

## ASX Announcement

30 April 2009

The directors of Palace Resources Ltd ("Palace") have pleasure in presenting their quarterly report for the period ended 31 March 2009.

## Operations

### Palace Resources Ltd

#### Tanami - Uranium

An extensive review of past exploration in the area by geophysical consultants has concluded that previous work was too shallow and cursory to be considered representative and that a lack of positive results in no way devalues the area's prospectivity for uranium.

Several parties have expressed interest in funding the next phase of work under joint venture and are currently reviewing the airborne data in order to formulate a proposal. The Company hopes to announce a favorable joint venture soon.

#### Marla – Uranium

A potential gold exploration joint-venture over selected Marla tenements has prompted renewed communication with the land council representing the aboriginal landowners. Palace will take this opportunity to re-open negotiations to include exploration for uranium within the access agreements.

#### Corporate

A number of attractive investment opportunities have become available recently and the Company is considering its options for shifting its exploration focus from Northern Territory. It is also considering potential acquisitions and availability of increasing the Company net shareholders position in order to take advantage of such acquisitions.

Roland Berzins

### Company Secretary

Information in this report pertaining to mineral resources and exploration results was compiled by Mr J Jordan who is a member of Aus.I.M.M. Mr J Jordan has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' Mr J Jordan consents to the inclusion in the report of the matters based on his information in the form and context which it appears.

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

PALACE RESOURCES LIMITED

ABN

74 106 240 475

Quarter ended ("current quarter")

31 MARCH 2009

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
	Receipts from product sales and related debtors	2	2
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	- (205)	(46) (496)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	3	36
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	<b>Net Operating Cash Flows</b>	<b>(200)</b>	<b>(505)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities	(200)	(437)
1.11	Loans repaid by other entities	(13)	-
1.12	Other (share application funds)		
	<b>Net investing cash flows</b>	<b>(213)</b>	<b>(437)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(413)</b>	<b>(942)</b>

1.13	Total operating and investing cash flows (brought forward)	(413)	(942)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(413)	(942)
1.20	Cash at beginning of quarter/year to date	962	1,491
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	549	549

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	75
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	25
4.2 Development	
<b>Total</b>	25

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	549	962
5.2	Deposits at call	-	-
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>		549	962

## Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
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6.1	Interests in mining tenements relinquished, reduced or lapsed	EL26695 EL26696	Surrendered Surrendered	100% 100%	- -
6.2	Interests in mining tenements acquired or increased				

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	46,173,853	46,173,853		
7.4	Changes during quarter (a) Increases through issues and release from escrow.  (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

7.7	<b>Options</b> <i>(description and conversion factor)</i>	37,283,858	37,283,858	<i>Exercise price 20.0c</i>	<i>Expiry date 30 June 2012</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>	Nil	Nil		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	Nil	Nil		

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Roland Berzins.....Date: 30 April 2009.  
Director/Company Secretary)

Print name: .....Roland H Berzins

## Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3        **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4        The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5        **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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