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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 March 2015.

Operations Report

March Quarter 2015

Activity

The Company announced that it had completed the Security Sale Agreement with SilikonRok Pty Ltd, the ultimate holder of the entire shares on issue in TikForce Pty Ltd.

In addition, the Company had completed a Security Sale Agreement with respect to Min-Trak Pty Ltd, a company whose asset is complimentary to the actions associated with that of TikForce's.

The consideration for both of these acquisitions is based on a post consolidation basis and, subject to the market perception of the company's being acquired and with respect to the Company, this is being negotiated and will be subject to shareholder's and ASX approvals and listing rule requirements.

Capital Structure

During the quarter, the 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.

For the quarter, the Company raised \$32,000 from the placement (less costs) and \$469,000 (net) from borrowings and the issue of converting notes.

As at 31 March 2015, the Company had the following securities issued:

1,120,865807 Fully paid ordinary shares; 209,877,791 Options – exercisable at \$0.002 each and expiring on 28 February 2016

Corporate

Mr Guy Le Page has resigned as a director of the Company and the position of Director has been assumed by Mr Roland Berzins, who will also continue in the role as Company Secretary

Roland Berzins

Company Secretary

30 October 2014

Schedule as per ASX Listing Rule 5.3.3

Tenement Status

Project	Location	Tenement	Blocks	Holders	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
Tanami	Australia n Northern Territory	EL25207	244	Palace Resources Ltd	10%	Nil

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.

Nam	e of entity			
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PALACE RESOURCES LIMITED

ABN

Quarter ended ("current quarter")

74 106 240 475

31 March 2015

Consolidated statement of cash flows

		Current quarter	Year to date
Cash f	lows related to operating activities		(9 months)
		\$A'000	\$A'000
1.1	Receipts from product sales and related		
	debtors	_	_
1.2	Payments for:		
	(a) exploration & evaluation	(10)	(10)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(100)	(281)
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)	-	-
	N.O. C. LEI		
	Net Operating Cash Flows	(110)	(291)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
1.0	(a) prospects		
	(b) equity investments	-	-
	(c) other fixed assets	_	_
1.0	Proceeds from sale of:	_	_
1.9	(a) prospects	_	_
	(b) equity investments		_
	(c) other fixed assets		_
1.10	Loans to other entities	(114)	(251)
1.10	Loans from other entities	(14)	(2)1/
1.11	Other (Unsecured Loans)	(10)	
1.12	Other (Onsecured Louis)		
	Net investing cash flows	(130)	(251)
1.13	Total operating and investing cash flows		()/
	(carried forward)	(240)	(542)

⁺ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows	, ,	, ,
	(brought forward)	(240)	(542)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	32	369
1.15	Proceeds from convertible notes	459	459
1.16	Proceeds from borrowings	30	30
1.17	Repayment of borrowings	(20)	(20)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	(24)	(40)
	Net financing cash flows		
	Net imancing cash nows	477	798
	Net increase (decrease) in cash held	237	256
1.20	Cash at beginning of quarter/year to date	22	3
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	259	259

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	-
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 d	uring the quarter – 1.2
No	n-cash financing and investing activities	
2.1	Details of financing and investing transactions which have had a mater consolidated assets and liabilities but did not involve cash flows	rial effect on

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

		\$A'000
4.1	Exploration and evaluation	1
4.2	Development	-
4.3	Production	-
4.4	Administration	145
	Total	146

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	259	22
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	259	22

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				

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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			<i>y</i> , , ,	<i>J</i> , (, ,
	* securities (description)				
7.2	Changes during				
,	quarter				
	(a) Increases				
	through issues				
	(b) Decreases				
	through returns of capital, buy-				
	backs,				
	redemptions				
7.3	[†] Ordinary				
	securities	1,120,865,807	1,120,865,807		
7.4	Changes during quarter				
	(a) Increases				
	through issues	20,250,000	20,250,000		
	(b) Decreases				
	through returns				
	of capital, buy-				
	backs +Convertible				
7.5	debt				
	securities				
	(description)				
7.6	Changes during				
	quarter				
	(a) Increases				
	through issues				
	(b) Decreases through				
	securities				
	matured,				
	converted				
7.7	Options			Exercise price	Expiry date
	(description and	209,877,791	209,877,791	\$0.002	28 February 2016
	conversion				
7.8	factor) Issued during	20,250,000	20,250,000	\$0.002	28 February 2016
7.0	quarter	20,250,000	20,250,000	φυ.υυΔ	20 1 Columny 2010
.9	Exercised				
,	during quarter				
7.10	Expired during				
	quarter				
7.11	Debentures				
	(totals only)				

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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 April 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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