

LITHEX RESOURCES LIMITED

(ACN 140 316 463)

PROSPECTUS

For the offer of up to 20,344,865 New Shares at an issue price of \$0.02 to raise up to \$406,897 before expenses.

Important Notice

This is an important document which requires your immediate attention. This Prospectus is a prospectus for continuously quoted securities issued in accordance with Section 713 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to other documents which are deemed to be incorporated into this Prospectus. It should be read in its entirety before deciding to participate. If you are in doubt about what to do, please contact your professional adviser without delay.

TABLE OF CONTENTS

| | |
|--|----|
| CORPORATE DIRECTORY | 3 |
| SECTION 1 TIMETABLE AND IMPORTANT DATES | 4 |
| SECTION 2 DETAILS OF THE OFFER | 5 |
| SECTION 3 INFORMATION AVAILABLE TO INVESTORS | 13 |
| SECTION 4 EFFECT OF THE OFFER ON THE COMPANY | 15 |
| SECTION 5 RIGHTS ATTACHING TO NEW SHARES | 17 |
| SECTION 6 ADDITIONAL INFORMATION | 19 |
| SECTION 7 AUTHORITY OF DIRECTORS | 23 |
| SECTION 8 GLOSSARY | 24 |
| SECTION 9 OFFER APPLICATION FORM | 25 |

Important Notice

This Prospectus is dated 20 January 2016.

A copy of this Prospectus was lodged with ASIC on 20 January 2016. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus.

No New Shares will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. An application will be made for permission for the New Shares offered by this Prospectus to be admitted to Quotation.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 8 of this Prospectus.

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for New Shares. There are risks associated with an investment in the Company. The New Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the New Shares. The New Shares on offer under this Prospectus should be considered speculative. Shareholders should consider whether or not the New Shares are a suitable investment having regard to their personal circumstances. Investors are directed to Section 2.19 which sets out certain key risks associated with making an investment in the Company.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus and any such information may not be relied upon as having been authorised by the Directors.

A copy of this Prospectus can be downloaded from the Company's website at www.lithex.com.au. The offer constituted by an electronic version of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. There is no facility for Applications to be accepted electronically or by applying online. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanied by a complete and unaltered version of the Prospectus. The Company will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete and unaltered copy of the Prospectus. Any person may obtain a hard copy of this Prospectus by contacting the Company prior to the Closing Date.

CORPORATE DIRECTORY

Directors

Mr David Wheeler - Non-Executive
Chairman
Mr Giuseppe Graziano - Non-Executive
Director
Ms Paula Cowan - Non-Executive Director

Company Secretary

Mr Peter Webse

Registered Office and Contact Details

Level 1, 330 Churchill Avenue
Subiaco WA 6008

Website: www.lithex.com.au

Email: admin@lithex.com.au

Tel: 08 9200 5885

Fax: 08 9227 6390

ASX Code

LTX

Legal Adviser

Price Sierakowski Corporate
Level 24, St Martins Tower
44 St Georges Terrace
Perth WA 6000

Share Registry

Automatic Registry Services
Suite 1a, Level 1
7 Ventnor Avenue
West Perth WA 6005

Auditor

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

* The Company's auditor is named for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in this Prospectus.

SECTION 1 TIMETABLE AND IMPORTANT DATES

| EVENT | DATE |
|---|------------------|
| Prospectus lodged with ASIC and ASX | 20 January 2016 |
| Opening Date of Offer | 20 January 2016 |
| Closing Date of Offer | 15 February 2016 |
| Issue of New Shares under this Prospectus | 18 February 2016 |

This timetable is indicative only. The Directors reserve the right to vary the Opening Date and Closing Date without prior notice, which may have a consequential effect on other dates.

SECTION 2 DETAILS OF THE OFFER

2.1 Summary of the Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 20,344,865 New Shares at an issue price of \$0.02 payable in full on application to raise up to \$406,897.

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

The New Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

2.2 Details of Offer

This Prospectus offers for subscription up to 20,344,865 New Shares at an issue price of \$0.02 payable in full on application to raise up to \$406,897. The New Shares offered under this Prospectus will rank equally with the existing Shares. The rights and liabilities attaching to the New Shares are set out in section 5 of this Prospectus.

2.3 Minimum Subscription

There is no minimum subscription.

2.4 Oversubscriptions

Oversubscriptions will not be accepted.

2.5 Clearing House Electronic Sub-Register System ("CHESS") and Issuer Sponsorship

The Company will not be issuing New Share Certificates. The Company operates an electronic CHESS sub-register for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors but instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (HIN), if broker sponsored, or Securityholder Reference Number (SRN), if issuer sponsored, and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Monthly statements will be provided to holders in circumstances in which there have been any changes in their security holding in the Company during the preceding month.

2.6 Privacy Act

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Shares will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company on +61 8 9200 5885, or the Share Registry, Automic Registry Services, on +61 8 9324 2099.

2.7 Issue Price

The issue price is \$0.02 for each New Share payable in full in Australian currency on the acceptance of the Offer as follows:

- cheque drawn on and payable at any Australian bank;
- money order; or
- bank draft drawn on and payable at any Australian bank.

2.8 Applications

Applications under the Offer may only be made on the Application Form attached to this Prospectus. To the extent permitted by law, the Directors will have absolute discretion over which Applications to accept and intend to close the Offer as soon as they are legally entitled to do so.

2.9 Action Required

If you wish to apply for Shares pursuant to this Prospectus, complete the enclosed Application Form in accordance with the instructions set out and lodge the form together with the relevant amount (being the number of New Shares you wish to take up multiplied by \$0.02 in accordance with section 2.7 so that it reaches the Company by no later than 5.00pm WST on 15 February 2016:

Deliver to: **Level 1, 330 Churchill Avenue, Subiaco WA 6008**

Post to: **PO Box 2015, Subiaco WA 6904**

Cheques, money orders and drafts should be made payable to "Lithex Resources Limited" and crossed "Not Negotiable".

2.10 No Underwriting

The Offer is not underwritten.

2.11 Closing Date

The Closing Date for the Offer is 5.00pm WST on 15 February 2016. The Directors reserve the right to close the Offer earlier or to extend the Closing Date without notice.

2.12 Issue of New Shares

The New Shares will be allotted and issued as soon as practicable after the Closing Date. In accordance with section 722(1) of the Corporations Act, until the allotment and issue of the New Shares, all application monies will be held in trust by the Company.

Statements of holding for the New Shares will be mailed as soon as possible after the Closing Date.

No New Shares will be allotted and issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

Application money will be refunded to unsuccessful Applicants without interest as soon as reasonably practicable after the close of the Offer.

2.13 Quotation

The Company will apply for Quotation of the New Shares within 7 days of the date of this Prospectus. If permission is not granted for the Quotation of the New Shares within three (3) months after the date of this Prospectus, then the New Shares will not be allotted and all application monies received under this Prospectus will be refunded without interest.

2.14 Use of Funds of the Offer

The proceeds of up to \$406,897 raised from the Offer will be applied towards:

- the expenses of the Offer;

- costs associated with evaluating new acquisitions or investment opportunities (including due diligence costs); and
- working capital, which may include wages, payments to contractors, rents and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project, investment or acquisition, as determined by the Board at the relevant time.

2.15 Overseas Offers

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer.

2.16 Enquiries

If you have any questions concerning the Offer, please contact the Company Secretary, Mr Peter Webse, on 08 6377 8043 or contact your professional adviser.

2.17 Risk Factors

An investment in the Company carries certain risks that may impact on the future profitability of the Company and the value of the Company's securities. The New Shares on offer under this Prospectus should be considered speculative. The Directors recommend that potential investors carefully consider this Prospectus and consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

The business activities of the Company are subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or the price at which the New Shares will trade.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

2.17.1 Specific Risks

(a) Future Acquisitions

Going forward, the Company may make acquisitions of, or significant investments in, other projects or businesses in line with its business model. Such transactions are inherently accompanied by risk and there is no guarantee that an investment or acquisition made by the Company will be successful and return value to Shareholders. In addition, an acquisition may be subject to Shareholder and regulatory approvals, which may include re-compliance with Chapters 1 and 2 of the Listing Rules.

(b) Exploration Risk

Although the Company is seeking new investment opportunities outside the resources sector, any exploration costs of the Company would be based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions would be subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) No JORC Code compliant resource

There is no JORC Code compliant resource in relation to any of the Company's assets and there is no guarantee that a JORC Code

compliant resource in relation to any of the Company's assets will be achieved in the future.

(d) Resource Estimates

Resource estimates are an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend on some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(e) Commodity, Price Volatility and Exchange Rate Risks

Although a sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(f) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, and plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration of mineral interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(g) Licence Applications and Renewal Risk

The licences constituting the Company's assets in Western Australia are subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each licence is usually at the discretion of the relevant government authority. Additionally, licences are subject to a number of specific legislative conditions. The inability to meet these conditions could affect the standing of a licence or restrict its ability to be renewed.

If a licence is not renewed or granted, the Company may suffer significant damage through the loss of opportunity to develop and discover mineral resources on that licence.

(h) Failure to Satisfy Expenditure Commitments

Although each licence or lease carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(i) Environmental Risks

The Company's Western Australian assets are subject to rules and regulations regarding environmental matters including obtaining the approval of an environmental impact study or assessment depending on location and impacts. As with all mineral projects, the Company's Western Australian assets are expected to have a variety of environmental impacts should development proceed. Development of the Company's Western Australian assets will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's costs of doing business or affect its operations in any area.

(j) Future Capital Requirements

The Company will be required to raise additional funds in the event exploration costs, or other investment opportunity costs, exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration or development on the Company's Western Australian assets, or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

(k) Trading Price of Lithex Resources Shares

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Company's Shares. In addition, the price of the Company's Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the Australian dollar and United States dollar performance on world

markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general or Australian mining stocks in particular, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Company's Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that Lithex Resources' market performance will not be adversely affected by any such market fluctuations or factors.

2.17.2 General Risks

(a) Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) Insurance Risks

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(c) Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business. The potential exists for the nature

and extent of the competition to change rapidly, which may cause loss to the Company.

(d) **Economic Risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, or any other country in which the Company operates, interest rates and the rate of inflation.

(e) **Changes in Government Policies & Legislation**

Any material adverse changes in government policies or legislation of Australia or any other country where the Company may acquire economic interests may affect the viability and future profitability of the Company.

(f) **Reliance on and availability of key personnel**

Where the Company is reliant on key personnel, loss of such personnel may have a material adverse impact on the performance of the Company. Further, in order to undertake the Company's planned development activities, it may require additional financial, administrative, permitting and operational personnel. While the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

(g) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(h) **Compliance Risk**

The Company operates in a highly regulated industry and could be exposed to significant compliance costs, which may increase if regulations change.

(i) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

2.17.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is

speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

SECTION 3 INFORMATION AVAILABLE TO INVESTORS

3.1 Continuously Quoted Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information contained in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- the effect of the Offer on the Company; and
- the rights and liabilities attaching to the New Shares offered by this Prospectus.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to apply for New Shares pursuant to the Offer.

3.2 Continuous Reporting and Disclosure Obligations

The Company is listed on ASX and its Shares are quoted on ASX under the code "LTX".

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of all documents used to notify ASX of information relating to the Company under the provisions of the ASX Listing Rules since 25 September 2015 free of charge to any investor who so requests prior to the Closing Date. A list of those documents for the period commencing on 25 September 2015 to the time of lodging this Prospectus is set out in Section 3.3. The Company will also provide to any investor free of charge a copy of the Company's Annual Financial Report for the year ending 30 June 2015 and the Company's Half Year Financial Report for the period ending 31 December 2015 on request.

3.3 Company Announcements

Set out below is a list of all the announcements used to notify ASX of information relating to the Company under the provisions of the ASX Listing Rules for the period from 25 September 2015 to the date of this Prospectus.

| Date | Announcement |
|------------|--|
| 04/01/2016 | Expiry of Listed Options |
| 14/12/2015 | Expiry of Unlisted Options |
| 01/12/2015 | Final Director's Interest Notice-Jason Peterson |
| 01/12/2015 | Initial Director's Interest Notice-David Wheeler |
| 01/12/2015 | Board Changes |
| 30/11/2015 | Results of Annual General Meeting |
| 24/11/2015 | Expiry of Listed Options & Waiver of Listing Rule 6.24 |
| 26/10/2015 | Annual Report to Shareholders |

| Date | Announcement |
|------------|---|
| 26/10/2015 | Notice of Annual General Meeting/Proxy Form |
| 23/10/2015 | Quarterly Activities Report |
| 23/10/2015 | Quarterly Cashflow Report |
| 25/09/2015 | Appendix 4G |

\

SECTION 4 EFFECT OF THE OFFER ON THE COMPANY

4.1 Purpose and Effect of Offer on Capital Structure

Under the Offer, up to 20,344,865 New Shares are available for issue.

Upon completion of the Offer, the issued capital of the Company will comprise:

- (a) up to 155,977,302 Shares;
- (b) 3,500,000 unlisted Options exercisable at \$0.20 on or before 10 May 2016;
and
- (c) 10,000,000 unlisted Options exercisable at \$0.16 on or before 31 December 2016.

The proceeds from the Offer will be applied towards:

- the expenses of the Offer;
- costs associated with evaluating new acquisitions or investment opportunities (including due diligence costs); and
- working capital, which may include wages, payments to contractors, rents and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project, investment or acquisition, as determined by the Board at the relevant time.

4.2 Effect of Offer on Control

No New Shares will be issued under the Offer to any person in contravention of the takeover prohibition in section 606 of the Corporations Act. It is not anticipated that the Offer will have a material impact on control of the Company.

4.3 Effect of Offer on Financial Position

Set out below is the consolidated statement of financial position of the Company, which was subject to audit and the unaudited pro forma consolidated statement of financial position, each as at 30 June 2015, have been prepared on the basis of the following assumptions:

- (a) the Offer was effective on 30 June 2015; and
- (b) no further securities are issued (including by way of exercise of Options) other than under the issue of up to 20,344,865 New Shares under this Prospectus.

The significant accounting policies upon which the consolidated statement of financial position and the pro forma consolidated statement of financial position are based are contained in the financial report for the year ended 30 June 2015.

| | Audited 30 June 2015 \$ | Adjustments related to the Offer \$ | Unaudited Pro Forma 30 June 2015 \$ |
|---|-------------------------------|--|--|
| Current Assets | | | |
| Cash and cash equivalents | 1,550,575 | 371,070 | 1,921,645 |
| Trade and other receivables | 20,812 | - | 20,812 |
| Total Current Assets | 1,571,387 | 371,070 | 1,942,457 |
| Non-Current Assets | | - | |
| Property, plant and equipment | 2,138 | - | 2,138 |
| Total Non-Current Assets | 2,683 | - | 2,138 |
| TOTAL ASSETS | 1,573,525 | | 1,944,595 |
| Current Liabilities | | | |
| Trade and other payables | 11,230 | - | 11,230 |
| Other creditors | 33,333 | - | 33,333 |
| Total Current Liabilities | 44,563 | - | 44,563 |
| TOTAL LIABILITIES | 44,563 | - | 44,563 |
| NET ASSETS | 1,528,962 | 371,070 | 1,900,032 |
| EQUITY | | | |
| Contributed equity (less capital raising costs) | 9,385,816 | 371,070 | 9,756,886 |
| Share based payments reserve | 85,015 | - | 85,015 |
| Accumulated losses | (7,941,869) | - | (7,941,869) |
| TOTAL EQUITY | 1,528,962 | 371,070 | 1,900,032 |

Note: adjustments related to the Offer assume funds of \$406,897 raised and costs of the Offer of \$35,827.

SECTION 5 RIGHTS ATTACHING TO NEW SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

5.1 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act.

5.2 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

5.3 Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a Share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

5.4 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers

fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

5.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

5.6 Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements that the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer does not breach the Corporations Act and the ASX Listing Rules.

5.7 Future Increase in Capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

5.8 Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

5.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

SECTION 6 ADDITIONAL INFORMATION

6.1 Mandate with CPS Capital

The Company has engaged CPS Capital to be broker for the Offer. As consideration for providing these services, the Company will pay CPS Capital a capital raising fee equal to 6% in respect of funds raised by CPS Capital under the Offer. In addition, the Company has agreed to pay CPS Capital a corporate advisory fee of \$5,000 (plus GST) on a monthly basis for a period of 12 months.

6.2 Market Prices of Ordinary Shares

Official Quotation commenced on 17 May 2011.

The highest and lowest recorded market sale prices of the Company's Shares quoted on ASX during the 12 month period to the date of this Prospectus were \$0.03 cents on 22 December 2015 and \$0.012 cents on 14 July 2015 respectively.

The closing market sale price of the Company's Shares on ASX on the last day that trading took place in the Shares prior to the date of this Prospectus was \$0.026 cents on 19 January 2016.

6.3 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the New Shares. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the New Shares pursuant to the Offer.

6.4 Legal Proceedings

There is no material litigation, arbitration or other proceedings pending against or involving the Company as at the date of this Prospectus.

6.5 Consents

Each of the parties referred to below:

- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of the lodgment of this Prospectus with ASIC;
- (b) does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by any of those parties, other than as specified in this Section and has not made any statement on which a statement in this Prospectus is based, other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Automic Registry Services Pty Ltd has given, and has not before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Automic Registry Services Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus.

Price Sierakowski Corporate have given, and at the date hereof have not withdrawn, their written consent to be named in this Prospectus as the solicitors to the Company in the form and context in which they are named. Price Sierakowski Corporate have not authorised or caused the issue of this Prospectus and take no responsibility for any part of this Prospectus.

CPS Capital Group Pty Ltd have given, and at the date hereof have not withdrawn, their written consent to be named in this Prospectus as the broker for the Offer in the form and context in which they are named. CPS Capital Group Pty Ltd have not authorised or caused the issue of this Prospectus and take no responsibility for any part of this Prospectus.

6.6 Interests of Directors, Experts and Promoters

Except as set out below or elsewhere in this Prospectus, no Director holds, or has held in the last two years, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Offer; or
- the Offer,

nor has anyone paid, or agreed to pay, any amount or given, or agreed to give, any benefit to any Director to induce him to become or to qualify as a Director or otherwise in connection with the promotion or formation of the Company or with the Offer.

The interests of the Directors in the securities of the Company at the date of this Prospectus are as follows:

| Director | Number of Shares | Number of Options |
|--------------------------------|------------------|-------------------|
| David Wheeler ^{1 2} | 2,070,000 | - |
| Giuseppe Graziano ¹ | 1,500,000 | - |
| Paula Cowan | - | - |

Notes:

1. Pathways Corporate Pty Ltd holds 1,500,000 Shares in the Company. Mr Wheeler and Mr Graziano are directors and shareholders of Pathways Corporate Pty Ltd.
2. Pathways Capital Pty Ltd <Wheeler Super Fund> holds 570,000 Shares in the Company. Mr Wheeler is a director and a beneficiary of Pathways Capital Pty Ltd <Wheeler Super Fund>.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum 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.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors inclusive of superannuation.

| Director | FY2016 | FY2015 | FY2014 |
|--------------------------------|----------|----------|----------|
| David Wheeler ¹ | \$23,333 | - | - |
| Giuseppe Graziano ² | \$40,000 | \$40,000 | \$23,333 |
| Paula Cowan ³ | \$40,000 | \$16,666 | - |

Notes:

1. Mr Wheeler was appointed on 1 December 2015.
2. Mr Graziano was appointed on 5 December 2013.
3. Ms Cowan was appointed on 29 January 2015.

Other than as set out below, elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or has held at any time during the last two years prior to the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Offer; or
- the Offer,

nor has anyone paid, or agreed to pay, any amount or given, or agreed to give, any benefit to any such person in connection with the promotion or formation of the Company or with the Offer.

Price Sierakowski Corporate have acted as solicitors to the Company providing general advice to the Company and assisting in the preparation of this Prospectus. The Company estimates it will pay Price Sierakowski Corporate a fee of approximately \$5,000 (excluding GST) for these services.

CPS Capital will be paid a fee of 6% on the monies raised by them under this Prospectus pursuant to a mandate entered into with the Company on 3 December 2015. See Section 6.1 for further information.

6.7 Expenses of the Offer

The total expenses of the Offer, exclusive of GST, are estimated to be approximately \$35,000 comprising:

- 6% capital raising fee of up to \$24,414;
- legal fees of \$5,000;
- ASIC fees of \$2,320;
- printing, postage and share registry costs of \$1,000; and
- ASX listing fees of \$3,093.

6.8 Electronic Prospectus

Pursuant to Class Order 00/044, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

SECTION 7 AUTHORITY OF DIRECTORS

The Directors state that they have made all reasonable enquiries and have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that, in respect of any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by Section 716 of the Corporations Act to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before the lodgement of this Prospectus with ASIC, or to the Directors knowledge, before any issue of New Shares pursuant to this Prospectus.

Each of the Directors of the Company have consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act:

Dated 20 January 2016

A handwritten signature in black ink, appearing to read 'D. Wheeler', with a small horizontal line at the end.

Signed for and on behalf of the Company
By David Wheeler (Chairman)

SECTION 8 GLOSSARY

Applicant means a person who submits an Application.

Application means a valid application to subscribe for New Shares.

Application Form means the application form for New Shares enclosed with this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.

ASX Listing Rules means the official Listing Rules of ASX.

Board means the board of Directors unless the context indicates otherwise.

CHESS means ASX Clearing House Electronic Sub registry System.

Closing Date means the date on which the Offer closes as set out in this Prospectus.

Company means Lithex Resources Limited (ACN 140 316 463).

Corporations Act means the *Corporations Act 2001* (Cth).

CPS Capital means CPS Capital Group Pty Limited (ACN 088 055 636).

Director means a director of the Company from time to time.

Dollars or **\$** means Australian dollars unless otherwise stated.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition.

New Shares means up to 20,344,865 Shares prepared to be issued pursuant to this Prospectus.

Offer means the offer of New Shares pursuant to this Prospectus.

Opening Date means the date on which the Offer opens as set out in this Prospectus.

Option means an option to acquire a Share.

Prospectus means this prospectus dated 20 January 2016 for the issue of up to 20,344,865 New Shares, including any electronic or online version.

Quotation means quotation of the New Shares on ASX.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of Shares.

WST means Western Standard Time, Perth, Western Australia.