



4 October 2012

Litex expands into Graphite

- Execution of a Heads of Agreement to acquire a significant and exciting package of Australian tenements prospective for graphite mineralisation.
- Comprises 11 tenements with a total area of 533 km², which cover previously known graphite occurrences and favourable geological settings for the discovery of new graphite deposits.
- Key tenements are located in the main known graphite provinces in Australia, including the Munglinup Region of Western Australia and the Eyre Peninsula of South Australia.
- Initial rock chip sampling has returned between 8.8% and 23.1% Total Graphitic Carbon (“TGC”).
- Geological exploration programme to be released over coming weeks.

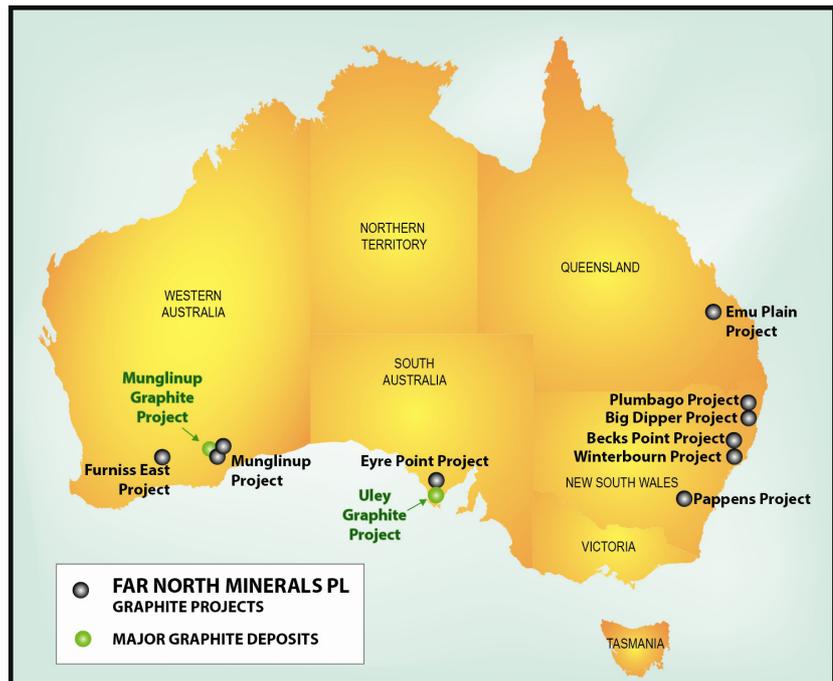


Figure 1: Location of Graphite Projects

75 King Street PERTH WA 6000

P.O. Box 7044 CLOISTERS SQUARE PO WA 6850

Website: www.litex.com.au Email: info@litex.com.au Tel: (08) 9200 5885 Fax: (08) 9486 4586

ACN 140 316 463 ASX Code: LTX

For personal use only

Litex Resources Limited (ASX:LTX) is very pleased to announce the execution of a Heads of Agreement (HoA) for the acquisition of eleven significant graphite tenements located within Australia. This acquisition is consistent with the Company's focus on strategic minerals.

The tenement package delivers the Company a major new opportunity in the graphite market which has seen prices more than double since 2009 and which is facing future growth potential, with strong demand for corrosion resistant alloys and structural strength in castings; together with new and expanding demand for Li-ion batteries used in electric vehicles.

The acquisition of the tenements is via the Company's acquisition of Far North Minerals Pty Ltd (FNM), pursuant to the HoA. FNM owns the rights to 100% of the tenements.

Graphite Projects

The graphite tenement package is comprised of eleven tenements with a total area of 533 km² located in four Australian States (Refer Figure 1). Three tenements make up the Munglinup Project in Western Australia, one comprises the Eyre Point Project in South Australia, five cover various historical showings located in New South Wales, one covers the Furniss East Project in Western Australia, and one covers the Emu Plain Project located in Queensland.

The projects are located in the main known graphite provinces in Australia, including the Munglinup Region of Western Australia and the Eyre Peninsula of South Australia (refer to Figure 1).

No recent or systematic exploration program has been carried out for the exploration of graphite on any of the acquired tenements. The tenements are considered highly prospective for occurrences of graphite.

Consideration

The HoA contains a number of conditions precedent before completion, including due diligence and review of the transaction by the ASX in accordance with Chapter 11 of the ASX Listing Rules.

On completion of the transaction, to be approved by shareholders, Litex will provide the vendors or their nominees the following consideration:

- \$150,000 in cash;
- 12 million LTX shares issued at \$0.06 per share;
- 10 million options exercisable at \$0.08 with an expiry of 31 December 2015; and
- 10 million options exercisable at \$0.16 with an expiry of 31 December 2016.

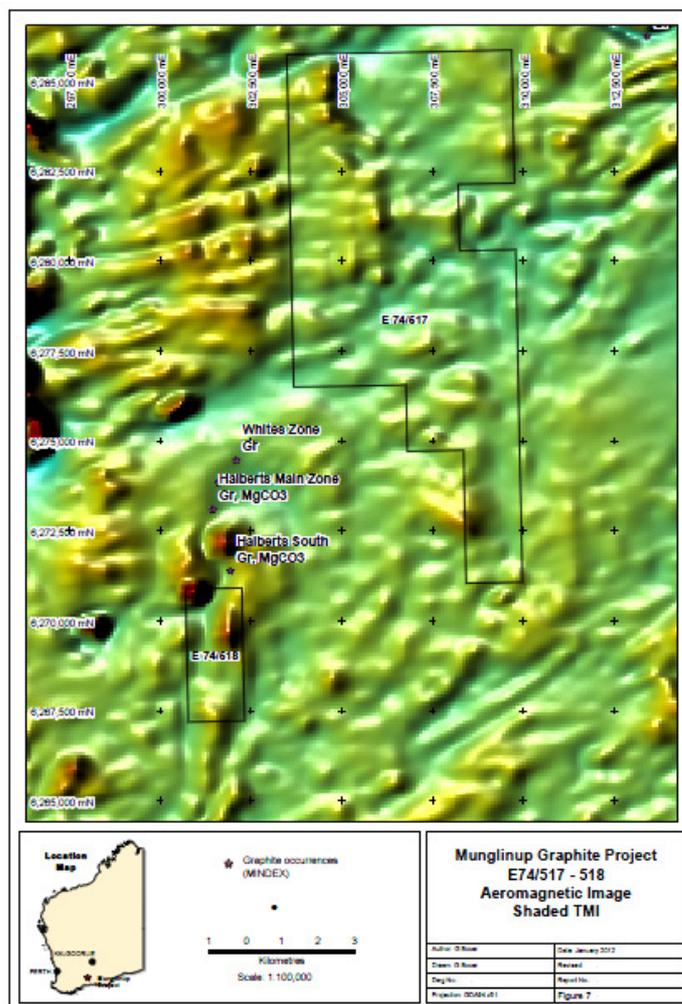


Figure 2: Munglinup Graphite Project

In order to progress the exploration, under the terms of the HoA the Company has agreed to reimburse FNM exploration costs of up to \$50,000 to the completion date to continue development work on the Munghlinup Project.

Lithex and the vendors are now working together to prepare a sale and purchase agreement and the necessary documentation for the Lithex shareholder meeting to approve the issue of Lithex shares to the vendors.

Capital Raising

The Company has appointed CPS Securities Pty Ltd to assist with an entitlement issue and placement to raise additional equity to fund exploration on the Graphite Projects and to fund its ongoing exploration requirements for its current projects, as well as additional working capital.

CPS Securities has agreed to immediately place 6,987,000 shares at 5 cents per share with a 1:2 free attaching option exercisable at 8 cents on or before 31/12/2015, to raise an initial \$349,350 (before costs) under the Company's 15% placement allowance.

This raising will be undertaken in conjunction with an underwritten 1:2 entitlement issue at 5 cents per share with a 1:2 free attaching option exercisable at 8 cents on or before 31/12/2015, to raise up to \$1,339,175 (before costs). Shareholders will receive further details of the entitlement issue in the coming week. The issue is to be underwritten by CPS Securities.

New Director

Upon settlement of the transaction, the Company will invite one of the vendors of the FNM shares to join the Board of Lithex as a Non-Executive Director.

Furthermore, within 3 months of settlement of the transaction, Mr Steve Crabbe will stand down from the Lithex board. Lithex would like to extend its thanks to Mr Crabbe who as a founder was instrumental in the early stages of the Company's development and its transition to a publicly listed company.

Proposed Timetable

5 October	Lodge Entitlement Issue Offer Document
12 October	Complete placement
31 October	Close Entitlement Issue
9 November	Lodge Notice of Meeting
7 December	Shareholder Meeting
10 December	Settlement of Transaction

Further details on the proposed transaction will be provided in documentation to be sent to shareholders seeking approval for completion of this transaction and the associated capital raising.

Project Summary

The tenement listing currently held by FNM is as follows:

New South Wales

Tenement	Project	Application		Unit	Unit	Area (Km2)
		Date	Status			
EL4370	Becks Point	9/09/2011	Granted	SB	12	36
EL4371	Winterbourne	9/09/2011	Granted	SB	13	39
EL4372	Plumbago	9/09/2011	Granted	SB	27	81
EL4373	Big Dipper	9/09/2011	Granted	SB	4	12
EL4374	Pappens	9/09/2011	Granted	SB	20	60

Western Australia

Tenement	Project			Unit	Area	Area (Km2)
E 70/4212	Furniss East	9/08/2011	Granted	SB	12	36
E 74/517	Munglinup	9/08/2011	Granted	SB	23	69
E 74/518	"	9/08/2011	Granted	SB	2	6
E 74/523	"	2/02/2012	Granted	SB	33	99

Queensland

Tenement	Project			Unit	Unit	Area (Km2)
EPM19382	Emu Plain	9/09/2011	Granted	SB	8	24

South Australia

Tenement	Project			Unit	Unit	Area (Km2)
ELA249_11	Eyre Point	10/19/2011	Application	SB	24	71

Munglinup Project

The Company considers the flagship property to be the Munglinup Project. The Munglinup Project consists of three separate tenements covering an area of 174 km² located in the far south of Western Australia between the regional towns of Esperance and Ravensthorpe. The Project is located along strike and contiguous with the eastern and southern sides of the Munglinup Deposit (refer to Figure 2), which is held by Graphite Australia Pty Ltd.

The Munglinup Deposit is anticipated to be Western Australia's first commercial graphite mine. The Munglinup Deposit and the historical estimate related thereto is separate from Lithex's Munglinup Project area, but the Company believes that there is potential for similar style mineralisation to occur within the Munglinup Project.

During a recent field programme by an independent consulting geologist, an area of sub-cropping graphitic gneiss was located near the north end E74/518 and graphitic gneiss float was located 700 m south of the area of sub-cropping graphitic gneiss. The area of sub-cropping graphitic gneiss corresponds with the strong north-south trending EM anomaly.

Initial rock chip samples submitted to a commercial laboratory from outcropping graphite returned between 8.8% and 23.1% Total Graphitic Carbon.

Airborne electromagnetic data shows a significant anomaly to be coincident with the stratigraphy that hosts the Munmlinup Deposit (refer Figure 2). The EM data will be used to prioritise areas for drilling.

The Munmlinup Project will be the Company's first priority for drilling after further mapping and sampling, geophysical acquisition and EM ground surveys. The Munmlinup Project is also considered to have untested potential for nickel deposits, with several nickel occurrences noted in the vicinity.

Eyre Point Project

The Eyre Point Project area is located 15 km to the north of the Uley Graphite Mine and covers three prospective areas within 71 km².

The Uley Graphite Mine is a historical open-cut graphite mine at Uley on the Eyre Peninsula, South Australia and has recently been purchased by Mega Graphite Inc. Uley is recognised as an area of world class flake graphite mineralisation. The Uley graphite deposit is part of the Mikkira Graphite Province, one of the largest coarse flake graphite deposits in the world, containing disseminated, high-grade flake graphite.

The Company's Eyre Point Project is located on the eastern Eyre Peninsula, where numerous graphite occurrences have been recorded over a 200 km long zone extending from south of Port Lincoln to Kimba.

New South Wales Projects

There are 14 recorded occurrences of graphite in New South Wales, all of which are in the area covered by the five tenements under acquisition, covering a combined area of 228 km². They occur in two main areas in the New England Orogen: Undercliff Falls, north of Tenterfield; and Walcha, south of Armidale.

The most exciting of the projects is the Plumbago and Winterbourne occurrences. The Plumbago occurrence is located in the Undercliff Falls area and hosts the Plumbago deposit where a total of 3000 tonnes has been mined in the past according to historical records from the New South Wales mines department. In the Undercliff Falls area there are nine separate graphite localities which includes the George Creek, Falls Creek, Nicklaus, Half Moon, Circular Quay Gully, Hutt Spur occurrences.

The Winterbourne occurrence contains the formerly operating Winterbourne graphite mine and is developed in a north-trending micropegmatite dyke that intrudes granitic stocks of the Cheyenne Complex, Hillgrove Supersuite.

The dyke is 2m to 30m wide and is exposed over a distance of about 250m. It contains abundant segregations of fine-grained graphitic material.

Queensland Projects

The Emu Plan project is located 10 kilometres to the south east the abandoned Jacks Creek Graphite Mine. The project hosts the same stratigraphical sequence, however no records of historic production, size of the resource, or grade are available.

Geological Exploration Programme

The company plans to provide exploration updates as the FNM & Lithex geological teams continue their planned geological work programme. Under the terms of the HoA the Company has agreed to reimburse FNM for exploration costs of up to \$50,000 to the completion date.

Pro-Forma Capital Structure

	On Issue	Placement	Entitlement Issue	Project Acquisition	Pro-forma ¹
Ordinary shares	46,580,010	6,987,000	26,783,505	12,000,000	92,350,515
\$0.08 Options expiring 31/12/15	-	3,493,500	23,391,753 ²	10,000,000	26,885,253
\$0.16 Options expiring 31/12/16	-	-	-	10,000,000	10,000,000

¹ At the general meeting of Lithex shareholder to approve the acquisition of FNM and the graphite projects, approval will also be sought from shareholders to approve the issue of 2,000,000 shares pursuant to the terms and conditions of the executive service agreements entered into with Robert Mandanici and Steven Crabbe as disclosed in the Company's 2011 IPO Prospectus.

² Includes 10,000,000 options to be issued to CPS Securities as underwriter of the entitlement issue.

Conditions Precedent to Heads of Agreement

The HoA contains conditions precedent to the transaction requiring:

- mutual satisfactory completion of legal and technical due diligence by 12 October 2012;
- mutual satisfaction that the transaction does not require Lithex to be re-admitted to ASX in compliance with ASX Listing Rules 1 and 2;
- LTX Shareholders approval of the transaction on or before 31 December 2012;
- Completion of placement and rights issue;
- Completion of a long form legally binding sale agreement.

ENDS

For further information please contact the company on +618 9200 5885 or by email:

Rob Mandanici
Managing Director
rob@lithex.com.au

Forward Looking Statement

This report may contain forward looking statements that are subject to risk factors which are based on Lithex Resources' expectations relating to future events. Forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside the control of Lithex Resources, which could cause actual results to differ materially from such statements. Lithex Resources makes no undertaking to update or revise the forward-looking statements made in this report to reflect events or circumstances after the date of this release.

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Spinks, who is a Member of The Australasian Institute of Mining and Metallurgy included in a list promulgated by the ASX from time to time. Andrew Spinks is a consultant to Far North Minerals Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Andrew Spinks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.