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ASX ANNOUNCEMENT

Amended Presentation

The Company is lodging the attached amended company presentation to replace the presentation lodged on Company Announcements on 9 October 2013. The reference to reserves has been removed from page 7 of the previously lodged presentation.

Roland Berzins
Company Secretary

14 October 2013

palace
resources



October 2013



Disclaimer

This presentation is not a prospectus nor an offer for securities in any jurisdiction nor a securities recommendation. The information in this presentation is an overview and does not contain all information necessary for investment decisions. In making investment decisions in connection with any acquisition of securities, investors should rely on their own examination of Palace Resources Ltd and consult their own legal, business and/or financial advisors.

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The information that relates to estimated mineable resources and calorific content has been provided by the vendor of the project and has not yet been verified by the Company or by a "Competent Person" as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The Company has secured an option to acquire an interest and will undertake such due diligence as will be necessary for a competent person to make appropriately qualified statements about the project.



About Palace Resources Ltd

- *Domiciled in Perth, Western Australia*
- *Incorporated in October 2004 and admitted to Australian Securities Exchange (ASX) in 2006*
- *524,916,952 shares on issue at A\$0.04 per share (A\$2.1m market cap)*
- *844 shareholders with Top 20 holding 40%*
- *Focused on Indonesian coal projects and expecting to commence production in Q4 2013*

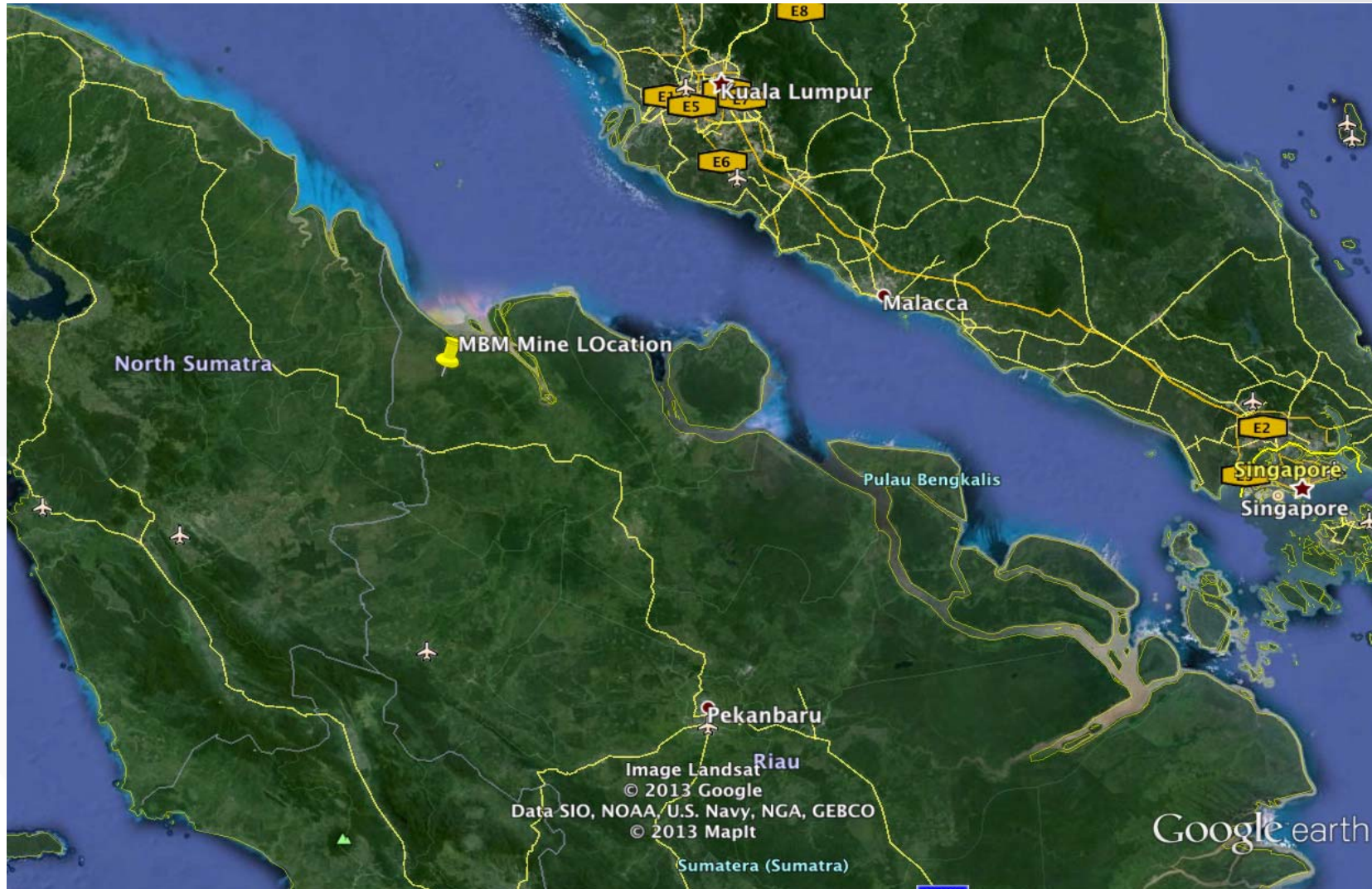


New Producing Coal Project

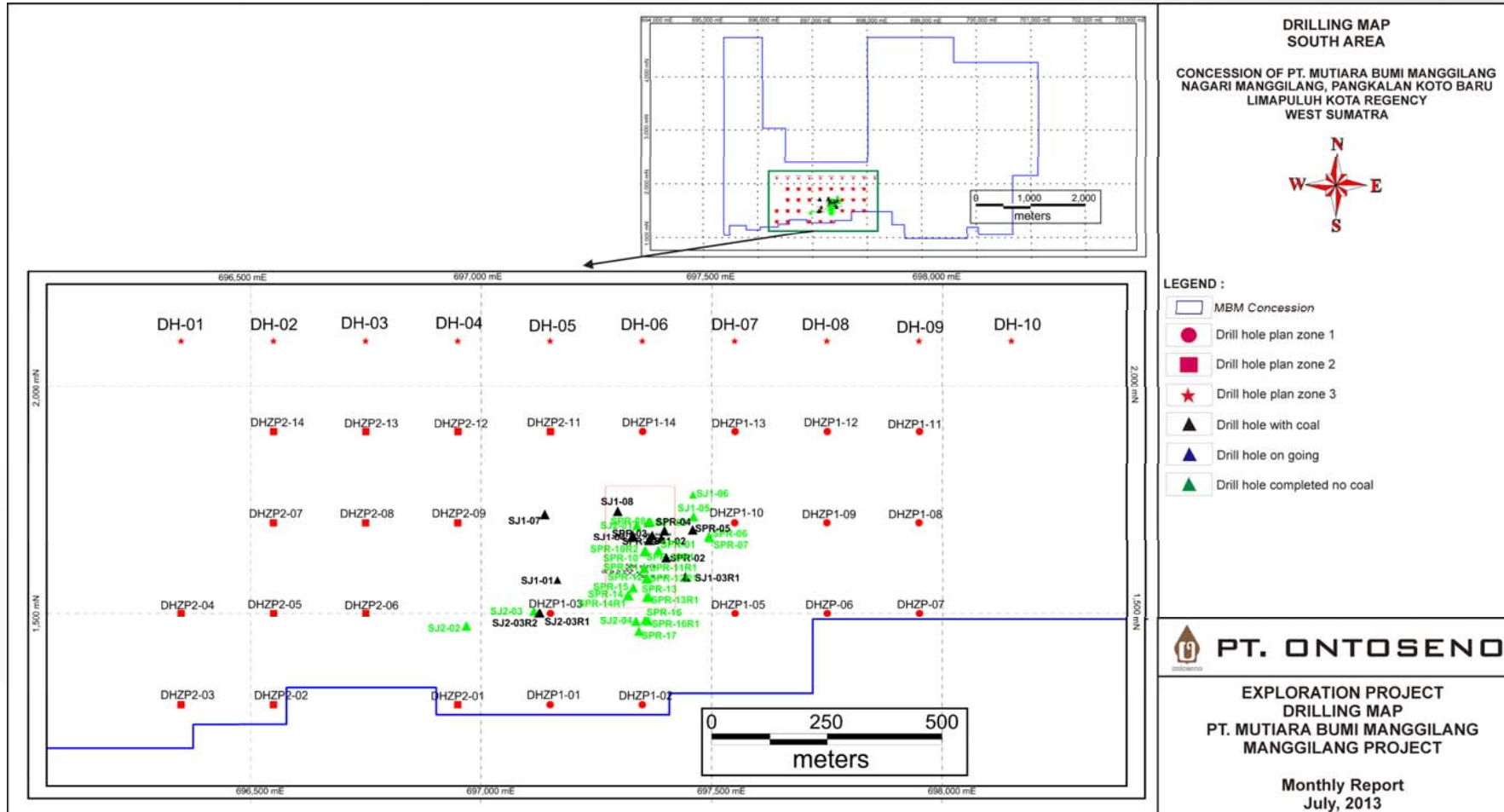
- Palace has secured the rights to a further producing coal project. Palace has concluded negotiations with RBU, an Indonesian coal mining company, to joint venture a 200Ha producing project in Sumatra (MBM).
- High CV 7600+ current price at appx. USD 120/ton
- Documentation executed accusation awaiting shareholder approval
- First right of refusal on two additional projects, due diligence process under way



MBM Project



MBM Drilling Map



KCM Coal Project

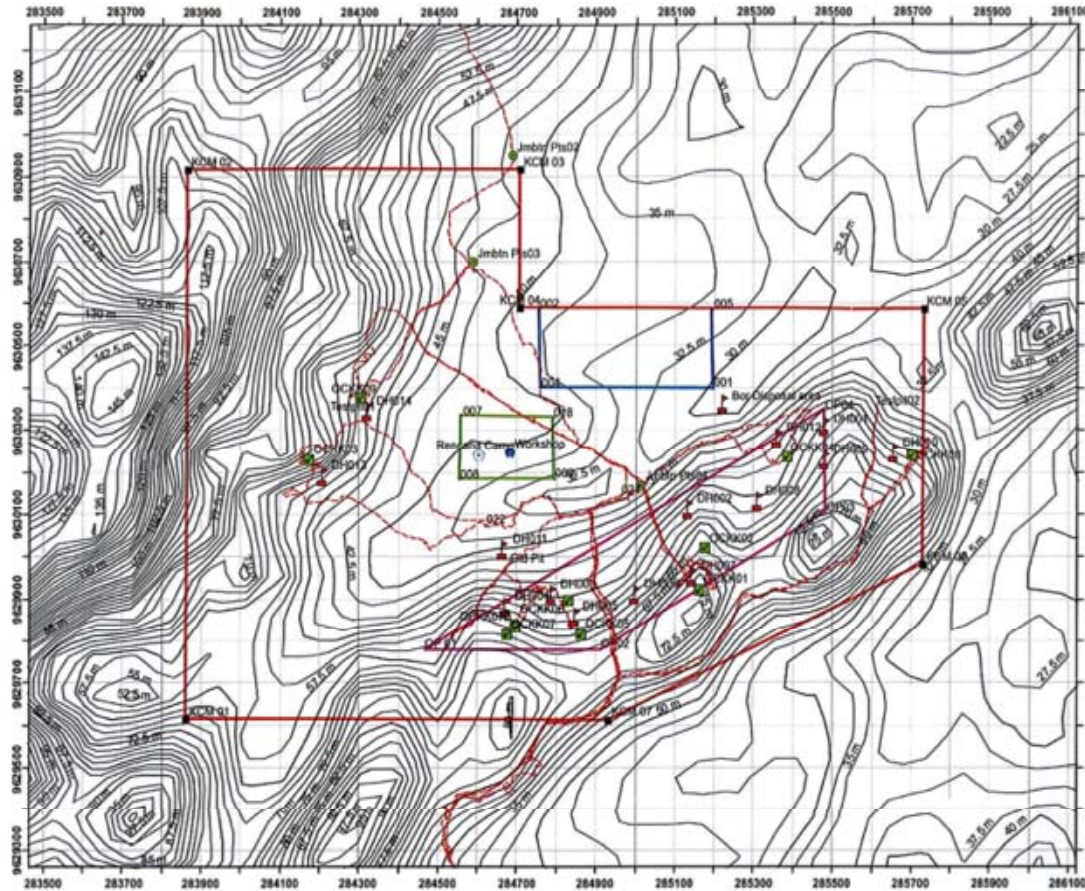
- *Palace has negotiated 80% interest in producing coal project in South Kalimantan (KCM), Indonesia.*
- *540 hectare (ha) Contract of Work (CCOW) with all environmental and mining approvals in place*
- *Four-month due diligence period completed*
- *Documentation completed*
- *Pre-feasibility study indicates mining, haulage and transshipment costs of approx US\$60/tonne FOB*
- *High quality coal commanding premium prices in excess of US\$100/tonne*



South Kalimantan Coal Projects – Locations



KCM Coal Project- Project Area



TOPOGRAPHY MAP

SPK PT. KCM - INDOMINERAL
 LOG TUNGUL VILLAGE
 PENGARON DISTRICT
 BANJAR REGENCY
 SOUTH BORNEO PROVINCE



SCALE 1 : 10.000



INFORMATION :

- = Contour with interval 5 m
- = Boundary KP
- = Production Area
- = Plan Disposal Area
- = Hauling Road
- = Track Survey
- = Camp
- = Workshop
- = Identification of Coal
- = Drillhole Plan



Development Programme

- Drilling Programme
- 6 of 8 bore holes have encountered coal seams
- Average depth of initial seam 5 to 10 meters
- Programme ongoing

- Prestrip has commenced
- Presale agreement in place
- 8000 tons per month, increasing to 20,000 tons



KCM Coal Project- Project Area & Transport

- *Geographically located within coordinate 115 3'26.7"–115 4'14.2" E and 3 20'14.3" – 3 20'51.1" S.*
- *The SPK-KCM concession area is 195ha in size with the main area of interest being ~35ha in the southern section of the block.*
- *The project areas location is ~2.5 hours drive via sealed and non-sealed roads from Banjarmasin, the South Kalimantan capital and regional access point from Jakarta, which is ~1.5 hours by plane.*
- *A ~25km hauling road brings coal to the intermediate stockpile and crushing facility. After crushing it is a ~35km trip, again via hauling rd, to port facilities where the coal is transported out by barge. All coal transportation is via unsealed hauling roads using 25 tonne trucks to transport the coal.*



Indonesia - Overview

- *With 245m people, Indonesia is the fourth most populous country in the world*
- *An archipelago of over 13,000 islands stretching from the Indian to the Pacific Ocean with extensive natural resources in close proximity to the key Asian markets of China, India, Korea and Vietnam*
- *Since emerging from authoritarian rule in 1999, Indonesia has undertaken significant financial and economic reforms including the establishment of new Mining Laws and capital market development*
- *Heavy reliance on domestic consumption and low debt:GDP ratio ensured Indonesia emerged relatively unscathed from the GFC*
- *Population is still largely rural (66%) but there is substantial urban migration leading to increasing demands for electricity much of which will be generated by coal-fired power stations*



Indonesia – Supply and Demand for Coal

- *Domestic demand for coal expected to increase from 58 MT to 96 MT by 2015*
- *Currently exports approx 78% of the 254MT coal production*
- *State-owned electricity company, PT PLN, has commenced a USD60bn plan to increase national electricity availability from 65% to 100% by 2020*
- *Annual electricity demand increasing by 6.8% pa*
- *10,000 MW Acceleration Program Phase 2 will see 4,294 MW of additional steam power electricity generation*

Coal Pricing

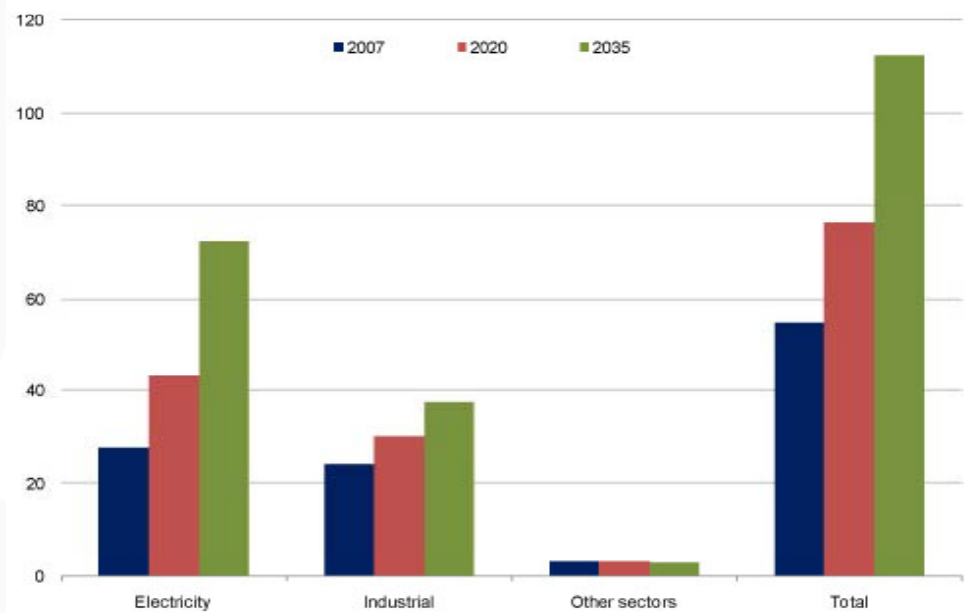
As a result of domestic shortfalls in China and India, Asian domestic and export coal prices are harmonising. Coal prices are contingent on energy content (measured in Kcal/kg) and quality (primarily ash, sulphur and moisture content)



China and India - Demand for Coal

- *China experiencing considerable power shortages and has become the world's largest coal importer at 46.4 BT (PT Bumi)*
- *Chinese coal consumption expected to double by 2035*
- *Coal consumption in India is also expected to continue rising with projections for 2016-17 set at 980.5 mil tonnes, ~35% increase. An 80,000 MW power supply station under construction in India is due to be operational by 2017, fuelled by this coal.*

Figure 64. Coal consumption in China by sector, 2007, 2020, and 2035 (quadrillion Btu)



Board and Management

BOARD

Chairman – Peter Woods

Chairman of the New South Wales local government super Anuation Fund . International experience in funds management

Non-executive Director - Guy Le Page BSc BA MBA

Corporate advisor and former head of research at a retail stockbroker. 10 years experience as an exploration geologist in Australia, Canada and US

Non-Executive Director - Ian Murie LLB B Juris

30 years experience as a commercial lawyer.

Company Secretary - Roland Berzins CPA

25 years accounting and company secretarial experience in the mining industry including 6 years as Chief Accountant at Kalgoorlie Consolidated Gold Mines

CEO – Anthony Short

Joint Venture Partner – Paul Pesik

RBU



Current Offer

- A\$ 700,000 by way of Convertible note
 - Lesser of .004 or at 80% of the 5 day VWAP per share
 - 3 year note, 10% coupon

Share Placement of up to 175 million shares to raise up to A\$ 700,000



Corporate Directory

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