



ASX ANNOUNCEMENT

10 JULY 2014

LITHEX SIGNS AGREEMENT TO TRANSFORM INTO HIGH POTENTIAL INTERNET MARKETING BUSINESS

The Directors of Lithe Resources Limited (**Lithe** or the **Company**) are extremely pleased to announce that the Company has entered into an agreement to acquire the Mpire Media business, which is an established performance-based marketing business at the vanguard of internet marketing technology (**Mpire**).

Mpire currently forms part of a group of companies controlled by successful entrepreneur Zhenya Tsvetnenko (**Zhenya Group**), and is being spun out of the Zhenya Group to pursue additional growth opportunities on the back of the expertise, contacts and technology built up over the past 5 years.

The acquisition is being effected via a binding Heads of Agreement with Livelynk Group Pty Limited (the operator of Mpire) and Zhenya Holdings Pty Limited pursuant to which Lithe will acquire 100% of the issued share capital of Livelynk Group Pty Limited.

HIGHLIGHTS

- The transaction will transform Lithe into an internet services company, with an established high potential performance-based marketing business operating at the forefront of the internet arena.
- Performance-based Advertising is now the dominant form of internet advertising, accounting for 66% of total US online advertising spend. In a Performance-based Advertising model, advertisers are only charged if the campaign achieves specific measurable results such as generating sales, business leads or page views.
- Mpire possesses extensive in-house expertise, contacts and technology built up over 5 years as part of the Zhenya Group, and is being spun out to further drive growth and pursue additional commercial opportunities. 50% of its revenues already come from outside the Zhenya Group.
- Mpire has operations across key sectors (mobile and media, finance, insurance, health and wellness, retail and leisure and gaming) with international reach to over 180 countries and regions built upon an industry leading software platform.
- Mpire is well positioned for growth given that the global internet advertising market is expected to grow from US\$110 billion in 2013 to US\$175 billion in 2017 (*source: Warc*)
- Additional commercialisation opportunities exist to sell to third party businesses Mpire's leading cloud-based software platform, nxus, under a software as a service (**SaaS**) enterprise model.

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- Mpire has a strong and skilled management team, led by CEO Luke Taylor, with experience across digital marketing, performance based advertising, internet and mobile technology, ecommerce and entrepreneurship.

Associated with the transaction will be a financing package consisting of:

- A prospectus offer to raise a minimum of \$3,500,000 and a maximum of \$5 million at \$0.20 per share, to comply with Chapters 1 & 2 of the ASX listing rules;
- A placement to new sophisticated investors to raise up to \$283,000 (before costs) at 2 cents per share, pre consolidation (**Sophisticated Placement**), with the lead manager being DJ Carmichael Pty Ltd;
- A rights issue, underwritten by CPS Capital Group Pty Ltd, to the Company's shareholders to raise up to \$542,000 (before costs) at 2 cents per share, pre-consolidation (**Rights Issue**);
- Subject to the successful completion of the Rights Issue and the Sophisticated Placement, a secured loan of up to \$1,200,000 to be provided in tranches to Livelynk Group Pty Limited by Lithex, to fund initial growth.

Mpire CEO, Mr Luke Taylor, said that he was looking forward to bringing the established operations of Mpire into the marketplace and into the ASX environment for the first time.

“We have built an extensive knowledge base and gained considerable experience in performance-based advertising and technology solutions whilst operating within the Zhenya Group, and we came to the firm view that significant commercial opportunities exist by bringing Mpire into the wider internet advertising market.”

“We have had a lot of success in realising that vision in the lead up to being spun out of the Zhenya Group, with over half our customer base now comprising third parties. We have identified a range of additional growth opportunities through expanding our customer base and from a very strong SaaS opportunity to commercialise our nxus platform.”

“This is the right time for us to pursue these opportunities, and this transaction combined with the funds raised will underpin our growth efforts.” Mr Taylor said.

Lithex Chairman, Mr Jason Peterson, said that the agreement to acquire Mpire would materially transform the Company for the benefit of all shareholders.

“We have indicated for some time that we were reviewing and rationalising the Company’s current projects and future strategy. I’m extremely pleased that we have been able to come to an agreement to acquire a business with as much potential as Mpire. We have also been able to secure an opportunity for our shareholders to participate further in the potential upside, through the Rights Issue at 2 cents per share,” Mr Peterson said.

“We are certain that this transaction will deliver an outcome that far better maximises shareholder returns compared to our current position. I look forward to further conversing with shareholders over the merits of the deal in the coming weeks,” Mr Peterson said.

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ABOUT MPIRE

Mpire is a rapidly growing performance-based online and mobile marketing solutions provider with a reach to over 180 countries.

Mpire offers advertisers a scalable solution to gain consumer acquisitions on a strict performance basis. Mpire bills its advertisers and pays its marketing affiliates only when actual results are achieved such as a product sale, download or other measurable goal. This removes the media spend risk for the advertisers and Mpire and ensures a true win-win experience for all parties.

Mpire engages a number of affiliates to market the products and services of its advertisers (merchants), and acts as the intermediary network between merchants and affiliates. It manages the merchant's offers and selectively sources affiliates to develop comprehensive customer acquisition solutions for the merchant, through emerging forms of media and innovative technology. With transparency, reach, creative services, online compliance and a personalised strategy for the merchants business, the network provided by Mpire makes performance marketing simple.

Born from the Zhenya Group, Mpire was founded in 2006 by Zhenya Tsvetnenko and is now a one stop shop offering online marketing and software development services with an experienced international team based in offices in Perth, Dublin and Toronto.

nexus attribution tracking software – SaaS enterprise solution for performance marketing

nexus is Mpire's attribution tracking software solution for online and mobile performance marketing. The Mpire team developed nexus over the last 2 years due to the need for a scalable and comprehensive network platform to operate, track, analyse and optimise all of the Zhenya Group's products and services.

It is now a proven platform and currently manages the entire life-cycle of Mpire's Affiliate Networks with approximately 40 million monthly clicks delivered in over 180 countries generating over 500,000 monthly attributions (sales).

A significant opportunity exists to deliver the platform to third parties as a cloud-based SaaS ("Software as a Service") offering to manage their affiliate networks. Post the transaction completing, pursuing this opportunity will form a significant part of the growth potential for the business.

TRANSACTION TERMS

The Company has entered into a binding Heads of Agreement (**Agreement**) with Livelynk Group Pty Limited (**LLG**) and Zhenya Holdings Pty Limited (**ZHL**) to acquire 100% of the issued share capital of LLG (**Acquisition**).

The material terms of the Agreement are set out below:

Conditions Precedent

Completion of the Acquisition is subject to the satisfaction (or waiver) of a number of conditions precedent by no later than 31 December 2014, including (but not limited to):

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- (a) both parties being satisfied with their due diligence investigations of the other within 30 business days of the execution date of the Agreement;
- (b) the parties agreeing to the terms and conditions of a formal share sale agreement to effect the Acquisition;
- (c) the Company obtaining all necessary shareholder approvals under the Corporations Act and the ASX Listing Rules in relation to the Acquisition, including (but not limited to) approvals required for the following:
- (i) re-compliance with the admission and quotation requirements of ASX and issue of shares under the Capital Raising;
 - (ii) change to the Company's activities;
 - (iii) a consolidation of the Company's existing capital and change of name;
 - (iv) issue of the Consideration Shares to the LLG shareholder; and
 - (v) issue of the Performance Shares to the Vendor, staff and senior management;
- (d) the Company raising a minimum of \$3,500,000 at 20c per share under a capital raising prospectus; and
- (e) the Company receiving conditional approval from ASX to have its securities re-instated to trading on the ASX on terms acceptable to both the Company and the LLG shareholder.

Settlement of the Acquisition will occur within 7 business days after the satisfaction (or waiver) of the Conditions Precedent above.

Consideration

In exchange for the Company acquiring 100% of the issued share capital of LLG, the Company will issue, by way of consideration on a post consolidation basis, 23,500,000 fully paid ordinary shares in the capital of Lithex Resources (**Consideration Shares**) at a deemed issue price of \$0.20 to the LLG shareholder.

Performance Shares

Separately from the Consideration Shares, the transaction incorporates the issue of Performance Shares as set out below:

39,900,000 Class A Performance Shares that will convert on a 1 for 1 basis, post consolidation, should LLG generate gross revenue of \$15,000,000 in the 18 month period following Completion of the acquisition.

26,600,000 Class B Performance Shares that will convert on a 1 for 1 basis, post consolidation, should LLG generate gross revenue of \$25,000,000 in the 24 month period following Completion of the acquisition.

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Escrow

The Consideration Shares and any other securities to be issued as part of the Acquisition may be subject to escrow restrictions in accordance with the ASX Listing Rules. The Company will be seeking confirmation from the ASX in the coming weeks as to the application of escrow with respect to these securities.

Other key terms of the transaction are set out in further detail below.

CHANGES TO THE BOARD

Following completion of the Acquisition, the Company will see a change of Board, with each of the existing Directors stepping down from their positions to be replaced by each of the following:

Luke Taylor (Managing Director / Chief Executive Officer)

Luke is an analytical, innovative, and solution focused operational leader with a strong technology management background and over 12 years of experience that includes a successful international expansion. Luke utilises his expertise in digital marketing, internet and mobile technology to ensure effective project coordination. Luke has a proven ability to manage multifunctional teams both directly and remotely, and has competitive attitude and a track record for successfully developing and deploying ROI driven strategies.

Zhenya Tsvetnenko (Chairman)

Zhenya has over 8 years' experience in the mobile premium messaging services including data, music, games, and news. He is a highly successful entrepreneur and is also the Executive Chairman of digitalBTC. Zhenya was awarded the prestigious Ernst and Young, Entrepreneur of the Year 2010 young category and the Western Australian Business News 40 under 40 awards 2011.

Jeff Botnick (Executive Director / Chief Marketing Officer)

Jeff brings to the table 12 years of successful results in the digital marketing and ecommerce arenas. Having managed and grown two of the largest performance based agencies in the US, Jeff has earned a reputation as a visionary in performance marketing. Further he has proven himself as an innovative and effective team builder capable of driving results in both start-up and mature businesses.

Fiona Muir (CFO and Company Secretary)

Fiona is a chartered accountant with over 14 years' experience in both commerce and professional practice in South Africa, Australia and the United Kingdom. Fiona has extensive experience in corporate transactions having worked as the Chief Financial Officer of ASX listed Cape Lambert Resources Limited and Xceed Resources Limited. Fiona has also acted as Company Secretary for a number of ASX listed entities including DMC Mining Limited, Corvette Resources Limited, Matrix Metals Limited and Xceed Resources Limited.

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DISPOSAL OF MINING INTERESTS

Lithex currently has a number of mining asset disposals underway, and it is intended that these will be settled prior to the transaction completing. Additionally, it is intended the other mining assets of the Company will also be disposed of in an orderly manner, and be rendered free of all outstanding environmental liabilities or remaining work commitments prior to the transaction completing.

CHANGE OF NAME

Subject to shareholder approval at the upcoming general meeting, the Company intends to change its name to "Mpire Tech Limited".

CONSOLIDATION OF CAPITAL

The Company will be seeking shareholder approval to consolidate its issued capital, following completion of the Rights Issue and Sophisticated Placement.

SOPHISTICATED PLACEMENT

The Company will be completing a placement of 14,152,952 Shares at an issue price of \$0.02 each to sophisticated investors to raise a total of \$283,059 (**s708 Offer**). DJ Carmichael Pty Ltd will act as lead manager to the s708 Offer.

UNDERWRITTEN NON-RENOUCEABLE RIGHTS ISSUE

The Company will be completing an underwritten non-renounceable rights issue (**Rights Issue**) to the Shareholders of the Company. The Rights Issue shall raise up to \$542,530 by the issue of 27,126,491 of pre-consolidation Shares at an issue price of \$0.02 each and will be underwritten by CPS Capital Group Pty Ltd under normal commercial terms for this type of offer.

SECURED LOAN TO LIVELYNK GROUP PTY LIMITED

Subject to the successful completion of the Rights Issue and the Sophisticated Placement, the Company has agreed to provide a secured loan to Livelynk Group Pty Limited of up to \$1,200,000, to be drawn down in a number of tranches.

CAPITAL RAISING

In accordance with the requirements of the ASX Listing Rules and for the purposes of funding the cost of the Acquisition and the Company's future activities (amongst other things), the Company proposes to issue a prospectus to raise by public offer, subject to shareholders' approval at the General Meeting, a minimum of 17,500,000 and a maximum of 25,000,000 post consolidation Shares at an issue price of \$0.20 each in order to raise a minimum of \$3,500,000 and a maximum of \$5,000,000 (**Capital Raising**).

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PRO FORMA CAPITAL STRUCTURE ON COMPLETION OF THE ACQUISITION BASED ON THE MAXIMUM CAPITAL RAISING

Shares	Number
Shares currently on issue	94,353,015
Placement Shares	14,152,952
Rights issue Shares	27,126,491
Total shares on issue pre-consolidation	135,632,459
Shares on issue post consolidation	27,126,491
Promoter Shares	4,650,000
Vendor Shares	23,500,000
Capital Raising Shares	25,000,000
TOTAL	80,276,491
Performance Shares	Number
Existing performance shares on issue	-
Issue of performance shares pursuant to Acquisition	66,500,000
TOTAL	66,500,000
Options	Number
Existing Options on issue pre-consolidation	60,412,754
Existing Options on issue post-consolidation	12,082,550
Promoter Options	6,000,000
TOTAL	18,082,550

CHANGE TO NATURE AND SCALE OF ACTIVITIES UNDER CHAPTER 11 OF THE ASX LISTING RULES

The acquisition of Mpire constitutes a change to the nature and scale of the Company's activities.

As part of satisfying its requirements to re-comply with Chapters 1 and 2 of the ASX Listing Rules, the Acquisition must be approved by Lithex's Shareholders at a general meeting (**Meeting**). The Company's Shareholders will receive a notice of meeting setting out various resolutions relating to the Acquisition (**Notice of Meeting**). A detailed explanatory statement will accompany the Notice of Meeting, together with an independent expert's report (if required) and will be distributed to all Shareholders prior to the Meeting.

In addition to the Notice of Meeting, Lithex will issue a prospectus that will provide full disclosure of the material matters to enable Lithex to comply with Chapters 1 and 2 of the ASX Listing Rules (**Prospectus**).

The Company's securities will be suspended on the date of the Meeting at which Shareholder approval for the Acquisition contemplated will be sought. Subject to approval being obtained, the Company's securities will remain suspended until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and completion of the Acquisition has taken effect.

Further details will be included in the Notice of Meeting.

INDICATIVE TIMETABLE

An indicative timetable for completion of the Acquisition, Consolidation and the Capital Raising is set out below:

Action	Target Dates
Execution of Heads of Agreement	9 July 2014
Announce execution of Heads of Agreement	10 July 2014
Execution of Share Purchase Agreement	4 August 2014
Completion of due diligence investigations	19 August 2014
Despatch Notice of Meeting and independent expert's report to LTX shareholders	2 September 2014
General Meeting of LTX shareholders	2 October 2014
LTX Shares suspended from trading	2 October 2014
Lodgement of Prospectus for Capital Raising with ASIC and ASX	6 October 2013
Opening Date of offer for Capital Raising under the Prospectus	14 October 2014
Closing Date of offer of Capital Raising under the Prospectus	6 November 2014
Completion of Share Purchase Agreement and issue of Shares	11 November 2014
Satisfaction of requirements of Chapters 1 & 2	11 November 2014
Re-instatement to trading on ASX	20 November 2014

The above timetable is indicative only and is subject to change without notice.

For further information please contact:

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Forward Looking Statement Assumptions

Some of the statements appearing in this announcement are in the nature of forward looking statements. You should be aware that such statements are only predictions and are based on assumptions of the Board of the Company concerning, among other things, the Acquisition and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which the Company and Mpire operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of the Company or its officers or any person involved in the preparation of this announcement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect the Company's Board's views held only as at the date of this announcement.

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