

Palace Resources Ltd
PO Box 1922
West Perth WA 6872

Tel: (08) 9486 1122
Fax: (08) 9486 1011
ABN 74 106 240 475

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The Companies Announcement Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Commencement of Drilling Browns Range Project – Tanami Region

Palace Resources Limited, together with Joint Venture partner, Excalibur Mining Corporation Ltd ("Excalibur Mining"), are pleased to announce that the drilling contractor is in place to commencement the drilling program of tenement EL 25207.

As operator, Excalibur has notified Palace that drilling has commenced at the Company's Browns Range project on EL 25207 in the Tanami region of the Northern Territory of Australia.

The drilling program will follow up on the previous airborne geophysics completed in 2008 that identified a number of attractive targets based on the interpretation of structural and radiometric data.

The tenements are considered prospective for unconformity style uranium and/or gold mineralisation similar to deposits found in the East Alligator region of the Northern Territory.

The program of 10,000 metres of shallow RAB drilling will conclude by mid-July 2010, with results to be announced thereafter.

A more in depth presentation on the prospectivity of the Tanami region can be viewed on the operators web site via a presentation released to the ASX on 11 May 2010, at:

www.excaliburmining.com.au

Yours Sincerely

Roland Berzins
Company Secretary