



ABN 74 106 240 475

**Palace Resources Ltd**  
**PO Box 1922**  
**West Perth**  
**WA 6872**

**Tel: (08) 9486 1122**  
**Fax: (08) 9486 1011**

---

2 September 2009

The Companies Announcement Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**Notice of Meeting and Appendix 3B**

As advised to the ASX in announcements on 6 August 2009, Palace Resources Ltd proposes to make a placement of 17,000,000 new fully paid ordinary shares at an issue price of \$0.012 each, to raise \$204,000, before the expenses of the issue.

The Company has currently on issue 46,173,853 fully paid ordinary shares and initially 6,900,000 new fully paid shares will be issued under the Company's 15% capacity.

The balance of the new shares (10,100,000) will be issued following shareholders approval.

A copy of the Notice of Meeting to shareholders and the accompanying Appendix 3 B is attached.

If any further information is required, please do not hesitate to contact this office.

Yours Sincerely

Roland Berzins  
Company Secretary

---

## **PALACE RESOURCES LIMITED**

**A B N 7 4 1 0 6 2 4 0 4 7 5**

---

### **NOTICE OF GENERAL MEETING**

**The General Meeting of the Company will be held at Suite 4  
16 Ord Street West Perth Western Australia on Friday 2  
October 2009 at 11.00 AM (WST)**

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 (08) 9486 1122.

---

# PALACE RESOURCES LIMITED

ABN 74 106 240 475

---

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of the Company will be held at Suite 4 16 Ord Street West Perth Western Australia on Friday 2 October 2009 at 11.00 AM (WST) ("**Meeting**").

The Proxy Form forms part of this Notice of General Meeting ("**Notice**").

The Directors have determined pursuant to regulation 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 5.00pm on Wednesday, 30 September 2009 (WST).

## AGENDA

---

### 1. Resolution 1 – Ratification of Tranche 1 Placement

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

*"That, in accordance with ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the issue of 6,900,000 Shares each at an issue price of \$0.012 raising up to \$82,800 ("**Tranche 1 Placement**") to institutional and professional and sophisticated investors on the terms and conditions outlined in the Explanatory Memorandum."*

#### Voting Exclusion

The Company will disregard any votes cast on a resolution by a person who participated in the Tranche 1 Placement, or an associate of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

### 2. Resolution 2 – Authorise Tranche 2 Placement

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

*"That, in accordance with ASX Listing Rule 7.1 and for all other purposes, the Company approves and authorises the Directors to issue 10,100,000 Shares each at an issue price of \$0.012 raising up*

to \$121,200 ("**Tranche 2 Placement**") to institutional and professional and sophisticated investors on the terms and conditions outlined in the Explanatory Memorandum."

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who may participate in the issue and might obtain a benefit (except a benefit solely in their capacity as holders of ordinary securities) if the Resolution is passed, or any associate of that person.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

By Order of the Board

Roland Berzins  
Company Secretary  
28 August 2009

---

# **PALACE RESOURCES LIMITED**

**A C N 0 9 2 3 0 4 9 6 4**

---

## **EXPLANATORY MEMORANDUM**

---

### **1. Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at Suite 4 16 Ord Street West Perth Western Australia on Friday 2 October 2009 at 11.00 AM (WST).

The purpose of this Explanatory Memorandum is to provide information that the Board of Directors believes is material to Shareholders in relation to the resolutions set out in the Notice of General Meeting. The Explanatory Memorandum explains the resolutions and identifies the Directors' decisions for putting them to Shareholders.

---

### **2. Resolution 1 – Ratification of Tranche 1 Placement**

#### **2.1 General**

Resolution 1 seeks Shareholder approval for the ratification of the Tranche 1 Placement.

#### **2.2 Listing Rule 7.4**

The Shares issued under the Tranche 1 Placement were issued within the 15% limit permitted under Listing Rule 7.1, without the need for Shareholder approval. The effect of Shareholders passing Resolution 1 by ratifying the Tranche 1 Placement will be to restore the Company's ability to issue securities within that limit, to the extent of the 6,900,000 Shares.

#### **2.3 Specific Information required by Listing Rule 7.5**

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The Shares will be issued to clients of RM Corporate Finance Pty Ltd (who are not a related parties of the Company) prior to the Meeting.
- (b) 6,900,000 Shares will be issued prior to the Meeting each at an issue price of \$0.012 to raise \$82,800 (prior to costs);
- (c) The Shares issued will be fully paid ordinary Shares in the capital of the Company once issued;
- (d) A voting exclusion statement is included in the Notice; and
- (e) The funds raised by the Tranche 1 Placement will be used to supplement working capital and assist in evaluating and identifying new projects.

---

### **3. Resolution 2 – Authorise Tranche 2 Placement**

Resolution 2 seeks Shareholder approval for the authority to undertake the Tranche 2 Placement.

#### **3.1 Listing Rule 7.1 – Shareholder Approval**

Listing Rule 7.1 requires Shareholder approval for the Tranche 2 Placement. Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

If Resolution 1 is passed by Shareholders, the Company is seeking Shareholder approval of the Tranche 2 Placement so that the Company's future ability to issue up to 15% of the Company's Share capital in accordance with Listing Rule 7.1 without Shareholder approval is maintained. Accordingly, Shareholder approval is sought in accordance with Listing Rule 7.3.

#### **3.2 Specific information required by Listing Rule 7.3**

For the purposes of Shareholder approval of the Tranche 2 Placement and the requirements of Listing Rule 7.3, information is provided as follows:

- (a) the maximum number of Shares the Company can issue under the Tranche 2 Placement is 10,100,000 Shares each at an issue price of \$0.012 to raise \$121,200 (prior to costs);
- (b) the Company will issue the Shares no later than 3 months after the date of the General Meeting (or such longer period of time as ASX may, in its discretion, allow pursuant to a waiver of ASX Listing Rule 7.3.2);
- (c) the Shares and Options will be issued to clients of RM Corporate Finance Pty Ltd (the clients of RM Corporate Finance Pty Ltd are not related parties of the Company);
- (d) the Shares to be issued are ordinary fully paid shares in the capital of the Company.;
- (e) the funds raised by the Tranche 2 Placement will be used to supplement working capital and to assist in evaluating and identifying new projects;
- (f) the allotment of Shares will occur progressively; and
- (g) a voting exclusion statement is included in the Notice.

---

### **4. 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:

**"General Meeting"** means the General Meeting of the shareholders of the Company to be held by the Company at Suite 4, 16 Ord Street West Perth WA 6005, on Friday 2 October 2009 at 11:00AM (WST).

**"ASIC"** means Australian Securities and Investments Commission.

**"ASX"** means Australian Stock Exchange Limited ACN 008 624 691.

**"Board"** means the board of Directors of the Company.

**"Company" or "AXG"** means Palace Resources Limited ABN 74 106 240 475.

**"Constitution"** means the Constitution of the Company.

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

**"Directors"** means the directors of the Company.

**"Explanatory Memorandum"** means this explanatory memorandum.

**"Listing Rules"** means the official listing rules of ASX.

**"Notice"** means this Notice of General Meeting.

**"Proxy Form"** means the proxy form attached to this Notice.

**"Resolution"** means a resolution referred to in the Notice.

**"Share"** means a fully paid ordinary share in the capital of the Company.

**"Shareholder"** means a shareholder of the Company.

**"Tranche 1 Placement"** has the meaning in Resolution 1.

**"Tranche 2 Placement"** has the meaning in Resolution 2.

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

PALACE RESOURCES LIMITED  
ACN 106 240 475

---

**PROXY FORM**

The Company Secretary  
Palace Resources Limited

**By delivery:**

16 Ord Street  
WEST PERTH WA 6005

**By post:**

PO Box 1922  
WEST PERTH WA 6872

**By facsimile:**

+61 8 9486 1122

I/We <sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_

votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_

or failing such appointment the chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at Suite 4, 16 Ord Street West Perth WA 6005, on Friday 2 October 2009 at 11:00AM (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 THE RESOLUTION**

**IMPORTANT:**

If the chairman of the general meeting is to be your proxy and you have not directed your proxy how to vote on Resolutions 1 and 2, please tick this box. By marking this box you acknowledge that the chairman of the general meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 and 2 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 general meeting will not cast your votes on Resolutions 1 and 2 and your votes will not be counted in computing the required majority if a poll is called on this Resolution.

The chairman of the general meeting intends to vote undirected proxies in favour of each Resolution.

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

		<b>For</b>	<b>Against</b>	<b>Abstain</b>
Resolution 1	Ratification of Tranche 1 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Authorise Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Individual or Shareholder 1

\_\_\_\_\_

Sole Director and Sole Company Secretary

Shareholder 2

\_\_\_\_\_

Director

Shareholder 3

\_\_\_\_\_

Director/Company Secretary

\_\_\_\_\_

Contact Name

\_\_\_\_\_

Contact Daytime Telephone

\_\_\_\_\_

Date

<sup>1</sup>Insert name and address of shareholder

<sup>2</sup>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 person or a corporation 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 corporation as the Shareholder's proxy to attend and vote for the Shareholder at that meeting, the representative of the corporation to attend the meeting must produce the appropriate Certificate of Appointment of Representation 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.

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 Registered office of the Company (Suite 4 16 Ord Street West Perth 6005) or by post to PO Box 1922 West Perth WA 6872, or Facsimile (08) 9486 1011 if faxed from within Australia or +61 8 9486 1011 if faxed from outside Australia not less than 48 hours prior to the time of commencement of the Meeting (WDST).

## 1. Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Palace Resources Ltd

ABN

74 106 240 475

We (the entity) give ASX the following information.

#### 1.1 Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | <ul style="list-style-type: none"><li>A) Fully paid ordinary shares</li><li>B) Fully paid ordinary shares</li></ul>             |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | <ul style="list-style-type: none"><li>A) 6,900,000</li><li>B) 10,100,000</li></ul>  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ul style="list-style-type: none"><li>A) issued pursuant to the 15% rule</li><li>B) Subject to shareholder's approval</li></ul> |

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> <p>Not Applicable</p>	<ul style="list-style-type: none"> <li>• a) Yes</li> <li>• B) Yes</li> </ul>						
5	<p>Issue price or consideration</p>	<ul style="list-style-type: none"> <li>• A) \$0.012 each</li> <li>• B) \$0.012 each</li> </ul>						
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The funds raised will be used for working capital</p>						
7	<p>Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<ul style="list-style-type: none"> <li>• A) 11 September 2009</li> <li>• <b>B) the Company will issue the Shares no later than 3 months after the date of the General Meeting (or such longer period of time as ASX may, in its discretion, allow pursuant to a waiver of ASX Listing Rule 7.3.2);</b></li> </ul>						
8	<p>Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">63,173,853</td> <td style="text-align: center; padding: 5px;">Fully paid ordinary shares</td> </tr> <tr> <td style="text-align: center; padding: 5px;">37,283,858</td> <td style="text-align: center; padding: 5px;">Options – exercisable at 20 cents each and expiring on 30 June 2012</td> </tr> </tbody> </table>	Number	+Class	63,173,853	Fully paid ordinary shares	37,283,858	Options – exercisable at 20 cents each and expiring on 30 June 2012
Number	+Class							
63,173,853	Fully paid ordinary shares							
37,283,858	Options – exercisable at 20 cents each and expiring on 30 June 2012							

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	Not Applicable
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable

**Part 2 - Bonus issue or pro rata issue**

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	

+ See chapter 19 for defined terms.

20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

---

+ See chapter 19 for defined terms.

- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

---

+ See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38 Number of securities for which  
+quotation is sought

39 Class of +securities for which  
quotation is sought

40 Do the +securities rank equally in  
all respects from the date of  
allotment with an existing +class  
of quoted +securities?

If the additional securities do not  
rank equally, please state:

- the date from which they do
- the extent to which they  
participate for the next  
dividend, (in the case of a  
trust, distribution) or interest  
payment
- the extent to which they do  
not rank equally, other than in  
relation to the next dividend,  
distribution or interest  
payment

41 Reason for request for quotation  
now

Example: In the case of restricted securities, end  
of restriction period

(if issued upon conversion of  
another security, clearly identify  
that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

---

+ See chapter 19 for defined terms.

**(i) Quotation agreement**

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: .....Roland Berzins..... Date: .2 September 2009.....  
(Director/Company secretary)

Print name: ...Roland Berzins.....

---

+ See chapter 19 for defined terms.