



ABN 74 106 240 475

Palace Resources Ltd
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17 March 2010

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

Dear Sir/Madam

Rights Issue Shortfall and Amended Appendix 3B

Further to the Appendix 3B lodged with ASX on 15th February 2010 relating to the non-renounceable rights issue which closed on 12 March 2010, an amended Appendix 3B announcement is attached.

The original Appendix 3B related to the maximum number of securities that were to be issued under the Prospectus. At the close of the Offer, the Company had received entitlement applications for 42,969,590 shares and 14,323,147 free attaching options. The shortfall of 29,204,263 shares together with the relevant number of free attaching options on a 1 for 3 basis will be placed in due course and a subsequent Appendix 3B lodged. Entitlement securities will be despatched on Friday 19th March 2010 and quoted on Monday 22nd March 2010. Thereafter, the number of issued securities will be:

PXR	Fully paid ordinary shares	115,143,443
PXRO	Options expiring on 30 June 2012 exercisable at \$0.20 each	37,283,858
PXROA	Options expiring on 30 June 2012 exercisable at \$0.06 each	14,323,147

+ See chapter 19 for defined terms.

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

Yours Sincerely

A handwritten signature in black ink, appearing to read "Roland Berzins", is written over a light gray grid background.

Roland Berzins
Company Secretary

+ See chapter 19 for defined terms.

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.

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 | 1. Fully Paid Ordinary ("FPO")
2. Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 42,969,590 FPO
2. 14,323,147 Options |
| 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) | 1. Fully Paid Ordinary Shares
2. Options convertible at \$0.06 on or before 30 June 2012 |

+ See chapter 19 for defined terms.

<p>4 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"> • 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 	<ol style="list-style-type: none"> 1. FPO - Yes 2. Options – No, options exercisable at a lower price than existing options (PXRO) 								
<p>5 Issue price or consideration</p>	<ol style="list-style-type: none"> 1. FPO at 1.2 cents per share 2. Options are Free Attaching 								
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Working capital</p>								
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>Despatch of certificates on 19 March 2010</p>								
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1529 997 1568">Number</th> <th data-bbox="997 1529 1295 1568">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1568 997 1624">115,143,443</td> <td data-bbox="997 1568 1295 1624">FPO</td> </tr> <tr> <td data-bbox="695 1624 997 1758">37,283,858</td> <td data-bbox="997 1624 1295 1758">Options exercisable at 20 cents on or before 30 June 2012 (PXRO)</td> </tr> <tr> <td data-bbox="695 1758 997 1859">14,323,147</td> <td data-bbox="997 1758 1295 1859">Options exercisable at 6 cents on or before 30 June 2012</td> </tr> </tbody> </table>	Number	⁺ Class	115,143,443	FPO	37,283,858	Options exercisable at 20 cents on or before 30 June 2012 (PXRO)	14,323,147	Options exercisable at 6 cents on or before 30 June 2012
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14,323,147	Options exercisable at 6 cents on or before 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)	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	

No change

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	<ol style="list-style-type: none"> 1. 1 for 1 (FPO) 2. 1 free attaching option for every three FPO applied for and allotted
14	+Class of +securities to which the offer relates	<ol style="list-style-type: none"> 1. FPO 2. Options
15	+Record date to determine entitlements	24 February 2010
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes
17	Policy for deciding entitlements in relation to fractions	Round down
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>	This issue is only available to shareholders in Australia and New Zealand. Shareholders outside these countries will not be sent the issue documents.
19	Closing date for receipt of acceptances or renunciations	12 March 2010

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	Lead Manager is Indian Ocean Capital
23	Fee or commission payable to the broker to the issue	5% of funds raised (Up to 43,304)
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	25 February 2010
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	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	19 March 2010

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 N/A

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

Entities that have ticked box 34(b)

+ See chapter 19 for defined terms.

38 Number of securities for which
+quotation is sought

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39 Class of +securities for which
quotation is sought

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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

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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)

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

+ See chapter 19 for defined terms.

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

Date: 17/03/10

(Director/Company secretary)

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