
PALACE RESOURCES LTD
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NOTICE OF ANNUAL GENERAL MEETING

**The Annual General Meeting of the Company will be held at 16 Ord Street West
Perth WA on Friday 27 November 2009 at 11.45am (WST).**

**Shareholders are urged to attend or vote by lodging the proxy form attached to
this Notice**

PALACE RESOURCES LTD
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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of the Company will be held at 16 Ord Street West Perth WA on Friday 27 November 2009 at 11.45am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 25 November 2009 at 5.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

Financial, Directors' and Auditor's Reports

To receive the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2009.

1. Resolution 1 – Remuneration Report

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That, for the purposes of Section 250R(2) of the Corporations Act, the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

2. Resolution 2 – Re-election of Mr Guy Le Page as a Director

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That Mr Guy Le Page, a director of the Company and who was appointed by the board since the last AGM and who complies with Section 3.5 of the Constitution of the Company and is eligible, seek appointment by the shareholders as a director of the Company in accordance with Section 3.3 of the Constitution".

3. Resolution 3 – Re-election of Mr Robert Hyndes as a Director

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That Mr Robert Hyndes, a director of the Company and who was appointed by the board since the last AGM and who complies with Section 3.5 of the Constitution of the Company and is eligible, seek appointment by the shareholders as a director of the Company in accordance with Section 3.3 of the Constitution".

Dated 19 October 2009
By Order of the Board

Mr Roland Berzins
Company Secretary

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Annual General Meeting of the Company will be held at 16 Ord Street West Perth WA on Friday 30 November 2009 at 11.45am (WST)

1. Financial, Directors' and Auditor's Reports

Shareholders will be offered the opportunity to discuss the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2009 copies of which are on the Company's website at www.palaceresources.com.au. There is no requirement for Shareholders to approve these reports.

Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit. As a Shareholder, you are entitled to submit one written question to the auditor prior to the Meeting provided that the question relates to:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit in relation to the Financial Report.

All written questions must be received by the Company no later than 5 business days before the Meeting. All questions must be sent to the Company and may not be sent direct to the auditor. The Company will then forward all questions to the auditor. The auditor will answer all written questions submitted prior to the Annual General Meeting. Copies of the questions, if any, submitted to the Company's auditor will be available at the meeting and posted on the Company's website.

2. Resolution 1 – Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Annual Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Managing Director, specified executives and non-executive Directors. The Annual Report is available on the Company's website at www.palaceresources.com.au.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders and does not bind the directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. However, the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

3. Resolution 2 – Re-election of Mr Guy Le Page

In accordance with Section 3 (5) of the constitution, a Director who retires under rule 3 (3) is eligible for re-election. Pursuant to the Constitution, Mr Guy Le Page will retire by and being eligible and seek re-election.

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 Stock 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.

The Board believes that Mr Le Page who was appointed on 6 August 2009, has performed the duties and responsibilities of a director diligently and professionally and in the best interests of all Shareholders.

The Board unanimously supports the re-election of Mr Le Page.

4. Resolution 3 – Re-election of Mr Robert Hyndes

In accordance with Section 3 (5) of the constitution, a Director who retires under rule 3 (3) is eligible for re-election. Pursuant to the Constitution, Mr Guy Le Page will retire by and being eligible and seek re-election.

Mr. Robert Hyndes was appointed a director of the Company on 14 October 2009.

Mr Hyndes has a corporate finance and management consulting background with experience in Australia, the UK, the US of A and Asia. He has provided strategy and consulting services across a range of industries including technology, resources and professional services.

Mr Hyndes graduated from Curtin University of Technology in Western Australia with a Bachelor of Commerce with a double major in Economics and Marketing.

The Board unanimously supports the re-election of Mr Hyndes.

5. Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, to sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Schedule 1 – Definitions

In this Explanatory Memorandum and Notice:

Annual Report means the 2009 Annual Report of the Company and its controlled entities (if any) a copy of which was lodged with the ASX.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Company means Palace Resources Ltd ABN 74 106 240 475.

Constitution means the Constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company and **Directors** means the directors of the Company.

Directors Report means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities (if any).

Explanatory Memorandum means the explanatory memorandum to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities (if any).

Listing Rules means the Listing Rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Annual Report.

Resolution means a resolution contained in this Notice.

Schedule means a Schedule to this Notice.

Share means, as contemplated by this Notice, fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Western Standard Time, being the time in Perth, Western Australia.

PALACE RESOURCES LTD
ABN 74 106 240 475

PROXY FORM

The Company Secretary
Palace Resources Ltd

For information on returning this proxy form please see instructions over the page.

I/We¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled _____

votes in the Company, hereby appoint² _____

or failing such appointment the chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at Suite 4, 16 Ord St West Perth, Western Australia on Friday, 27 November 2009 at 11.45am (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is * []% of the Shareholder's votes*/ [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

IMPORTANT:

If the chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on a Resolution please tick this box. By marking this box you acknowledge that the chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the Resolution and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the chairman of the Meeting will not cast your votes on the Resolution and your votes will not be counted in computing the required majority if a poll is called on the Resolution.

The chairman of the Meeting intends to vote undirected proxies in favour of the Resolutions.

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Mr Guy Le Page as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr Robert Hyndes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised signature/s This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of Shareholder

² Insert name and address of proxy

*Omit if not applicable

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Return of Proxy Forms

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's office as set out below not less than 48 hours prior to the time of commencement of the annual general meeting (WST).

Facsimile: +618 9486 1011

Post: PO Box 1922 West Perth WA 6872

Delivery: Suite 4 16 Ord Street West Perth WA 6005