

6<sup>th</sup> March 2014

Dear Shareholder

### Notice of Non-Renounceable Rights Issue of Shares & Options

The Board of Palace Resources Ltd (**Company**) has announced 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 1 option for every 2 shares allotted at an issue price of \$0.001 (**Offer**). The options have an exercise price of \$0.002 and an expiry date of 28<sup>th</sup> February 2016.

The Issue is partially underwritten by FMOF Nominees Pty Ltd.

The Issue is non-renounceable which means that there will be no rights trading.

**Details of the Issue are as follows:**

Type of Issue	Pro-rata non-renounceable issue of ordinary fully paid shares on a 1 for 1 basis together with 1 option for every 2 shares issued.
Amount Payable	\$0.002 per share and \$0.001 per option
Number of Shares & Options to be Issued	624,213,745 shares & 312,106,873 options
Amount to be Raised	\$1,560,535.00 before costs
Purpose of the Issue	Investigating new acquisition proposals and working capital associated with due diligence on Indonesian projects and further progress on existing Australian Tenement

**The Proposed timetable for the Offer is set out below:**

Entity announces Rights Issue	Thursday, 6 March 2014
Lodgement of Offer Document, Appendix 3B, and s708AA Cleansing Notice with ASX	Thursday, 6 March 2014
Entity sends notice to security holders containing information required by Appendix 3B	Thursday, 6 March 2014
Existing Shares quoted on an “ex” basis	Thursday, 13 March 2014
Record date	Tuesday, 18 March 2014
Offer Document and Entitlement and Acceptance Form despatched to Eligible Shareholders	Friday, 21 March 2014
Closing Date*	Friday, 4 April 2014
Securities quoted on a deferred basis	Saturday, 5 April 2014
ASX notified of under subscriptions	Tuesday, 8 April 2014
Anticipated date of issue of the Shares and Options**	Wednesday, 9 April 2014
Anticipated date of dispatch of holding statements**	Wednesday, 9 April 2014
Deferred settlement trading ends	Wednesday, 9 April 2014
Quotation of Shares issued under the Offer	Thursday, 10 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 allotment and issue of the Shares and Options

\*\* Indicative date only.

Details of the Issue are set out in the Offer Document. Any Eligible Shareholder who wishes to acquire new shares pursuant to the Issue should consider the Offer Document in deciding whether to subscribe for shares and options and will need to complete the Entitlements and Acceptance Form that will accompany the Offer Document.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your ongoing support of our Company.

Yours faithfully

Guy Le Page  
 Director  
 6<sup>th</sup> March 2014