

ASX Announcement

30 April 2010

The directors of Palace Resources Ltd (“Palace” or the “Company”) have pleasure in presenting their quarterly report for the period ended 31 March 2010.

Company Profile

Palace is an Australian based resources company focused on exploration and investment opportunities across the resources sector.

The Company has current landholdings in the North West of the Northern Territory and the Nabberu basin in Western Australia with a predominant focus on uranium.

Corporate

The current shareholding of the Company is 115,143,443 fully paid ordinary shares and 51,607,005. All options expire on 30 June 2012, although 37,283,858 options have an exercise price of 20 cents each and 14,323,147 have an exercise price of 6 cents each. These options are traded separately on the ASX.

At the date of this report, the capital raising exercise is not fully completed.

Operations

Tanami

Further to the Company’s announcement (30 October 2009) the directors of Palace Resources Ltd (“Palace” or the “Company”) acknowledge that they are in Joint venture with Excalibur Mining Corporation Ltd with regard to 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”).

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.

Effectively this means that Excalibur will own a 90% Participating Interest and Palace will own a 10% Participating Interest.

No activity was undertaken on the Tanami tenements during the period. Pending access following the “wet” season, a drilling campaign is planned as a first pass exploration program to follow up the previous airborne geophysical’s that indentified a number of attractive targets, based o the interpretation of structural and radiometric data.

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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

PALACE RESOURCES LIMITED

ABN

74 106 240 475

Quarter ended (“current quarter”)

31 MARCH 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
	Receipts from product sales and related debtors	0	1
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	0 (164)	(6) (585)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	5	12
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(159)	(578)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	88	88
1.12	Other (share application funds)	-	-
	Net investing cash flows	88	88
1.13	Total operating and investing cash flows (carried forward)	(71)	(490)

1.13	Total operating and investing cash flows (brought forward)	(71)	(490)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	624	822
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	624	822
	Net increase (decrease) in cash held	553	332
1.20	Cash at beginning of quarter/year to date	134	355
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	687	687

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	55
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	5
4.2 Development	
Total	5

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	687	134
5.2 Deposits at call	-	-
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	687	134

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
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6.1	Interests in mining tenements relinquished, reduced or lapsed	E69/1753	Uranium Exploration	100%	0%
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	115,143,443	115,143,443		
7.4	Changes during quarter (a) Increases through issues and release from escrow. (b) Decreases through returns of capital, buy-backs	42,969,590 <u>9,000,000</u> 51,969,590	42,969,590 <u>9,000,000</u> 51,969,590	1.20 1.20	1.20 1.20
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

7.7	Options <i>(description and conversion factor)</i>	37,283,858 14,323,147	37,283,858 14,323,147	<i>Exercise price</i> 20.0c 6.0c	<i>Expiry date</i> 30 June 2012 30 June 2012
7.8	Issued during quarter	14,323,147	14,323,147	6.0c	30 June 2012
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>	Nil	Nil		
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Roland Berzins.....Date: 30 April 2010
Director/Company Secretary)

Print name:Roland H Berzins

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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