

## ASX Announcement

30 January 2009

The directors of Palace Resources Ltd ("Palace") have pleasure in presenting their quarterly report for the period ended 31 December 2008.

## Operations

### Palace Resources Ltd

#### Tanami – Uranium

A consultant geophysicist has carried out a search of all past exploration activity on the Tanami tenements and is reviewing this in conjunction with the interpretation of the airmagnetics/EM carried out by Palace, to prioritise the areas for ground investigation. This should be completed early in 2009, in readiness for commencement of the field season in March.

#### Marla– Uranium

Whilst negotiations continue with the Aboriginal land owners, the Company is yet to secured consent to explore for uranium on the granted Marla tenements, although they have approved and granted exploration for other minerals.

### Corporate

The Company announced that 20,124,425 fully paid ordinary shares were released from escrow on 15 December 2008, following their 24 months escrow since date of listing.

These shares ranked parri passu with existing shares as at 15 December 2008.

The current securities on issue total 46,173,853 fully paid ordinary shares and in addition there are currently on issue 37,283,858 options, each with an exercise price of 20 cents and an expiry date of 30 June 2012.

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 DECEMBER 2008

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(22)	(46)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	14	33
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>(193)</b>	<b>(305)</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		(237)
1.11	Loans repaid by other entities	13	13
1.12	Other (share application funds)		
	<b>Net investing cash flows</b>	<b>13</b>	<b>(254)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(180)</b>	<b>(529)</b>

1.13	Total operating and investing cash flows (brought forward)	(180)	(529)
	<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>	(180)	(529)
1.20	Cash at beginning of quarter/year to date	1,142	1,491
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	962	962

### 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

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### 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
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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
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## 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	962	145
5.2 Deposits at call	-	997
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	962	1,142

## 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	N/A			
6.2	Interests in mining tenements acquired or increased	E26697 E26698 E26699	Granted Granted Granted	- - -	100% 100% 100%

### 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> <i>(description)</i>				
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	Escrow release	20,124,425		
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
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</i> 20.0c	<i>Expiry date</i> 30 June 2012
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 January 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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