

ASX ANNOUNCEMENT

17 October 2011

PALACE RESOURCES COMMENCES RECONNAISSANCE PROGRAM ON LUMPO

Perth, Western Australia (Palace Resources Ltd) (ASX: PXR) is pleased to announce that, in keeping with the due diligence and exploration program timetable for the Lumpo Project, Palace has commenced its reconnaissance program.

This phase is a quick preliminary review covering the whole property with the following objectives:

- Validation of the legality of the mining licence and permits (note: Palace has already undertaken due diligence confirming the permit ownership);
- Confirm data provided with actual field validation;
- Provide an initial recommendation as to the current integrity of work completed and the potential resource value;
- Based on a positive outcome, collate data for Phase 2 of the due diligence program; and
- Mapping and topography

The due diligence and exploration program will commence immediately after the reconnaissance program has been completed and is scheduled for late-November.

Yours faithfully



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About Palace Resources

Palace Resources' goal is to create a sustainable exploration and development business focussed on resource opportunities in the Indonesian resource rich region. Palace has a strong management team which has a track record of acquiring and developing mineral projects in the Asia Pacific region. Palace is aggressively exploring and developing resources in the south-east Asia region, particularly in Indonesia.

For more information visit www.palaceresources.com.au