

ASX ANNOUNCEMENT

Friday 31 October 2014

Manager Announcement
Company Announcements Office
Australian Securities exchange
20 Bridge St
Sydney NSW 2000
Via electronic lodgment

Option Expiry notice

Palace Resources Limited (Palace or the Company; ASX Code: PXR) wishes to notify holders of Palace's quoted options (ASX: PXRO) that the Palace Options will expire at 5:00PM (WST) on 30 November 2014.

The Company advises that it has been granted a waiver from Listing Rule 6.24 to the extent necessary to permit Palace to not send notices required by paragraph 6.1 of Appendix 6A in relation to the Palace Options. Accordingly, Option expiry notices will not be sent to Palace Option holders.

Palace provides the following information in accordance with the Listing Rules and the waiver granted by the Australian Securities Exchange (ASX):

- The Number of Palace Options to which this notice applies is 89,500,000;
- Each Palace Option entitles the holder to receive on exercise, one fully paid ordinary share in Palace (Palace Share). If all Palace Option were exercised, an additional 89,500,00 Palace shares would be issued and the resultant Palace Shares on issue would be 1,104,178,307;
- The exercise price of each Palace Option is \$0.03;
- The due date for payment of the exercise price is 5:00PM(AWST) on 30 November 2014;
- If payment is not received by 5:00PM (AWST) on 30 November 2014, the Palace Option will lapse and all rights under the Palace Option will cease;
- Official quotation of the Palace Option will cease on 21st November 2014;
- The latest market price for the Palace Shares traded on the ASX before the date of this notice was \$0.001 on 29 October 2014;
- The highest and lowest market price traded on the ASX for palace Shares during the three month period immediately before the date of this notice was \$0.003 on 21 October 2014 and \$0.001 on 29 October 2014.

If the market price of the Palace Shares exceeds \$0.022, before 30 November 2014, then, in accordance with the conditions of the ASX waiver, the Company will immediately send an option expiry notice to Palace Option Holders.

Yours faithfully
Palace Resources Limited

Roland Berzins
Company Secretary