

ASX ANNOUNCEMENT
Wednesday, 2 July 2014

Palace signs Joint Venture with SilikonRok

Further to the Company's announcement of 27 June 2014, Palace (ASX: PXR) ("**Palace**" or "**the Company**") is pleased to advise that it has signed a joint venture agreement with SilikonRok Pty Ltd ("**SilikonRok**").

Highlights

- Palace has entered into a joint venture with SilikonRok, a specialist technology group, to assist the company in the identification and acquisition of technologies that are at an advanced stage of development.
- SilikonRok currently has a pipeline of a number of potentially suitable projects that Palace will have first rights to evaluate.
- SilikonRok has an experienced in - house technical team.

Palace Resources Limited is pleased to announce that it has entered into a joint venture with SilikonRok Pty Ltd to gain access to projects and expertise in the technology space.

Terms of the Joint Venture

Under the terms of the joint venture, the parties agree to work together to identify and commercialise Information Technology projects with particular application to the resources sector.

SilikonRok is to contribute technical expertise, with Palace contributing access to capital markets and alternative financial structures in consideration for the joint venture agreement.

Palace has been granted an option to acquire up to a 20% interest in SilikonRok, for an issue of shares at any time from the signing of the joint venture agreement. This option to acquire is at the discretion of Palace and based on an independent valuation at the time of Palace's action to acquire.

Overview of SilikonRok

SilikonRok is an independent advisory group that evaluates technology companies looking to commercialize their businesses. Veteran technologist Kevin Baum and his team have a proven track record in the evaluation of risks and opportunities in technology businesses and provide advice on the roadmap to commercialization.

SilikonRok, in addition to developing projects in house, also has the capacity to:

- Source near term cash flow opportunities;
- Evaluate markets and opportunities;
- Evaluate business models;
- Review management team & processes;
- Identify Risk; and
- Provide ongoing governance and product development.

Next steps

Palace will keep shareholders informed of any material developments regarding the projects currently under review. Further, the Company continues with its current projects and is reviewing additional resource projects that might meet its investment criteria.

Yours Faithfully

Roland Berzins
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