

## ASX ANNOUNCEMENT

23 August 2011

# Palace Resources obtains exclusive drilling rights on South Sumatran Coal Project

Palace Resources Ltd ("Palace Resources" or "the Company") (ASX:PXR) is pleased to announce it has secured an exclusive four month right to negotiate a joint venture on a prospective coal project in West Sumatra, Indonesia.

As part of this due diligence program, Palace Resources will shortly commence a drilling program to confirm both previous drilling on the *Izin Usaha Pertambangan* ("IUP") and test earlier reconnaissance rock chip samples. Subject to a positive outcome from this due diligence program, Palace Resources intends to negotiate a joint venture on this IUP.

It is anticipated that the drilling program will commence within the month with key dates to be confirmed on return from Jakarta by the Palace Resources team.

Key points of the potential target asset are;

- Production license covers 922.7 hectares (ha) anticipated to be able to produce up to 10,000 tonnes per month immediately.
- Only 28 ha of the IUP has been drilled representing just under 3% of the IUP area;
- Samples analysed by the Vendor has returned several samples of high quality coal with elevated calorific values and low moisture/ sulphur content.

This new opportunity, along with the appointment of the Managing Director for Palace Resources, further bolsters the Company's aggressive exploration drive into Indonesia. Furthermore, Palace Resources continues to build strong partnerships in the region.

For more information visit [www.palaceresources.com.au](http://www.palaceresources.com.au)

Nicholas Clark  
Managing Director  
+61 8 9429 2900

**Yours faithfully**



**Nicholas Clark**  
***Managing Director***