PALACE RESOURCES LIMITED

(Incorporated in Western Australia)
(To be known as Tikforce Limited)

ACN 106 240 475

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

CORPORATE DIRECTORY

Directors

Peter Woods OAM – Non Executive Chairman
Ian Murie – Non Executive Director
Roland Berzins – Non Executive Director

Company Secretary

Roland Berzins

Registered and Principle Office

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ACN 106 240 475

Auditors

Somes Cooke
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West Perth WA 6005

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Share Registry

Advanced Share Registry Services

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Palace Resources Limited is listed on the Australian Securities Exchange:

ASX Code: TKF

ANNUAL FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

The Board of Directors of Palace Resources Limited ("Palace" or "the Company") is committed to conducting the Company's business in accordance with the highest standards of corporate governance. The Board is responsible for the Company's Corporate Governance and the governance framework, policy and procedures, and charters that underpin this commitment. The Board ensures that the Company complies with the corporate governance requirements stipulated in the Corporations Act 2001 (Cth), the ASX Listing Rules, the constitution of the Company and any other applicable laws and regulations.

The table below summarises the Company's compliance with the ASX Corporate Governance Councils Corporate Governance Principles and Recommendations (3rd Edition), in accordance with ASX Listing Rule 4.10.3.

Principles and Recommendations		Disclosure	Comply
Principle 1 – Lay solid foundations for management and oversight			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	These matters are disclosed in the Company's Board Charter, which is available on the Company's website which is in transition / reconstruction	Does not comply
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (c) provide security holders with all material information in its possession relevant to a decision on whether to not to elect or re-elect a director	When a requirement arises for the selection, nomination and appointment of a new director, the Board forms a sub-committee that is tasked with this process, and includes undertaking appropriate checks and any potential candidates. When directors retire and nominate for re-election, the Board does not endorse a director who has not satisfactorily performed their role.	Complies Complies
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company executes a letter of appointment with each director and services agreements with senior executives.	Complies
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair; on all matters to do with the proper functioning of the board.	The company secretary reports to the chair of the board on all matters to do with the proper function of the board.	Complies
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objective for achieving gender diversity set by the boards or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or 2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Act.	Due to its size and limited scope of operations, the Company does not currently have a diversity policy. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of adopting a diversity policy.	Does not comply

	Principles and Recommendations	Compliance	Comply
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Currently, the Board does not formally evaluate the performance of the Board and individual directors, however the Board Chairman provides informal feedback to individual Board members on their performance and contribution to Board meetings, on an ongoing basis.	Does not comply
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The current Managing Director, Mr Peter Woods was appointed on 11 July 2012 and there is provision for the evaluation of his performance on the anniversary date of his appointment.	Complies

Principle 2 – Structure the board to add value			
2.1	A listed entity should: (a) have a nomination committee which; (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate skills, knowledge, experience, independence and diversity to enable it to discharge it duties and responsibilities effectively.	Due to its size and limited scope of operations, the Company does not currently have a nomination committee, however board sub-committees are formed, as required, to manage matters that would normally be dealt with by a formally constituted nomination committee,. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a nomination committee.	Does not comply
2.2	A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	A copy of the board skill matrix is appended to this Corporate Governance Statement.	Complies
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; and (b) if a director has an interest, position, association or relationship of the type described in Box .2.3 but the board is of the opinion that it does no compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Mr Peter Woods is considered by the board to be an independent director and this is disclosed on the Company web site and in its annual and half-yearly director reports. The length of service of each director is disclosed in the Company's annual and half yearly director reports and in notices of meetings when directors are nominated for re-election.	Complies

Principles and Recommendations		Compliance	Comply
2.4	A majority of the board of a listed entity should be independent directors.	Mr Peter Woods is the only independent member of the Company's board.	Does not comply however the board is of the view that the skills and experience of the directors allow the board to act in the best interests of shareholders and is appropriate for the size of the Company.
2.5	The chair of the board of a listed entity should be an independent director and, in particular; should not be the same person as the CEO of the entity.	Mr Peter Woods is the Chairman and is an independent non-executive director.	Does comply,
Principle 3 – A listed entity should act ethically and responsibly			
3.1	A listed entity should: (a) have a code of conduct of its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The Company code of conduct is available on the Company web site which is in transition / reconstruction.	Complies
Principle 4 – Safeguard integrity in corporate reporting			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director; who is not the chair of the board, and disclose (3) the relevant qualifications and experience of the members of the committee; and (4) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotations of the engagement partner.	Due to its size and limited scope of operations, the Company does not currently have an audit committee, however the auditors do meet with the full board, without management present to its audit report and any other matters that have arisen during its audit work. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of an audit committee.	Does not comply, however the auditors do meet with the full board without management present.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management, and internal control which is operating effectively.	The Board does receive a statement signed by those performing the roles of the Managing Director and the Chief Financial Officer.	Complies

Principles and Recommendations		Compliance	Comply
4.3	A listed entity that has an Annual General Meeting (AGM) should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit,	The Company's auditors are present at the Annual General Meeting.	Complies
Principle 5 – Make timely and balanced disclosure			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company does have a Continuous Disclosure policy, which is available on the Company web site which is currently in transition / reconstruction.	Complies
Principle 6 – Respect the rights of security holders			
6.1	A listed entity should provide information about itself and its governance to investor via its website.	The Company does have a company information and governance statement, which is available on the Company web site which is currently in transition / reconstruction	Complies
6.2	A Listed entity should design and implement an investor relations program to facilitate effective tow-way communication with investors.	The Company has implemented an investor relations program targeting retail investors and encourages all investors or potential investors to communicate with the Company via its web site which is currently in transition / reconstruction	Complies
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The Company Shareholder Communication Policy is available on the Company web site which is currently in transition / reconstruction	Complies
6.4	A listed entity should give security holder the option to receive communications from, and send communication to the entity and is security registry electronically.	Security holder can elect to receive communications from the Company electronically either by contacting the Company's share registrar, or the Company directly.	Complies
Principal 7 – Recognise and manage risk			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which:: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Due to its size and limited scope of operations, the Company does not currently have a risk committee; however management does present and discuss risk with the full board. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a risk committee.	Does not Comply
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	The board reviews the company's risk management framework at least annually and disclose this in each periodic report.	Complies

Principles and Recommendations		Principles and Recommendations	Principles and Recommendations
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company does not have an internal audit function.	Does not comply
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company does make these disclosures.	Complies

Principle 8 – Remunerate fairly and responsibly			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Due to its size and limited scope of operations, the Company does not currently have a remuneration committee. As the Company's activities increase in size, scope and/or nature, the board will consider the appropriateness of a remuneration committee.	Does not Comply
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive director and other senior executive.	The Company discloses its practices in relation to the remuneration of non-executive directors and senior executives in its annual remuneration report.	Complies
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	The Company's Security Trading Policy obliges all directors, officers and employees of the Company to advise the Company, via the Company Secretary, or any securitisation of Company securities. A copy of the policy is available on the Company's web site. As at the date of this statement the Company Secretary has not been advised by an officer or employee of the Company of any securitisation of Company securities that they own.	Complies

As the Company's activities increase in size, scope and/or nature, the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

Further details of the Company's corporate governance policies and practices are available on the Company's website at www.palaceresources.com.au

Board experience, skills and attributes matrix

Experience, skills and attributes	Palace Resources Limited Board
Total directors	*3*
Experience	
Corporate leadership	3
International experience	3
Resources Industry experience	2
Other board level experience	3
Capital projects experience	3
Equity and debt raising / capital markets	2
Knowledge and skills	
Legal	1
Minerals and/or chemicals processing	2
Finance and Accounting	1
Tertiary qualifications	
Law	1
Government relations	1
Commerce/Business	1

Palace Resources Limited's corporate governance practices were in place for the financial year ended 30 June 2015 and to the date of signing the Directors' Report in this Annual Report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Palace Resources Limited, refer to our website, www.palaceresources.com.au.

The Role of the Board and Management
In carrying out the responsibilities and powers set out in the Board Charter, the Board of Directors of the Company recognises:

- its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of its shareholders; and
- it duties and responsibilities to its employees, customers and the community.

In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:

- appointment of the Chief Executive Officer and/or Managing Director, other senior executives and the Company Secretary and the determination of their terms and conditions including remuneration and termination;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and adequacy and integrity of financial and other reporting;
- approving the annual, half-yearly and quarterly accounts;
- approving significant changes to organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules if applicable);
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;

- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable); and
- meeting with the external auditor, at their request, without management being present.

The Board delegates responsibility for the day to day operations and administration of the Company to the Managing Director. In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Company to facilitate the carrying out of their duties as Directors.

Composition of the Board
The Company's Constitution governs the regulation of meetings and proceedings of the Board.

The Board determines its size and composition, subject to the terms of the Constitution. The Board does not believe that it should establish a limit on tenure other than stipulated in the Company's Constitution.

While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Company and its operations and, therefore, an increasing contribution to the Board as a whole. Where practical, it is intended that the Board should comprise a majority of independent Non-Executive Directors and comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. Where practical, it is also intended that the Chair should be an independent Non-Executive Director. The Board regularly reviews the independence of each Director in light of the interests disclosed to the Board.

The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence based on that set out in Principle 2 of the ASX Corporate Governance Revised Principles and Recommendations. The Board reviews the independence of each Director in light of interests disclosed to the Board, including their participation in Board activities associated with related entities, from time to time.

In accordance with the definition of independence above, one of the Directors of Palace Resources Limited is considered to be independent:

The appointment date of each Director in office at the date of this report is as follows:

Name	Position	Appointment Date
Peter Woods	Non - Executive Director, Chairman	Appointed 11 July 2012
Ian Murie	Non - Executive Director	Appointed 13 April 2011
Roland Berzins	Non - Executive Director	Appointed 10 March 2015

Further details on each Director can be found in the Directors' Report in this Annual Report.

Committees of the Board
Given the Company's current size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. Accordingly, the duties of the committees below are currently undertaken by the full Board:

- Audit and Risk Committee;
- Remuneration Committee; and
- Nomination Committee.

Each year the Board will review the necessity or ability to establish separate committees and, if appropriate, delegate certain responsibilities to each such committee.

Access to Advice
The Board, Committees, if any, or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of such advice received is made available to all members of the Board.

Dealings in Company Securities

The Company's Securities Trading Policy outlines when Key Management Personnel (the Company's Directors and those employees directly reporting to the Managing Director) may deal in the Company's securities and contains procedures to reduce the risk of insider trading.

Key Management Personnel must not, except in exceptional circumstances, deal in the securities of the Company in the following periods:

(i) from the day after the Company's half-year end, being 1 January, to the close of trading on the business day after the half-year report is released and the day of, and 1 trading day after the release of the Appendix 5B Report to the ASX;
(ii) 1 April and 1 trading day after release of the Appendix 5B Report to the ASX;
(iii) from the day after the Company's financial year end, being 1 July, to the close of trading on the business day after the annual report is released and the day of, and 1 trading day after the release of the Appendix 5B Report to the ASX;
(iv) 1 October and 1 trading day after release of the Appendix 5B Report to the ASX.

As required by the ASX Listing Rules, the Company notifies the ASX of any transactions conducted by Directors in the securities of the Company within five business days of the transaction taking place.

The Securities Trading Policy prohibits Key Management Personnel from entering into transactions which would have the effect of hedging or transferring the risk of any fluctuation in the value of the Company's securities.

The Securities Trading Policy has been issued to ASX and a copy is available on the Company's website

Risk

The responsibility of overseeing risk usually falls within the charter of the Audit and Risk Committee (a copy of which is available on the Company's website). However, there is currently no separate Audit and Risk Committee. Given the Company's current size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. Accordingly, the duties of the Audit and Risk Committee, including overseeing risk management, are undertaken by the full Board.

The Company has established a Risk Management Policy for the oversight and management of material business risks (a copy of which is available on the Company's website).

The Company will:

- oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- assist management to determine the key risks to the businesses and prioritise work to manage those risks; and
- review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

The risk assessment is aimed at identifying the following:

- a culture of risk control and the minimisation of risk throughout the Company, which is being done through natural or instinctive processes by employees of the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and
- adoption of these practices and procedures to minimise many of the standard commercial risks, i.e. taking out the appropriate insurance policies, or ensuring compliance reporting is up to date.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and

- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

CEO and CFO certification
The Chief Executive Officer and Chief Financial Officer (or equivalents) have given a written declaration to the Board required by section 295A of the Corporations Act 2001 that in their view:

- the financial statements of the Company present a true and fair view, in all material aspects, of the Company's financial position and operating results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects in relation the financial reporting risks.

Performance
The performance of the Board and key Executives is reviewed regularly using both measurable and qualitative indicators.

On an annual basis, Directors will provide written feedback in relation to the performance of the Board and its Committees, if any, against a set of agreed criteria.

- Feedback will be collected by the Chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board;
- The Chief Executive Officer will also provide feedback from senior management in connection with any issues that may be relevant in the context of Board performance review; and
- Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.

A review of the performance of the Board was conducted in accordance with the process disclosed.

Remuneration
It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board, in assuming the responsibilities of assessing remuneration to employees, links the nature and amount of Executive Directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:
- retention and motivation of key executives;
- attraction of high quality management to the Company; and
- performance incentives that allow executives to share in the success of Palace Resources Limited.

For a more comprehensive explanation of the Company's remuneration framework and the remuneration received by Directors and key Executives in the current period, please refer to the Remuneration Report, which forms part of the Directors' Report in this Annual Report.

There is no scheme to provide retirement benefits to Non-Executive (or Executive) Directors.
The duties of the Remuneration Committee are currently undertaken by the full Board, which is responsible for determining and reviewing compensation arrangements for the Directors themselves and the Chief Executive Officer and Executive team.

Diversity
The Company and all its related bodies corporate are committed to workplace diversity. The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefitting from all available talent.

Diversity includes, but is not limited to gender, age, ethnicity and cultural background.

The Diversity Policy is available on the Company's website which is in transition / reconstruction..

As stated earlier, the Company is at a stage of its development that the application of measurable objectives in relation to gender diversity, at the various levels of the Company's business, are not considered to be appropriate nor practical.

The participation of women in the Company and consolidated entity at 30 June 2015 was as follows:

• Women employees in the consolidated entity	0%
• Women in senior management positions	0%
• Women on the board	0%

DIRECTORS' REPORT

Your directors present their report of the Company ("the Company" or "Palace Resources Limited") and its controlled entities (together the "consolidated entity") for the financial year ended 30 June 2015.

Directors

Directors of Palace Resources Limited during the year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated:

Peter Wood OAM	Non Executive Chairman	appointed 11 July 2012
Guy Le Page	Non Executive Director	appointed 7 August 2009 – resigned 10 March 2015
Ian Murie	Non Executive Director	appointed 13 April 2011
Roland Berzins	Non Executive Director	appointed 10 March 2015
Roland Berzins	Company Secretary	appointed 27 January 2012

Directors Information

Mr Peter Woods OAM
Non Executive Chairman (appointed 11 July 2012)
DOB 29 March 1943

Qualifications: JP, BA, MLitt, FACE, FAICD

Experience
Mr Woods has had extensive Board and political experience in both the public and private sectors, nationally and internationally. He has extensive experience in Asia-Pacific and throughout the World and following his service as Secretary General of United Cities and Local Governments (Asia Pacific), Asia Pacific President and World Vice President of the International Union of Local Authorities and a ten-year term as a Director of the Commonwealth Local Government Forum and considerable United Nations work.

Interest in Shares and options
Mr Woods has a direct and an indirect interest in 307,400 ordinary shares and 153,700 options.

Directorships held in listed companies over the last 3 years
Nil

Mr Ian Murie
Non Executive Director (appointed 13 April 2011)
DOB 25 May 1953

Qualifications: B Juris LL.B

Experience
Mr Murie has 30 years of experience as a commercial lawyer providing services to various clients including ASX listed and unlisted companies. His area of speciality is property and commercial law and has expertise in the area of corporate governance and particularly advisory roles to managed investment schemes.

Interest in Shares and options
Mr Murie has a direct and an indirect interest in 7,045,000 ordinary shares and nil options.

Directorships held in listed companies over the last 3 years

Activistic Limited	appointed 21 October 2010 to 15 June 2015
Olea Australis Limited	appointed 31 December 2009 – resigned 18 Oct 2011

Mr. Roland Berzins
Appointed Director 10 March 2015
Appointed Company Secretary 27 January 2012
DOB 18 February 1953

Qualifications: B. COMM. ACPA FFIN TA

Experience
Mr Berzins graduated from the University of Western Australia with a Bachelor of Commerce degree majoring in accounting and finance. He has over 23 year experience in the mining industry and was previously Chief Accountant for 6 years at the Kalgoorlie Consolidated Gold Mines Pty Ltd ("Kalgoorlie Super Pit").

Since 1996 Mr Berzins has experience in retail, merchant banking, venture capital and SME business advisory and has been company secretary in Public listed companies since 1996.

Interest in Shares and Options
Roland Berzins has a direct and indirect interest in 11,316,200 ordinary shares and 1,400,000 options.

Directorships held in other listed companies over the last 3 years.

AXG Mining Limited	appointed 16 February 2005 to 8 September 2014
Odin Energy Limited	appointed 23 February 2009 to present
Activistic Limited	appointed 27 January 2012 to 30 July 2015

Mr Guy Le Page
Non Executive Director (appointed 7 August 2009) - Retired 10 March 2015
DOB 4 May 1965

Qualifications: B.A., BSc (Hons), MBA, MAusIMM, FFIN.

Experience
Mr Le Page is currently a Director & Corporate Adviser of RM Corporate Finance specialising in resources. He is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting and corporate advisory roles.

Mr Le Page was Head of Research at Morgan Stockbroking Limited (Perth) prior to joining Tolhurst Noall as a Corporate Advisor in July of 1998. As Head of Research, Mr Le Page was responsible for the supervision of all Industrial and Resources Research. As a Resources Analyst, Mr Le Page published detailed research on various mineral exploration and mining companies listed on the Australian Securities Exchange. The majority of this research involved valuations of both exploration and production assets.

Prior to entering the stockbroking industry, he spent 10 years as an exploration and mining geologist in Australia, Canada and the United States. His experience spans gold and base metal exploration and mining geology, and he has acted as a consultant to private and public companies. This professional experience included the production of both technical and valuation reports for resource companies.

Mr Le Page holds a Bachelor of Arts, a Bachelor of Science and a Masters' Degree in Business Administration from the University of Adelaide, a Bachelor of Applied Science (Hons) from the Curtin University of Technology and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

Interest in Shares and Options
Nil

Directorships held in other listed companies over the last 3 years.

Red Sky Energy Limited	appointed 5 February 2009 to 2 February 2015
Tasman Resources Limited	appointed 2 June 2001 to present
Soil Sub Technologies Ltd	appointed 7 January 2010 to present
Eden Energy Ltd	appointed 3 February 2006 to present
Mount Ridley Mines Ltd	appointed 19 December 2012 to present
Conico Ltd	appointed 30 March 2006 to present

Principal Activities

The principal activity of the consolidated entity, Palace Resources Ltd, is to identify and acquire interest in and value-add to mineral exploration and mining opportunities in Australia.

As indicated in last year's annual report, the directors are considering alternate methods of improving the market position of the Company. To that extent, the Company has entered into a mandate agreement with SilikonRok a specialist technology group to assist the Company in the identification and acquisition of technologies that are at or near to positive cash flow

SilikonRok currently holds the rights to a number of suitable projects which Palace Resources Ltd will have first rights to evaluate.

From such evaluation, the Company has identified a prospective entity that it believes will deliver to the Company an enhanced opportunity to create wealth for the Shareholders.

The Company is TikForce Pty Ltd and the Company has entered into a binding Heads of Agreement which allows Palace Resources Ltd to acquire 100 % of the issued capital TikForce Pty Ltd via a special purpose vehicle ("SPV").

Whilst maintaining its exploration tenement in the Northern Territory, the Company is continuing to progress the potential re – direction of the Company and is making application to the ASX with respect to a change in nature and level of business activity, subject to shareholders approval and compliance with ASX Listing rules.

Review of Operations

The net loss of the consolidated entity after income tax attributable to members for the year ended 30 June 2015 amounted to $809,278 (2014: a loss of $1,522,309).

Operations

The Company continues to be a joint venture partner with Excalibur Mining Corporation Limited in the pursuit of exploration activities in the Tanami region of the Northern Territory.

In June 2014, the Company announced that it had entered into a mandate with SilikonRok Pty Ltd to gain access to projects and expertise in the technology space.

SilikonRok is an independent advisory group that evaluates technology companies looking to commercialize and has identified TikForce Pty Ltd as such a company.

TikForce is a platform that operates on the internet, mobile phones and tablets and whose function is to track jobs, and tasks allocated to just – in - time workers, contractors and employees that are working on-site or mobile.

TikForce allows team controllers to allocate work to existing team members or contractors and to post the work to the work pool. Similar to "Uber" concept, workers can make themselves available for defined types of work, at specific times and locations. Controllers can ask workers to apply for a job or simply allocate them to members of the work pool and receive confirmation.

TikForce provide a suite of tools to track tasks and work in progress and interface to reporting, accounting and human resource systems.

TikForce has completed business validation and product testing and has a commercialization and business strategy that is expected to generate near term cash flow.

The intellectual property within TikForce will be rolled out as a service business model that will allow TikForce to build a sale process, with steadier cash flow and growth than a traditional license sales model. This should enable small, medium and large enterprises to pay for the platform in line with gains in productivity.

The due diligence associated with the potential acquisition of TikForce has not been completed and if the Company was to proceed with this business activity, it may evoke ASX listing Rules Chapter 1 and Chapter 2 re - compliance.

Palace Resources Ltd will keep shareholders informed of any material developments regarding the projects currently under review.

Financial Performance and Position

The consolidated loss for the year was:

	2015	2014
	$	$
Operating loss after income tax	809,278	1,522,309
Outside equity interests	5,464	205,362
Net loss attributable to members of the consolidated entity	814,742	1,727,671

The net liabilities of the consolidated entity for the financial year ended 30 June 2015 was $1,002,736 (2014 net liabilities: $468,657).

The Directors believe the consolidated entity is in a stable financial position and able to expand and grow it current operations.

Company Strategy

Due to difficult market conditions in the mining and exploration sector, the Company has been evaluating high quality and value adding investment opportunities outside the exploration industry to take advantage of global market trends and maximise the value of its Shares.

On 20th June 2014 the Company granted Silikonrok Pty Ltd ("Silikonrok") a Mandate to evaluate information technology projects on behalf of the Company. The Mandate was amended on the 20th December 2014 to extend the period of the mandate to 20th June 2015 with an option to renew for a further six month beyond that date.

On 14 July 2014, the Company announced that it had entered into a Heads of Agreement to acquire 100% of the issued capital of Tikforce Pty Ltd (**Tikforce** or **TPL).**

Tikforce Pty Ltd or TPL was established on 10 February 2014. TPL is a technology company which aims to become the leading provider of low cost, cloud-based validation, compliance, pre-qualification, human resource and asset management solutions. TikForce provides a productivity platform for workforce selection and output management. It's primary product is **TikMe** a disruptive workforce validation and compliance solution currently being launched in Australia through a partnership with Australia Post providing 4000 outlets. Upon full rollout of the Australian platform, a global product launch will follow by late 2016 making TikMe validation available in over 100 countries.

TikForce's focus is to deliver solutions that offer:

- Simplicity – easy-to-use applications that make finding and selecting the right people simple (and that can be easily customised and integrated with existing systems)
- Verification – ensuring that employees and contractors within a workforce are licensed and continually compliant
- Control – productive management of assets and workforces through tracking and task measurement.

TikForce's premier solution is **Tik.me**, an online workforce marketplace for both employers and workers. **Tik.me** provides employers with easy access to available work candidate profiles, and gives workers the ability to increase personal control of when they work, who they work for and from where. The key difference between **Tik.me** and its competitors is that it offers a way for **Tik.me** members to have their competencies verified. **Tik.me** offers digital and physical verification (through a strategic alliance with Australia Post) of:

- real identity
- qualifications
- work documentation.

Pursuant to a Securities Sale Agreement, the Company will acquire all of the issued capital in Misto in consideration for the issue of Misto Consideration Shares and Performance Shares to Misto Shareholders. Misto has executed a conditional securities sale agreement to acquire 100% of the rights and title in the capital of Tikforce **(Tikforce Securities Sale Agreement**). The completion of the Misto Securities Sale Agreement is inter-conditional and dependant on the completion of the Tikforce Securities Sale Agreement. The Misto Acquisition allowed the Company to acquire the Tikforce technology as part of its overall strategy to develop the Tikforce technology platform (**Tikforce Platform).**

On the 30th September 2014, the Company announced that it had executed a Memorandum of Understanding for the acquisition of a global asset tracking system through the planned acquisition of Min-Trak Ltd (Zambia) (**Min-Trak Zambia**). On 30 January 2015, the Company announced that it had entered into a securities sale agreement (**Min-Trak Securities Sale Agreement**) to acquire all of the issued capital of Min-Trak Pty Ltd (an Australian Incorporated company), the company which has acquired all of Min-Trak Zambia's intellectual property rights to the global tracking system.

The Directors believe that the acquisition of Min-Trak is complementary to the acquisition of Tikforce and will provide the Company with a logical development of the synergies between Tikforce and Min-Trak.

In a subsequent to 30 June 2015 event, the Shareholders approved the acquisition of 100% of the issued capital of Misto and Min Trak and their rights thereto.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Operations

Following the initiative to consider projects in the technology sector, the Company has signed a binding Heads of Agreement ("HOA") with TikForce Pty Ltd ("TikForce").

TikForce is a platform that operates on the internet, mobile phones and tablets and whose function is to track jobs, and tasks allocated to just – in - time workers, contractors and employees that are working on-site or mobile.

TikForce allows team controllers to allocate work to existing team members or contractors and to post the work to the work pool. Similar to "Uber" concept, workers can make themselves available for defined types of work, at specific times and locations. Controllers can ask workers to apply for a job or simply allocate them to members of the work pool and receive confirmation.

TikForce provide a suite of tools to track tasks and work in progress and interface to reporting, accounting and human resource systems.

TikForce has completed business validation and product testing and has a commercialization and business strategy that is expected to generate near term cash flow.

The intellectual property within TikForce will be rolled out as a service business model that will allow TikForce to build a sale process, with steadier cash flow and growth than a traditional license sales model. This should enable small, medium and large enterprises to pay for the platform in line with gains in productivity.

The due diligence associated with the potential acquisition of TikForce has not been completed and if the Company was to proceed with this business activity, it may evoke ASX listing Rules Chapter 1 and Chapter 2 re - compliance.

Dividends

There were no dividends paid or declared during or since the end of the financial year.

Environmental Regulations

The consolidated entity has a policy of at least complying, but in most cases exceeding its environmental performance obligations. No environmental breaches have been notified by any government agency during the year ended 30 June 2015. The Board believes that the consolidated entity has adequate systems in place for the management of its environmental regulations.

Events Subsequent to Balance Date

On 12 August 2015, The Company was suspended from the official listing of the ASX. Such suspension was in line with the ASX Listing Rules and the result of a Shareholders meeting where the following resolutions were unanimously passed by Shareholders to the meeting.

The resolutions passed included approval to complete the following:

- Consolidation of Capital of the Company on a one Fully paid ordinary share for every 100 fully paid ordinary shares currently held , with all fractional entitlements rounded down to the nearest whole number. In accordance with Listing Rule 7.22, the Company's Options will be consolidated on the same basis of the Shares, that is, every 100 Options will be consolidated into 1 Option and their exercise price amended in inverse proportion of the Consolidation ratio. Accordingly, the 209,877,791 Options will be Consolidated into 2,098,778 Options with an exercise price of $0.20 (instead of an exercise price $0.002);

- Change in the nature and scale of the activities of the Company to change the focus of the Company's activities from exploration activities into a technology Company focusing on mobile workforce, human resources management, task management, asset tracking and vehicle monitoring using leading edge and affordable satellite tracking technology;

- Approval for Issue of Shares for Capital Raising - the Company proposes, pursuant to the Prospectus issued by the Company under Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the Listing Rules, to raise a minimum of $4,500,000 and a maximum of $6,500,000. The Capital Raising Shares will be offered at an issue price of $0.10 each;
- Creation of new class of securities – Performance Shares - The Company currently has one class of shares of issue, being fully paid ordinary shares. Accordingly, the Company seeks approval from Shareholders for the issue of a total of 41,000,000 Performance Shares. Each Performance Share, if certain milestones are achieved, will convert into one fully paid ordinary share in the Company;

1. Approval of issue of Shares and Performance Shares to Acquire Misto Nominees –The Company has entered into the Misto Securities Sale Agreement pursuant to which the Company has the right to acquire 100% of the issued share capital of Misto, and accordingly, Misto's interests in Tikforce and Tikforce's interests in the Tikforce Platform. By way of acquisition the maximum number of securities to be issued is:

   a) 30,000,000 Fully Paid ordinary share (referred to as Misto Consideration Shares (on a post Consolidation basis));

   b) Plus performance shares (referred to as Misto Performance Shares (each of which will be convertible on a 1 for 1 basis into Shares on achieving objective milestones specific to the performance of the Tikforce Platform)):

      (1) 8,000,000 Class A Performance Shares;

      (2) 12,000,000 Class B Performance Shares; and

      (3) 16,000,000 Class C Performance Shares.

2. Approval of issue of Shares and Performance Shares to Acquire Min-Trak - The Company has entered into the Min Trak Securities Sale Agreement pursuant to which the Company has the right to acquire 100% of the issued share capital of Min Trak, and accordingly, Min Trak's interests in the Min Trak Platform. By way of acquisition the maximum number of securities to be issued is:

   a) 9,000,000 Fully Paid ordinary share (referred to as Min Trak Consideration Shares (on a post Consolidation basis));

   b) Plus performance shares (referred to as Min Trak Performance Shares (each of which will be convertible on a 1 for 1 basis into Shares on achieving objective milestones specific to the performance of the Min Trak Platform)):

      (1) 2,000,000 Class D Performance Shares;

      (2) 2,000,000 Class E Performance Shares; and

      (3) 1,000,000 Class F Performance Shares;

- Issue of Advisor Options - to issue 20,000,000 Advisor Options (on a post Consolidation basis) to its corporate advisors and joint lead managers as part of the commission and fees payable for the Capital Raising. The Advisor Options will each have an exercise price of $0.11 and an expiry date of 31 May 2018. Each Advisor Option will have an issue price of $0.0001;
- Approval of Director Participation - that each of the Directors will participate in the Capital Raising by subscribing for Shares up to an aggregate maximum total of 4,500,000 Capital Raising Shares (on a post Consolidation basis), on the same terms and conditions as other participants in the offer;
- Approval of Converting Notes – The Company has undertaken the first stage of its funding arrangements with issuing unlisted and unsecured notes up to a face value of $1,000,000, and this action has been approved by shareholders. Each Converting Note is convertible into Shares (Conversion Shares) at the conversion price which is $0.05 for each Conversion Share issued upon the conversion of the Converting Notes (on a post Consolidation basis). The number of Conversion Shares issued upon the conversion of the Converting Notes will be calculated by dividing the total face value of the Converting Notes by the Conversion Price of the Converting Notes. This equates to 20,000,000 Conversion Shares on a post Consolidation basis.
- Approval of Issue of Shares in Lieu of Director, Consultants & Co Sec Fees - The Company proposes to grant a total of 719,377 Shares (on a post Consolidation basis) to Directors (Director Shares) and a past director, Mr Guy Le Page, (Past Director), or their nominees, for nil consideration as payment for $71,938 worth of outstanding director fees, company secretarial fees and consulting fees payable as follows:

Name	Fees ($)	Number of Director Shares issued (on a post Consolidation basis)	Share Price issued at $0.10 (on a post Consolidation basis)	Value of Director Shares at
G Le Page	13,974	139,742	$0.10	13,974
I Murie	7,642	76,421	$0.10	7,642
P Woods	22,271	222,714	$0.10	22,271
RH Berzins	5,500	55,000	$0.10	5,500
RH Berzins	22,550	225,500	$0.10	22,550
TOTAL	71,937	719,377		71,937

- Approval of Issue of Shares in Lieu of Management and Consulting Fees - Shareholder approved the issue of 1,806,522 Shares to Unrelated Party Shares, each at a deemed issue price of $0.10 as follows:

Name	Fees ($)	Number of Director Shares issued (on a post Consolidation basis)	Share Price issued at $0.10 (on a post Consolidation basis)[4]	Value of Director Shares at
Kilo Delta Pty Ltd	7,817	78,168	$0.10	7,817
Spartan Nominees Pty Ltd	12,610	126,101	$0.10	12,610
GCP Capital Pty Ltd	36,027	360,272	$0.10	36,027
Cumberland Investments Pty Ltd	42,478	424,783	$0.10	42,478
Fay Holdings Pty Ltd	9,963	99,632	$0.10	9,963
Aspiritual Pty Ltd	5,558	55,579	$0.10	5,558
AAG Management Pty Ltd	66,199	661,987	$0.10	66,199
TOTAL	180,652	1,806,522		180,652

- Approval of Issue of Shares and Options in settlement of loan – having received shareholder's approval the Company has issued a total of 450,000 Shares (on a post consolidation basis) and 450,000 options (on a post consolidation basis with an exercise price of $0.11 each and an expiry date of 31 May 2018) to Seefeld Investments Pty Ltd (Loan Shares and Loan Options), or their nominees, for nil consideration as repayment of $45,000 worth of outstanding loans to the Company; and
- Approval of Change of Company Name – Shareholders approved the change in the Company's name from Palace Resources Ltd to TikForce Limited, as the new name better suits the Company's new nature of business.

Apart from the above, there has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely Developments

The consolidated entity will continue mineral exploration activity on its exploration projects with the objective of identifying commercial resources.

The ultimate aim is to increase shareholders wealth by succeeding in the discovery of major mineral deposits.

Directors' Meetings

The number of meetings, including circulating resolutions, of the Company's Board of Directors held during the year ended 30 June 2015, and the numbers of meetings attended by each Director were:

Director	Board of Directors	
	Held (whilst a director)	Attended
Peter Woods	35	35
Ian Murie	35	35
Guy Le Page	26	26
Roland Berzins	9	9

Remuneration Report (Audited)

A. Principles Used to Determine the Nature and Amount of Remuneration

The board of Tikforce Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the directors to run and manage the consolidated entity, as well as create goal congruence between directors and shareholders.

The board's policy for determining the nature and amount of remuneration for board members of the consolidated entity is as follows:

> The remuneration policy, setting the terms and conditions for the executive directors, was developed by the board after seeking professional advice from independent external consultants. The board reviews director packages annually by comparing information from industry sectors and other listed companies in similar industries.

The policy is designed to attract the highest caliber of directors and reward them for performance that results in long-term growth in shareholder wealth.

The nature and amount of compensation, as detailed in this report, reflects the remuneration policy above. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. Further remuneration including fringe benefits, options and performance incentives may be paid dependent upon individual performance, company performance, and the discretion of the board.

Directors and top executive remuneration is detailed below in this director's report.

All remuneration paid to directors is valued at the cost to the consolidated entity and expensed.

Non-executive Directors
The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting.

Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the consolidated entity. The Company does not have a policy on the Directors and their interests in the Company other than that stipulated in the Company's Corporate Governance report.

B. Details of Remuneration (Audited)

Name and position of key management personnel in office at any time during the financial year were:

Peter Woods	Non - executive Chairman
Guy Le Page	Non – executive Director
Ian Murie	Non - executive Director
Roland Berzins	Non – executive Director

Components of remunerations:
Remuneration packages consist of:

(i) Short term employee benefits – directors fees and consulting fees; and
(ii) Post employee benefits – superannuation.

During the year, key management personnel of the consolidated entity have received or become entitled to receive the following benefits:

Name	Short-term benefits			Post-employment benefit		Share based payment	Total
	Cash Salary & Fees	Non-monetary	Other	Superannuation	Termination benefit	Options	
	$	$	$	$	$	$	$
30 June 2015							
Chairman and non-executive directors							
Peter Woods	36,000	-	-	-	-	-	36,000
Ian Murie	30,000	-	-	-	-	-	30,000
Guy Le Page	12,000	-	-	-	-	-	12,000
Roland Berzins (i)	18,810	-	-	-	-	-	18,810
Total non-executive directors	**96,810**	**-**	**-**	**-**	**-**	**-**	**96,810**
Total	**96,810**	**-**	**-**	**-**	**-**	**-**	**96,810**

Name	Short-term benefits			Post-employment benefit		Share based payment	Total
	Cash Salary & Fees	Non-monetary	Other	Superannuation	Termination benefit	Options	
	$	$	$	$	$	$	$
30 June 2014							
Chairman and non-executive directors							
Peter Woods	36,000	-	-	-	-	-	36,000
Ian Murie (ii)	30,000	-	-	-	-	-	30,000
Guy Le Page (ii)	22,000	-	-	-	-	-	22,000
Total non-executive directors	**88,000**	**-**	**-**	**-**	**-**	**-**	**88,000**
Total	**88,000**	**-**	**-**	**-**	**-**	**-**	**88,000**

(i) These fees include both directors fees and company secretary fees incurred snce the date of appointment as a director; and

(ii) The shares issued to directors in lieu of director's fees were approved by shareholders on 16 October 2013 and issued – Appendix 3B on 12 November 2013 – for Mr Le Page ($8,800) and Mr Murie ($16,500).

The remunerations on the tables above do not have proportion of performance related shares or options issued to directors.

(i) Ordinary Shareholdings

The numbers of shares in the Company held during the financial year by each director of Tikforce Limited, including those held personally or held indirectly by related parties, are set out below:

2015	Balance 01/07/2014 or at date of appiontment	Received during the year	Net change other	Balance 30/06/2015
Directors				
Peter Woods	307,400	-	-	307,400
Ian Murie	7,045,000	-	-	7,045,000
Guy Le Page	-	-	-	-
Roland Berzins	11,316,200			11,316,200
Total	**18,658,600**			**18,668,600**

2014 Directors	Balance 01/07/2013	Received during the year	Net change other	Balance 30/06/2014
Peter Woods	307,400	-	-	307,400
Ian Murie	2,920,000	-	4,125,000	7,045,000
Guy Le Page	-	-	-	-
Total	**3,227,400**	**-**	**4,125,000**	**7,352,400**

(ii) Option Holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Palace Resources Limited, including their personally related parties, are set out below:

2015	Balance 01/07/2014	Expired during the year	Net change other	Balance 30/06/2015	Vested and exercisable at the end of the year
Directors					**Directors**
Peter Woods	2,000,000	(2,000,000)	153,700	153,700	153,700
Ian Murie	2,000,000	(2,000,000)	-	-	-
Guy Le Page	-	-	-	-	-
Roland Berzins	-	-	1,400,000	1,400,000	1,400,000
Total	**4,000,000**	**(4,000,000)**	**1,553,700**	**1,553,700**	**1,553,700**

2014 Directors	Balance 01/07/2013	Expired during the year	Other changes during the year	Balance 30/06/2014	Vested and exercisable at the end of the year
Peter Woods	2,000,000	-	-	2,000,000	2,000,000
Ian Murie	2,000,000	-	-	2,000,000	2,000,000
Guy Le Page	-	-	-	-	-
Total	**4,000,000**	**-**	**-**	**4,000,000**	**4,000,000**

C. Service Agreements

There are no specific key management personnel contracts with the individual directors and director fees and consulting fees are based on shareholder approved directors fee structure and corporate governance procedure.

D. Share Based Compensation

There was no share-based or option-based compensation paid to directors or other key management personnel during the current or prior financial year.

E. Voting and Comments Made at the Company's 2014 Annual General Meeting

There were no votes against the adoption of the remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

F. Remuneration Consultants

The Group did not employ the services of Remuneration Consultants during the year ended 30 June 2015.

This is the end of the audited Remuneration Report.

Share under Option

Unissued ordinary shares of Palace Resources Limited under option at the date of this report are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Options
		$	
Various	28 February 2016	0.002	209,877,791
Total			**209,877,791**

Share Issued on the Exercise of Options

There have been no issue of ordinary shares as a result of the exercise of options during or since the end of the financial year.

Financial Position

The independent auditor's report contains an emphasis of matter in respect of the existence of a material uncertainty which may cast significant doubt about the Company's and Consolidated Entity's ability to continue as going concerns and therefore, the Company and Consolidated Entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Further information, including the basis that Directors believe that there are reasonable grounds to believe that the Company and Consolidated Entity will continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report can be found in Note 2 to the financial statements.

Indemnification and Insurance of Directors and Officers

During the year ended 30 June 2015 the Company paid premiums to insure the Directors and Officers of the Group at an annual cost of $11,924 (2014: $11,924). The liability insured is the indemnification of the Group against any legal liability to third parties arising out of any Directors or Officers duties in their capacity as a Director or Officer other than indemnification not permitted by law.

No liability has arisen under this indemnity as at the date of this report.

Proceedings on Behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings against the company, or to intervene in any proceedings to which the consolidated entity is a part, for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings

No proceedings have been brought or intervened in on behalf of the consolidated entity under section 237 of the *Corporations Act 2001*.

Non-audit Services

There were no non – audit services provided by Somes Cooke during the years ended 30 June 2014 and 2015.

Details of the amount paid or accrued to the auditor of the consolidated entity, Somes Cooke and its related practices for audit and non-audit services provided during the year are set out below:

	2015	**2014**
	$	**$**
Audit Services		
Audit and review of financial reports	32,000	28,000
Other Services		
Tax Compliance services	-	-
Total	32,000	28,000

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The auditor's independence declaration is set out on page 57 and forms part of the Directors' report for the year ended 30 June 2015.

This report is made with a resolution of the directors.

R H BERZINS
Non Executive Director
DATED at PERTH this 10th day of September 2015

The directors of the Palace Resources Limited declare that:

1. in the directors' opinion, the financial statements and accompanying notes are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

    b. give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

3. the financial statements and notes thereto are in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB);

4. The remuneration disclosures included in section A to F of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2015, comply with section 300A of the *Corporations Act 2001*; and

5. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act for the financial year ended 30 June 2015.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

R H BERZINS
Non Executive Director

DATED at PERTH this 10th day of September 2015

	NOTE	YEAR ENDED 30-JUN-15	YEAR ENDED 30-JUN-14
		$	$
Revenue from ordinary activities	6	-	12,828
Employee benefit expenses		(1,396)	881
Consulting fees		(169,125)	(366,000)
Compliance and regulatory expenses		(76,402)	(84,614)
Exploration expenditure impaired		-	(684,541)
Exploration expenditure expensed as incurred		-	(32,793)
Option fee to acquire Tikforce		(62,000)	-
Impairment of available-for-sale financial asset	7	(13,755)	(102,373)
Depreciation expense	14	-	(324)
Director fees		(76,905)	(100,500)
Travel and accommodation expenses		(47,881)	(7,364)
Occupancy expenses		(240,066)	(240,510)
Other expenses		(127,212)	(122,361)
Loss from continuing operations before income tax expense		**(814,742)**	**(1,727,671)**
Income tax expense	8	-	-
Net loss for the year		**(814,742)**	**(1,727,671)**
Other comprehensive income		-	-
Other comprehensive income net of tax		**-**	**-**
Total comprehensive loss for the year		**(814,742)**	**(1,727,671)**
Total comprehensive loss for the year attributable to			
- Members of the parent entity		(809,278)	(1,522,309)
- Non-controlling interest		(5,464)	(205,362)
		(814,742)	**(1,727,671)**
Basic and diluted loss per share (cents)	25	(0.08)	(0.27)

The accompanying notes form part of these financial statements

	Note	At 30-Jun-15	At 30-Jun-14
		$	$
Current assets			
Cash and cash equivalents	10	8,432	3,096
Trade and other receivables	11	583,488	164,022
Total current assets		591,920	167,118
Non-Current Assets			
Other financial assets	12	11,328	25,083
Plant and equipment	14	-	-
Exploration and evaluation assets	13	123,176	112,312
Total Non-Current Assets		134,504	137,395
Total Assets		726,424	304,513
Current Liabilities			
Trade and other payables	15	1,258,464	785,511
Provisions	16	10,708	8,159
Borrowings	17	459,988	-
Total Current Liabilities		1,729,160	793,670
Total Liabilities		1,729,160	793,670
Net (Liabilities)		**(1,002,736)**	**(489,157)**
Equity			
Contributed equity	18	13,399,761	13,098,598
Reserves	18	106,889	151,389
Accumulated losses	19	(14,439,401)	(13,674,623)
Parent entity interest		(932,751)	(424,636)
Non-controlling interest		(69,985)	(64,521)
Total Equity		**(1,002,736)**	**(489,157)**

The accompanying notes form part of these financial statements

Consolidated Entity	Parent Interest				Non-Controlling Interest	Total
	Issued Capital	Option Premium Reserve	Available For Sale Asset Reserve	Accumulated Losses		
	$	$	$	$	$	$
Balance at 1 July 2014	**13,098,598**	**141,940**	**9,449**	**(13,674,623)**	**(64,521)**	**(489,157)**
Total comprehensive loss for the year						
Loss for the year	**-**	**-**	**-**	**(809,278)**	**(5,464)**	**(814,742)**
Other comprehensive income	**-**	**-**	**-**	**(809,278)**	**(5,464)**	**(814,742)**
Transaction with owners in their capacity as owners						
Issued of shares	**369,900**	**-**	**-**	**-**	**-**	**369,900**
Expiration of options	**-**	**(44,500)**	**-**	**44,500**	**-**	**-**
Share issued costs	**(68,737)**	**-**	**-**	**-**	**-**	**(68,737)**
Balance as at 30 June 2015	**13,399,761**	**97,440**	**9,449**	**(14,439,401)**	**(69,985)**	**(1,002,736)**

Consolidated Entity	Parent Interest				Non-Controlling Interest	Total
	Issued Capital	Option Premium Reserve	Available For Sale Asset Reserve	Accumulated Losses		
	$	$	$	$	$	$
Balance at 1 July 2013	**12,604,672**	**44,500**	**9,449**	**(12,152,314)**	**140,841**	**647,148**
Total comprehensive loss for the year						
Loss for the year	-	-	-	(1,522,309)	(205,362)	(1,727,671)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(1,522,309)	(205,362)	(1,727,671)
Transaction with owners in their capacity as owners						
Issued of shares	705,616	-	-	-	-	705,616
Issued of options	-	97,440	-	-	-	97,440
Share issued costs	(211,690)	-	-	-	-	(211,690)
Balance as at 30 June 2014	**13,098,598**	**141,940**	**9,449**	**(13,674,623)**	**(64,521)**	**(489,157)**

The accompanying notes form part of these financial statements

	NOTE	YEAR ENDED 30-JUN-15	YEAR ENDED 30-JUN-14
		$	$
Cash Flows from Operating Activities			
Interest received			3
Payments to suppliers and employees		(488,159)	(98,078)
Payment for exploration expenditures		(10,864)	(32,793)
Net cash used in operating activities	22(ii)	**(499,023)**	**(130,868)**
Cash Flows from Investing Activities			
Loan to other entities		(370,307)	-
Net cash provided by investing activities		**(370,307)**	**-**
Cash Flows from Financing Activities			
Proceeds from issue of shares/options		369,900	42,023
Proceeds from convertible notes		459,988	-
Costs of issue of securities		(40,237)	(2,100)
Proceeds from borrowings		105,015	46,362
Repayment of borrowings		(20,000)	-
Net cash provided by financing activities		**874,666**	**86,285**
Net increase/ (decrease) in cash held		5,336	(44,583)
Cash and cash equivalents at the beginning of financial year		3,096	47,679
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	22 (i)	**8,432**	**3,096**

The accompanying notes form part of these financial statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

Palace Resources Limited ("the Company") is a Company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The consolidated financial statements of the Company for the financial year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "consolidated entity" or the "Group").

The principal activity of the consolidated entity is to identify and acquire interest in and add value to mineral exploration and mining opportunities both in Australia and overseas, in particular Indonesia.

The address of the registered office is Suite 4, 16 Ord Street West Perth WA 6005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards board and Australian Accounting Interpretations. The financial statements have also been prepared on a historical cost basis. The presentation currency is Australian dollars.

b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets are measured at fair value.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates of and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

e) Going concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The consolidated entity has incurred a net loss after tax for the year ended 30 June 2015 of $814,742 (2014: $1,727,671) and experienced net cash outflows from operations of $499,023 (2014: $130,868). As at 30 June 2015, the consolidated entity had a net liabilities position of $1,002,736 (2014 net liabilities: $489,157).

The Directors believe that there will be sufficient funds available to meet the Company's working capital requirements, as required.

However, the Directors recognise that the ability of the Company to continue as a going concern and to pay its debts as and when they fall due is dependent on the ability of the Company to secure additional funding through either the issue of further shares and or options, convertible notes or entering into negotiations with third parties regarding the sale and or farm out of assets of the Company or a combination thereof.

During the financial year, the Company issued a total of 302,237,500 (2014: 273,511,355) fully paid ordinary shares and a total of 112,437,500 (2014: 97,440,291) options, generating a combined total of $301,164 (2014: $591,366) after the cost of capital raising, to settle debts and raise funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Going concern (continued)

At 30 June 2015, the Company has outstanding interest bearing liabilities (Converting notes) to the value of $459.988 at an interest rate of 10% pa (2014: nil).

The Company is confident that it will successfully raise the additional funds to meet its financial obligations in future period, specifically for the new projects undertaken.

With respect to the expenditure commitment concerning the acquisition of Tikforce Operations Pty Ltd and Min Trak Pty Ltd, the consolidated entities are in the process of issuing a prospectus to raise a minimum of $4,500,000, with shareholder's approval to take over subscriptions of a further $2,000,000 to facilitate these acquisitions and to provide working capital to develop Tikforce Operations Pty Ltd and Min Trak Pty Ltd.

The directors continue to expect that major shareholders of the consolidated entities and major creditors to continue to support the consolidated entity.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will achieve the matters set out above. As such, the directors believe that they will continue to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

Notwithstanding this, there is uncertainty whether the Company will be able to continue as a going concern.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

f) Basis of consolidation

A controlled entity is any entity over which Palace Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

Details of controlled entities are contained in Note 20 to the financial statements.

As at reporting date, the assets and liabilities of the controlled entities has been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated entity during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiary have been changed where necessary to ensure consistency with those adopted by the parent entity.

g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of Palace Resources Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the consolidated entity and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 5 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

i) New Accounting Standards for Application in Future Periods

There are a number of new Accounting standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early and they are not expected to have a material impact on the Group in the current or future reporting periods.

j) Exploration and evaluation asset

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

i) it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; or

ii) exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the income statement or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Impairment of assets

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant and equipment, mine properties and development and exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the assets belongs, unless the asset's value in use can be estimated to be close to its fair value.

An assessment is also made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

l) Cash and cash equivalents

Cash and cash equivalents in the Statements of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the Statement of Financial Position.

m) Trade and other receivables

Trade and other receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

n) Non-derivative financial assets

The consolidated entity has the following non-derivative financial assets:

(a) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, such as marketable equity securities, that are either designated as available-for-sale or are not classified in any of the other categories, identified in AASB 139 *Financial Instrument Recognition and Measurement*.

Subsequent to the initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to statement of comprehensive income.

The fair value of quoted financial assets is based on their bid price at the balance date, however in the case of financial assets without active markets, fair value is established using relevant valuation techniques

(b) Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus, transaction costs directly attributable to the acquisition.

Subsequent to initial recognition, loans and receivables are measured at amortised costs using the effective interest rate method, less any impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

p) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

q) Finance income

Interest income
Income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

r) Contributed equity

Issued and paid-up capital is recognised at the fair value of the consideration received by the consolidated entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

s) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, after adjusted for any bonus share element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

t) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Income tax (Continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows, on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions made by the consolidated entity to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

w) Converting Notes

The liability component of a converting note is recognised initially at the fair value

Any directly attributable transaction cost are allocated to the converting note liability in proportion to their initial carrying amounts.

The converting note liability is removed rom the Statement of Financial position when the obligations specified in the contract are discharged, this can occur upon the converting note holder being compensated with the issuing of securities or when the option period lapses, requiring the consolidated entity to discharge the obligation.

The converting note is classified as a current liability.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the consolidated entity's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the consolidated entity. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Impairment

The carrying amounts of the consolidated entity's assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

i) Impairment of Exploration and evaluation asset

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the consolidated entity decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that would impact the future recoverability include the level of reserves and resources, future technological changes, which would impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if the activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalise expenditure should be written off or impaired, profits and net assets will be reduced in the period in which this determination is made.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

ii) Calculation of recoverable amount

The recoverable amount of the consolidate entity's receivables carried at amortised costs is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivable with a short duration are not discounted.

Impairment of receivable is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

iii) Calculation of recoverable amount (continued)

The recoverable amount of other assets is greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value in using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

iii) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

iv) Reversal of impairment

An impairment loss is reversed if the subsequent increase in recoverable amounts can be related objectively to an event occurring after the impairment loss is recognised.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise loans and receivables, payables, borrowngs, cash short-term deposits and available-for-sale financial assets. The consolidated entity manages its exposure to key financial risks in accordance with the consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets while protecting future financial security.

The main risks arising from the consolidated entity's financial instruments are market risk including, interest rate risk and price risk, credit risk and liquidity risk.

The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	2015	2014
	$	$
Financial assets		
Cash and cash equivalents	8,432	3,096
Trade and other receivables	583,488	164,022
Other financial assets	11,328	25,083
	603,248	192,201
Financial liabilities		
Trade and other payables	(1,258,464)	(785,511)
Borrowings	(459,988)	-
	(1,718,452)	(785,511)

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2 to the financial statements.

(a) Market Risk

(i) Interest rate risk exposure

The consolidated entity's exposure to risks of changes in market interest rates relates primarily to the consolidated entity's cash balances. The consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date.

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, before tax losses and equity would have been affected as follows:

Judgements of reasonably possible movements

	2015	2014
Loss before income tax	$	$
Loss before Income tax (actual)		
+1.0% (100 basis points)	-	31
-0.5% (50 basis points)	-	(15)
Equity		
Equity (actual)		
+1.0% (100 basis points)	-	31
-0.5% (50 basis points)	-	(15)

Although the consolidated entity has only a small exposure to interest rate movements (interest revenue and interest expense) the movements in losses due to possible higher or lower interest income from cash balances is calculated.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

The consolidated entity's exposure to interest rate risk for classes of financial assets and financial liabilities at 30 June 2015 and 30 June 2014 are set out below:

	2015 Floating Interest Rate	2014 Floating Interest Rate	2015 Fixed Interest Rate	2014 Fixed Interest Rate	2015 Non-Interest Bearing	2014 Non-Interest Bearing	2015 Total	2014 Total
	$	$			$	$	$	$
Financial Assets								
Cash	8,432	3,096	-	-	-	-	8,432	3,096
Receivables	-	-	356,954	-	226,533	164,022	583,487	164,022
Other financial assets	-	-	-	-	11,328	25,083	11,328	25,083
	8,432	3,096	356,954	-	237,861	189,105	603,247	192,201
Weighted average interest rate	0%	0%	5%	-	-	-	-	-
Financial Liabilities								
Payables	-	-	-	-	(1,258,464)	(785,511)	(1,258,464)	(785,511)
Borrowings	-	-	(459,988)	-	-	-	(459,988)	-
	-	-	(459,988)	-	(1,258,464)	(785,511)	(1,718,452)	(785,511)
Weighted average interest rate	0%	0%	10%	-	-	-	-	-

(ii) **Price risk**

The consolidated entity is exposed to equity securities price risk. This arises from investments held by the consolidated entity and classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The consolidated entity is exposed to commodity price risk.

The consolidated entity is not exposed to material price risk on profit and loss and it has therefore not been included in the sensitivity analysis.

(b) Credit risk exposure

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party with the maximum exposure equal to the carrying amount of the instruments. The carrying amounts of financial assets included in the statement of financial position represent the Company's maximum exposure to credit risk in relation to those assets.

Credit risk is managed on a group basis and reviewed regularly by the Board.

Credit risk is managed through maintaining procedures and ensuring, to the maximum extent possible, that parties to transactions are of sound credit worthiness and includes the utilisation of the systems for the approval, granting and renewal of credit limits and monitoring the financial stability of significant parties.

The Company trades only with recognised credit worthy third parties and as such collateral is not requested nor is it the Company's policy to securities its trades and other securities.

Impairment of an asset occurs when the carrying value of the asset exceeds the recoverable value of the asset at the record date. The recoverable value of the asset is based on the recoverability of the assets.

There are no significant concentrations of credit risk within the Company.

Refer to Note 24 for analysis of Related Party exposure.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

The Company manages liquidity risk by continually:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, the Company monitors its expected settlement of financial assets and liabilities on an ongoing basis.

Refer to the Movement for Maturity Analysis Schedule in Note 4(e).

(d) Fair value of financial assets and financial liabilities

Cash and cash equivalents due to their liquid nature the carrying amount is the fair value.

Receivables and payables due to the short term nature the carrying amount reflect the fair value.

Available-for-sale assets are fair valued at closing market price at 30 June 2015.

The company is disclosing the fair value of financial assets and financial liabilities by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table present the group's assets and liabilities measured and recognised at fair value at 30 June 2015.

Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	Level 1	Level 2	Level 3	Total
2015	$	$	$	$
Assets				
Available-for-sale financial assets	11,328	-	-	11,328
	11,328	-	-	11,328
2014	$	$	$	$
Assets				
Available-for-sale financial assets	25,083	-	-	25,083
	25,083	-	-	25,083

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the closing price at the reporting date. These instruments are included in level 1.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Movement for maturity analysis schedule

	Weighted Average effective interest rate %	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
Financial assets - cash flows realisable		**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Cash and cash equivalents	-	8,432	3,096	-	-	-	-	8,432	3,096
Trade, term and loans receivable	5	566,404	-		146,938	-	-	566,404	146,938
Other financial assets	-	-	-	11,328	25,083	-	-	11,328	25,083
Total anticipated inflows		574,836	3,096	11,328	172,021	-	-	586,164	175,117
Financial liabilities due for payment		**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Trade and other payables	-	1,258,464	785,511	-	-	-	-	1,258,464	785,511
Borrowings	10	459,988	-	-	-	-	-	459,988	-
Total expected outflows		1,718,452	785,511	459,988	-	-	-	1,718,452	785,511

(f) Capital Management

The Company's capital risk management objectives are to safeguard the Group's ability to continue as a going concern, in order to provide for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital (being equity and corporate debt).

The Company has a policy of maintaining a flexible capital structure so as to be able to take advantage of investment opportunities when they arise.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets.

5. KEY MANAGEMENT PERSONNEL

(a) Summary of emoluments for key management personnel

	2015	2014
	$	$
Short-term employee benefits	96,810	88,000
Others	-	-
Termination	-	-
Post-employment benefits	-	-
	96,810	88,000

Refer to the remuneration report contained in the director's report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2015.

(b) Equity holdings of key management personnel

Equity holdings of key management personnel can be located in the remuneration report, within the Directors' Report.

6. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Transactions with directors personally related entities

There were no other transactions with specified directors and executives and their personally related entities other than those already disclosed in Note 24.

6. OTHER REVENUE

	2015	2014
	$	$
Interest income	-	12,828
	-	12,828

7. LOSS FROM ORDINARY ACTIVITIES

	2015	2014
		$
Impairment of available-for-sale financial assets	(13,755)	(102,373)

8. INCOME TAXES

Income tax recognised in profit or loss

	2015	2014
	$	$
Tax expense/(income) comprises:		
Current tax expense/(income)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(income)	-	-

The prima facie income tax expense/(income) on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2015	2014
Loss from operations	(814,742)	(1,727,671)
Income tax expense calculated at 30%	(244,423)	(518,301)
Tax effect of non-deductible items:		
Accrued creditors	-	27,500
Accrued superannuation	832	1,350
Provision for annual leave	1,168	5,842
Section 40-880 expenses	(32,511)	(28,387)
Exploration expenses impaired	-	-
Impairment of loans	4,126	(30,712)
Effect of expenses that are not deductible in determining taxable profit	-	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	252,208	542,708
	-	-

8. INCOME TAXES (CONTINUED)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

No income tax expense has been provided in the accounts because the company has an operating loss for the year. No future tax benefit attributable to tax losses has been brought to account as recovery is not probable. The total of tax losses held within the company is $2,903,876 (2014: $2,651,668).

The benefit will only be obtained if the company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised, continues to comply with the conditions for deductibility imposed by taxation legislation and there are no changes in tax legislation adversely affecting the company in realising the benefit.

9. AUDITOR'S REMUNERATION

	2015	2014
	$	$
Amounts received or due and receivable by the auditors for:		
Audit and review of the financial reports	19,800	28,000
Other services	-	-
Total	19,800	28,000

10. CASH & CASH EQUIVALENTS

	2015	2014
	$	$
Cash at bank and on hand	8,432	3,096
	8,432	3,096

11. TRADE & OTHER RECEIVABLES

	2015	2014
	$	$
Amount due by related entities	90,000	90,000
Less : Provision for impairment	(60,000)	(60,000)
	30,000	30,000
Subsidiary company's formation cost	17,084	17,084
Loan to other entity subject to acquisition	414,569	-
GST receivables	121,835	116,938
	583,488	164,022

12. OTHER FINANCIAL ASSETS

	2015	2014
NON-CURRENT	**$**	**$**
Available-for-sale assets	11,328	25,083
	11,328	25,083

	2015	2014
MOVEMENT OF INVESTED IN LISTED ENTITIES	**$**	**$**
Fair value at beginning of the year	25,083	114,631
Additions	-	12,825
Impairment	(13,755)	(102,373)
Fair value at the end of the year	11,328	25,083

13. EXPLORATION & EVALUATION EXPENDITURE

	2015	2014
NON - CURRENT	**$**	**$**
Deferred Exploration and Evaluation Expenditure, at cost	123,176	112,312
Exploration and Evaluation Expenditure movement	**$**	**$**
Brought forward at the beginning of year	112,312	796,853
Exploration expenditure capitalised during the year	10,864	-
Exploration expenditure impaired (i)	-	(684,541)
Carried forward exploration expenditure	123,176	112,312

The value of the consolidated entity's interest in exploration and evaluation expenditure is dependent upon:

- The continuance of the consolidated entity's right of tenure of the areas of interest;
- The results of future exploration and evaluation;
- The recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

(i) During the previous year, the Company recognised a full impairment of the Paser Project, held through its 70% subsidiary, Paser Pte Ltd. The results from exploration and evaluation of the project were insufficient to justify continued investment.

14. PLANT & EQUIPMENT

	2015	2014
	$	$
Plant and equipment, at cost	28,513	28,513
Less: accumulated depreciation	(28,513)	(28,513)
	-	-

Movement in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the current financial year:

	2015	2014
Balance at the beginning of the financial year	-	324
Additions	-	-
Depreciation expense	-	(324)
Carrying amount at the end of the financial year	-	-

15. TRADE & OTHER PAYABLES

	2015	2014
	$	$
CURRENT		
Trade payables	1,097,310	650,799
Other payables and accruals	161,154	134,712
	1,258,464	785,511

16. PROVISIONS

	2015	2014
	$	$
Employee benefits	10,708	8,159

17. BORROWINGS

	2015	2014
	$	$
Borrowings	459,988	-

The borrowings relates to the issuing of Convertible Notes, which were made on the following terms:

- Conversion Rate of $0.05 (5 cents) representing 50% of the Equity Raising Price currently planned at $0.10 per share.
- The issue of the Shares on or before the Repayment Date will be deemed to have satisfied the Borrower's obligations to repay outstanding sums under the Converting Notes.
- Shareholder approval and conversion was sought and received in general meeting (note 27) to convert the outstanding amounts under the Converting Notes into Shares. .
- Repayment Date: 10th March 2017 or on the day the Company receives shareholder approval for the conversion of the loan to fully paid ordinary shares in compliance with ASX Listing Rules Chapters 1 and 2.

18. CONTRIBUTED EQUITY AND RESERVES

	2015	2014
	$	$
CONTRIBUTED EQUITY		
Issued Share Capital		
1,120,865,808 (2014: 818,428,308) fully paid ordinary shares (a)	13,399,761	13,098,598
RESERVES		
Options premium reserve (b)	97,440	141,940
Available-for-sale reserve (c)	9,449	9,449
	106,889	151,389

	2015	2014
(a) Ordinary Shares	$	$
At the beginning of the year	13,098,598	12,604,672
Fully Paid Ordinary Shares issued (fundraising) during the year	369,900	33,340
Fully Paid Ordinary Shares issued (debt settlement) during the year	-	672,276
Share transaction costs	(68,737)	(211,690)
At the end of the year	13,399,761	13,098,598

	2015 No. of Shares	2014 No. of Shares
Fully Paid Ordinary Shares		
At the beginning of the year	818,428,308	544,916,953
Share based payment @ $0.004	-	79,296,793
Entitlement rights issue (fundraising) @ 0.002	-	16,670,000
Entitlement rights issue (debt settlement) @ $0.002	-	177,544,562
Share issued (fundraising) @ 0.001	190,000,000	-
Share issued (fundraising) @ 0.0016	112,237,500	-
At the end of the year	1,120,665,808	818,428,308

The above ordinary shares were consolidated 1 for 100 as per Note 27.

Ordinary shares participate in dividends and the proceeds on winding up of the consolidated entity in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options Premium Reserve

	2015	2014
	$	$
At the beginning of the year	141,940	44,500
Transfer of options lapsed to accumulated losses	(44,500)	-
Options issued (i)	-	97,440
At the end of the year	97,440	141,940

18. CONTRIBUTED EQUITY AND RESERVES (Continued)

OPTIONS EXERCISEABLE AT $0.002 AND EXPIRING ON 26 FEBRUARY 2016	2014 No. of Options	2014 No. of Options
At the beginning of the year	186,940,291	89,500,000
Options issued during the year (i)	112,437,500	97,440,291
Options lapsed during the year (ii)	(89,500,000)	-
At the end of the year	209,877,791	186,940,291

The above ordinary options were consolidated 1 for 100 as per Note 27.

Nature and purpose of reserve:
The options reserve is used to recognise the fair value of options granted but not exercised.

(i) The options issued during the year of 30 June 2015 and 2014 are listed options, with the codes PXROA & PXROB. Post consolidation the code is TIKOB.
(ii) The options lapsed during the year were exercisable at $0.03 and expired on the 30th November 2014.

(c) Available-for-sale asset reserve

	2015	2014
	$	$
At the beginning of the year	9,449	9,449
At the end of the year	9,449	9,449

Nature and purpose of reserve:

The assets classified as available-for-sale reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

19. ACCUMULATED LOSSES

	2015	2014
	$	$
Accumulated losses at the beginning of the year	(13,674,623)	(12,152,314)
Loss attributable to members of the parent entity	(809,278)	(1,522,309)
Expiry of options	44,500	-
Accumulated losses at the end of the year	(14,439,401)	(13,674,623)

20. CONTROLLED ENTITIES

Controlled entities included in the consolidated financial statements are listed below. The financial year end for the controlled entities are the same as the parent entity.

			OWNERSHIP INTEREST		NON-CONTROLLING INTEREST	
			2015	2014	2015	2014
			%	%	%	%
NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION				
John Minerals Pty Ltd	Investment	Australia	100	100	-	-
Paser Pty Ltd	Investment	Indonesia	70	70	30	30

21. SEGMENT REPORTING

AASB 8: *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The consolidated entity's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the consolidated entity's operations and allocation of working capital.

Due to the size and nature of the consolidated entity, the Board as a whole has been determined as the chief operating decision maker.

The consolidated entity operates in one business segment and one geographical segment, namely mineral exploration industry. AASB 8: *Operating Segments* states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely mineral exploration industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. The consolidated entity has therefore decided to aggregate all their segments into one reportable operating segment.

The revenues and results of this segment are those of the consolidated entity as a whole and are set out in the statement of comprehensive income. The segment assets and liabilities of this segment are those of the consolidated entity and are set out in the statement of financial position.

22. CASH FLOW INFORMATION

(i) Reconciliation of cash

Cash at the end of the year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows

	2015	2014
	$	$
Cash and cash equivalents		
Cash at bank and cash equivalents	8,432	3,096

(ii) Reconciliation of loss after income tax to net cash inflow from operating activities		
Operating loss after income tax	(814,742)	(1,727,671)
Depreciation	-	324
Impairment of exploration expenditure	-	684,541
Expenses incurred in the year, settled via equity issue	-	551,443
Impairment of available for sale investments	13,755	102,373
Interest received settled via share issue	-	(12,825)
Changes in assets and liabilities:		
(Increase) in trade and other receivables	(4,897)	(40,885)
(Increase) in exploration and evaluation assets	(10,864)	-
Increase in trade and other payables	315,176	309,515
Increase in provisions	2,549	2,317
Net cash from operating activities	(499,023)	(130,868)

(iii) Significant non cash transactions

During the year ended 30 June 2015: nil (2014: 256,841,355) ordinary shares were issued to creditors for a total amount of nil (2014: $672,276) and nil (2014: 6,325,000) ordinary shares were issued to directors in lieu of director fees. Shares received from Antilles Oil and Gas NL in lieu of interest for Convertible Note totalled $nil in 2015 (2014: $12,825).

(iv) Credit facilities

There were no unused credit facilities or credit standby arrangements available to the consolidated entity at balance date.

23. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

(a) Tenements

	2015	2014
	$	$
Tenements Commitment	.	.
No later than one year	-	-
Longer than one year, but no longer than five years	-	-
Longer than five years	-	-
	-	-

23. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(b) Native Title Claims

Legislation developments and judicial decision (in particular the uncertainty created in the area of Aboriginal land rights by the High Court decision in the "Mabo" and "Wik" cases and Native Title legislation) may have an adverse impact on the consolidated entity's ability to fund those activities. It is impossible at the time to quantify the impact (if any) that these developments may have on the consolidated entity's operations.

The consolidated entity is aware of Native Title claims in respect of ground in which the consolidated entity has an interest. It is possible that further claims could be made in the future. However, the consolidated entity cannot determine whether any current claims, if made, will succeed and, if so, what the implications would be to the consolidated entity.

24. RELATED PARTY TRANSACTIONS

(a) Equity interests in related entities

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 20.

(b) Key management personnel remunerations

Details of key remunerations are discussed in Note 5.

(c) Transactions with related parties

The following entities have been identified as related parties to Palace Resources Limited during the year:

- Peter Woods Consulting Pty Ltd, a company related to Mr. Peter Woods;
- Orequest Pty Ltd, a company related to Mr. Guy Le Page;
- Muries Lawyers, a company related to Mr. Ian Murie;
- GT Le Page and Associates, a company related to Mr. Guy Le Page;
- RM Corporate Finance Pty Ltd, a company related to Guy Le Page;
- Roland H Berzins and Associates, an entity related to Mr Roland Berzins, and
- Sealblue Investments Pty Ltd, a company related to Mr Roland H Berzins.

Details of related party transactions

(i) Outstanding balance due from/(to) arising from provision of services:

	2015	2014
	$	$
Trade and other payables:		
Amount payable to:		
- Peter Woods Consulting Pty Ltd	(87,000)	(51,000)
- GT Le Page and Associates	(2,000)	-
- Muries Lawyers	(60,000)	(17,500)
- RM Corporate Finance Pty Ltd	(3,636)	(3,600)
- Orequest Pty Ltd	(44,000)	(32,000)
- Sealblue Investments Pty Ltd[1]	(69,000)	-
- Roland H Berzins and Associates	(49,405)	-
	(315,041)	(104,100)

(ii) Services provided by related parties during the year

- Sealblue Investments Pty Ltd provided professional services of $28,000 (2014: nil)
- RM Corporate Finance Pty ltd provided consulting services of nil amount (2014: $40,000)
- Orequest Pty ltd provided consulting services of nil amount (2014: $110,000)

25. LOSS PER SHARE

The loss and weighted number of ordinary shares used in the calculation of basic loss per share is as follows:

Reconciliation of earnings per share to net loss	2015	2014
	$	$
Net Loss	(814,742)	(1,727,671)
Weighted average number of ordinary shares outstanding during the year used in calculation of loss per share	1,053,788,198	625,574,303
Basic loss per share– cents	0.08	0.27

The options outstanding are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2015 and 2014.

26. PARENT ENTITY DISCLOSURES

Financial position
The parent entity of the Palace Consolidated Group is Palace Resources Limited.

	PARENT	
	2015	2014
	$	$
Assets		
Current Assets	530,575	150,034
Non- current assets	170,566	124,595
Total Assets	701,141	274,629
Liabilities		
Current Liabilities	1,726,905	793,670
Total Liabilities	1,726,905	793,670
Net Assets	(1,025,764)	(519,041)
Equity		
Issued capital	13,399,762	13,098,598
Retained earnings	(14,532,415)	(13,769,028)
Options reserve	97,440	141,940
Financial assets reserve	9,449	9,449
Total equity	(1,025,764)	(519,041)

Financial performance:

	PARENT	
	2015	2014
	$	$
Loss for the year of the parent company	(1,040,045)	(2,881,348)
Other comprehensive income	-	-
Total comprehensive income for the financial year	(1,040,045)	(2,881,348)

Palace Resources Ltd has not entered into any guarantees in relations to the debts of its subsidiaries and has no material contingencies or commitment, other than those referred to in other parts of this report.

27. EVENTS SUBSEQUENT TO BALANCE DATE

On 12 August 2015, The Company was suspended from the official listing of the ASX. Such suspension was in line with the ASX Listing Rules and the result of a Shareholders meeting where the following resolutions were unanimously passed by Shareholders to the meeting.

The resolutions passed included approval to complete the following:

- Consolidation of Capital of the Company on a one Fully paid ordinary share for every 100 fully paid ordinary shares currently held , with all fractional entitlements rounded down to the nearest whole number. In accordance with Listing Rule 7.22, the Company's Options will be consolidated on the same basis of the Shares, that is, every 100 Options will be consolidated into 1 Option and their exercise price amended in inverse proportion of the Consolidation ratio. Accordingly, the 209,877,791 Options will be Consolidated into 2,098,778 Options with an exercise price of $0.20 (instead of an exercise price $0.002);

- Change in the nature and scale of the activities of the Company to change the focus of the Company's activities from exploration activities into a technology Company focusing on mobile workforce, human resources management, task management, asset tracking and vehicle monitoring using leading edge and affordable satellite tracking technology;
- Approval for Issue of Shares for Capital Raising - the Company proposes, pursuant to the Prospectus issued by the Company under Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the Listing Rules, to raise a minimum of $4,500,000 and a maximum of $6,500,000. The Capital Raising Shares will be offered at an issue price of $0.10 each;
- Creation of new class of securities – Performance Shares - The Company currently has one class of shares of issue, being fully paid ordinary shares. Accordingly, the Company seeks approval from Shareholders for the issue of a total of 41,000,000 Performance Shares. Each Performance Share, if certain milestones are achieved, will convert into one fully paid ordinary share in the Company;
- Approval of issue of Shares and Performance Shares to Acquire Misto Nominees –The Company has entered into the Misto Securities Sale Agreement pursuant to which the Company has the right to acquire 100% of the issued share capital of Misto, and accordingly, Misto's interests in Tikforce and Tikforce's interests in the Tikforce Platform. By way of acquisition the maximum number of securities to be issued is:

  a) 30,000,000 Fully Paid ordinary share (referred to as Misto Consideration Shares (on a post Consolidation basis));

  b) Plus performance shares (referred to as Misto Performance Shares (each of which will be convertible on a 1 for 1 basis into Shares on achieving objective milestones specific to the performance of the Tikforce Platform)):

     (1) 8,000,000 Class A Performance Shares;

     (2) 12,000,000 Class B Performance Shares; and

     (3) 16,000,000 Class C Performance Shares.
- Approval of issue of Shares and Performance Shares to Acquire Min-Trak - The Company has entered into the Min Trak Securities Sale Agreement pursuant to which the Company has the right to acquire 100% of the issued share capital of Min Trak, and accordingly, Min Trak's interests in the Min Trak Platform. By way of acquisition the maximum number of securities to be issued is:

  c) 9,000,000 Fully Paid ordinary share (referred to as Min Trak Consideration Shares (on a post Consolidation basis));

  d) Plus performance shares (referred to as Min Trak Performance Shares (each of which will be convertible on a 1 for 1 basis into Shares on achieving objective milestones specific to the performance of the Min Trak Platform)):

     (1) 2,000,000 Class D Performance Shares;

     (2) 2,000,000 Class E Performance Shares; and

     (3) 1,000,000 Class F Performance Shares;

27. EVENTS SUBSEQUENT TO BALANCE DATE (Continued)

- Issue of Advisor Options - to issue 20,000,000 Advisor Options (on a post Consolidation basis) to its corporate advisors and joint lead managers as part of the commission and fees payable for the Capital Raising. The Advisor Options will each have an exercise price of $0.11 and an expiry date of 31 May 2018. Each Advisor Option will have an issue price of $0.0001;
- Approval of Director Participation - that each of the Directors will participate in the Capital Raising by subscribing for Shares up to an aggregate maximum total of 4,500,000 Capital Raising Shares (on a post Consolidation basis), on the same terms and conditions as other participants in the offer;
- Approval of Converting Notes – The Company has undertaken the first stage of its funding arrangements with issuing unlisted and unsecured notes up to a face value of $1,000,000, and this action has been approved by shareholders. Each Converting Note is convertible into Shares (Conversion Shares) at the conversion price which is $0.05 for each Conversion Share issued upon the conversion of the Converting Notes (on a post Consolidation basis). The number of Conversion Shares issued upon the conversion of the Converting Notes will be calculated by dividing the total face value of the Converting Notes by the Conversion Price of the Converting Notes. This equates to 20,000,000 Conversion Shares on a post Consolidation basis.
- Approval of Issue of Shares in Lieu of Director, Consultants & Co Sec Fees - The Company proposes to grant a total of 719,377 Shares (on a post Consolidation basis) to Directors (Director Shares) and a past director, Mr Guy Le Page, (Past Director), or their nominees, for nil consideration as payment for $71,938 worth of outstanding director fees, company secretarial fees and consulting fees payable as follows:

Name	Fees ($)	Number of Director Shares issued (on a post Consolidation basis)	Share Price issued at $0.10 (on a post Consolidation basis)[4]	Value of Director Shares at
G Le Page	13,974	139,742	$0.10	13,974
I Murie	7,642	76,421	$0.10	7,642
P Woods	22,271	222,714	$0.10	22,271
RH Berzins	5,500	55,000	$0.10	5,500
RH Berzins	22,550	225,500	$0.10	22,550
TOTAL	71,937	719,377		71,937

- Approval of Issue of Shares in Lieu of Management and Consulting Fees - Shareholder approved the issue of 1,806,522 Shares to Unrelated Party Shares, each at a deemed issue price of $0.10 as follows:

Name	Fees ($)	Number of Director Shares issued (on a post Consolidation basis)	Share Price issued at $0.10 (on a post Consolidation basis)[4]	Value of Director Shares at
Kilo Delta Pty Ltd	7,817	78,168	$0.10	7,817
Spartan Nominees Pty Ltd	12,610	126,101	$0.10	12,610
GCP Capital Pty Ltd	36,027	360,272	$0.10	36,027
Cumberland Investments Pty Ltd	42,478	424,783	$0.10	42,478
Fay Holdings Pty Ltd	9,963	99,632	$0.10	9,963
Aspiritual Pty Ltd	5,558	55,579	$0.10	5,558
AAG Management Pty Ltd	66,199	661,987	$0.10	66,199
TOTAL	180,652	1,806,522		180,652

- Approval of Issue of Shares and Options in settlement of loan – having received shareholder's approval the Company has issued a total of 450,000 Shares (on a post consolidation basis) and 450,000 options (on a post consolidation basis with an exercise price of $0.11 each and an expiry date of 31 May 2018) to Seefeld Investments Pty Ltd (Loan Shares and Loan Options), or their nominees, for nil consideration as repayment of $45,000 worth of outstanding loans to the Company; and
- Approval of Change of Company Name – Shareholders approved the change in the Company's name from Palace Resources Ltd to TikForce Limited, as the new name better suits the Company's new nature of business.

27. EVENTS SUBSEQUENT TO BALANCE DATE (Continued)

- Apart from the above, there has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

At the shareholders meeting of 12 August 2015, all resolutions as outlined above were passed by the shareholders. In the ensuing period, the securities have been consolidated on the 1 per 100 securities previous held and outstanding options have been consolidated, in accord with the ASX Listing Rules.

At the date of this report, no additional securities have been issued

As at the date of this report, the following securities (post Consolidation) are on issued:

Fully paid ordinary shares	11,208,602	
Options	2,098,775	exercisable at $0.20 each and expire on 28 February 2016

28. DIVIDEND

There were no dividends paid or declared during or since the end of the financial year.

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Chartered Accountants (Aus)
Business Consultants
Financial Advisors

Auditor's Independence Declaration

To those charged with governance of Palace Resources Limited

As auditor for the audit of Palace Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

SOMES COOKE

Nicholas Hollens

NICHOLAS HOLLENS
Partner

Perth

10 September 2015

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Independent Auditor's Report

To the members of Palace Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Palace Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2015, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Palace Resources Limited comprising the entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Palace Resources Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of Matter – Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 2 (e), which indicates that the consolidated entity made a net loss of $814,742 in the year to 30 June 2015. The ability of the company to continue as a going concern is dependent on the company securing additional funding through either the issue of further shares or options, convertible notes or entering into negotiations with third parties regarding the sale and or farm out of assets of the company or a combination thereof.

As a result there is a material uncertainty related to events or conditions that may cast significant doubt on Palace Resources Limited's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Our opinion is not qualified in respect of this matter.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 24 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Palace Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Somes Cooke

SOMES COOKE

Nicholas Hollens

NICHOLAS HOLLENS

Partner

10 September 2015

Perth