment of the Administrators;
- of the Company maintained by the Administrators since their appointment on 1 July 2011; and
- of the subsidiaries of the Company.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state that this financial report gives a true and fair view of the company's financial position.

PRINCIPAL ACTIVITY

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

REVIEW OF OPERATIONS AND RESULTS

Appointment of Administrators and restructure
On 1 July 2011, Bradley Tonks and John Vouris of Lawler Partners (the Administrators) were appointed as the Joint and Several Administrators of the Company and assumed control of the Company and its business, property and affairs.

The Administrators sought expressions of interest from third parties in either acquiring the assets of the Company or reconstructing and recapitalising the Company.

As part of this process, on 4 November 2011 the creditors approved the Administrators entering into a Deed of Company Arrangement (the DoCA), pursuant to which the Deed Administrators were authorised, among other things, to investigate the restructure of the Company's capital with a view to re-instating the Company's Shares to quotation on ASX for the benefit of creditors and Shareholders.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS AND RESULTS (continued)

The Company's creditors subsequently agreed with a proposal presented by a Syndicate headed by Pager Partners (Syndicate) for the restructure and recapitalisation of the Company (the Proposal). The Proposal resulted in the Company becoming debt free and sufficient cash being injected into the Company to enable the Company to continue operating and for the re-instatement of its Shares to Official Quotation on ASX. The Proposal was approved by Shareholders on 28 February 2012.

The Proposal included:

- the retention of the Company's existing mineral exploration licences, rights and applications (unencumbered);
- the entry by the Company into a Creditors' Trust Deed for the purposes of satisfying approved creditor claims;
- the Company making available any cash at bank, its rights in its sundry debtors, its claims against its Subsidiaries and shares in its Subsidiaries (as well as any other assets not purchased by the Syndicate) for the benefit of the Company's creditors pursuant to the terms of the DoCA;
- the payment of $950,000 in cash (paid by the Syndicate by way of a loan to the Company) to the Creditors Trust in return for creditors releasing all claims against the Company and participating as creditors of the Creditors Trust, with all other liabilities and obligations of the Company being compromised under the DOCA.;
- the Company issuing 290,000,000 new ordinary shares and 60,000,000 options to raise $2,151,500 before costs;
- the existing Directors of the Company at the time of executing the DoCA, being Mr Kenneth Fitzgerald and Ms Julie Glanville, resigning and new Directors, Messrs Hugh Warner, Jonathan Pager and Michael Pollak, being appointed to the Board; and
- the change of the Company's name from "Ethan Minerals Limited" to "Prospect Resources Limited".

On 28 March 2012, the Syndicate lent to the Company $950,000 so that it could satisfy the terms of the DoCA. The DoCA was effectuated on 28 March 2012 and contemporaneously the Company was removed from external administration. The Company was reinstated to trade on the ASX on the 19 July 2012.

Australia
Northampton, Western Australia (including Mary Springs)
As at the date of signing this financial report, the Company has 100% of one exploration licence ("the Mary Springs project"), an 80% interest in a further 3 exploration licences and 5 Mining Access Agreements to 6 Queen Victoria Crown Grants..

The Northampton area is well known for its structurally controlled copper, lead, zinc and silver mineralisation. Anomalous gold values have also been returned from regional sampling. As announced to the market on 25 October 2010, the Mary Springs project hosts a JORC compliant Indicated and Inferred Mineral Resource of 394,419 tonnes @ 6.5% Pb for approximately 25,637 tonnes of contained lead metal. The resource is open in all directions.

Zambia
Allegra Mining Zambia Limited
As part of the restructure and recapitalisation of the Company, the Company entered into a DoCA which resulted in the Company transferring the shares of its subsidiaries to the benefit of the Company's creditors. The DoCA was effectuated on the 28 March 2012, which is when the Company is deemed to have lost control, and deconsolidated this subsidiary from the Group.

Indonesia
PT Ethan Mining Celebes
As part of the restructure and recapitalisation of the Company, the Company entered into a DoCA which resulted in the Company transferring the shares of its subsidiaries to the benefit of the Company's creditors. The DoCA was effectuated on the 28 March 2012, which is when the Company is deemed to have lost control, and deconsolidated this subsidiary from the Group.

Results
The Company incurred an after tax loss of $10,240 (2011: Loss of $6,958,738).

DIRECTORS' REPORT (continued)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were as follows:

1. the Company was placed into Voluntary Administration on the 1 July 2011;
2. at a general meeting held on 28 February 2012, the shareholders of the Company resolved to: change the name of the company to "Prospect Resources Limited"; adopt a new Constitution; re-elect Hugh Warner, Jonathan Pager and Michael Pollak as the directors; authorise the placement of 100,000,000 shares at 0.25 cents per share (Share Placement Offer); authorise a share offer of 190,000,000 shares at 1 cent per share, authorise an offer of 60,000,000 options exercisable at 1.5 cents per option in consideration of 0.0025 cents per option (Options Offer); and authorise allotments and issues to the directors from the placement and issues;
3. with the satisfaction of all conditions and obligations of the parties, the DOCA was effectuated on 28 March 2012 and the Company was released from being subject to the DOCA;
4. the Company issued 100,000,000 shares at 0.25 cents per share, and 60,000,000 options at 0.0025 cents per option to raise $251,500 on 15 May 2012. The material terms of the options is set out in Note 13(c);
5. the Company issued 190,000,000 shares at 1 cent on the 24 May 2012, via a Prospectus dated 15 May 2012; and
6. the Company was reinstated to the ASX Official List on 19 July 2012.

ENVIRONMENTAL REGULATIONS

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulation when carrying out exploration work.

DIVIDENDS

No dividends were recommended or paid during the current year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Company's securities were reinstated to official quotation on the 19 July 2012. On the 31 July 2012, 2,000,000 options exercisable at $0.23 expired unexercised. On 5 September 2012, the Company withdrew its applications for tenements E66/80 and E66/81, each the subject of four native title party claimant applications. Since 30 June 2012, there has been no other matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Company's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Company's state of affairs in future financial years.

LIKELY DEVELOPMENTS/STRATEGIES AND PROSPECTS

The Company will continue to explore and assess its mineral projects and will also consider new projects that could provide growth for shareholders.

INFORMATION ON DIRECTORS

Hugh Warner (Non-executive Director and Chairperson, age 43), appointed 3 January 2012

Experience and Expertise
Mr Warner holds a Bachelor of Economics from the University of Western Australia. He has broad experience as a public company director, having been a director of a number of publicly listed companies involved in the mining, oil and gas, biotechnology and service industries.

Other Current Directorships
Modun Resources Limited (Non-executive director and Chairperson) (appointed 20 April 2010)
TPL Corporation Limited (Non-executive director and Chairperson) (appointed 17 May 2010)
FRR Corporation Limited (Non-executive director and Chairperson) (appointed 28 November 2011)
PLD Corporation Limited (Non-executive director and Chairperson) (appointed 23 November 2011)

Former Directorships in the Last Three Years
None

Special Responsibilities
Chairperson

Interests in Shares and Options
61,300,000 ordinary shares and 16,000,000 options

DIRECTORS' REPORT (continued)

Jonathan Pager (Non-executive director, age 42), appointed 3 January 2012

Experience and Expertise
Mr Pager has over 18 years' experience as a management consultant across a wide range of industries in Australia and overseas. He has a Masters of Economics and qualified as a chartered accountant with Deloitte, where he commenced his career. Jonathan has recapitalised several ASX-listed companies.

Other Current Directorships
FRR Corporation Limited (Non-executive director) (appointed 28 November 2011)
PLD Corporation Limited (Non-executive director) (appointed 23 November 2011)

Former Directorships in the Last Three Years
TPL Corporation Limited (Resigned 15 June 2010)

Special Responsibilities
None

Interests in Shares and Options
5,433,333 ordinary shares and 6,000,000 options

Michael Pollak (Non-executive director, age 37), appointed 3 January 2012

Experience and Expertise
Mr Pollak holds a Bachelor of Commerce, is a chartered accountant and has an MBA in strategy from the Australian Graduate School of Management. Michael commenced his career at PricewaterhouseCoopers 15 years ago. Michael has gained valuable experience in Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including mining, financial services and manufacturing. Michael has been involved in the recapitalisation of a number of ASX-listed companies.

Other Current Directorships
FRR Corporation Limited (Non-executive director) (appointed 28 November 2011)
PLD Corporation Limited (Non-executive director) (appointed 23 November 2011)

Former Directorships in the Last Three Years
None

Special Responsibilities
None

Interests in Shares and Options
21,000,000 ordinary shares and 11,000,000 options

Kenneth Fitzgerald (Executive director), resigned 3 January 2012

Experience and Expertise
Kenneth (Ken) Fitzgerald has worked for over 30 years in commercial business including mining, earth moving, transportation and agricultural industries. Ken was a founding Director of Prospect Resources Limited (formerly Ethan Minerals Limited).

Julie Glanville (Executive director), resigned 3 January 2012

Experience and Expertise
Julie Glanville has a Masters Degree in Educational Management and has 32 years' experience as an educator. Julie was a founding Director of Prospect Resources Limited (formerly Ethan Minerals Limited).

DIRECTORS' REPORT (continued)

Douglas William O'Neill (*Non executive director),* resigned 1 July 2011)

Experience and Expertise
Mr O'Neill has an extensive background in Investment Banking which spans 40 years. During this time he has worked for various financial institutions, including Citibank, Morgan Grenfell and the Hong Kong Shanghai Bank.

COMPANY SECRETARY
The company secretary is Andrew Whitten. Andrew was appointed to the position of company secretary on 10 April 2012. Andrew is a Solicitor Director of Whittens Lawyers and Consultants, where he specialises in corporate finance and securities law.

MEETINGS OF DIRECTORS

The Company was in Administration and DoCA from 1 July 2011 to 28 March 2012. Information on the attendance at Directors' meetings is not available during this period. Subsequent 28 March 2012, there were no directors meetings with business conducted via circular resolution.

REMUNERATION REPORT (AUDITED)

The Directors of the Company are the key management personnel. The Company does not have any executives that are not Directors.

The Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration;
2. Details of remuneration;
3. Service agreements;
4. Share-based compensation; and
5. Discussion of the relationship between the remuneration policy and company performance.

The information provided under headings 1 to 4 above in the Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

1 Principles used to determine the nature and amount of remuneration (audited)

The Company's Constitution specifies that subject to the initial fixed annual aggregate sum of $500,000, the aggregate remuneration of non-executive directors shall not exceed the sum determined by the shareholders of the Company in general meeting.

Fees and payments to directors:

1 are to reflect the demands which are made on, and the responsibilities of, the directors; and
2 are reviewed annually by the board to ensure that directors' fees and payments are appropriate and in line with the market.

Retirement allowances and benefits for directors

There are no retirement allowances or other benefits paid to directors.

Directors' fees

The amount of remuneration of the directors of the Company (as defined in AASB 124 *Related Party Disclosures*) is set out in the following table. During the financial year there were no executives other than the directors. There was no remuneration of any type paid to the directors, other than as reported below for the provision of director and professional services. The directors have commenced being paid from 1 July 2012.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) continued

2 Details of remuneration (audited)

Amounts of remuneration
Details of the remuneration of the directors, the key management personnel of the Company and specified executives of the Company are set out in the following tables:

Directors & Highest Paid Executives Remuneration									
	SHORT TERM			POST EMPLOYMENT		EQUITY			TOTAL
Directors	Salary & Fees	Other services	Non-Monetary	Superannuation	Retirement Benefits	Options	Other benefits	Remuneration Consisting of Options	$
Hugh Warner – Chairman and Non Executive Director									
2012	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
Jonathan Pager – Non Executive Director									
2012	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
Michael Pollak – Non Executive Director									
2012	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
Graham Anderson – Resigned 14 October 2010									
2012	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
2011	20,000 (i)	-	-	-	-	-	-	-	20,000
Ken Fitzgerald – Resigned 3 January 2012									
2012	84,545(iii)	-	-	-	-	-	-	-	84,545
2011	128,909 (iii)	-	-	-	-	-		-	128,909
Julie Glanville – Resigned 3 Janaury 2012									
2012	70,561(iv)	-	-	-	-	-	-	-	70,561
2011	99,364 (iv)	-	-	-	-	-		-	99,364
Nigel Ferguson – Resigned 12 July 2010									
2012	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
2011	40,000 (v)	-	-	-	-			-	40,000
Douglas William O'Neill – Resigned 1 July 2011									
2012	-*	-	-	-	-	-	-	-	-
2011	56,000 (vi)	-	-	-	-	-	-	-	56,000
Leonard Math - Company Secretary									
2012	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
2011	26,800(ii)	-	-	-	-	-		-	26,800
Total Remuneration Directors									
2012	155,106	-	-	-	-	-	-	-	155,106
2011	371,073	-	-	-	-	-	-	-	371,073

(i) These payments are to Graham Anderson Pty Ltd, a company in which Graham Anderson is a Director.
(ii) These payments are to GDA Corporate, a company in which Graham Anderson is a Director and Leonard Math is an employee. The fees include accounting services and company secretarial services provided to Prospect Resources Limited (formerly Ethan Minerals Limited).
(iii) These payments are to Neening Park Contractors, a company in which Mr Ken Fitzgerald is a Director. The 2012 balance was paid by the administrator.
(iv) These payments are to Ethan Park Contractors, a company in which Ms Julie Glanville is a Director. The 2012 balance was paid by the administrator.
(v) These payments are to Ridgeback Holdings Pty Ltd, a company in which Mr Nigel Ferguson is a Director.
(vi) These payments are to Holesmore Pty Ltd, a company in which Mr Douglas William O'Neil is a Director.
** The Company is not aware of any payments to these directors subsequent to appointment of voluntary administrators on 1 July 2011 to the 28 March 2012, refer note 2(a). The Company has not made any payments to these directors post effectuation of the DoCA on 28 March 2012.*

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) continued

3 Service agreements (audited)

The directors serve until they resign, are removed, cease to be a director or are prohibited from being a director under the provisions of the *Corporations Law 2001*, or are not re-elected to office. The directors are remunerated on a monthly basis with 3 months notice payable, commencing 1 July 2012.

As at the date of this report there are no executives or management personnel engaged by the Company other than the directors.

4 Share-based compensation (audited)

There were no share-based or option based compensation paid to the directors during the financial year.

5 Discussion of the relationship between the remuneration policy and company performance

The Company is currently undertaking new acquisition, exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Performance of Prospect Resources Limited

The table below sets out summary information about the entity's earnings and movements in shareholder wealth for the financial year ending 30 June 2012.

	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
	$	$	$	$	$
Revenue	8,306	400,195	32,077	959	9,089
Net loss before tax	(730,620)	(6,958,738)	(4,907,929)	(453,508)	(1,091,833)
Net loss after tax	(10,240)	(6,958,738)	(4,907,929)	(453,508)	(1,091,833)
	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Share price at beginning of year (cents)	14.5	27	N/a[2]	N/a[2]	N/a[2]
Share price at end of year (cents)	N/a[1]	14.5	27	N/a[2]	N/a[2]
Dividends	-	-	-	-	-
Basic and diluted earnings per share (cents per share)	(0.01)	(8.84)	(10.36)	(2.0)	(7.7)

[1] – the Company was suspended from trading at 30 June 2012, thus this information is not applicable

[2] – the Company was listed on 2 December 2009 and thus this information is not applicable

(End of Remuneration Report)

Additional Information

(a) Shares under option

At the date of signing this report, there were 70,559,000 ordinary shares under option (2011: 12,559,000). These options are exercisable as follows:

Date options granted	Expiry date	Exercise price of Options	Number under option
18 October 2007	18 October 2012	$0.20	9,701,500
5 November 2008	5 November 2013	$0.20	857,500
15 May 2012	30 June 2015	$0.015	60,000,000
			70,559,000

No options were exercised during the period. On the 31 July 2012, 2,000,000 options exercisable at $0.23 expired unexercised. For full terms of the options, see Note 13(c) and 15

(b) Insurance of officers

Due to the Company entering administration on the 1 July 2011, the Directors D & O insurance premium was consequently not renewed. Subsequent to 30 June 2012, the Company obtained Directors D & O insurance. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company.

DIRECTORS' REPORT (continued)

(c) Agreement to indemnify officers

The Company has entered into agreements with the directors to provide access to Company records and to indemnify them. The indemnity relates to any liability as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law; and for legal costs incurred in successfully defending civil or criminal proceedings.

No liability has arisen under these indemnities as at the date of this report.

(d) Proceedings on Behalf of the Company

To the best of the Directors knowledge, no person has applied to the court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened on behalf of the Company with leave of the court under Section 237.

(e) Auditor

Deloitte Touche Tohmatsu is the appointed auditor

(f) Indemnity of Auditor

The auditor (Deloitte Touche Tohmatsu) has not been indemnified under any circumstance.

(g) Audit Services

During the financial year $19,000 (excluding GST) was paid or payable for audit services provided by Deloitte Touche Tohmatsu (2011: $8,000).

(h) Non-audit Services

During the year Deloitte Touche Tohmatsu, the Company's Auditor, has performed the following services in addition to their statutory duties.

	Fees Paid (excl GST) $
Consent to be named in Prospectus dated 15 May 2012	1,050
Review of financial information dated 31 May 2012	3,675
Research & development rebate fee 2010 & 2011	98,000
Total	102,725

The directors are satisfied that the provision of the non-audit services (as listed above) provided during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services above do not compromise the external auditors independence for the following reasons:

(1) All non-audit services have been reviewed and approved to ensure they do not impact on the integrity and objectivity of the auditors; and
(2) None of the services undermine the general principles relating to auditor independence as set out in APES 110 ' Code of Ethics for Professional Accountants' issued by the Accounting Professional and Ethical Standards Board.

(i) Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 35 of the Annual Report.

Signed in accordance with a resolution of the Directors

Hugh Warner
Director

Perth, Western Australia
Dated 27 September 2012

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Prospect Resources Limited (formerly Ethan Minerals Limited) ('the Company'):

   (a) as set out in note 2, although the Directors have prepared the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. As set out in note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

Hugh Warner
Director

Perth, Western Australia
Dated 27 September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Continuing operations			
Interest received	3	1,510	37,261
Other Income	3	6,796	362,934
Depreciation and amortisation expenses		-	(32,891)
Corporate expenses		(524,945)	(509,307)
Exploration expenses	4	(55,087)	(1,034,017)
Impairment of property, plant and equipment		-	(131,574)
Impairment of receivables		-	(64,967)
Impairment of exploration and evaluation expenditure		-	(276,849)
Occupancy expenses		(13,441)	(73,459)
Marketing expenses		-	(51,206)
Employee and consultant expenses		(23,905)	(929,096)
Other expenses		(399,429)	(409,061)
Loss before tax		(1,008,501)	(3,112,232)
Income tax benefit	6	720,380	-
Loss for the year from continuing operations		(288,121)	(3,112,232)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	5	277,881	(3,846,506)
Loss after Income Tax		(10,240)	(6,958,738)
Other comprehensive income			
Exchange differences on translating foreign controlled entities		-	(44,563)
Other comprehensive income/(loss) for the year, net of tax		-	(44,563)
Total comprehensive loss for the year		(10,240)	(7,003,301)
Earnings/(loss) per share			
Basic (cents per share)	16		
- Continuing operations		(0.25)	(3.95)
- Discontinued operations		0.24	(4.89)
		(0.01)	(8.84)
Diluted (cents per share)	16		
- Continuing operations		(0.25)	(3.95)
- Discontinued operations		0.24	(4.89)
		(0.01)	(8.84)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated	
		2012	2011
		$	$
Current Assets			
Cash and cash equivalents	7	1,201,790	2,140
Trade and other receivables	8	9,302	8,222
Total Current Assets		1,211,092	10,362
Non-Current Assets			
Plant and equipment	9	-	-
Exploration and evaluation expenditure	10	1,300,000	1,300,000
Total Non-Current Assets		1,300,000	1,300,000
Total Assets		2,511,092	1,310,362
Current Liabilities			
Trade and other payables	11	199,656	1,066,828
Total Current Liabilities		199,656	1,066,828
Total Liabilities		199,656	1,066,828
Net Assets		2,311,436	243,534
Equity			
Contributed equity	12	14,834,034	12,757,392
Accumulated losses	13(f)	(13,422,248)	(13,412,008)
Reserve	13(b)	899,650	898,150
Total Equity		2,311,436	243,534

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Notes	2012 $	2011 $
Cash flows from operating activities			
Payments to suppliers and employees		(675,278)	(978,174)
Payments for exploration expenditure		(55,087)	(4,388,866)
Proceeds from research and development claims		720,380	-
Other Income		6,796	9,510
Net cash flows used in operating activities	7(a)	(3,189)	(5,357,530)
Cash flows from investing activities			
Interest received		1,339	37,261
Proceeds from sale of property, plant and equipment		-	137,216
Purchase of property, plant and equipment		-	(72,997)
Net cash flows from investing activities		1,339	101,480
Cash flows from financing activities			
Proceeds from issue of shares		2,151,500	2,405,242
Capital raising costs		-	(105,037)
Repayment of short term borrowings		(950,000)	-
Net cash flows from financing activities		1,201,500	2,300,205
Net increase/(decrease) in cash and cash equivalents		1,199,650	(2,955,845)
Effect of exchange rates on cash holdings in foreign currencies		-	(24,983)
Cash and cash equivalents at beginning of period		2,140	2,982,968
Cash and cash equivalents at end of period	7	1,201,790	2,140

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Issued Capital	Option Reserve	Foreign Currency Reserve	Accumulated Losses	Total Equity
Balance at 30 June 2010	10,137,187	585,150	44,563	(6,453,270)	4,313,630
Loss for the year	-	-	-	(6,958,738)	(6,958,738)
Other comprehensive income	-	-	(44,563)	-	(44,563)
Total comprehensive income for the year	-	-	(44,563)	(6,958,738)	(7,003,301)
Issue of share capital	2,725,242	-	-	-	2,725,242
Share capital raising costs	(105,037)	-	-	-	(105,037)
Share based payments	-	313,000	-	-	313,000
Balance at 30 June 2011	12,757,392	898,150	-	(13,412,008)	243,534
Loss for the year	-	-	-	(10,240)	(10,240)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-		
Issue of share capital	2,150,000	1,500	-	-	2,151,500
Share capital raising costs	(73,358)	-	-	-	(73,358)
Balance at 30 June 2012	14,834,034	899,650	-	(13,422,248)	2,311,436

The accompanying notes form part of these financial statements

1 CORPORATE INFORMATION

The financial report of Prospect Resources Limited (formerly Ethan Minerals Limited) ("the Company") for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 27 September 2012.

Prospect Resources Limited is a company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. These shares were suspended from trading at 30 June 2012, but were subsequently reinstated to trading on 19 July 2012.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements the Company is a for-profit entity.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose Financial Report has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of law where possible (refer to note 2(b) below).

The Financial Report has been prepared on the basis that the Company is a going concern. The board considers that the Company has sufficient cash resources to meet all operating costs for at least the next twelve months from the date of this report.

It is recommended that this financial report be read in conjunction with the public announcements made by Prospect Resources Limited during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

Historical cost convention
These financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Where these are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, these are disclosed in Note 2(r).

Comparative figures
When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current year. When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed. Refer to note 2(b) below regarding incomplete records and the potential impact on comparative figures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Incomplete records

The management and affairs of the Company were not under the control of the Directors of the Company since it entered voluntary administration on 1 July 2011 until the date that the DOCA was effectuated, being 28 March 2012.

The financial report was prepared by the Company's current Directors who were not in office at the time the Company entered voluntary administration or for the full periods presented in this report. The Directors who prepared this financial report were appointed on 3 January 2012.

To prepare the financial report, the Directors have reconstructed the financial records of the Company using:

- data extracted from the Company's accounting system for the period 1 July 2010 to the date the Company entered administration; and
- the record of receipts and payments made available by the Administrators for the period from their appointment on 1 July 2011.

It has not been possible for the Directors to obtain all the books and records:

- of the Company for the period prior to the appointment of the Administrators;
- of the Company maintained by the Administrators since their appointment on 1 July 2011; and
- of the subsidiaries of the Company.

Consequently*,* although the Directors have prepared this financial report to the best of their knowledge based on the information available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state that this financial report gives a true and fair view of the company's financial position.

(c) Revenue recognition

Interest revenue is recognised on a time proportionate basis using the effective interest method.

(d) Cash and Cash Equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on a current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other receivables

Other receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

(h) Exploration expenditure

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 Group 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 profit and loss.

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.

(i) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(j) Loss per share

Basic earnings per share (“EPS”) is calculated by dividing the result attributable to equity holders of the Company by the weighted number of shares outstanding during the year. Diluted EPS adjusts the figures used in the calculation of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed or known to have been issued in relation to dilutive potential ordinary shares.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown exclusive of GST. Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at balance date.

(m) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less cost to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the Statement of comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company.

At the date of the authorisation of the financial statements, the standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 19 (2011)'	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'.	1 January 2013	30 June 2014
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	1 January 2013	30 June 2014

The Directors note that the impact of the initial application of the Standards and Interpretations is not yet known or capable of estimation. These Standards and Interpretations will be first applied in the financial report of the Consolidated Entity that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Application of new and revised Accounting Standards

The following new and revised Accounting Standards and Interpretations have, where applicable, been adopted in the current year but have had no significant effect on the amounts reported or disclosures.

Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments" Disclosure'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held.
Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project'	AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards.
AASB 124 'Related Party Disclosures' (revised December 2009)	AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities.
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	Interpretation 114 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of AASB 119.
AASB 2009-12 'Amendments to Australian Accounting Standards'	The application of AASB 2009-12 makes amendments to AASB 8 'Operating Segments' as a result of the issuance of AASB 124 'Related Party Disclosures (2009).
AASB 2010-5 'Amendments to Australian Accounting Standards'	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations.
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	The application of AASB 2010-6 makes amendments to AASB 7 'Financial Instruments – Disclosures' to introduce additional disclosure requirements for transactions involving transfer of financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Share based payment transactions

(i) *Equity settled transactions*
The Company provides benefits to its employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of these equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The charge to the statement of comprehensive income is taken when the options are granted. There is a corresponding entry to equity.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(q) Critical Accounting Judgement and Key Sources of Uncertainty

In the application of the Company's accounting policies which are described above in Note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affect only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

Key Estimates – Impairment
The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in- use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Prior year assets were impaired as a result of the appointment of an Administrator. Assets were written down to the amounts recovered by the Administrator.

	Consolidated	
	2012	**2011**
	$	**$**
NOTE 3. REVENUE		
Interest	1,510	37,261
Sundry Income	6,796	9,510
Profit on sale of asset	-	13,130
Foreign exchange gain realised	-	340,294
	8,306	400,195
NOTE 4. EXPLORATION AND EVALUATION EXPENDITURE		
Exploration/evaluation expenditure expensed as incurred	55,087	4,880,523
	55,087	4,880,523

NOTE 5. DISCONTINUED OPERATIONS

(a) Details of operations disposed
On 1 July 2011, the Company went into voluntary administration. The Administrators sought expressions of interest from third parties in either acquiring the assets of the Company or reconstructing and recapitalising the Company.

A proposal was submitted by a syndicate headed by Pager Partners, which was agreed to by the Company's creditors and shareholders. The proposal required the Company to make available any cash at bank, its rights in its sundry debtors, its claims against its subsidiaries and shares in its subsidiaries (as well as any other assets not purchased by the Syndicate) for the benefit of the Company's creditors pursuant to the terms of the DoCA. Upon effectuation of the DoCA, the Company lost control of its subsidiaries, with the financial impact being the derecognition of their liabilities. All assets of the subsidiaries had been impaired in the previous period.

NOTE 5. DISCONTINUED OPERATIONS (continued)

(b) Financial performance of operations disposed

	Consolidated 2012 $	2011 $
Carrying value of liabilities of Allegra Mining Zambia Ltd	277,881	-
Carrying value of liabilities of PT Ethan Mining Celebes Ltd	-	-
Net proceeds received from disposal	-	-
Net results for the year	-	(3,846,506)
Net gain/(loss) on disposal of operations	277,881	(3,846,506)

(c) Assets and liabilities of discontinued operations

Trade and other payables	277,881	-
Net liabilities attributed to discontinued operations	277,881	-

(d) Cash flows used in discontinued operations

Net cash used in operating activities	-	-
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Net cash flows for the year	-	-

(e) Net cash out flow from disposal

Consideration received, satisfied in cash	-	-
Cash and cash equivalents disposed of	-	-
Net cash outflow	-	-

NOTE 6. INCOME TAX

	2012 $	2011 $
a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,008,501)	(6,958,738)
Profit from discontinuing operations before income tax expense	277,881	-
	(730,620)	(6,958,738)
Tax at the Australian tax rate of 30%	(219,186)	(2,087,621)
Tax effect of amounts which are not deductable (taxable) income:	-	142,017
Tax effect of amounts which are deductable (taxable) income:	-	-
Tax concession (research & development)	720,380	-
Tax losses not recognised	219,186	1,945,604
Income tax benefit	720,380	-

b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	103,355	4,274,863
Potential tax benefit at 30%	31,007	1,282,459

Tax losses related to the entity prior to the reconstruction that were not used have been lost. Current tax losses have not been recognised as a deferred tax asset as recoupment is dependent on, amongst other matters, sufficient future assessable income being earned. That is not considered certain in the foreseeable future and accordingly there is uncertainty that the losses can be utilised. There are no deferred tax liabilities.

NOTE 7. CASH AND CASH EQUIVALENTS

	Consolidated 2012 $	Consolidated 2011 $
Cash at bank	1,201,790	2,140

(a) Reconciliation of operating loss after income tax to net cash flows used in operating activities

	2012 $	2011 $
Operating (loss) after tax	(10,240)	(6,958,738)
Non-cash items		
Depreciation and amortisation	-	32,891
Share based payment expense	-	313,000
Gain on disposal of discontinued operations	(277,881)	-
Gain on sale of property, plant and equipment	-	(13,130)
Foreign exchange	-	(44,563)
Interest received	(1,510)	(37,261)
Impairment of exploration and evaluation expenditure	-	276,849
Impairment of property, plant and equipment	-	131,574
Impairment of receivable	-	64,967
Changes in operating assets and liabilities, net of effects from purchase of controlled entities		
(Increase)/decrease in receivables	(909)	139,504
Increase in payables	287,351	737,377
Net cash flows (used in) operating activities	(3,189)	(5,357,530)

(b) Non-cash transactions

During the current year, the Company entered into the following non-cash financing activities which are not reflected in the statement of cash flows:

A Syndicate headed by Pager Partners Corporate Advisory Pty Ltd, which recapitalised the Company under the DoCA paid $950,000 to the Deed Administrator on behalf of the Company for the purpose of satisfying all creditor claims, liabilities and obligations of the Company pursuant to the satisfaction of the DoCA. The Company repaid the Syndicate loan upon the completion of the capital raising.

NOTE 8. TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
Other Receivables	171	3,883
GST receivable	9,131	4,339
	9,302	8,222

These amounts generally arise from transactions during usual operating activities of the consolidated entity and are non-interest bearing. These amounts do not contain any impaired receivables, and are not considered overdue.

NOTE 9. PLANT AND EQUIPMENT

CONSOLIDATED	Computer Equipment at cost $	Motor Vehicle at cost $	Plant & Equipment at cost $	Total $
Gross carrying amount				
Balance at 30 June 2010	39,385	187,704	27,972	255,061
Additions	5,725	56,520	10,341	72,586
Write off / impairment	(45,110)	(76,992)	(38,313)	(160,415)
Sale	-	(167,232)	-	(167,232)
Balance at 30 June 2011	-	-	-	-
Accumulated depreciation/recognised and impairment				
Balance at 30 June 2010	(15,247)	(20,960)	(3,301)	(39,508)
Depreciation expense	(4,421)	(25,936)	(2,533)	(32,890)
Write off / impairment	19,668	46,896	5,834	72,398
Balance at 30 June 2011	-	-	-	-
Net book value				
As at 30 June 2011	-	-	-	-
As at 30 June 2012	-	-	-	-

The Administrators sold all plant and equipment of value in the year ended 30 June 2011. At 30 June 2012 there is Nil plant and equipment of value.

NOTE 10. EXPLORATION, EVALUATION AND DEVELOPEMENT

	Consolidated	
	2012	**2011**
	$	**$**
Opening balance	1,300,000	1,576,849
Impairment provision	-	(276,849)
Closing balance	1,300,000	1,300,000

The Board of Directors undertook an impairment review of the Company's exploration and evaluation assets as at 30 June 2012 resulting in an impairment charge for the current year of $Nil (2011: $276,849).

NOTE 11. TRADE AND OTHER PAYABLES

Trade payables	115,552	633,644
Accruals	67,982	416,872
Other payables	16,122	16,312
	199,656	1,066,828

For trade and other payables at 30 June 2011, a Creditors' Trust Deed was established pursuant to a DoCA which was used to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance distributed to creditors as full and final payment of the Company's outstanding debts.

The average credit period on purchase of goods is within 30 days.

NOTE 12. CONTRIBUTED EQUITY

(a) Issued share capital	**2012 Shares**	**2011 Shares**
Ordinary shares fully paid	372,593,287	82,593,287

(b) Movement in ordinary share capital

Details	**Number of shares**	**$**
Balance at 1 July 2010	69,260,250	10,137,187
Conversion of unlisted options exercised at $0.20 each	210,000	42,000
Share issue - Directors deemed at $0.20 each	1,600,000	320,000
Share issue – consultant deemed at $0.35 each	750,000	262,500
Share issue – placement at $0.195 each	10,773,037	2,100,742
Cost of capital raising	-	(105,037)
Balance at 30 June 2011	82,593,287	12,757,392
Share issue – placement at $0.0025 each	100,000,000	250,000
Share issue – placement at $0.01 each	190,000,000	1,900,000
Cost of capital raising	-	(73,358)
Balance at 30 June 2012	372,593,287	14,834,034

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands or on a poll every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote.

NOTE 13. OPTIONS, RESERVES AND ACCUMULATED LOSSES

	2012 Options	2012 $	2011 Options	2011 $
(a) Options at the end of the year	**72,559,000**	**899,650**	**14,961,000**	**898,150**

There are no voting rights attached to the options

(b) Movement in options

Date	Details	Number of option	Fair value issue price	$
01/07/2010	Opening balance	13,171,000		585,150
06/07/2010	Options exercised	(90,000)		-
15/07/2010	Options exercised	(30,000)		-
30/07/2010	Options exercised	(90,000)		-
30/07/2010	Options issued	2,000,000	$0.1565	313,000
		14,961,000		898,150
03/12/2011	Options expired	(1,000,000)		
08/12/2011	Options expired	(1,402,000)		
14/05/2012	Options issued	60,000,000	$0.000025	1,500
		72,559,000		899,650

(c) Option Premium Reserve

	2012 Number of Options	2012 $	2011 Number of Options	2011 $
Movement in reserve				
Balance at the beginning of the year	-	-	-	-
Options issued ($0.000025 with placement)	60,000,000	1,500	-	-
Balance at the end of the year	**60,000,000**	**1,500**	**-**	**-**

The terms of the options issued on 14 May 2012 are as follows:

(a) Each Option gives the optionholder the right to subscribe for one (1) share. To obtain the right given by each Option, the optionholder must exercise the Options in accordance with these terms and conditions.

(b) The Options will expire at 5:00pm (AEST) on 30 June 2015 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) The amount payable upon exercise of each Option will be $0.015 (**Exercise Price**).

(d) The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.

(e) Optionholders may exercise their Options by lodging with the company, before the Expiry Date:

  (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(f) An Exercise Notice is only effective when the company has received the full amount of the Exercise Price in cleared funds.

(g) Within 10 business days of receipt of the Exercise Notice accompanied by the Exercise Price, the company will allot the number of shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

13. OPTIONS, RESERVES AND ACCUMULATED LOSSES (continued)

(h) The Options are freely transferable.

(i) All shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other shares.

(j) The company will not apply for quotation of the Options on ASX. However, the company will apply for quotation of all shares allotted pursuant to the exercise of the Options on ASX within 10 business days after the date of allotment of those Shares.

(k) If at any time the issued capital of the company is reconstructed, all rights of the optionholders are to be changed in a manner consistent with the Corporations Act 2001 and the ASX Listing Rules at the time of the reconstruction.

(l) There are no participating rights or entitlements inherent in the Options and the optionholder 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 for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give the optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

(m) In the event the company proceeds with a pro rata issue (except a bonus issue) of securities to shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) In the event the company proceeds with a bonus issue of securities to shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the optionholder would have received if the Option had been exercised before the record date for the bonus issue.

(d) Share Based Payments Reserve

	2012 Number of Options	2012 $	2011 Number of Options	2011 $
Movement in reserve				
Balance at the beginning of the year	14,961,000	898,150	13,171,000	585,150
Options issued (consultant options)	-	-	2,000,000	313,000
Options exercised	-	-	(210,000)	-
Options expired	(2,402,000)	-	-	-
Balance at the end of the year	**12,559,000**	**898,150**	**14,961,000**	**898,150**

Nature and Purpose of Reserves

The option premium reserve arises pursuant to an issue of options pursuant to a capital raising.

The share based payments reserve arises pursuant to an issue of shares or options as consideration for a service or an acquisition transaction.

(e) Foreign Currency Translation Reserve

	Consolidated 2012 $	2011 $
Balance at beginning of year	-	**44,563**
Recognition of foreign currency translation	-	(44,563)
Balance at end of year	**-**	**-**

(f) Accumulated Losses

Accumulated losses at beginning of year	(13,412,008)	(6,453,270)
Net loss	(10,240)	(6,958,738)
Accumulated losses at end of year	**(13,422,248)**	**(13,412,008)**

NOTE 14. COMMITMENTS FOR EXPENDITURE

(a) Exploration Commitments

In order to maintain an interest in the mining and exploration tenements in which the company is involved, the company is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the company are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. These obligations are not provided for in the financial report and are payable.

Outstanding exploration commitments are as follows (no estimate has been given of expenditure commitments beyond 12 months as this is dependent on the directors' ongoing assessment of operations and, in certain circumstances, Native Title negotiations):

Not longer than 1 year	366,000	366,000
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	366,000	366,000

(b) Operating Lease Commitments

The Company has no operating lease commitments.

NOTE 15. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expense

The expense recognised for employee and consultant services during the year is shown in the table below:

	Consolidated	
	2012	**2011**
	$	**$**
Expense arising from equity-settled share-based payment transactions	-	313,000

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Issued 18 Oct 2007(i)	9,701,500	18/10/2007	18/10/2012	$0.20	$0.0246
Issued 5 Nov 2008 (ii)	857,500	5/11/2008	5/11/2013	$0.20	$0.0381
Issued 2 Dec 2009 (iii)	1,000,000	2/12/2009	3/12/2011	$0.23	$0.0962
Issued 9 Dec 2009 (iv)	1,402,000	9/12/2009	8/12/2011	$0.23	$0.0929
Issued 30 July 2010 (iv)	2,000,000	30/07/2010	30/07/2012	$0.23	$0.1565

(i) Options issued during financial year ended 30 June 2008, these options vest at grant date. 9,000,000 options were escrowed under the ASX Listing Rule. These 9,000,000 options will be released from escrow on the 3 December 2011.
(ii) Options issued during the financial year ended 30 June 2009 vest at the date of their issue.
(iii) Options issued on the 2 December 2009 will vest 3 December 2011.
(iv) Options issued on 9 December 2009 and 30 July 2010 vest at the date of their issue.

NOTE 15. SHARE-BASED PAYMENTS (continued)

(b) Types of share-based payment plans

There were $Nil share based payments in 2012 (2011: $313,000). The following table lists the inputs to the model used fo the year ended 30 June 2011:

No. of options	**2,000,000**
Grant date	10 July 2010
Share price	$0.2700
Exercise price	$0.23
Interest rate	4.5%
Expiry date	9 July 2012
Volatility	100%
Value per option	0.1565

(c) Summary of options granted

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued during the year:

	2012 No	**2012 WAEP**	**2011 No**	**2011 WAEP**
Outstanding at the beginning of the year	14,961,000	0.208	13,171,000	0.20
Granted during the year	60,000,000	0.015	2,000,000	0.23
Exercised during the year	-	-	(210,000)	-
Expired during the year	(2,402,000)	0.23	-	-
Outstanding at the end of the year	72,559,000	0.048	14,961,000	0.208

(d) Weighted average of remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 is 2.54 years (2011: 1.14 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0.015-$0.23 (2011: $0.20-$0.23).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was $0.000025 (2011: $0.1565).

(g) Share options exercised during the year

No options were exercised in 2012

2011 Options series	**Number exercised**	**Exercise date**	**Share price at exercise date**
Issued 5 November 2008	45,000	2/07/2010	$0.39
Issued 5 November 2008	45,000	5/07/2010	$0.37
Issued 5 November 2008	30,000	15/07/2010	$0.38
Issued 5 November 2008	40,000	23/07/2010	$0.35
Issued 5 November 2008	50,000	30/07/2010	$0.35

(h) Issue of shares during the year

During the year, the Company issued in total 290,000,000 fully paid ordinary shares. Details of the share issued are listed under note 12.

NOTE 16. EARNINGS PER SHARE

	Consolidated 2012	2011
Basic loss per share (cents per share)	(0.01)	(8.84)
Amount used in the calculation of basic EPS		
- Continuing operations	(288,121)	(3,112,232)
- Discontinued operations	277,881	(3,846,506)
Loss after income tax	(10,240)	(6,958,738)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	117,579,588	78,756,985

The options of the Company are not considered dilutive for the purpose of the calculation of diluted earnings per share as their conversion to ordinary shares would not decrease the net profit per share nor increase the net loss per share. Consequently, diluted earnings per share is the same as basic earnings per share.

NOTE 17. FINANCIAL RISK MANAGEMENT

Risk management is the role and responsibility of the board. The Company's current activities expose it to minimal risk. However, as activities increase there may be exposure to interest rate, market, credit, and liquidity risks

(a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Floating interest rate	1 year or less	Over 1 year to 5 years	More than 5 years	Non interest bearing	Total
	$	$	$	$	$	$
30 June 2012						
Financial Assets						
Cash and deposits	130,019	-	-	-	1,071,771	1,201,790
Trade and other receivables	-	-	-	-	9,302	9,302
	130,019	-	-	-	1,081,073	1,211,092
Weighted average interest rate	3.5%	-	-	-	-	0.4%
Financial liabilities						
Trade and other payables	-	-	-	-	199,656	199,656
	-	-	-	-	199,656	199,656
Weighted average interest rate	-	-	-	-	-	-
30 June 2011						
Financial Assets						
Cash and deposits	-	-	-	-	2,140	2,140
Trade and other receivables					8,222	8,222
	-	-	-	-	10,362	10,362
Weighted average interest rate	-	-	-	-	-	-
Financial liabilities						
Trade and other payables (i)	-	-	-	-	1,066,828	1,066,828
	-	-	-	-	1,066,828	1,066,828
Weighted average interest rate	-	-	-	-	-	-

(i) The Company paid $950,000 to the Deed Administrators for distribution under the DoCA via the Creditors' Trust. These funds were loaned to the Company by the Syndicate and the DoCA was fully effectuated on the 28 March 2012 and has therefore been terminated. . A Creditors' Trust Deed has been established pursuant to the DoCA to pay the Deed Administrator's fees and costs, the Administrator's fees and costs and the Trustees' fees and costs, with the balance to be distributed to creditors as full and final payment of the Company's outstanding debts. All trade and other payables at 30 June 2011 have been transferred to the Creditors' Trust.

NOTE 17. FINANCIAL RISK MANAGEMENT (continued)

(a) Interest Rate Risk

The Company has interest bearing assets and therefore income and operating cash flows are subject to changes in the market rates. However, market changes in interest rates will not have a material impact on the profitability or operating cash flows of the Company. A movement in interest rates of +/- 100 basis points will result in less than a +/- $1,000 (2011: $Nil) impact on the Company's income and operating cash flows. At this time, no detailed sensitivity analysis is undertaken by the Company.

(b) Market risk

The Company is not exposed to equity securities price risk as it holds no investments in securities classified on the balance sheet either as available-for-sale or at fair value through profit or loss; or to commodity price risk.

(c) Credit risk

The Company has no significant concentrations of credit risk and as such, no sensitivity analysis is prepared by the Company.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Company manages liquidity risk by preparing forecasts and monitoring actual cash flows and requirements for future capital raisings. The Company does not have committed credit lines available, which is appropriate given the nature of its operations. Surplus funds are invested in a cash management account with Westpac Banking Corporation which is available as required.

The material liquidity risk for the Company is the ability to raise equity in the future.

(e) Effective interest rate and repricing analysis

Cash and cash equivalents are the only interest bearing financial instruments of the Company.

NOTE 18. SEGMENT INFORMATION

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company was engaged in exploration for minerals in Australia, Indonesia and Zambia. The operations were located in Australia, Indonesia and Zambia with the head office being in Australia. The Company's subsidiaries were excised from the Company and transferred into the Creditors Trust at the point of effectuating the DOCA (28 March 2012), being a condition of the DOCA. Refer note 5.

	Australia		Indonesia		Zambia		Consolidated	
Geographical segments	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
Revenue								
Other external revenue	8,306	400,195	-	-	-	-	8,306	400,195
Total segment revenue	8,306	400,195	-	-	-	-	8,306	400,195
Results								
Segment net profit/(loss) before tax	(1,008,501)	(3,112,232)	-	(833,284)	277,881	(3,013,222)	(730,620)	(6,958,738)
Assets								
Segment assets	2,511,092	1,310,362	-	-	-	-	2,511,092	1,310,362
Liabilities								
Segment liabilities	199,656	788,947	-	-	-	277,881	199,656	1,066,828

The accounting policies of the reportable segments are the same as the Company's accounting policies as described in Note 2.

Depreciation	-	32,890	-	-	-	-	-	32,890

NOTE 19. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2012.

NOTE 20. SUBSEQUENT EVENT

The Company's securities were reinstated to official quotation on the 19 July 2012. On the 31 July 2012, 2,000,000 options exercisable at $0.23 expired unexercised. On 5 September 2012, the Company withdrew its applications for tenements E66/80 and E66/81, each the subject of four native title party claimant applications. Since 30 June 2012, there has been no other matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Company's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Company's state of affairs in future financial years.

	Consolidated	
	2012	2011
NOTE 21. AUDITOR'S REMUNERATION	$	$
Audit services	19,000	42,038
Non audit services	102,725	-
	121,725	42,038

Refer to page 10 in the Directors' Report for a breakdown of non audit services.

NOTE 22. CONTROLLED ENTITIES

	Country incorporation	Ownership interest 2012	2011
Parent entity			
Prospect Resources Limited (formerly Ethan Minerals Limited)			
Entities controlled by Parent			
Allegra Mining Zambia Ltd	Zambia	0%	100%
PT Ethan Mining Celebes Ltd	Indonesia	0%	100%

The Company's subsidiaries were excised from the Company and transferred into the Creditors Trust at the point of effectuating the DOCA (28 March 2012), being a condition of the DOCA. Refer to Note 5.

NOTE 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of Key Management Personnel

(i) Directors

The following persons were directors of Prospect Resources Limited (formerly Ethan Minerals Limited) during (or after) the financial year:

Mr Jonathan Pager	Director (appointed 3 January 2012)
Mr Michael Pollak	Director (appointed 3 January 2012)
Mr Hugh Warner	Director (appointed 3 January 2012)
Mr Kenneth Fitzgerald	Executive Director (Resigned 3 January 2012)
Ms Julie Glanville	Executive Director (Resigned 3 January 2012)
Mr Douglas William O'Neill	Non-Executive Director (Appointed 14 October 2010; resigned 1 July 2011)

Other Key Management Personnel

Mr Bradley Tonks	Administrator and Deed Administrator (appointed 1 July 2011; resigned 28 March 2012)
Mr John Vouris	Administrator and Deed Administrator (appointed 1 July 2011; resigned 28 March 2012)

b) Key Management Personnel Compensation

The aggregate compensation made to Key Management Personnel of the Company is set out below:

	Consolidated	
	2012	2011
	$	$
Short-term employee benefits	488,999[a]	371,073
	488,999	371,073

[a] The Administrators were paid $293,893 and Deed Administrator $40,000 during the period of their appointment (2011: $Nil).

NOTE 23. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

c) Key Management Personnel Equity Holdings

Ordinary Shares Held at 30 June 2012	**Balance 1 July 11**	**Conversion of debt**	**On exercise of options**	**Net change other**	**Balance 30 June 12**
Hugh Warner	-	-	-	61,300,000^^	61,300,000
Jonathan Pager	-	-	-	5,433,333^^	5,433,333
Michael Pollak	-	-	-	21,000,000^^	21,000,000
Graham Anderson	1,500,000	-	-	(1,500,000)^	-
Ken Fitzgerald	1,900,000	-	-	(1,900,000)^	-
Julie Glanville	2,300,000	-	-	(2,300,000)^	-
Nigel Ferguson	1,550,000	-	-	(1,550,000)^	-
Douglas William O'Neill	260,000	-	-	(260,000)^	-
	7,510,000	-	-	80,223,333	87,733,333

Ordinary Shares Held at 30 June 2011	**Balance 1 July 10**	**Conversion of debt**	**On exercise of options**	**Net change other**	**Balance 30 June 11**
Graham Anderson	1,500,000	-	-	-	1,500,000
Ken Fitzgerald	1,500,000	800,000	-	(400,000)*	1,900,000
Julie Glanville	1,500,000	800,000	-	-	2,300,000
Nigel Ferguson	1,550,000	-	-	-	1,550,000
Douglas William O'Neill	-	-	-	260,000**	260,000
Executives					
Leonard Math	-	-	-	-	-
	6,050,000	1,600,000	-	(140,000)	7,510,000

Options Held at 30 June 2012	**Balance 1 July 11**	**Granted as per shareholders approval**	**Options exercised**	**Net change other**	**Balance 30 June 12**
Hugh Warner	-		-	16,000,000^^	16,000,000
Jonathan Pager	-	-	-	6,000,000^^	6,000,000
Michael Pollak	-	-	-	11,000,000^^	11,000,000
Graham Anderson	1,500,000	-	-	(1,500,000)^	-
Ken Fitzgerald	3,000,000	-	-	(3,000,000)^	-
Julie Glanville	3,000,000	-	-	(3,000,000)^	-
Nigel Ferguson	1,500,000	-	-	(1,500,000)^	-
Douglas William O'Neill	1,000,000	-	-	(1,000,000)^	-
Executives					
Leonard Math	201,500	-	-	(201,500)^	-
	10,201,500	-	-	22,798,500	33,000,000

Options Held at 30 June 2011	**Balance 1 July 10**	**Granted as per shareholders approval**	**Options exercised**	**Net change other**	**Balance 30 June 11**
Graham Anderson	1,500,000	-	-	-	1,500,000
Ken Fitzgerald	3,000,000	-	-	-	3,000,000
Julie Glanville	3,000,000	-	-	-	3,000,000
Nigel Ferguson	1,500,000	-	-	-	1,500,000
Douglas William O'Neill	-	-	-	1,000,000**	1,000,000
Executives					
Leonard Math	201,500	-	-	-	201,500
	9,201,500	-	-	1,000,000	10,201,500

** Disposed during the period*

** Held on appointment

^ Held upon resignation

^^ Acquired during the period

NOTE 24. RELATED PARTY TRANSACTIONS

Ethan Park Contractors

The company paid $70,561 (2011: $99,364) to Ethan Park Contractors for the services of Ms Julie Glanville as Executive Director. Ms Glanville is a Director and beneficiary of Ethan Park Contractors. The current year fees were paid by the administrator.

Ridgeback Holdings Pty Ltd

The company paid $Nil (2011: $40,000) to Ridgeback Holdings Pty Ltd for the services of Mr Nigel Ferguson as Non-Executive Director.

Neening Park Contractors

The company paid $84,545 (2011: $128,909) to Neening Park Contractors for the services of Mr Ken Fitzgerald as Executive Directors. Mr Fitzgerald is a Director and beneficiary of Neening Park Contractors. The current year fees were paid by the administrator.

Holesmore Pty Ltd

The company paid $Nil (2011: $56,000) to Holesmore Pty Ltd for the services of Mr Douglas William O'Neill as Non-Executive Director. Mr O'Neill is a Director and beneficiary of Holesmore Pty Ltd.

Graham Anderson Pty Ltd

The company paid $Nil (2011: $20,000) to Graham Anderson Pty Ltd for the services of Mr Graham Anderson as Chairman. Mr Anderson is a Director and beneficiary of Graham Anderson Pty Ltd.

GDA Corporate

GDA Corporate, a company of which Mr Graham Anderson is a Director and Leonard Math is an employee, provided company secretarial, accounting and other corporate services to Prospect Resources Limited (formerly Ethan Minerals Limited) during the period. The amount paid was $Nil (2011: $26,800).

Cat Tech Limited

Cat Tech Limited, a company of which Mr Graham Anderson is a Director, provided computer softwares, hardware and support to Prospect Resources Limited (formerly Ethan Minerals Limited) during the year. The amount paid and payable for the year was $Nil (2011:$19,298).

Pager Partners Corporate Advisory Pty Ltd

Prior to becoming directors, the Directors formed a syndicate headed by Pager Partners Corporate Advisory Pty Ltd, that agreed to pay $950,000 (on behalf of the Company) to the Deed Administrator for the purposes of satisfying all creditor claims, liabilities and obligations of the Company being compromised under the DoCA. The Company repaid the Syndicate loan upon the completion of the capital raising.

NOTE 25. PROPECT RESOURCES LIMITED (FORMERLY ETHAN MINERALS LIMITED) PARENT COMPANY INFORMATION

	2012 $	2011 $
ASSETS		
Current Assets	1,211,092	10,362
Non-current Assets	1,300,000	1,300,000
TOTAL ASSETS	2,511,092	**1,310,362**
LIABILITIES		
Current Liabilities	199,656	788,946
TOTAL LIABILITIES	199,656	**788,946**
EQUITY		
Contributed equity	14,834,034	12,757,392
Reserve	899,650	898,150
Retained earnings	(13,422,248)	(13,134,126)
	2,311,436	521,416
FINANCIAL PERFORMANCE		
Loss for the year	(288,122)	7,871,594
Other comprehensive income	-	-
Total comprehensive income	(288,122)	**7,871,594**

Deloitte.

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The Board of Directors
Prospect Resources Limited
Suite 6, 245 Churchill Ave
Subiaco, WA 6008

27 September 2012

Dear Board Members

Prospect Resources Limited (formerly Ethan Minerals Limited)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Prospect Resources Limited (formerly Ethan Minerals Limited).

As lead audit partner for the audit of the financial statements of Prospect Resources Limited (formerly Ethan Minerals Limited) for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants

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Independent Auditor's Report to the members of Prospect Resources Limited (formerly Ethan Minerals Limited)

Report on the Financial Report

We were engaged to audit the accompanying financial report of Prospect Resources Limited (formerly Ethan Minerals Limited), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 11 to 34.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Prospect Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Disclaimer of Opinion

As stated in Note 2(b) to the financial report, Prospect Resources Limited went into voluntary administration on 1 July 2011. The directors state that they have not been able to obtain all the books and records of the consolidated entity for the period prior to their appointment and have prepared the financial report based on the information made available to them at the time of preparation of the financial report. As the available accounting and statutory records are not adequate to permit the application of necessary audit procedures, we are unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

Deloitte.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion as to whether the financial report of Prospect Resources Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Report on Other Legal and Regulatory Requirements

Due to the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been given all information, explanation and assistance necessary for the conduct of the audit; and we are unable to determine whether the company has kept:

(a) financial records sufficient to enable the financial report to be prepared and audited; and

(b) other records and registers as required by the *Corporations Act 2001*.

Report on the Remuneration Report

The Remuneration Report is included in pages 7 to 9 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Remuneration Report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants
Perth, 27 September 2012

PROSPECT RESOURCES LIMITED (PSC) – CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out Prospect Resource Limited's (**the Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**the ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the ASX Principles and Recommendations.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
1. Lay solid foundations for management and oversight		
1.1. Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	The Company's board of directors (**the Board**) is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to: (a) maintain and increase Shareholder value; (b) ensure a prudential and ethical basis for the Company's conduct and activities; and (c) ensure compliance with the Company's legal and regulatory objectives. Consistent with these goals, the Board assumes the following responsibilities: (a) developing initiatives for profit and/or asset growth; (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis; (c) acting on behalf of, and being accountable to, the Shareholders; and (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality. The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully-informed basis. It is expected that the division of responsibility of the Board and senior executives will vary with the evolution of the Company. The Company intends to regularly review the balance of responsibilities to ensure that the division of functions remains appropriate to the needs of the Company.
1.2. Companies should disclose the process for evaluating the performance of senior executives.	No	Given the current size of the Company and the fact that the Company currently has no senior executives, the process for evaluating their performance is not relevant.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
2. Structure the board to add value		
2.1. A majority of the board should be independent directors.	No	The Board has reviewed the position and associations of each of the three directors in office and has determined that none of the directors are independent. In making this determination the Board has had regard to the independence criteria in ASX Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of the other directors, as appropriate. The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate to the Company and its business. The principle criterion for the appointment of new directors is their ability to add value to the Company and its business.
2.2. The chair should be an independent director.	No	The Company's current Chairman Mr Hugh Warner, does not satisfy the ASX Principles and Recommendations definition of an independent director. However, the Board considers Mr Warner's role as chairman essential to the success of the Company at this early stage of its restructure and the development of its new business.
2.3. The roles of chair and chief executive officer should not be exercised by the same individual.	N/A	The Company has not yet appointed a chief executive officer.
2.4. The board should establish a nomination committee.	No	No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisers (if required), has been committed to by the Board.
2.5. Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	No	The Company does not have in place a separately constituted remuneration committee due to the size and current operations of the Company. The remuneration of an executive director will be decided by the Board, without the affected executive director participating in that decision-making process. There are currently no executive directors. The total maximum remuneration of non-executive directors is currently set at $500,000. Any increases will be the subject of a shareholder resolution in accordance with clause 13.7 of the Company's constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive directors' remuneration within that maximum amount will be made by the Board, having regard to the inputs and value to the Company of the respective contributions by each non-executive director. The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Company.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
3. Promote ethical and responsible decision-making		
3.1. Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	No	The Board is committed to the establishment and maintenance of appropriate ethical standards. Given the current size of the Company and the fact that the Company is only in the early stages of its restructure and the development of its new business, there is currently no official code of conduct in place. As the Company develops the Board intends to review its practices, and if deemed necessary, establish an appropriate code of conduct.
3.2. Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	No	The Company has not established a formal policy addressing diversity. Given the current size of the Company and the fact that the Company is only in the early stages of its restructure and the development of its new business, the Board does not consider it necessary to have a diversity policy. As the Company develops the Board intends to review its practices, and if deemed necessary in the future, the Board may consider adopting a policy in the future.
3.3. Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No	As mentioned in 3.2 above, the Company has not established a formal policy addressing diversity
3.4. Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	No	There are currently no women employees.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
4. Safeguard integrity in financial reporting		
4.1. The board should establish an audit committee.	No	The Company does not have a separately constituted audit committee due to its current size and the fact that the Company is only in the early stages of its restructure and the development of its new business. The Company in general meeting is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.
4.2. The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; • has at least three members.	N/A	The Company does not currently have an audit committee.
4.3. The audit committee should have a formal charter.	N/A	The Company does not currently have an audit committee.
5. Make timely and balanced disclosure		
5.1. Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	No	Due to the current size of the Company and the fact that the Company is only in the early stages of its restructure and the development of its new business, there are no written policies in place. The Company is however committed to providing relevant up-to-date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Act 2001. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX and shareholders as well as providing guidance to directors and employees on disclosure requirements and procedures.
6. Respect the rights of shareholders		
6.1. Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	No	Although the Company does not have a formal communications policy in place, all material matters will be disclosed to the market in accordance with the Listing Rules. The Company encourages shareholders to register for receipt of announcements and updates electronically.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
7. Recognise and manage risk		
7.1. Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	The Board is responsible for the oversight and management of all material business risks. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation as Board meetings. The risk profile can be expected to change and procedures adapted as the Company develops and it grows in size and complexity. The Board intends to continue to regularly review and approve the risk management and oversight policies of the Company.
7.2. The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	No	This has not been formalised as a role of management, as this responsibility presently sits at Board level.
7.3. The board should disclose whether it has received assurance from the chief executive office (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	No	The Company has not yet appointed a chief executive officer.

ASX Principles and Recommendations		Comply (Yes/No)	Explanation
8. Remunerate fairly and responsibly			
8.1.	The Board should establish a remuneration committee.	No	As mentioned in 2.5 above, the Company does not have in place a separately constituted remuneration committee due to the size and current operations of the Company.
8.2.	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; • has at least three members.	No	The Company does not currently have a remuneration committee.
8.3.	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	The remuneration of an executive director will be decided by the Board, without the affected executive director participating in that decision-making process. There are currently no executive directors. The total maximum remuneration of non-executive directors is currently set at $500,000. Any increases will be the subject of a shareholder resolution in accordance with clause 13.7 of the Company's constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive directors' remuneration within that maximum amount will be made by the Board, having regard to the inputs and value to the Company of the respective contributions by each non-executive director.

ASX Additional Information

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The shareholder information was applicable as at 18 September 2012.

(a) Substantial Shareholders

The substantial shareholders are:

Name	Number Held	Percentage of Issued Shares
Elliot Holdings Pty Ltd – HD & DM Warner	61,300,000	16.45%
Holloway Cove Pty Ltd atf Holloway Cove Superannuation Fund	23,900,000	6.41%
United Equity Partners Pty Ltd ATF Polycorp Family Trust	21,000,000	5.64%

(b) Voting Rights

Ordinary Shares

On a show of hands every member present at a meeting of shall have one vote and upon a poll each share shall have one vote.

Options

There are no voting rights attached to the options

(c) Distribution of Equity Security Holders

Category	Ordinary Fully Paid Shares	% Issued Capital
1 – 1,000	3,335	0.00
1,001 – 5,000	350,179	0.09
5,001 – 10,000	1,141,790	0.31
10,001 – 100,000	19,894,529	5.34
100,001 and over	351,203,454	94.26
Total	372,593,287	**100.00**

There were 636 holders of less than a marketable parcel of ordinary shares.

ASX Additional Information (continued)

(d) Equity Security Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name		Number Held	Percentage of Issued Shares
1.	WARNER HUGH + DIANNE <CBM S/F A/C>	32,300,000	8.67%
2.	ELLIOT HLDGS PL <CBM S/F A/C>	27,000,000	7.25%
3.	HOLLOWAY COVE PL <HOLLOWAY COVE S/F>	23,900,000	6.41%
4.	UNITED EQUITY PTNRS PL <POLYCORP FAM A/C>	21,000,000	5.64%
5.	LEILANI INV PL <RICE FAM INV A/C>	20,000,000	5.37%
6.	AUVEX MANGANESE LTD	10,773,037	2.89%
7.	TALLTREE HLDGS PL <D STEINEPREIS FAM>	9,000,000	2.42%
8.	TALLTREE HLDGS PL <NERD FAM S/F A/C>	9,000,000	2.42%
9.	POLFAM PL <POLLAK SUPER A/C>	8,333,333	2.24%
10.	N & J MITCHELL HLDGS PL <ORD STREET PROPS A>	6,000,000	1.61%
11.	STEINEPREIS LINDA LOUISE	5,000,000	1.34%
12.	COWARD CARL PHILIP M	5,000,000	1.34%
13.	WALL STREET NOM PL <A T BRENNAN S/F A/>	5,000,000	1.34%
14.	PAVLOVICH DANNY ALLEN <PAVLOVICH FAM A/C>	5,000,000	1.34%
15.	SAMLISA NOM PL	5,000,000	1.34%
16.	PAGANIN DAVID ARTHUR <DA PAGANIN FAM NO2>	5,000,000	1.34%
17.	STEINEPREIS ROGER <RC STEINEPREIS FT>	5,000,000	1.34%
18.	SYNCOPATED PL	5,000,000	1.34%
19.	CHRISTIAN ROGER	5,000,000	1.34%
20.	PAGINAN DAVID <DA PAGANIN FAM NO2>	5,000,000	1.34%
	TOTAL	217,306,370	58.32%

Unquoted equity securities

	Number on Issue	Number of Holders
Options – exercisable at 20 cent before 18 October 2012	9,701,500	5
Options – exercisable at 20 cent before 5 November 2013	857,500	1
Options – exercisable at 1.5 cents before 30 June 2015	60,000,000	9

ASX Additional Information (continued)

Exploration licenses granted:

Tenement No	Project	Registrered Holder & Interest	Date Granted
E66/53[3]	Baddera	Duketon Consolidated Pty Ltd[1]	10/9/08
E66/56	Mary Springs	Jason Stanley Macdonald[2]	19/10/09
E66/64	Springvale	Duketon Consolidated Pty Ltd[1]	27/10/09
E66/73	Boundary Hill	Duketon Consolidated Pty Ltd[1]	27/10/10

[1] Pursuant to the tenement option agreement dated 19 October 2009 between the Company and Duketon Consolidated Pty Ltd, the Company acquired an 80% interest in each of E66/53, E66/64 and E66/73. Duketon Consolidated Pty Ltd and the Company are in the process of transferring title, as to 80%, of each of E66/53, E66/64 and E66/73 to the Company.

[2] Pursuant to the tenement sale agreement dated 29 December 2008 between the Company and Jason Stanley Macdonald, the Company acquired a 100% interest in E66/56. Jason Stanley Macdonald and the Company are in the process of transferring title, as to 100% of E66/56, to the Company.

[3] E66/53 is subject to numerous additional heritage and environmental conditions.