

ASX Announcement

18 November 2009

Joint Venture with Excalibur Mining

Highlights

- ❑ Joint Venture agreement reached with Excalibur Mining Corporation Ltd (ASX: EXM);
- ❑ Excalibur agrees to spend up to \$500,000 to earn up to 90% of the Uranium Rights;
- ❑ Palace Resources to gain 10% of the gold rights.
- ❑ Tenements cover 5,000km² of highly prospective uranium and gold exploration acreage in the Tanami Province of the Northern Territory.
- ❑ Over 16,000 metres of reconnaissance RAB drilling to commence in March 2010.

Background

Further to the Company's announcement (30 October 2009) the directors of Palace Resources Ltd ("Palace" or the "Company") have pleasure in announcing that they have reached agreement with Excalibur Mining Corporation Ltd's regarding the Tanami tenements.

Prior to the formation of the joint venture, Palace had the uranium rights to the tenements as outlined in the schedule of tenements and Excalibur had the gold rights to the same tenements.

Joint Venture Terms

In accordance with the joint venture documentation, Excalibur must expend a minimum of \$300,000 within the first 12 months on EL 25207 ("Stage One Expenditure") with the right to earn up to a 90% interest in the uranium rights plus others minerals (refer to the attached schedule of tenements for full disclosure) on expenditure of an additional \$200,000 within the next 24 month period ("Stage Two Expenditure").

Upon satisfaction of the Stage Two Expenditure obligation:

- Palace will be deemed to have transferred to Excalibur 90% of its uranium right plus title and interests in the tenements; and
- Excalibur will have deemed to have transferred to Palace 10% of its right, title and interests in the gold rights.

with the effect that Excalibur will own a 90% Participating Interest and Palace will own a 10% Participating Interest.

From the commencement of the joint venture and until the completion of the Stage Two Expenditure obligations Excalibur will;

- Sole fund expenditure on the tenement EL 25207 until completion of the Stage One Expenditure obligations and thereafter on the tenements until the completion of the Stage Two Expenditure obligations;
- Be solely responsible for the determination of the works programs on the tenements;
- Be manager of the tenements;
- Pay all rates and rentals due in respect of the tenements, and
- Comply with the conditions of any mining titles, leases, licences, permits, approvals or other rights in relation to the tenements and to ensure that it does not breach any statutory requirements in relation to the tenements.

The parties to the agreement hereby agree that Excalibur shall be manager of the joint venture. Excalibur has announced a reconnaissance RAB program totaling around 16,000 metres over 6 targets. The program has been approved by the Northern Territory Department of Regional Development, Primary Industry, Fishing and Resources and is scheduled to commence at the conclusion of the forth coming wet season at the end of the 1Q 2010.

For further information, please contact the undersigned.

Roland Berzins

Company Secretary

Information in this report pertaining to mineral resources and exploration results was compiled by Mr. J Jordan who is a member of Aus.I.M.M. Mr. J Jordan has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' Mr. J Jordan consents to the inclusion in the report of the matters based on his information in the form and context which it appears.

Schedule 1

Tenements

Tenement	Status
EL 25123	Application
EL 25124	Application
EL 25178	Application
EL 25179	Application
EL 25207	Granted