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ASX ANNOUNCEMENT

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 28th 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

Location	Tenement	Blocks	Holders		during the quarter
ustralian	EL 25207	244	Dalana Danassana dad	100/	Nil
	ustralian	ustralian orthern	ustralian orthern	ustralian orthern	ustralian orthern

Rule 5.3

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.

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PALACE RESOURCES LIMITED	
ABN	Quarter ended ("current quarter")
74 106 240 475	31 December 2014

Cor	nsolidated statement of cash flows		
Cl- G		Current quarter	Year to date
Cash II	lows related to operating activities	\$A'000	(6 months) \$A'ooo
1.1	Receipts from product sales and related	\$A 000	\$A 000
1,1	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)		-
	Net Operating Cash Flows	(5)	(181)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets Proceeds from sale of:	-	-
1.9	(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)	-	-
	(
	Net investing cash flows	(121)	(121)
1.13	Total operating and investing cash flows		
	(carried forward)	(126)	(302)

⁺ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows		
	(brought forward)	(126)	(302)
	Cash flows related to financing activities		
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)
	Not financing each flows		
	Net financing cash flows	145	321
	Net increase (decrease) in cash held	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	Cash at end of quarter	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

		\$A'ooo
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

No	on-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
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'ooo	Amount used \$A'ooo
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

4.2 Development - 4.3 Production -	Exploration and evaluatio	\$A'000 1
4.3 Production -	Development	-
	Production	-
4.4 Administration 15	Administration	15
Total 16	Total	16

Reconciliation of cash

show	nciliation of cash at the end of the quarter (as n in the consolidated statement of cash flows) e 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)	-	-
	Total: cash at end of quarter (item 1.22)	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	.2 Interests in mining tenements acquired or increased				

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⁺ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarterDescription 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			2/ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	2/ \ =1
7.2	(description) Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
7.3	⁺ Ordinary securities	1,100,615,807	1,100,615,807		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buybacks	92,187,500	92,187,500		
7.5	⁺ Convertible debt				
7.6	securities (description) Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	189,627,791	189,627,791	Exercise price \$0.002	Expiry date 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	Debentures (totals only)				

⁺ See chapter 19 for defined terms.

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7.12	Unsecured	
	notes (totals	
	only)	

Compliance statement

- 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).
- This statement does give a true and fair view of the matters disclosed.

Sign here: Roland Berzins Date: 30 January 2015

(Company secretary)

Print name: Roland Berzins

Notes

- 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.
- 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.
- 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.
- The definitions in, and provisions of, *AASB* 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 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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