



9 October 2012

Dear Ineligible Shareholder

Litex Resources Limited - notice to ineligible shareholders – 1 for 2 non-renounceable entitlement issue

On 5 October 2012, Litex Resources Limited (ACN 140 316 463) ("Litex" or "Company") announced its intention to undertake a Placement and an Entitlement Issue to raise additional equity to fund exploration on the graphite projects that the Company will acquire pursuant to its Heads of Agreement with Far North Minerals Pty Ltd and to fund its ongoing exploration requirements for its current projects, as well as raising additional working capital.

Cunningham Paterson Sharbanee Securities Pty Ltd trading as CPS Securities (ACN 088 055 636) ("CPS Securities") has agreed to immediately place 6,987,000 fully paid ordinary shares ("Shares") at 5 cents per Share, together with a 1:2 free attaching option exercisable at 8 cents on or before 31 December 2015, to raise an initial \$349,350 (before costs) under the Company's 15% placement capacity. The Placement will be undertaken in conjunction with Entitlement Issue on the basis of one (1) Share for every two (2) Shares held by Shareholders on the record date of 5:00pm (WST) on 16 October 2012 ("Record Date"), together with a 1:2 free attaching option exercisable at 8 cents on or before 31 December 2015, to raise up to \$1,339,175 (before costs).

The Entitlement Issue is fully underwritten by CPS Securities ("Underwriter"). The Company must pay the Underwriter an underwriting fee of 6% of the total amount raised under the Entitlement Issue (exclusive of GST), which will be approximately \$80,350. The Company must also issue the Underwriter with 10,000,000 options exercisable at 8 cents on or before 31 December 2015.

Securities that are not subscribed for under the Entitlement Issue ("Shortfall Securities") will be issued at the discretion of the Underwriter in accordance with the Underwriting Agreement. Shortfall Securities will only be issued if the Entitlement Issue is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The Company intends to use the funds raised from the Placement and Entitlement Issue towards:

- a) to fund exploration on the Company's graphite projects to be acquired pursuant to the Heads of Agreement with Far North Minerals Pty Ltd (as announced to ASX on 4 October 2012);
- b) to fund the Company's ongoing exploration requirements for its current projects;
- c) for additional working capital,

and to fund the issue costs associated with the offers.

Entitlement Issue and Offer Document

The Entitlement Issue will be made to Eligible Shareholders without disclosure under Part 6D.2 of the Corporation Act 2001 (Cth) ("Corporation Act") pursuant to section 708AA of the Corporations Act.

The Company released an Offer Document for the Entitlement Issue to ASX on 5 October 2012. A copy of the Offer Document will be available on ASX's website www.asx.com.au and Lithex's website www.lithex.com.au.

The Entitlement Issue is non-renounceable, which means that entitlements to participate in the Entitlement Issue cannot be sold. Therefore, to the extent that an Eligible Shareholder does not take up all or part of their entitlement under the Entitlement Issue, that entitlement (or the relevant proportion not taken up) will lapse and the Shares the subject of that entitlement (or relevant proportion not taken up), as well as those Shares which would have been offered to ineligible shareholders if they had been eligible to participate in the Entitlement Issue, will constitute Shortfall Securities that may be allotted at the discretion of the Underwriter.

Shares issued pursuant to the Entitlement Issue will rank equally with all fully paid ordinary shares in the capital of the Company already on issue. The Company will apply for official quotation of the Options offered under the Offer Document and the Options will be exercisable at \$0.08 each on or before 31 December 2015. Following completion of the Entitlement Issue, the Company will have issued approximately 26,783,506 new Shares (assuming no options to acquire Shares are exercised prior to the Record Date) and 13,391,753 free attaching Options.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of Shares.

Ineligible shareholders

A shareholder of Lithex who has a registered address outside Australia and New Zealand ("Ineligible Shareholder") will not be eligible to participate in the Entitlement Offer.

You are not eligible to participate in the Entitlement Offer and you will not be sent a copy of the Offer Document. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia, its external territories and New Zealand compared with the small number of Ineligible Shareholders and the number and value of Shares to which they would otherwise be entitled.

If you have any queries concerning the Entitlement Issue, please contact the Share Registry on +61 8 93152333 (outside Australia) or 08 93152333 (within Australia).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Rob Mandacini', is positioned above the printed name.

Rob Mandacini
Managing Director