

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:

1,120,865,807 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	Holder	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	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 March 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
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)	-	-
Net Operating Cash Flows	(110)	(291)
Cash flows related to investing activities		
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	(114)	(251)
1.11 Loans from other entities	(16)	-
1.12 Other (Unsecured Loans)	-	-
Net investing cash flows	(130)	(251)
1.13 Total operating and investing cash flows (carried forward)	(240)	(542)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	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 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	145
Total	146

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	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			

+ 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 Preference securities <i>(description)</i>				
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 (b) Decreases through returns of capital, buy-backs	20,250,000	20,250,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	209,877,791	209,877,791	<i>Exercise price</i> \$0.002	<i>Expiry date</i> 28 February 2016
7.8 Issued during quarter	20,250,000	20,250,000	\$0.002	28 February 2016
.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

