



ABN 74 106 240 475

Palace Resources Ltd
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15 February 2010

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

Dear Sir/Madam

Appendix 3B and Revised Timetable

An Appendix 3B announcement relating to the forthcoming non-renounceable rights issue is attached.

Please note that following the issuing of the 72,173,853 fully paid ordinary Palace Resources shares and 24,057,951 options exercisable at 6 cents on or before 30 June 2012, the amount of shares and options on issue will be:

| | | |
|------|---|------------|
| PXR | Fully paid ordinary shares | 72,173,853 |
| PXRO | Options expiring on 30 June 2012 exercisable at \$0.20 each | 37,283,858 |
| | Options expiring on 30 June 2012 exercisable at \$0.06 each | 24,057,951 |

The timetable for the Offer has been revised and is shown below. The Closing Date remains 12th March 2010.

| | |
|---|------------------|
| Lodgement of Prospectus with ASIC and provision of copies to ASX | 12 February 2010 |
| Appendix 3B given to ASX | |
| Company sends letter to Shareholders containing information required by Appendix 3B | 15 February 2010 |

+ See chapter 19 for defined terms.

| | |
|---|------------------|
| Existing Shares quoted on an "ex" basis | 18 February 2010 |
| Record date for determining entitlements | 24 February 2010 |
| Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders | 25 February 2010 |
| Announce to ASX that prospectus has been sent to shareholders | 25 February 2010 |
| Closing Date | 12 March 2010 |
| Securities quoted on a deferred settlement basis | 15 March 2010 |
| Notification of Shortfall | 16 March 2010 |
| Anticipated date for allotment and issue of the Securities | 18 March 2010 |
| Anticipated date for despatch of holder statements (and last day for the Company to confirm to ASX all information required by Appendix 3B) | 19 March 2010 |
| Anticipated date of commencement of Securities trading | 22 March 2010 |

If any further information is required, please do not hesitate to contact this office.

Yours Sincerely

Roland Berzins
Company Secretary

+ See chapter 19 for defined terms.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Palace Resources Ltd

ABN

74 106 240 475

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | 1. Fully Paid Ordinary ("FPO") 2. Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 72,173,853 FPO 2. 24,057,951 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1. Fully Paid Ordinary Shares 2. Options convertible at \$0.06 on or before 30 June 2012 |

+ See chapter 19 for defined terms.

| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <ol style="list-style-type: none"> 1. FPO - Yes 2. Options – No, options exercisable at a lower price than existing options (PXRO) | | | | | | | | |
|--|---|--------|--------|-------------|-----|------------|--|------------|--|
| <p>5 Issue price or consideration</p> | <ol style="list-style-type: none"> 1. FPO at 1.2 cents per share 2. Options are Free Attaching | | | | | | | | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Working capital</p> | | | | | | | | |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>Despatch of certificates on 19 march 2010</p> | | | | | | | | |
| <p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="695 1525 995 1563">Number</th> <th data-bbox="995 1525 1292 1563">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1563 995 1615">144,347,706</td> <td data-bbox="995 1563 1292 1615">FPO</td> </tr> <tr> <td data-bbox="695 1615 995 1756">37,283,858</td> <td data-bbox="995 1615 1292 1756">Options exercisable at 20 cents on or before 30 June 2012 (PXRO)</td> </tr> <tr> <td data-bbox="695 1756 995 1854">24,057,951</td> <td data-bbox="995 1756 1292 1854">Options exercisable at 6 cents on or before 30 June 2012</td> </tr> </tbody> </table> | Number | +Class | 144,347,706 | FPO | 37,283,858 | Options exercisable at 20 cents on or before 30 June 2012 (PXRO) | 24,057,951 | Options exercisable at 6 cents on or before 30 June 2012 |
| Number | +Class | | | | | | | | |
| 144,347,706 | FPO | | | | | | | | |
| 37,283,858 | Options exercisable at 20 cents on or before 30 June 2012 (PXRO) | | | | | | | | |
| 24,057,951 | Options exercisable at 6 cents on or before 30 June 2012 | | | | | | | | |

+ See chapter 19 for defined terms.

| | | Number | +Class |
|---|---|--------|--------|
| 9 | Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | | |

| | | |
|----|--|-----------|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | No change |
|----|--|-----------|

Part 2 - Bonus issue or pro rata issue

| | | |
|----|---------------------------------------|----|
| 11 | Is security holder approval required? | No |
|----|---------------------------------------|----|

| | | |
|----|--|------------------|
| 12 | Is the issue renounceable or non-renounceable? | Non-renounceable |
|----|--|------------------|

| | | |
|----|--|---|
| 13 | Ratio in which the +securities will be offered | <ol style="list-style-type: none"> 1. 1 for 1 (FPO) 2. 1 free attaching option for every three FPO applied for and allotted |
|----|--|---|

| | | |
|----|--|--|
| 14 | +Class of +securities to which the offer relates | <ol style="list-style-type: none"> 1. FPO 2. Options |
|----|--|--|

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|----|--|------------------|
| 15 | +Record date to determine entitlements | 24 February 2010 |
|----|--|------------------|

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|----|--|-----|
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Yes |
|----|--|-----|

| | | |
|----|---|------------|
| 17 | Policy for deciding entitlements in relation to fractions | Round down |
|----|---|------------|

| | | |
|----|--|--|
| 18 | <p>Names of countries in which the entity has +security holders who will not be sent new issue documents</p> <p><small>Note: Security holders must be told how their entitlements are to be dealt with.</small></p> <p><small>Cross reference: rule 7.7.</small></p> | <p>This issue is only available to shareholders in Australia and New Zealand. Shareholders outside these countries will not be sent the issue documents.</p> |
|----|--|--|

+ See chapter 19 for defined terms.

| | | |
|----|---|--------------------------------------|
| 19 | Closing date for receipt of acceptances or renunciations | 12 March 2010 |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | Lead Manager is Indian Ocean Capital |
| 23 | Fee or commission payable to the broker to the issue | 5% of funds raised (Up to 43,304) |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | N/A |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | 25 February 2010 |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |

+ See chapter 19 for defined terms.

| | | |
|----|---|---------------|
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | ⁺ Despatch date | 19 March 2010 |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities N/A

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

+ See chapter 19 for defined terms.

38 Number of securities for which
+quotation is sought

| |
|--|
| |
|--|

39 Class of +securities for which
quotation is sought

| |
|--|
| |
|--|

40 Do the +securities rank equally in
all respects from the date of
allotment with an existing +class
of quoted +securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next
dividend, (in the case of a
trust, distribution) or interest
payment
- the extent to which they do
not rank equally, other than in
relation to the next dividend,
distribution or interest
payment

| |
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41 Reason for request for quotation
now

Example: In the case of restricted securities, end
of restriction period

(if issued upon conversion of
another security, clearly identify
that other security)

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|--|
| |
|--|

| | Number | +Class |
|--|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38) | | |

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here

Date: 15/02/10

(Director/Company secretary)

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