

## ASX ANNOUNCEMENT

12 September 2011

# Palace Resources completes legal due diligence on West Sumatra coal project

Perth, Western Australia: Palace Resources Ltd ("Palace Resources" or "the Company") (ASX: PXR) is pleased to announce that it has received a Legal Due Diligence Report on the permit holder and title of the West Sumatra coal project.

The report confirms that the permit holder with which Palace has executed a Letter of Intent has obtained a Mining License for Operation and Production (*Izin Usaha Pertambangan Operasi Produksi*) of Coal at Painan in the Regency of Pesisir Selatan in West Sumatra. The IUP gives the permit holder the right to conduct the activities of construction, production, hauling, sale and refining in the Mining Area.

It has also been confirmed that the IUP is listed with the Status Clear and Clean on the 'List of Clear and Clean IUPs' published by the Directorate General of Mineral and Coal and that the IUP is therefore deemed valid.

With the positive news of the due diligence report along with the undertaking of the OTCQX process, the board of Palace is excited with the future of the Company.

The Managing Director stated "this is an exciting result for Palace Resources and shows that is not only committed to the region but serious in commencing exploration projects and later production with as minimal risk to the company and it's shareholders by undertaking and continuing due diligence tasks and building on already strong in country connections"

Palace Resources can also confirm that a draft Memorandum of Understanding (MOU) has been provided to the permit holder for consideration. This binding MOU formalises the terms agreed to under the initial Letter of Intent executed last month.

**Yours faithfully**



**Nicholas Clark**  
**Managing Director**  
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## **About Palace Resources**

Palace Resources goals are 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 Indonesia.

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