

17th February 2014

Company Announcements Office
Australian Securities Exchange
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Sir / Madam

Announcement of Partially Underwritten Non-Renounceable Entitlement Issue of Shares and Options

Palace Resources Ltd (**Company**) announces a pro-rata non-renounceable offer to eligible shareholders of 1 ordinary fully paid share for every 1 share held on the Record Date at an issue price of \$0.002 each and the opportunity to take up a 1 option for every 2 shares issued and at an issue price of \$0.0001 (**Offer**). The options have an exercise price of \$0.002 and an expiry date of 28th February 2015.

The offer will raise \$1,279,638 before costs.

Mr Darren Olney – Fraser Ltd has agreed to partially underwrite the Offer.

The Proposed timetable for the Offer is set out below:

Lodgement of prospectus with ASIC	20 th February 2014
Lodgement of Prospectus with ASX	21 st February 2014
Entity sends notice to security holders containing information required by Appendix 3B	24 th February 2014
Last date to purchase Shares on market to participate in the Offer	26 th February 2014
Existing Shares quoted on an “ex” basis	27 th February 2014
Record date	5 th March 2014
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	12 th March 2014
Closing Date*	31 st March 2014
Securities quoted on a deferred basis	1st April 2014
ASX notified of under subscriptions	3rd April 2014
Anticipated date of issue of the Shares and Options**	8 th April 2014
Anticipated date of issue of holding statements**	8th April 2014
Deferred settlement trading ends	8 th April 2014

*Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date of issue of the Shares and Options

** Indicative date only.

The Offer is made under a prospectus that will be lodged with ASIC and which is available both on the ASX website (www.asx.com.au) and the Palace Resources Ltd website (www.palaceresources.com.au). Eligible shareholders should consider the Prospectus in deciding whether to acquire shares under the Offer and complete the Entitlement and Acceptance Application Form that will accompany the Prospectus.

The directors reserve the right to place any shortfall that may arise following the completion of the placement of the shares and or the options, separately and at their discretion and to nominate parties thereto.

Yours faithfully

Peter Woods
Chairman
17th February 2014