

ASX ANNOUNCEMENT

Monday 14 July 2014

Palace signs binding Heads of Agreement with TikForce

Palace Resources Ltd (“**Palace**”, or “**the Company**”) has signed a binding Heads of Agreement (“HOA”) with TikForce Pty Ltd (“TikForce”), with respect to a project controlled by SilikonRok, under the terms of the Joint Venture previously announced to ASX.

The HOA allows Palace to acquire 100 % of the issued capital TikForce via a special purpose vehicle (“SPV”) to which SilikonRok has assigned its rights to TikForce.

About TikForce

TikForce is a platform that operates on the internet, mobile phones and tablets and whose function is to track jobs, and tasks allocated to just – in - time workers, contractors and employees that are working on-site or mobile.

TikForce allows team controllers to allocate work to existing team members or contractors and to post the work to the work pool. Similar to “Uber”^{®1}, workers can make themselves available for defined types of work, at specific times and locations. Controllers can ask workers to apply for a job or simply allocate them to members of the work pool and receive confirmation.

TikForce provide a suite of tools to track tasks and work in progress and interface to reporting, accounting and human resource systems.

Market Size

The market size is large and growing, with over 37% of workers expected to be mobile by 2015.

TikForce is easily scalable and with its online delivery system and smart phone interface it can be applied almost anywhere. It is therefore applicable for a wide range of businesses and workforces.

Footnote: 1 Uber[®] - Transport network company that makes mobile apps, that connect passengers with drivers of vehicles for hire and ride sharing services

Cars can be reserved by sending text messages or by using a mobile app – the latter can also be used by the customer to track their reserved cars location. – source : en.wikipedia.org

TikForce is ideal for local government, construction, call - out professionals and health industries as well as infrastructure and support services.

TikForce has completed business validation and product testing and has a commercialization and business strategy that is expected to generate near term cash flow.

The intellectual property within TikForce will be rolled out as a service business model that will allow TikForce to build a sale process, with steadier cash flow and growth than a traditional license sales model. This should enable small, medium and large enterprises to pay for the platform in line with gains in productivity.

Binding Heads of Agreement

Key terms of the HOA include the following

- **Palace** to complete the placement of shares to raise approximately \$800,000 (before costs).
- **Palace** to ensure that all its debts are converted to equity post consolidation apart from \$150,000 in expenses as agreed by the parties.
- **Palace** to enter into a Share Sale agreement with SPV to acquire all the issued capital in SPV for a consideration of 10,000,000 post consolidation shares and three tranches of Performance Shares to be issued on the following mile stones;
 - a. 6 million Performance Shares at achieving 20,000 paid subscribers;
 - b. 6 million Performance Shares on achieving 30,000 paid subscribers;
 - c. 6 million Performance Shares on achieving 40,000 paid subscribers; and
 - d. The issue of 10 million post consolidation advisor options at an issue price of \$0.00001 exercisable at \$0.0021 (0.21 cents) on or before 30 June 2017.

Application of Funds

- The application of Funds for the proposed acquisition of **TikForce** together with existing **Palace** commitments is set out as follows:

Activity	Description	Amount
Option Fee	On signing of HOA	\$50,000
Option Fee	Following Share Placement	\$50,000
Palace Creditors and existing operations	Existing PXR creditors and operations	\$250,000
Secured Loan	5% Interest Rate p.a. Repayable 30/6/2015	\$100,000
Due Diligence and re - compliance	Associated with TikForce Acquisition	\$320,000
Working Capital		\$50,000
TOTALS		\$820,000

The share sale agreement to be executed between Palace and TikForce, will include but not be limited to the following terms:

- **Palace** being satisfied with Due Diligence;
- **Palace** will appoint **SilikonRok's** independent consultant to undertake the technical report on the Intellectual Property, on its behalf, under the previously signed mandate;
 - o Due diligence is anticipated to be completed within 30 days of signing of the HOA; and
 - o Cut off date for completion of due diligence and execution of the Share Sale Agreement is 31 August 2014, unless agreed otherwise.
- **Palace** to arrange a capital raising as part of re-compliance with Chapter 1 and 2 of ASX Listing Rules;
- **TikForce** must obtain all required shareholder approvals;
- **Palace** obtaining all shareholder and regulatory approvals to enable the transaction to be completed;
- **TikForce** to nominate up to two directors to the board of **Palace** and following those appointments, Mr Le Page will resign; and
- Anticipated completion date for the Share Sale Agreement is 31st July 2014.

Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

The ASX will require **Palace** to re-comply with Chapters 1 and 2 of ASX Listing Rules as a result the Company will be required to complete a number of elements summarized but not limited to the following:-

- **Palace** would need to call a General Meeting of shareholders to seek approval to consolidate its shares on a basis of not more than 80 to 1;
- Approve the acquisition of **TikForce** and the associated change of nature of operation and scale of operation;
- Change of name of the Company to **Sorroco Ltd**;
- Ratify the appointment of new directors;
- Approval of conversion of debt to equity, including debt associated with directors; and
- Approval of capital raisings via a Prospectus Issue.

Proposed Re-compliance Timetable

Entry into formal agreements	1 st July 2014
Notice of Meeting Despatch to ASX concerning Placement	1 st August 2014
Notice of Meeting Despatch to ASX concerning approval of transaction	8 th August 2014
Date of Meeting – With respect to placement	30 th August 2014
Date of Prospectus Lodgement	31 st August 2014
Date of Meeting – With respect to approval of transaction	9 th September 2014

Date of Offer Close	30 th September 2014
Timing for reinstatement to trading following completion of Chapters 1 & 2 re-compliance	15 th October 2014

This timetable is indicative only and subject to change. It should be noted that the Company may remain in suspension until such time as is necessary to re-comply with Chapters 1 and 2 of ASX Listing Rules.

Proposed Capital Raising

Palace will be required to issue a disclosure document to raise sufficient funds to enable the re-compliance with Chapters 1 and 2 of ASX listing rules. The capital raising will be conducted at a minimum of \$0.20 per share. Funds raised will be used to support the commercial roll out of TikForce's business activities and to cover administration costs of the Company.

Indicative Capital Structure	
Current issued capital	818,428,307
Advisory Fees	90,000,000
Shares under the Placement	800,000,000
Total Shares on Issue	1,708,428,307
Consolidation assuming 80:1	
Post consolidation shares on issue	21,355,353
Debt to equity conversion	2,000,000
Shares to vendors	10,000,000
Shares issued under prospectus	15,000,000
Total shares on issue following	
Completion of re-compliance	48,355,353
Options	
Exercisable at \$0.0021 (0.21 cents)	10,000,000
Expiry date 30 June 2017	

For further information, please contact:

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 Company Secretary

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 Advisor