
Palace Resources Limited
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NOTICE OF ANNUAL GENERAL MEETING

**The Annual General Meeting of the Company will be held at Suite 2 – 16 Ord St
West Perth WA 6005 on Tuesday 29 November 2011 at 11:45 AM (WST).**

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

Palace Resources Limited
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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Palace Resources Limited (**Company**) will be held at Suite 2 – 16 Ord St West Perth WA 6005 on Tuesday 29 November 2011 at 11:45 AM (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.

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

AGENDA

1. Financial, Directors' and Auditor's Reports

To receive the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2011.

2. Resolution 1 – Remuneration Report

To consider, and if thought fit, pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act, the Remuneration Report be adopted by the Shareholders."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

3. Resolution 2 – Election of Mr Ian Murie as a Director

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

"To elect Mr Ian Murie, who, having been appointed a director of the Company since the last Annual General Meeting, retires in accordance with the Company's Constitution and the ASX Listing Rules and, being eligible, offers himself for election."

4. Resolution 3 – Election of Mr Nicholas Clark as a Director

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

"To elect Mr Nicholas Clark, who, having been appointed a director of the Company since the last Annual General Meeting, retires in accordance with the Company's Constitution and the ASX Listing Rules and, being eligible, offers himself for election."

5. Resolution 4 – Re-election of Guy Le Page as a Director

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

"That, for the purpose of clause 3(6) of the Constitution and for all other purposes, Mr Guy Le Page, a Director, retires by rotation, and being eligible, is re-elected as a Director."

6. Resolution 5 – Change of Name

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to "Padang Resources Limited"."

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate or letter under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a person to act as its representative at the Meeting. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

Voting Entitlement and "Snapshot" date

The directors have determined that for purposes of regulation 7.11.37 of the Corporations Act, the persons eligible to vote at the meeting will be those persons who are registered as Shareholders on Sunday, 27 November 2011 at 11.45am (WST). Accordingly, any share transfer registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The accompanying Explanatory Statement and the Proxy and Voting Instructions form part of this Notice of Meeting.

Dated 10 October 2011
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 Suite 2, 16 Ord Street West Perth WA on Tuesday 29th November 2011 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 2011, copies of which will be available on the Company's website at www.palaceresources.com.au from 1 October 2011. 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 must not be sent directly to the auditor. The Company will then forward all questions to the auditor. The auditor will answer all written questions submitted prior to the deadline stated above. 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 a non-binding 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, where applicable. The Annual Report will be available on the Company's website at www.palaceresources.com.au from 1 October 2011.

The provisions of the Corporations Act dealing with the non-binding vote on the remuneration report have recently been amended. The Corporations Act still provides that Resolution 2 need only be an advisory vote of Shareholders and does not bind the directors. However, the Board will take the outcome of the vote into consideration when considering the remuneration policy.

In addition, the Corporations Act amendments now set out a 'two strikes' re-election process. Under the 'two strikes' re-election process, if the Company's remuneration report receives a 'no' vote of 25% or more of all votes cast at two consecutive annual general meetings (that is, 'two strikes'), a resolution (the 'spill resolution') must be put to the second annual general meeting, requiring Shareholders to vote on whether the Company must hold another general meeting (known as the 'spill meeting') to consider the appointment of all of the Directors who stand for re-appointment (other than the Managing Director). If the spill resolution is approved by a simple majority of 50% or more of the eligible votes cast, the 'spill meeting' must be held within 90 days of that second annual general meeting (unless none of the Directors, other than the Managing Director, stand for re-appointment). Further information will be provided on the 'spill resolution' and 'spill meeting' for any annual general meeting at which the Company may face a 'second strike'.

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 1, *you must direct the proxy how they are to vote*. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2011.

The remuneration levels for directors, officer and senior managers are competitively set to attract and retain appropriate directors and key management personnel.

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.

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

3. Resolutions 2 and 3 – Election of Messrs Ian Murie and Nicholas Clark

Clause 3(3) of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Pursuant to the Constitution, Messrs Nicholas Clark and Ian Murie will retire in accordance with Section 3 (3) and being eligible seek re-election.

The current board unanimously supports Messrs Clark and Murie's re-appointment.

Mr Ian Murie

Mr. Murie was appointed a Director of the Company on 13 April 2011

Qualifications: B Juris LL.B

Experience

Mr Murie has 30 years of experience as a commercial lawyer providing services to various clients including ASX listed and unlisted companies. His areas of speciality is property and commercial law and has expertise in the area of corporate governance and particularly advisory roles to managed investment schemes.

Interest in Shares and options

Mr Murie has a direct and an indirect interest in 2,920,000 shares plus a further 86,666 options exercisable at 20 cents on or before 30 June 2012 .

Directorships held by Mr Murie in listed companies over the last 3 years

Olea Australis Limited Appointed 31 December 2009 to present

Aucvax Limited appointed 21 October 2010 to present

Excalibur Mining Corporation Ltd from 2005 to 2009.

Mr Nicholas Clark

Mr Nicholas Clark was appointed to the position of Managing Director of the Company on 22 August 2011.

Qualifications

Mr Clark is a graduate of the University of Sydney and holds degrees in law and economics. Mr Clark has also completed an MBA (Duke University) and is a CPA (AI) and Fellow of the Financial Services Institute of Australia and an Associate Fellow of the Australian Institute of Management.

Experience

Mr Clark has over 18 years experience in commerce, including extensive periods in the USA, China and Indonesia. His experience is primarily in the field of institutional relations and investor relations position and has held Senior and executive leadership positions.

Mr Clark does not hold any shares or options, either directly or indirectly, in Palace Resources Ltd.

4. Resolution 4 – Re-election of Mr Guy Le Page

Clause 3(6) of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 3(6) of the Constitution is eligible for re-election.

The Company currently has 3 Directors and accordingly 1 must retire.

My Guy Le Page, the Director longest in office since his last election, retires by rotation and seeks re-election.

5. Resolution 5 – Change of Name

The new name proposed to be adopted under Resolution 5 is “Padang Resources Limited”. The Directors believe that the new name more accurately reflects the proposed future operations of the Company.

Glossary

In this Explanatory Memorandum and Notice:

Annual Report means the 2011 Annual Report of the Company and its controlled entities (if any) a copy of which was lodged with the ASX.

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.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means Palace Resources Limited 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).

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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.

Shareholder means a shareholder of the Company.

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

**PROXY FORM Appointment of Proxy
Palace Resources Limited**

ABN 74 106 240 475

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 2 – 16 Ord St West Perth WA 6005 on Tuesday 29 November 2011 at 11:45 AM (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, and subject to the relevant laws, 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).

¹Insert name and address of Shareholder ² Insert name and address of proxy *Omit if not applicable

INSTRUCTIONS AS TO VOTING ON RESOLUTION 1

Important for Resolution 1: If the Chair of the Meeting or any member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member is your proxy and you have not directed the proxy to vote on Resolution 1, the proxy will be prevented from casting your votes on Resolution 1. If the Chair, another member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or Closely Related Party of that member is your proxy, in order for your votes to be counted on Resolution 1, you must direct your proxy how to vote on Resolution 1.

IMPORTANT:

If the chairman of the Meeting is to be appointed as your proxy and you have not directed your proxy how to vote on Resolutions 2 to 5 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 Resolutions 2 to 5 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 if he has an interest in the outcome of 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	Remuneration Report			
Resolution 2	Election of Mr Ian Murie			
Resolution 3	Election of Mr Nicholas Clark			
Resolution 4	Re-election of Mr Guy Le Page			
Resolution 5	Change of Name			

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

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a 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 in which case any fraction of votes will be disregarded. 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.

A Shareholder may direct a proxy how to vote by marking "x" in 1 of the 3 boxes opposite each item of business. All of a Shareholder's votes will be cast in accordance with their direction, unless the Shareholder indicates only a portion of votes are to be cast on any item by inserting the percentage of their voting rights applicable to the proxy appointed by a Proxy Form in the appropriate box. If a Shareholder's proxy is not the chairman of the Meeting and does not vote as directed or is not in attendance at the Meeting, the chairman of the Meeting will be deemed to be the proxy and will cast the Shareholder's votes as directed. If a Shareholder does not mark any of the boxes relating to the items of business, their proxy will vote as he or she chooses. If a Shareholder marks more than 1 box relating to the same item of business any vote by their proxy on that item will be invalid.

Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

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), being Sunday 27 November 2011 at 11:45 (WST).

Facsimile: +618 9429 2900

Post: PO Box 1922, West Perth WA 6872.

Delivery: Suite2 / 16 Ord Street West Perth WA 6005