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**PALACE RESOURCES LIMITED**

**106 240 475**

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**NOTICE OF GENERAL MEETING**

**A General Meeting of the Company will be held at Suite 4, 16  
Ord Street West Perth, Western Australia on 2 January 2015  
at 10:30 AM (WST)**

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*This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please contact the Company Secretary on (08) 9429 2900***

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the general meeting of Shareholders of Palace Resources Limited to which this Notice of Meeting relates will be held at Suite 4, 16 Ord Street West Perth, Western Australia on 2 January 2015 at 10:30AM (WST).

**YOUR VOTE IS IMPORTANT**

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The business of the Meeting affects your shareholding and your vote is important.

**VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company at 10:30 AM (WST) on 31 December 2014.

**VOTING IN PERSON**

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To vote in person attend the Meeting at the time, date and place set out above.

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

The accompanying Explanatory Statement and the Proxy and voting instructions form part of this Notice of Meeting.

By Order of the Board

Mr Roland Berzins  
Company Secretary

Dated .1 December 2014.....

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# PALACE RESOURCES LIMITED

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## NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of Palace Resources Limited (**Company**) will be held at Suite 4, 16 Ord St West Perth, WA on 2 January 2015 at 10.30am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice of General Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form are part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on 31 December 2014 at 10.30am (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in the 'Definitions' section of the Explanatory Memorandum.

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### 1. Resolution 1 – Approval of Placement

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 312,500,000 Shares each at an issue price of 0.16 cents (\$0.0016) per share to professional and sophisticated investors on the terms and conditions in the Explanatory Memorandum (**Placement**)."*

#### Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the Placement and anyone who might obtain a benefit except a benefit solely in their capacity as holders of ordinary securities if the Resolution is passed, or an associate of that person.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 2. Resolution 2 – Placement of Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That, in accordance with Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to free 312,500,000 Options, issued to the Subscribers of the shares as per Resolution 1 above, on the terms and conditions in the Explanatory Memorandum.”*

**Voting Exclusion:**

The Company will disregard any votes cast on Resolution 2 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 2 is passed and any associate of those persons. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**BY ORDER OF THE BOARD**

Roland Berzins  
Company Secretary  
Dated: 1 December 2014.....

# Palace Resources Limited

## ACN 106 240 475

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### EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Suite 4, 16 Ord St West Perth, Western Australia on 2 January 2015 .at 10.30am (WST)

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

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#### 1. Action to be taken by Shareholders

Shareholders should read the Notice and Explanatory Memorandum carefully before deciding how to vote on the Resolution.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative ("**proxy**") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

#### 2. Resolution 1 – Approval of Placement

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##### General

Resolution 1 seeks the approval of Shareholders for the issue of up to 312,500,000 Shares at an issue price per Share of 0.16 cents (\$0.0016) per share, to professional and sophisticated investors (pursuant to sections 708(8) and 708(11) of the Corporations Act).

##### Listing Rule 7.1

Listing Rule 7.1 requires Shareholder approval for the proposed issue of the Shares under the Placement. Listing Rule 7.1 provides that, subject to certain exceptions, Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's ordinary securities then on issue.

Given the issue of the Shares under the Placement will exceed this 15% threshold and none of the exceptions in Listing Rule 7.2 apply, Shareholder approval is required in accordance with Listing Rule 7.1.

The effect of Resolution 1 will be to allow the Directors to issue Shares under the Placement during the period of 3 months after the Meeting (or a longer period if permitted by ASX) without using the Company's 15% placement capacity.

Resolution 1 is an ordinary resolution.

### **Specific information required by Listing Rule 7.3**

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.1:

- (a) the maximum number of securities the Company is to issue under the Placement is 312,500,000 Ordinary shares;
- (a) Shares under the Placement will be issued no later than 3 months from the date of the General Meeting (or such longer period of time as ASX may, in its discretion, allow pursuant to a waiver of Listing Rule 7.3.2);
- (b) Shares under the Placement will be issued at a price per Share of 0.16 cents (\$0.0016);
- (c) Shares under the Placement will be issued to professional and sophisticated investors (pursuant to sections 708(8) and 708(11) of the Corporations Act) who are not related parties of the Company;
- (d) Shares under the Placement will be fully paid ordinary shares in the capital of the Company;
- (e) the funds raised from the Placement will be applied towards working capital and to fund the identification and evaluation of new opportunities;
- (f) allotment of the Shares under the Placement will occur progressively; and
- (g) a voting exclusion statement is included in this Notice.

### **3. Resolution 2 – Approval of Placement - Options**

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#### **General**

Resolution 2 seeks shareholder approval for the issue of 312,500,000 Options to Subscribers who partook in the placement of 312,500,000 fully paid ordinary shares, as per Resolution 2 above.

The issue of these Options to subscribers is subject to and conditional upon shareholder approval and completion of the Placement.

#### **Listing Rule 7.1**

Listing Rule 7.1 requires Shareholder approval for the proposed issue of the Securities under the Placement. Listing Rule 7.1 provides that, subject to certain exceptions, Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's ordinary securities then on issue.

Given the issue of the Securities under the Placement will exceed this 15% threshold and none of the exceptions in Listing Rule 7.2 apply, Shareholder approval is required in accordance with Listing Rule 7.1.

The effect of Resolution 2 will be to allow the Directors to issue Securities under the Placement during the period of 3 months after the Meeting (or a longer period if permitted by ASX) without using the Company's 15% placement capacity.

Resolution 2 is an ordinary resolution.

ASX Listing Rule 7.2 states that approval pursuant to ASX Listing Rule 7.1 is not required if approval is being obtained pursuant to ASX Listing Rule 10.11. Accordingly, as Shareholder approval is being sought under ASX Listing Rule 10.11, a further approval is not required under Listing Rule 7.1.

### **Technical Information Required by ASX Listing Rule 7.3**

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to the issue of securities in accordance with Listing Rule 7.1:

- (a) the maximum number of Options to be issued pursuant to Resolution 2 will 312,500,000;
- (b) Options under the Placement will be issued as a Free Attaching Option with an exercise price of 0.2 cents (\$0.002) by 28<sup>th</sup> February 2016, subject to the terms and conditions as per schedule A :
- (c) the Options will be issued and allotted no later than three month after the date of this Meeting;
- (d) the Options will be issued for nil consideration; and
- (e) the allottee in respect of Resolution 2 are subscribers who applied for and were allocated shares as per Resolution 2 above;
- (f) the Options issued will be in accordance with the terms and conditions in Schedule A;
- (g) allotment of the Shares under the Placement will occur progressively and in accord with the distribution made to the allottees approved via Resolution 2;
- (h) no funds will be raised from this issue; and
- (i) a voting exclusion statement applies to Resolution 2 on the terms set out in the Notice of General Meeting.

### **Directors Recommendation**

None of the existing directors have a material personal interest in the subject matter of Resolution 2. The Board recommends shareholders vote in favour of Resolution 2 as it will enable the Company to raise funds necessary to maintain its operations.

Resolution 2 is an ordinary resolution.

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## **4. ENQUIRIES**

Shareholders are requested to contact Company Secretary on (08) 9429 2900 if they have any queries in respect of the matters set out in these documents.

## **Definitions**

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In this Notice:

**\$** means Australian dollars.

**ASX** means ASX Limited and where the context permits the Australian Securities Exchange operated by ASX Limited.

**Board** means the Company's current board of Directors.

**Company** or **Palace Resources** means Palace Resources Limited (007 701 715).

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company and **Directors** means all of them.

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice.

**Listing Rules** means the listing rules of ASX.

**Meeting** or **Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** or **Notice of Meeting** or **Notice of General Meeting** means the Notice of General Meeting to which the Explanatory Memorandum is attached.

**Options** means an option to a share as per the terms and conditions of those options

**Proxy Form** means the proxy form attached to the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Schedule** means a schedule to this Notice.

**Section** means a section of this Notice.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Terms and Conditions** means the terms and conditions as outlined in Schedule 1 of the document

**WST** means Western Standard Time as observed in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.



## Schedule 1

### Terms and conditions of the Listed Options

- 1.1 (a) Each Option will entitle the holder the right to subscribe for one fully paid ordinary share in the capital of the Company (Share) on the following terms and conditions (Option).
- (b) The exercise price of each Option is \$0.002 ("Exercise Price").
- (c) The Options expire at 5.00pm WST on 28 February 2016.
- (d) The Options can be exercised at any time and each Option shall entitle the holder to subscribe for and be allotted one ordinary fully paid share in the capital of Palace Resources Limited ("Share") upon exercise of the Option and payment to the Company of the Exercise Price.
- (e) Shares issued as a result of the exercise of any of these Options will rank equally in all respects with all Shares in Palace Resources Limited.
- (f) The Option holder is not entitled to participate in new issues of securities offered to Shareholders unless the Option is exercised before the relevant record date for that new issue.
- (g) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued Shares of the Company in all respects. If the Company is listed on Australian Securities Exchange ("ASX") it will, pursuant to the exercise of an Option, apply to ASX for quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act 2001 and the ASX Listing Rules.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (i) If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (j) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options will be reduced in accordance with ASX Listing Rule 6.22.

### 1.2 Rights attaching to Securities

A summary of the rights attaching to Securities in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising

from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Securities in any specific circumstances, the Shareholder should seek legal advice.

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) Voting

At a general meeting, on a show of hands every Shareholder present in person has one vote. At the taking of a poll, every Shareholder present in person or by proxy and whose Shares are fully paid has one vote for each of his or her Shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) General Meetings

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act and the Listing Rules.

(c) Dividends

The Directors may pay to Shareholders any interim and final dividends as, in the Directors' judgement, the financial position of the Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Shareholders in proportion to the number and the amount paid on the Shares held.

(d) Transfer of Shares

Generally, all Shares in the Company are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the ASTC Operating Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the Listing Rules or the ASTC Operating Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the Listing Rules or the ASTC Operating Rules.

(e) Variation of Rights

The Company may only modify or vary the rights attaching to any class of shares with the prior approval by a special resolution of the holders of shares of that class, or with the written consent of the holders of at least three-fourths of the issued shares of that class.

(f) Directors

The minimum number of Directors is three. Currently, there are three Directors. Directors, other than the managing Director must retire on a rotational basis so that 1-third of Directors must retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(g) Decisions of Directors

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairman has a casting vote.

(h) Issue of Further Shares

Subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue, or grant options in respect of, Shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(i) Officers' Indemnity

To the full extent permitted by the law the Company shall indemnify each officer, auditor or agent of the Company, out of the property of the Company, against all losses and liabilities incurred by the person as an officer, auditor or agent of the Company, including costs and expenses incurred in defending proceedings, whether criminal or civil..

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

(k) ASX Listing Rules Prevail

To the extent that there are any inconsistencies between the Constitution and the Listing Rules, the Listing Rules prevail.

**PALACE RESOURCES LIMITED**  
007 701 715

**PROXY FORM**  
**GENERAL MEETING**  
The Company Secretary  
Palace Resources Limited

**By delivery:**  
Palace Resources Limited  
Suite 4, 16 Ord Street  
WEST PERTH WA 6005

**By post:**  
Palace Resources Limited  
PO Box 1779  
WEST PERTH WA 6872

**By facsimile:**  
08 9486 1011

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_  
votes in the Company, hereby appoint \_\_\_\_\_

The Chairman of the  
meeting (marked with an  
X)

**OR**

Write here the name of the person you are appointing if  
this person is someone other than the Chairman of the  
meeting

Or failing the person name, or if no person named, the Chairman of the meeting, as my / our proxy to attend and act generally at the meeting on my / our behalf and to vote in accordance with the following direction (or if no direction has been given, as the proxy sees fit) at the general Meeting of members of Palace Resources Ltd to be held at Suite 4, 16 Ord Street West Perth WA 6005

The Chairman of the meeting (where appropriately authorised) intends to vote undirected proxies in favour of all resolutions. In exceptional circumstances, the Chairman of the meeting may change his / her voting intention on any resolution, in which case an ASX announcement will be made.

**Voting Directions to your proxy – please mark  to indicate your direction**

**Voting on Business of the Meeting**

		<b>For</b>	<b>Against</b>	<b>Abstain</b>
Resolution1	Approval for Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval for Placement of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_%

**Authorised signature/s** This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company  
Secretary

Director

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

<sup>1</sup>Insert name and address of Shareholder

<sup>2</sup>Insert name and address of proxy

\*Omit if not applicable

## Instructions for Completing 'Proxy' Form

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the 'Certificate of Appointment of Representative' prior to admission. A form of the certificate may be obtained from the Company's share registry.

A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.

You must sign this form as follows in the spaces provided:

Individual:                      Where the holding is in one name, the member must

Joint Holding:                    Where the holding is in more than one name all of the holders must sign.

Power of Attorney:            if signed under a power of attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the power of attorney to this Proxy Form when you return it.

Companies:                      a director can sign jointly with another director or a company secretary. A sole director who is also a sole company secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Completion of a Proxy Form will not prevent individual members from attending the Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Meeting.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's office (Suite 4, 16 Ord Street, West Perth, WA 6005 or Facsimile number 9486 1011 if faxed within Australia or +61 8 9486 1011 if faxed from outside Australia) not later than 48 hours prior to the time of commencement of the Meeting being 10.30am (WST) on 2<sup>nd</sup> January 2015.

**Proxy forms received later than this time will be invalid.**