

11 May 2010

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

Dear Sir/Madam

Drilling to commence on Tanami tenement

As announced in November 2009, the Company has formed a joint venture relationship with Excalibur Mining Corporation Limited ("Excalibur") over the Tanami tenements.

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 on expenditure of an additional \$200,000 within the next 24 month period ("Stage Two Expenditure").

As operator, Excalibur has notified Palace that it has been waiting for the wet season to end and will commence a first pass program of 10,000 metres of shallow RAB drilling in June 2010. The drilling program will follow up on the previous airborne geophysics completed in 2008 which identified a number of attractive targets based on the interpretation of structural and radiometric data.

The tenement subject to the program (EL 25207) is located wholly on the Supplejack Downs pastoral lease and is over 1,400 Km².

In accordance with Excalibur's Tanami operators program, an investor presentation concerning these assets can be viewed on the Excalibur website:

www.excaliburmining.com.au

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

Yours Sincerely



Roland Berzins
Company Secretary