

**PALACE RESOURCES LIMITED**  
**ACN 106 240 475**

**PROSPECTUS**

FOR

**A non-renounceable pro-rata offer to Eligible Shareholders on the basis of 1 Share for every 1 Share held at an issue price of \$0.002 together with 1 Listed Option for every 2 Shares subscribed at an issue price of \$0.0001 as at the Record Date.**

**THIS OFFER CLOSSES AT 5.00PM WST ON 31 March 2014**

**VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.**

**Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Offer.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

**THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.**

## IMPORTANT INFORMATION

This Prospectus is dated 21<sup>st</sup> February 2014 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Suite 2, 16 Ord Street, West Perth 6005, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 5.5).

The Company will apply to ASX within 7 days of the date of this Prospectus for Official Quotation by ASX of the Securities offered pursuant to this Prospectus.

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Entitlement and Acceptance Form (free of charge) from the Company's principal place of business any time before the Closing Date by contacting the Company. The offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus and Entitlement and Acceptance Form within Australia.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to instructions in Section 1.10 regarding the acceptance of your Entitlement. Acceptances of Securities can only be submitted on an original Entitlement and Acceptance Form sent with a copy of this Prospectus by the Company. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

Applications for Shortfall Securities must be made on the appropriate Shortfall Securities application form enclosed with a copy of this Prospectus. The issue of Shortfall Securities to Shareholders is in the absolute discretion of the Directors. More information on the Shortfall Securities is contained in Sections 1.6 and 5.11.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

Applications for Securities under this Prospectus will not be processed until after expiry of the Exposure Period pursuant to Chapter 6D of the Corporations Act. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the date on which the Offer opens. If the Exposure Period is extended by ASIC, Applications will not be processed until after expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in the Prospectus and, in those circumstances any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 4.

By returning an Entitlement and Acceptance Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated.

Eligible Shareholders with registered addresses in Australia and New Zealand only can obtain a copy of this Prospectus during the period of the Offer on the Company's website, [www.palaceresources.com.au](http://www.palaceresources.com.au). The electronic version of this Prospectus does not include the Entitlement and Acceptance Form which accompanies the printed copy of this Prospectus to be mailed to Eligible Shareholders with registered addresses in Australia and New Zealand on or around 10<sup>th</sup> March 2014.

# CORPORATE DIRECTORY

## Current Directors

Peter Woods            Chairman  
Guy Le Page            Director  
Ian Murie                Director

## Company Secretary

Roland Berzins

## Registered Office

Suite 4, 16 Ord Street  
West Perth 6005  
Western Australia

P....+61 8 9429 2900  
F +61 8 9486 1011

## Share Registry

Advanced Share Registry Ltd  
150 Stirling Highway  
Nedlands 6009  
Western Australia

**ASX Code:** PXR

**Website:** [www.palaceresources.com.au](http://www.palaceresources.com.au)

## Lawyers

Hardy Bowen  
Ord Street  
West Perth 6005  
Western Australia

## Auditor

Somes Cooke  
35 Outram Street,  
West Perth  
6005  
Western Australia

## Partial Underwriter

FMOF Nominee Pty Ltd.

## PROPOSED TIMETABLE

Lodgement of Prospectus with ASIC	21 <sup>st</sup> February 2014
Lodgement of prospectus with ASX	21 <sup>st</sup> February 2014
Entities sent notice to Security holders containing information required by Appendix 3B	24 <sup>th</sup> February 2014
Last date to purchase Shares on market to participate in the Offer	26 <sup>th</sup> February 2014
Existing Shares quoted on an "ex" basis	27 <sup>th</sup> February 2014
Record date for determining entitlements	5 <sup>th</sup> March 2014
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	12 <sup>th</sup> March 2014
Announce to ASX that prospectus has been sent to shareholders	24 February 2010
Closing Date *	31 <sup>st</sup> March 2014
Securities quoted on a deferred basis	1 <sup>st</sup> April 2014
ASX notified of Notification of under subscriptions	3 <sup>rd</sup> April 2014
Anticipated date of issue of the Shares and Options **	8 <sup>th</sup> April 2014
Anticipated date of issuing of holding statements **	8 <sup>th</sup> April 2014
Deferred Settlement Trading Ends	8 <sup>th</sup> 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.

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## 1. Details of the Offer

### 1.1 The Offer

The Offer under this Prospectus is a non-renounceable pro-rata offer to Eligible Shareholders on the basis of 1 Share for every 1 Share held on the Record Date at an issue price of \$0.002 (0.2 cents) per Share together with 1 Listed Option at an issue price of \$0.0001 for every 2 Shares subscribed for ("**Offer**").

At the date of this Prospectus the Company has 624,213,745 Shares and 89,500,000 Options on issue.

On the basis that no Options are exercised prior to the Record Date, the Offer is for 624,213,745 Shares and 312,106,873 Options.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Security, such fraction will be rounded down to the nearest whole Security.

Refer to Sections 5.1 and 5.2 for a summary of the rights attaching to the Listed Options and Shares.

### 1.2 Purpose of the Offer and Placements

Completion of the Offer will result in an increase in cash in hand of up to approximately \$1,279,638 (before the payment of costs associated with the Offer).

Funds raised under the Offer are proposed to be expended as follows:

Description of Cash Outflows (assuming full take up and excluding costs)		Share Placement (\$)	Option Placement (\$)	Total
1. Investigating new acquisition proposals and working capital		\$1,248,428	\$31,210	\$1,279,638
<b>Total funds raised under this Offer and Placements</b>		<b>\$1,248,428</b>	<b>\$31,210</b>	<b>\$1,279,638</b>

### 1.3 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' Entitlements under the Offer until 5.00pm WST on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

### 1.4 Partial underwriting

The Company has received a partial underwriting undertaking from FMOF Nominee Pty Ltd. The underwriting facility is to a maximum value of \$50,000 and FMOF Nominee Pty Ltd will earn a 6% fee on all monies raised for this facility.

## **1.5 Shortfall Securities**

The Offer is partially underwritten. If all Eligible Shareholders do not accept their full entitlement pursuant to the Offer, the Company reserves the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules, to issue the Shortfall Securities at its sole discretion. Refer to Section 5.11 for further details of the Shortfall Offer.

## **1.6 Risks of the Offer**

An investment in Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are set out in Section 5.

## **1.7 Non-renounceable offer**

The rights to Securities under the Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your right to subscribe for Securities to another party. If you do not take up your Entitlement under the Offer by the Closing Date, the Offer to you will lapse.

## **1.8 Minimum commitment and no minimum subscription**

There is no minimum amount sought to be raised by the Offer. If the Offer is fully subscribed, the Offer will raise approximately \$1,279,638 (before costs of the Offer). The Company will proceed to allot Securities if a lesser amount is raised and irrespective of the amount raised.

There is no provision for oversubscriptions.

## **1.9 Exposure Period**

Applications for Securities under this Prospectus will not be processed until after expiry of the Exposure Period pursuant to Chapter 6D of the Corporations Act. No preference will be conferred on Applications received for Securities during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the date on which the Offer opens. If the Exposure Period is extended by ASIC, Applications will not be processed until after expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in the Prospectus and, in those circumstances any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

## **1.10 Entitlement and Acceptance Forms**

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Securities.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.



## **1.11 Issue and dispatch**

Securities under the Offer are expected to be issued, and security holder statements dispatched, on or before the date in the proposed timetable in this Prospectus.

It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statements do so at their own risk.

## **1.12 Application Monies held on trust**

All Application Monies received for the Securities will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Securities are issued. All Application Monies will be returned (without interest) if the Securities are not issued.

## **1.13 ASX quotation**

Application will be made to ASX no later than 7 days after the date of this Prospectus of official quotation of the Securities. If permission is not granted by ASX for the official quotation of the Securities offered by this Prospectus within 3 months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

## **1.14 CHES**

The Company participates in the Clearing House Electronic Subregister System, known as CHES. ASTC, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and the Securities Clearing House Business Rules.

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of Securities.

If you are broker sponsored, ASTC will send you a CHES statement.

The CHES statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Advanced Share Registry Ltd and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHES statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

## **1.15 Residents Outside Australia and New Zealand**

The Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand. The Company is of the view that it is unreasonable to make the Offer to shareholders outside Australia and New Zealand, having regard to:

- the number of those Shareholders;
- the number and value of Securities to be offered to those persons; and

- the cost of complying with overseas legal requirements.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for Shareholders in Australia and New Zealand. The Company is not required to make offers under the Prospectus to Shareholders other than in Australia and New Zealand. Where the Prospectus has been dispatched to Shareholders domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by the Prospectus, the Prospectus is provided for information purposes only.

### **1.16 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

### **1.17 Major activities and financial information**

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2013 is in the Annual Report which is available on the Company's website at [www.palaceresources.com.au](http://www.palaceresources.com.au)

Summary of activities relating to the Company for the quarters ending 30 September 2013 and 31 December 2013 are in the quarterly activities reports, lodged with ASX on 30 October 2013 and 31 January 2014 respectively. The Company's continuous disclosure notices (i.e. ASX announcements) since 30 June 2013 are listed in Section 5.5.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Offer.

### **1.18 Privacy**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Acceptance.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## **1.19 Enquiries concerning Prospectus**

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on 08 9249 2900.

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## 2. Effect of the Offer

### 2.1 Capital structure on completion of the Offer and Placements

	Number of Shares	Number of Options	Number of Options
Balance at the date of this Prospectus	624,213,745	89,500,000 <sup>(1)</sup>	
To be issued under the Offer <sup>(2)</sup>	624,213,745		312,106,873 <sup>(2)</sup>
<b>Balance after the Offer</b>	<b>1,248,427,490<sup>(3)</sup></b>	<b>89,500,000</b>	<b>312,106,873</b>

(1) Options exercisable at \$0.03 on or before 30 November 2014

(2) Options exercisable at \$0.002 on or before 28 February 2015

(3) The maximum number of Securities to be issued under the Offer assumes that no Options are exercised before the Record Date.

## 2.2 Pro forma statement of financial position

	Audited 30 June 2013	Unaudited 31 December 2013	Adjustments as per prospectus	Note	Pro-forma Balance Sheet if Placement fully subscribed \$
	\$	\$	\$		
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	47,679	4,063	1,256,914	1	1,260,977
Trade and other receivables	123,137	81,649			81,649
<b>TOTAL CURRENT ASSETS</b>	<b>170,816</b>	<b>85,712</b>			<b>1,342,626</b>
<b>NON-CURRENT ASSETS</b>					
Other financial assets	114,631	47,084			47,084
Available for sale assets	-	40,497			40,497
Property plant and equipment	324	107			107
Exploration expenditure and Deferred exploration expenditure	796,853	261,138			261,138
<b>TOTAL NON-CURRENT ASSETS</b>	<b>911,808</b>	<b>348,827</b>			<b>348,827</b>
<b>TOTAL ASSETS</b>	<b>1,082,624</b>	<b>434,539</b>			<b>1,691,453</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	429,634	623,095			623,095
Provisions	5,842	8,104			8,104
<b>TOTAL CURRENT LIABILITIES</b>	<b>435,476</b>	<b>631,199</b>			<b>631,199</b>
<b>NON CURRENT LIABILITIES</b>					
Non-Current Liabilities	-	-			-
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>			<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>435,476</b>	<b>631,199</b>			<b>631,199</b>
<b>NET ASSETS</b>	<b>647,148</b>	<b>(196,660)</b>			<b>1,060,254</b>
<b>EQUITY</b>					
Contributed equity	12,604,672	13,456,400	1,256,914	1	14,713,314
Reserves	53,949	53,950			53,950
Accumulated losses	(12,152,314)	(13,687,137)			(13,687,137)
	<b>506,307</b>	<b>(176,787)</b>			<b>1,080,127</b>
<b>Non – controlling interest</b>	<b>140,841</b>	<b>(19,873)</b>			<b>(19,873)</b>
<b>TOTAL EQUITY</b>	<b>647,148</b>	<b>(196,660)</b>			<b>1,060,254</b>

Notes:1. Shares and options issued (100% take up)

### Basis of Preparation

The above pro forma statement of financial position has been prepared in accordance with the draft ASIC Guide to Disclosing Pro Forma Financial Information (issued July 2005).

The pro forma balance sheets have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The pro forma statement of financial position is based on the unaudited financial position as at 31 December 2013.

### **Subsequent Events**

There have been no subsequent events since balance date which would have had a significant effect of the Company's financial position.

### **Effect of the Offer and Placements**

The Offer will, if fully subscribed, have the following impacts on the Balance Sheet.

<b>Pro-forma Adjustment</b>	<b>Allocation (A\$)</b>
	<b>Rights Issue Offer</b>
Cash	1,279,638
Costs	(22,724)
Equity	1,256,914
Retained Earnings	Nil

### **Market price of Shares**

The highest and lowest market sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.004 per Share on 14 February 2013

Lowest: \$0.002 per Share on 18 November 2013

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.002 per Share on 12 February 2014.

### **2.3 Dividend Policy**

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

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### **3. Action required by Shareholders**

#### **3.1 Acceptance of Securities under this Prospectus**

Your entitlement to participate in the Offer will be determined on the Record Date. The entitlement of Eligible Shareholders receiving this Prospectus is shown on the Entitlement and Acceptance Form sent to Eligible Shareholders with this Prospectus.

Should you wish to accept all of your Entitlement to Securities, then applications for Securities under this Prospectus must be made on the Entitlement and Acceptance Form, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Acceptances must not exceed your Entitlement as shown on the Entitlement and Acceptance Form. If the number of Securities applied for on the Entitlement and Acceptance Form exceeds your Entitlement then your Acceptance will be deemed to be for your maximum entitlement and any surplus Application Monies will be returned (without interest).

Should you wish to only take up part of your Entitlement, then applications for Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Securities you wish to accept and the Application Monies (calculated at \$0.002 and \$0.0001 respectively per Security accepted).

If Eligible Shareholders wish to take up part or all of their Entitlement, they should return completed Entitlement and Acceptance Forms together with payment by cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Palace Resources Limited -Subscription Account".

Completed Entitlement and Acceptance Forms should be lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at the following address:

By delivery            Palace Resources Ltd  
Suite 2, 16 Ord Street  
West Perth WA 6005

By post                Palace Resources Ltd  
PO Box 1779  
West Perth WA 6872

#### **3.2 Entitlements not taken up**

If you do not wish to accept any of your Entitlement, you are not obliged to do anything.

The number of Securities you currently hold and the entitlement attaching to those Securities will not be affected should you choose not to accept any part of your Entitlement.

### **3.3 Enquiries concerning your Entitlement**

If you have any queries concerning your Entitlement please contact Advanced Share Registry Services Pty Ltd, 150 Stirling Highway Nedlands, on Telephone: +61 8 9389 8033

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## **4. Risk factors**

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

### **4.1 Risks specific to the Company**

(a) Exploration and Development Risks

The tenements held by the Company are in the early stages of exploration and investors should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration of the mineral interests currently held by the Company, or any other projects that may be acquired in the future, will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

(b) Third Party Risks

The operations of the Company require the involvement of a number of third parties, including suppliers, contractors and customers. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

(c) New Projects and Acquisitions

The Company may consider acquisitions that may add value to the Company. The acquisition of new business opportunities (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be



completed or be successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Company will need to reassess, at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with mineral exploration and exploitation activities will remain.

(d) **Reliance on Key Personnel**

The company is reliant on a number of key personnel and consultants. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people, given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

## **4.2 Mineral Industry Risks**

(a) **Operational Risks**

The operations of the Company may be affected by various factors which are beyond the control of Company, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(b) **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- Identifying a metallurgical process through testwork to produce a saleable metal and/or concentrate;
- Developing an economic process route to produce a metal and/or concentrate; and
- Changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(c) **Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(d) Payment Obligations

Under the exploration tenements and certain other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment and other obligations. Failure to meet these work commitments will render the tenement or licence liable to be cancelled. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of interest held by the Company.

(e) Commodity Price Volatility and Foreign Exchange Risk

In the event that the Company achieves exploration success leading to production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for commodities, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States Dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

(f) Tenement Title

Interests in tenements in Western Australia and the Northern Territory are governed by legislation and is evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

All of the tenements in which the Company has or may acquire an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each tenement is usually at the discretion of the relevant government authority. If a Tenement is not renewed or granted, the

Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

(g) Native Title

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act.

For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with.

The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

(h) Environmental Risks

Uranium mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. Future legislation and regulations governing uranium production may impose significant environmental obligations on the Company in relation to uranium mining. The Company intends to conduct its activities in a responsible manner which minimises its impact on the environment, and in accordance with applicable laws.

The Company's projects are subject to Northern Territory, Western Australian and Federal Australian Government regulations regarding environmental matters and the discharge of hazardous wastes and materials. The Governments and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks

inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

### **4.3 General Investment Risks**

#### **(a) Securities Investment**

There are risks associated with any investment in securities. The prices at which the Securities trade, may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for oil and gas exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices will be sustained. These factors may materially affect the market price of the Securities regardless of the Company's operational performance.

#### **(b) Share Market Conditions**

The Securities under this Offer are to be quoted on the ASX, where their price may rise or fall in relation to the issue price. The Securities issued under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on the ASX. The value of the Securities will be determined by the stock market and will be subject to a range of factors beyond the control of the Company, and the Directors and officers of the Company. Such factors include, but are not limited to, the demand for and availability of the Securities, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity. Returns from an investment in the Securities may also depend on general stock market conditions as well as the performance of the Company. There can be no guarantee that an active market in the Securities will develop or that the market price of the Securities will not decline below the issue price.

#### **(c) Regulatory Risks**

Changes to legislation in Australia, including changes to the taxation system, may affect future earnings and the relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

#### **(d) General Economic Conditions**

Economic conditions in Australia, the USA and globally, may affect the performance of the Company. Factors such as currency fluctuations, inflation,

interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenue and value of the Securities can be affected by these factors all of which are beyond the control of the Company or its Directors. In addition, the Company's ability to raise additional capital, should it be required, may be affected.

#### **4.4 Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may, in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Securities pursuant to this Prospectus.

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## 5. Additional information

### 5.1 Terms and Conditions attaching to Listed Options

(a) Entitlement

The Listed Options entitle the holder to subscribe for one (1) Share upon the exercise of each Listed Option.

(b) Exercise Price

The Exercise Price of each Listed Option is \$0.002

(c) Expiry Date

Each Listed Option expires on 28 February 2015

(d) Exercise Period

The Listed Options are exercisable at any time on or prior to the Expiry Date.

(e) Notice of Exercise

The Listed Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Listed Option being exercised. Any notice of exercise of a Listed Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) Shares issued on exercise

Shares issued on exercise of the Listed Options rank equally with other issued Shares.

(g) Quotation of Shares on exercise

Application will be made by the Company to ASX for the official quotation of Shares issued upon the exercise of the Listed Options.

(h) Timing of issue of Shares

(i) After a Listed Option is validly exercised, the Company must as soon as possible:

(ii) issue the Share and do all such acts matters and things to obtain:

(A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Listed Option; and

(B) receipt of cleared funds equal to the sum payable on the exercise of the Listed Options.

(i) Participation in new issues

There are no participation rights or entitlements inherent in the Listed Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Listed Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced. This will give Listed Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a Listed Option will be increased by the number of Shares which the Listed Optionholder would have received if the Listed Optionholder had exercised the Listed Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Listed Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S+D)]}{N+1}$$

O = the old Exercise Price of the Listed Option.

E = the number of underlying Shares into which one (1) Listed Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new Share.

(i) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Listed Optionholder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(l) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Listed Optionholder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(m) Quotation of Listed Options

Application for quotation of the Listed Options will be made by the Company.

(n) Listed Options transferable

The Listed Options are transferable.

(o) Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Listed Options with the appropriate remittance should be lodged at the Company's share registry.

## 5.2 Rights attaching to Shares

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.



(c) Issues of further shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of rights

At present, the Company has on issue one class of shares only, namely ordinary shares.

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and the Listing Rules, ordinary Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASTC Business Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASTC Business Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASTC Business Rules.

(f) Partly paid shares

The Directors may, subject to compliance with the Constitution, the Corporations Act and the Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) Dividends

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

- (h) Winding up
- Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid up on their shares when the winding up begins.
- (i) Dividend reinvestment and share plans
- The members of the Company, in general meeting, may authorise the Directors to implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).
- (j) Directors
- The Constitution states that the minimum number of Directors is three.
- (k) Powers of the Board
- Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have power to manage the business of the Company and may exercise every right, power or capacity of the Company to the exclusion of the members (except to sell or dispose of the main undertaking of the Company).
- (l) Share buy backs
- Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on terms and at times determined by the Directors.
- (m) Unmarketable parcels
- The Company's constitution permits the board to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of the ASX Business Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the Shareholder notice of the intended sale.
- If a Shareholder does not want his Shares sold, he may notify the Company accordingly.
- (n) Capitalisation of profits
- The Company may capitalise profits, reserves or other amounts available for distribution to members. Subject to the Constitution and the terms of issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.
- (o) Capital reduction
- Subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital.

- (p) Preference shares

The Company may issue preference shares including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's members.

### 5.3 Directors' interests in Company Securities

The Directors or their nominees currently each hold Securities as follows:

Director	No. of Shares	No. of Options
Peter Woods	307,400	2,000,000
Ian Murie	2,920,000	2,000,000
Guy Le Page	nil	nil

### 5.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Securities.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.5 below).

### 5.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer, a copy of:

- (a) the Annual Report of the Company for the year ended 30 June 2009, being the last financial year for which an annual financial report was lodged with the ASIC in relation to the Company before the issue of this Prospectus;
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company since the Company lodged its Annual Report for the year ended 30 June 2009 and before the date of issue of this Prospectus are as follows:

## Announcements released as PXR

<u>Date</u>	<u>Headline</u>
17/02/2014	Non-Renounceable Issue
07/02/2014	Response to ASX Appendix 5B Query
31/01/2014	Quarterly Activities and Cash - flow Report
06/12/2013	Appendix 3B
27/11/2013	Results of Annual General Meeting
26/11/2013	Appendix 3B
13/11/2013	Response to ASX Appendix 5B Query
12/11/2013	Appendix 3B
31/10/2013	Quarterly Cash - flow and Activity Report Sept 2013
28/10/2013	Notice of Annual General Meeting/Proxy Form
16/10/2013	Results of Meeting
14/10/2013	Amended Company Presentation
09/10/2013	Company Presentation
09/10/2013	Operations Update
30/09/2013	30 June 2013 Annual accounts and Shareholder information
26/09/2013	Palace enters MOU regarding Carbon Raising Plant
16/09/2013	Notice of General Meeting/Proxy Form
09/09/2013	Palace acquires additional project
31/07/2013	Quarterly Activities and cash flow Report
02/07/2013	Amended Appendix 3B
28/06/2013	Preparation for Mining of KCM Project
26/06/2013	Appendix 3B
19/06/2013	Drilling update KCM Project
06/06/2013	Expansion to KCM Project
16/05/2013	Drilling programme commenced on KCM project
01/05/2013	New Near production Project
30/04/2013	Quarterly Cash - flow and Activity Report March 2013
14/03/2013	Half Yearly Report and Accounts
28/02/2013	Amended Appendix 3B new format
27/02/2013	Appendix 3B

( c) The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company at Suite 4, 16 Ord Street, West Perth, Western Australia:

this Prospectus; the Constitution; and the consents referred to in Section 5.13 and the consents provided by the Directors to the issue of this Prospectus.

## 5.6 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

## 5.7 Determination by the ASIC

The ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

## 5.8 Directors' interests

Except as disclosed in this Prospectus, no Director or proposed director, and no firm in which a Director or proposed director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

## 5.9 Directors remuneration

Shareholders have approved an aggregate amount of up to \$150,000 to be paid as Directors' fees only. The Directors' fees calculation does not include fees and emoluments associated with that of the designated Managing Director. The following table shows the total remuneration, including Directors' fees, paid to both current and former Directors since 30 June 2010.

<b>Current Director</b>	<b>Director Fees, Consulting \$</b>	<b>Superannuation \$</b>	<b>Total \$</b>
Peter Woods			
30 June 2013	16,909	1,522	18,431
Ian Murie			
30 June 2013	30,300		30,300
30 June 2012	25,000		25,000
30 June 2011	4,166		4,166
Guy Le Page			
30 June 2013	24,000		24,000
30 June 2012	30,000		30,000
30 June 2011	24,000		24,000
<b>Former Director</b>	<b>Director Fees, Consulting, Termination fee \$</b>	<b>Superannuation \$</b>	<b>Total \$</b>
Nicholas Clarke (Managing Director)			
30 June 2012	238,330		238,330
Roland Berzins			

30 June 2012	17,857	1,832	19,689
30 June 2011	23,333	1,800	25,133
John Jordan			
30 June 2012	15,476		15,476
Lloyd Flint			
30 June 2011	15,833		15,833

## 5.10 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, and has not had in the 2 years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Securities or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

## 5.11 Shortfall Offer

If the Directors exercise their sole discretion to issue the Shortfall Securities then, pursuant to this Prospectus, the Company will offer the Shortfall Securities (**Shortfall Offer**) as a separate offer. The parties to whom Shortfall Offers are made will be determined by the Directors in their absolute discretion.

The Shortfall Offer will be made at an issue price of \$0.002 per Share and \$0.0001 per Option for every 2 Shares subscribed for, which is the issue price at which the Offer has been made to Eligible Shareholders. With respect to the Option Shortfall, the offer of the Shortfall Options will be at the discretion of the directors with respect to the shortfall amount.

Applications for Shortfall Securities can only be made by completing and returning the Shortfall Application Form which will be sent with this Prospectus to the parties to whom the Company makes Shortfall Offers.

The Company reserves the right to issue to an applicant for Shortfall Securities a lesser number of Shortfall Securities than the number applied for in a Shortfall Application Form, reject an application or not proceed with the issuing of the Shortfall Securities or part thereof. If the number of Shortfall Securities issued is less than the number applied for in a Shortfall Application Form, surplus Application Monies will be refunded in full. Interest will not be paid on any Application Monies refunded.

## 5.12 Expenses of Offer and Placements

The estimated expenses of the Offer and Placements are as follows:

	<b>Offer</b>
	\$
ASIC Lodgement fee	2,225

	<b>Offer</b>
	<b>\$</b>
ASX quotation fee	5,149
Underwriters Fees	3,000
Printing, mailing and other expenses	<u>12,350</u>
<b>Total</b>	<u>22,724</u>

### **5.13 Consents**

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC:

- (a) Advanced Share Registry Services Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as the Company's share registry. Advanced Share Registry Services Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as the share registry of the Company. Advanced Share Registry Services Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus; and
- (b) FMOF Nominees Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as the Company's partial underwriter. FMOF Nominees Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as the partial underwriter of the Company. FMOF Nominees Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus;

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## **6. Directors' Statement and Consent**

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of the Company by:

G T Le Page  
**Director**

Dated: 21 February 2014

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## 7. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**\$** means Australian dollars.

**Acceptance** means a valid acceptance of Securities made pursuant to this Prospectus on an Entitlement and Acceptance Form.

**Annual Report** means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2013 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2013, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2013.

**Applicant** means a person who submits an Entitlement and Acceptance Form.

**Application** means a valid application for Securities under this Prospectus.

**Application Monies** means application monies for Securities received by the Company from an Applicant.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Board** means the Directors meeting as a board.

**Business Day** means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

**CHES** means ASX Clearing House Electronic Subregistry System.

**Closing Date** means the date identified as such in the proposed timetable.

**Company** or **Palace** means Palace Resources Limited ACN 106 240 475.

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the Corporations Act (Cth) 2001.

**Directors** mean the directors of the Company at the date of this Prospectus.

**Eligible Shareholder** means a person registered as the holder of Shares on the Record Date whose registered address is in Australia and New Zealand.

**Entitlement** means the entitlement to Securities under the Offer in Section 1.1.

**Entitlement and Acceptance Form** means the entitlement and acceptance form sent with this Prospectus that sets out the entitlement of Shareholders to subscribe for Securities pursuant to the Offer.



**Exposure Period** means the period of 7 days (which may be extended by ASIC to up to 14 days) after the lodgement of this Prospectus with ASIC during which the Company must not process Applications under the Offer.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

**Listed Option** means the Option in Section 5.1.

**Listed Optionholder** means the holder of a Listed Option.

**Listing Rules** means the Listing Rules of ASX.

**Offer** means the Offer as defined in Section 1.1.

**Option** means the right to acquire one Share in the capital of the Company.

**Option Placement** means the proposed placement of up to 312,106,873 Options as in Section 1.2.

**Placements** means the Share Placement and the Option Placement.

**Prospectus** means this prospectus dated in Section 6.

**Record Date** means 5:00pm (WST) on the date identified in the proposed timetable.

**Section** means a section of this Prospectus.

**Securities** mean a Share or Option.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Placement** means the proposed placement of up to 624,213,745 Shares described in Section 1.2.

**Shareholder** means a holder of Shares.

**Shortfall Application Form** means the shortfall application form sent with this Prospectus to subscribe for Shortfall Securities.

**Shortfall Offer** has the meaning given in Section 5.11.

**Shortfall Securities** means that number of the Shares under the Offer that have not validly been applied for by the Closing Date.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

# ENTITLEMENT AND ACCEPTANCE FORM

PLEASE READ CAREFULLY THE PROSPECTUS DATED 21 February 2014 ACCOMPANYING THIS FORM. THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

## PALACE RESOURCES LIMITED

ACN 106 240 475

REGISTERED OFFICE: Suite 4, 16 Ord Street, West Perth, WA 6005

SHARE REGISTRY: Advanced Share Registry Services Pty Ltd, 150 Stirling Highway, NEDLANDS, WA 6009

HIN/SRN	
Securities Sub Register	:
Form Number	:
No of Shares held as at 5.00pm WST on 5 March 2014	:
Entitlement to Shares on a 1 for 1 basis	
Amount payable on acceptance at \$0.002 per Share	: \$
Amount payable on acceptance at \$0.0001 per Option	: \$

**Non-renounceable pro-rata offer to Eligible Shareholders on the basis of 1 Share for every 1 Share held at an issue price of \$0.002 per Share together with 1 Option for every 2 Shares at an issue price of \$0.0001, subscribed for as at the Record Date.**

To the Directors

PALACE RESOURCES LIMITED

1. I/We the above mentioned, being registered on 5<sup>th</sup> March 2014 as the holder(s) of ordinary fully paid shares in your Company hereby accept the below mentioned Shares (and accompanying Listed Options) in accordance with the enclosed Prospectus;
2. I/We enclose my/our cheque or bank draft made payable to PALACE RESOURCES LIMITED – SUBSCRIPTION ACCOUNT, for the amount shown being payment at the rate of \$0.002 per Share and \$0.0001 per Option;
3. I/We hereby authorise you to revise the register of shareholders in respect of the number of Shares and Listed Options allotted to me/us; and
4. I/We agree to be bound by the Constitution of the Company.

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE SECURITIES BEING OFFERED

Shares Accepted	Amount Enclosed at \$0.002 per Share

Options Accepted	Amount Enclosed at \$0.0001 per Share

PLEASE ENTER CHEQUE DETAILS THANKYOU	Drawer	Bank	Branch	Amount

My/Our contact numbers in the case of inquiry are:

Telephone (    ) .....

Fax (    ) .....

Email: .....

NOTE: Cheques and bank drafts should be made payable to PALACE RESOURCES LIMITED – SUBSCRIPTION ACCOUNT, crossed “NOT NEGOTIABLE” and forwarded to Palace Resources Ltd, PO Box 1779, West Perth, Western Australia 6872 to arrive no later than 5.00pm W.S.T on 12 March 2010.

Complete this panel and sign below only if a change of address is to be registered with the Company

New Address: .....

.....

Signature(s): ..... Date: .....

Please indicate your correct title: Director / Secretary / .....

**ISSUE CLOSES 5.00PM W.S.T. ON 31 March 2014**

THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS FORM WHERE APPROPRIATE  
PLEASE REFER OVERLEAF FOR INSTRUCTIONS

### EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of Shares (and accompanying Listed Options) that you are entitled to accept.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. You may not apply for Shares (and Options) in excess of your maximum entitlement using this form.
4. The price payable on acceptance of each Share is \$0.002.
5. The price payable on acceptance of each Option is \$0.0001.

You may accept your entitlement in full by completing the Entitlement and Acceptance Form overleaf.

### APPLICATION INSTRUCTIONS

1. The issue price of \$0.002 per Share is payable in full upon application.
2. The issue price of \$0.0001 per Option is payable in full upon application
3. Payments must be made in Australian currency by cheque or bank draft drawn on and payable at a bank within Australia. Cheques and bank drafts drawn on banks outside Australia in either Australian currency or in foreign currency will not be accepted.
4. The cheque or bank draft must be made payable to PALACE RESOURCES LIMITED – SUBSCRIPTION ACCOUNT and crossed “Not Negotiable”.
5. When completed, this form together with the appropriate payment in Australian currency should be forwarded to PALACE RESOURCES LIMITED, PO Box 1779, West Perth, WA 6872.
6. Acceptances must be received by Palace Resources Ltd no later than 5.00pm W.S.T. 31 March 2014.

### ENQUIRIES

Any enquiries should be directed to:

**Palace Resources Limited  
Suite 4, 16 Ord Street  
West Perth WA 6005**

**By post**

**Palace Resources Limited  
PO Box 1779  
West Perth WA 6872**

**Telephone**

**(61-8) 9249 2900**

**Facsimile**

**(61-8) 9486 1011**



## Guide to Palace Resources Limited – Shortfall Application Form

**This Shortfall Application Form relates to the Shortfall Offer contained in the Company's Prospectus dated 21 February 2014.**

Please complete all relevant sections of the Shortfall Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Shortfall Application Form. Further particulars and the correct forms of registrable titles to use on the Shortfall Application Form are contained below.

- A** Insert the number of Shortfall Securities you wish to apply for.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shortfall Securities applied for by A\$0.002 plus monies applicable to the options, being calculated by multiply the number of Shortfall options applied for by A\$0.0001.
- C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of the company. Up to three joint applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered.
- F** Enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES sub register, complete Section G or forward your Shortfall Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you.
- H** Your Application Monies must be paid by cheque payable to "**Palace Resources Limited – Subscription Account**" account as described in Section H. The amount should agree with the amount shown in Section B.
- I** By lodging the Shortfall Application Form the applicant(s) warrant that they are excluded investors under one of the provisions of section 708 of the Corporations Act and agrees that this application is for shares in the Company and to take any number of Shortfall Securities equal to or less than the number of Shortfall Securities indicated in Section A that may be allotted to the applicant(s) and declares that all details and statements made are complete and accurate. It is not necessary to execute the Shortfall Application Form.

### Correct Form of Registrable Title

Only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
<b>Individual</b> Use names in full, no initials	Mr John Alfred Smith	JA Smith
<b>Minor</b> (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
<b>Company</b> Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
<b>Trusts</b> Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
<b>Deceased Estates</b> Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
<b>Partnerships</b> Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

### Lodgement of Shortfall Application Form

Return your completed Shortfall Application Form to the Company by hand or fax along with the Application Monies agreeing to the amount shown in Section B.

**Your Application Monies must be received no later than 5pm on 31 March 2014 (Western Standard Time).**