

Form 605Corporations Act 2001
Section 671B**Notice of ceasing to be a substantial holder**

To Company Name/Scheme

PALACE RESOURCES LTD

ACN/ARSN

106 290 775

1. Details of substantial holder(1)

Name

MATTHEW SULLIVAN

ACN/ARSN (if applicable)

The holder ceased to be a
substantial holder on

16/9/09

The previous notice was given to the company on

5/01/07

The previous notice was dated

5/01/07

2. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest (2) of the substantial holder or an associate (3) in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

| Date of change | Person whose relevant interest changed | Nature of change (4) | Consideration given in relation to change(5) | Class (6) and number of securities affected | Person's votes affected |
|----------------|--|----------------------|--|---|-------------------------|
| 16/9/09 | MATTHEW SULLIVAN | MARKET SALE | 3cents | Ord 1m.11 | 1,000,000 |
| | | OFF MARKET | | Ord 2m.11 | 2,000,000 |

3. Changes in association

The persons who have become associates (3) of, ceased to be associates of, or have changed the nature of their association (7) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

| Name and ACN/ARSN (if applicable) | Nature of association |
|-----------------------------------|-----------------------|
| | |
| | |

4. Addresses

The addresses of persons named in this form are as follows:

| Name | Address |
|------------------|-------------------------------------|
| MATTHEW SULLIVAN | 20 WHEELWRIGHT RIDGEWOOD WA 6030 |
| | |

Signature

print name

MATTHEW SULLIVAN

capacity

sign here



date

16/9/09