

ASX ANNOUNCEMENT

The directors of Palace Resources Ltd (“Palace”, “PXR” or the “Company”) have pleasure in presenting their quarterly report for the period ended 30 September 2014.

Operations Report

September Quarter 2014

Activity

On June 2014, the Company announced that it had formed a joint venture with SilikonRok, a specialist technology company, to assist the Company in the identification and acquisition of technologies that are at an advanced stage of development.

As a result of the SilikonRok investigation, Palace has entered into a head of Agreement with TikForce Pty Ltd (TPL). TPL has created a product suite (TikForce) which is a web and mobile application platform that provides a simple way to track mobile workers, contractors and monitor the productivity and quality of their work.

A key factor of TikForce is the real time transaction flow, where the controller can see where workers are and what they are doing, what support they may need and can quickly redeploy work or workers as situations change.

Palace has completed the Due Diligence on TPL and will favourably recommend its acquisition to Shareholders’, at a forthcoming meeting.

SilikonRok is currently evaluating further software solutions that would integrate readily into the existing TikForce architecture and this extent, Palace has entered into a further MoU with Min – Trak, a Zambian incorporated company that provides affordable remote / satellite tracking services for regions with limited or non – existent mobile / cellular coverage.

Palaces intent to incorporate the integrated Min – Trak technology, which allows integrated asset tracking and satellite connectivity of physical assets locations and usage, to the comprehensive human resource tracking and management platform of TPL.

The acquisition of Min –Trak is subject to Shareholders approval and compliance with ASX Listing Rules.

Capital Structure

During the quarter, the Company received shareholder’s approval for the following:

- Ratification of prior issue of shares – 120,000,000 FPO @ \$0.001 each
- Approval of Placement of 80,000,000 FPO @ \$0.001 each

In addition, the Company has shareholders' approval for a further placement of 375,000,000 shares @\$0.0016 each with a free attaching option, of which 6,250,000 FPO plus 6,250,000 free attaching options, has been currently placed.

As at 30 September 2014, the Company had the following securities issued:

1,008,428,307 Fully paid ordinary shares;
 97,440,291 Options – exercisable at \$0.002 each and expiring on 28 February 2016
 89,500,000 Options – exercisable at \$0.03 each and expiring on 30 November 2014; and

Roland Berzins
Company Secretary

30 October 2014

Schedule as per **ASX Listing Rule 5.3.3**

Tenement Status					Beneficial percentage interest held in farm out arrangements at the end of the quarter	Beneficial percentage interest held in farm out arrangements acquired or disposed of during the quarter
Project	Location	Tenement	Blocks	 Holders		
Tanami	Australian Northern Territory	EL25207	244	Palace Resources Ltd	10%	Nil

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

PALACE RESOURCES LIMITED

ABN

74 106 240 475

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(176)	(176)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(176)	(176)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Unsecured Loans)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(176)	(176)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(176)	(176)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	190	190
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	(13)	(13)
	Net financing cash flows	176	176
	Net increase (decrease) in cash held	0	0
1.20	Cash at beginning of quarter/year to date	3	3
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3	3

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	22
1.24 Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

All directors' fees, salaries and superannuation were accrued, no cash payment during the quarter – 1.2

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1
4.2 Development	-
4.3 Production	-
4.4 Administration	2
Total	3

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3	3
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3	3

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	1,008,428,307	1,008,428,307		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	190,000,000	190,000,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	89,500,000 97,440,291	89,500,000 97,440,291	<i>Exercise price</i> \$0.03 \$0.002	<i>Expiry date</i> 30 November 2014 28 February 2016
7.8 Issued during quarter				
.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Roland Berzins Date: 30 October 2014

(Company secretary)

Print name: Roland Berzins

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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