

## ASX ANNOUNCEMENT

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The directors of Palace Resources Ltd (“Palace”, “PXR” or the “Company”) have pleasure in presenting their quarterly report for the period ended 31 December 2014.

### Operations Report

#### December 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 at 30 September 2014, Palace informed the market that:

- 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;
- Via SilikonRok, the Company identified Min – Trak, a Zambian incorporated company that provides affordable remote / satellite tracking services for regions with limited or non – existent mobile / cellular coverage.

During the quarterly period ending 31 December 2014, TPL was able to enter into an agreement with Australia Post whereby Australia Post would provide an identity checking service to the TPL’s employment services arm. This will allow companies to find contractors / workers who have the right skills and appropriate qualifications and conditions precedent, having utilized the validation process of such via the Australia Post identification and validation process.

The acquisition of TPL and Min – Trak is subject to shareholders approval, and documentation associated with this is currently being prepared.

##### Capital Structure

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

- Approval for placement of 312,500,000 FPO shares @ \$0.0016 each ; and
- Approval of placement of 312,500,000 free attaching options, exercisable at \$0.002 each and maturing on 28<sup>th</sup> February 2016.

During the quarter, specifically 30 November 2014, 89,500,000 options expired, which had an exercise price of \$0.03 each. No options were exercise during their period of availability.

As at 31 December 2014, the Company had the following securities issued:

1,100,615,807 Fully paid ordinary shares;  
189,627,791 Options – exercisable at \$0.002 each and expiring on 28 February 2016

Roland Berzins  
**Company Secretary**

30 October 2014

Schedule as per **ASX Listing Rule 5.3.3**

**Tenement Status**

<b>Project</b>	<b>Location</b>	<b>Tenement</b>	<b>Blocks</b>	<b> Holders</b>	<b>Beneficial percentage interest held in farm out arrangements at the end of the quarter</b>	<b>Beneficial percentage interest held in farm out arrangements acquired or disposed of during the quarter</b>
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")

31 December 2014

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(5)	(181)
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)	-	-
<b>Net Operating Cash Flows</b>	<b>(5)</b>	<b>(181)</b>
<b>Cash flows related to investing activities</b>		
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	(137)	(137)
1.11 Loans from other entities	16	16
1.12 Other (Unsecured Loans)	-	-
<b>Net investing cash flows</b>	<b>(121)</b>	<b>(121)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(126)</b>	<b>(302)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(126)	(302)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	147	337
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)	(2)	(16)
	<b>Net financing cash flows</b>	145	321
	<b>Net increase (decrease) in cash held</b>	19	19
1.20	Cash at beginning of quarter/year to date	3	3
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	22	22

**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	45
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	15
<b>Total</b>	16

**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	22	3
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	22	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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	1,100,615,807	1,100,615,807		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	92,187,500	92,187,500		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	189,627,791	189,627,791	<i>Exercise price</i> \$0.002	<i>Expiry date</i> 28 February 2016
7.8 Issued during quarter	92,187,500	92,187,500	\$0.002	28 February 2016
.9 Exercised during quarter				
7.10 Expired during quarter	89,500,000	89,500,000	\$0.03	30 November 2014
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

