

Palace Resources Limited
ACN 106 240 475
to be renamed
TikForce Limited

Supplementary Prospectus

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 1 October 2015 (**Prospectus**) issued by Palace Resources Limited (ACN 106 240 475) (**Company**).

This Supplementary Prospectus is dated 8 January 2016 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Supplementary Prospectus.

Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website (www.palaceresources.com.au).

The Company will send a copy of the Supplementary Prospectus to all applicants who have applied for Shares pursuant to the Prospectus prior to the date of this Supplementary Prospectus and the Company will provide a copy of the Prospectus and Supplementary Prospectus free of charge to any person on request.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

1. EXTENSION OF TIME FOR SHARES TO BE ADMITTED TO OFFICIAL QUOTATION

In accordance with the Corporations Act, if a person offers securities under a disclosure document (e.g. a prospectus) and the disclosure document states or implies that the securities are to be quoted on a financial market (e.g. ASX) and the securities are not admitted to quotation within 3 months after the date of the disclosure document (**Quotation Condition**) then an issue or transfer of securities in response to an application made under the disclosure document is void and the person offering the securities must return the money received by the person from the applicants as soon as practicable.

Under the Prospectus, if the Minimum Offer Subscription is not achieved within 3 months from the date of the Prospectus, all applications and application monies will be dealt with in accordance with the provisions of the Corporations Act. Further, the Corporations Act provides that where a disclosure document states that the securities will not be issued or transferred unless a minimum amount is raised and that condition is not satisfied within 4 months after the date of the disclosure document (**Minimum Subscription Condition**), the person offering the securities must repay the money received from applicants or give applicants a supplementary disclosure document and one month to withdraw their application and be repaid.

Initially, the Company had until 1 January 2016 to comply with the Quotation Condition and the Minimum Subscription Condition. However, the Company has been granted a modification of the Corporations Act by ASIC (**ASIC Modification**), which gives the Company:

- (a) a further 3 months after the date of this Supplementary Prospectus for the Quotation Condition to be satisfied; and
- (b) a further 4 months after the date of this Supplementary Prospectus for the Minimum Subscription Condition to be satisfied.

In addition, ASX has granted a waiver of Listing Rule 14.7 (as it applies to Listing Rule 7.3.2) to allow the issue of Shares under the Offers later than 3 months after the Company obtained Shareholder approval for that issue. The latest date for issue of those Shares is now 1 April 2016.

As at the date of this Supplementary Prospectus, the Shares offered under the Prospectus are not admitted to Official Quotation and the Minimum Subscription Condition has not been satisfied. Applications under the Public Offer have been received as set out in Section 2 of this Supplementary Prospectus.

The ASIC Modification has been granted on the condition that applicants be given one month from the date of this Supplementary Prospectus to withdraw their applications and be repaid. Details of the withdrawal process are set out in Section 3 of this Supplementary Prospectus.

2. STATUS OF THE FUNDRAISING

As at the date of this Supplementary Prospectus, the Company has a total of \$3,458,000 in application proceeds held on trust from 232 Applicants, which does not in itself satisfy the Minimum Subscription Condition. However, in addition, the Company has been advised of finalised commitments to subscribe for Shares under the Prospectus for a further \$1,075,000. These application proceeds and further commitments remain subject to the withdrawal rights in Section 3 of this Supplementary Prospectus.

3. WITHDRAWAL RIGHTS

3.1 Withdrawal of previous Applications

If you are an existing Applicant and want to exercise your right to withdraw your application for Shares and be repaid your application monies, you must provide the Company written notice, to the address set out below, of your wish to do so **no later than 5:00pm (WST) on 8 February 2016**.

**Mr Roland Berzins
Palace Resources Limited
Suite 2, 16 Ord Street
West Perth WA 6005**

The details for the payment of the refund cheque and address to which it should be sent as set out in your written request must correspond to the details contained in the Application Form lodged by you.

Any repayments made by the Company pursuant to an existing Applicant exercising their right to withdraw their application will be made in full without interest.

If you do not wish to withdraw your application, you do not need to take any action.

3.2 New Applications

New applications for Shares on and from the date of this Supplementary Prospectus must be made using the Supplementary Application Form attached to or accompanying this Supplementary Prospectus. The Supplementary Application Form contains detailed instructions on how it is to be completed.

Applications made on the Application Form attached to or accompanying the Prospectus on or after the date of this Supplementary Prospectus will not be valid.

4. AMENDMENTS TO PROSPECTUS

4.1 Indicative timetable

The indicative timetable set out in the Prospectus is replaced by the following:

Indicative timetable	
General Meeting of the Company	12 August 2015
Shares were suspended from Official Quotation on ASX	12 August 2015
Lodgment of the Prospectus with ASX & ASIC	1 October 2015
Opening Date for the Public Offer	8 October 2015
Lodgement of the Supplementary Prospectus	8 January 2016
Closing Date for the Public Offer	8 February 2016

Completion of Proposed Acquisition	15 February 2016
Issue of Consideration Securities and Securities under the Public Offer and Other Offers	15 February 2016
Dispatch of holding statements	16 February 2016
Expected date for Shares to be reinstated to trading on ASX (subject to ASX's discretion)	23 February 2016

Note: The dates shown in the table above are indicative only and may change without notice. In particular, the Company reserves the right to vary the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

4.2 Minimum Subscription

Section 2.10 of the Prospectus is replaced by the following:

The minimum subscription under the Public Offer is 45,000,000 Shares at an issue price of \$0.10 per Share to raise \$4,500,000.

The Company will not issue any Securities under the Offers until the Minimum Offer Subscription is achieved and the conditions of the Offers are satisfied. Following the ASIC Modification, should the Minimum Offer Subscription not be achieved within 4 months from the date of the Supplementary Prospectus (i.e. 8 May 2016), or such period as varied by ASIC, all applications and application monies will be dealt with in accordance with the provisions of Corporations Act.

There are no minimum subscription amounts for the Other Offers.

4.3 ASX Listing

Section 2.22 of the Prospectus is replaced by the following:

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus was made within 7 days after the date of the Prospectus.

However, Applicants should be aware that the Shares offered pursuant to this Prospectus will not be admitted to Official Quotation unless and until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules and receives the approval of ASX to be reinstated to trading on the Official List.

Following the ASIC Modification, if the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of the Supplementary Prospectus (i.e. 8 April 2016), or such period as varied by ASIC, the Company will not issue any Securities pursuant to the Offers and will repay all application monies for those Shares within the time prescribed under the Corporations Act, without interest. In these circumstances, the Proposed Acquisition will not proceed.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.4 Misto Securities Sale Agreement

The first paragraph of section 5.2(b) of the Prospectus is replaced by the following, but otherwise the remainder of section 5.2(b) remains unchanged:

Completion of the Misto Securities Sale Agreement is conditional on each of the following being satisfied on or before 31 March 2016 (or such later date as agreed between the Company, the Misto Vendors and Misto):

Section 5.2(c) of the Prospectus is replaced by the following:

The Misto Securities Sale Agreement may be terminated by any party to the Misto Securities Sale Agreement if the Misto Conditions are not satisfied (or waived), or become incapable of being satisfied and are not waived, by 31 March 2016 (or such later date as agreed between the Company, the Misto Vendors and Misto).

4.5 Min-Trak Securities Sale Agreement

The first paragraph of section 5.3(d) of the Prospectus is replaced by the following, but otherwise the remainder of section 5.3(d) remains unchanged:

Completion of the Min-Trak Securities Sale Agreement is conditional on, amongst other things, each of the following being satisfied or waived on or before 31 March 2016 (or such later date as agreed between the Company, the Min-Trak Vendors and Min-Trak):

Section 5.3(e) of the Prospectus is replaced by the following:

The Min-Trak Securities Sale Agreement may be terminated by any party to the Min-Trak Securities Agreement if the Min-Trak Conditions are not satisfied (or waived) or become incapable of being satisfied and are not waived by 31 March 2016 (or such later date as agreed between the Company, the Min-Trak Vendors and Min-Trak).

4.6 TikForce Securities Sale Agreement

Section 5.4(c) of the Prospectus is replaced by the following:

Completion must occur on a date agreed by the parties no later than 31 March 2016 (or such other date as is agreed by the parties).

4.7 Min-Trak Loan Facility Agreement

Section 5.6(d) of the Prospectus is replaced by the following:

Subject to an event of default not occurring prior to Completion, Min-Trak must repay all outstanding moneys advanced under the Min-Trak Facility, together with any interest which has accrued (**Min-Trak Outstanding Monies**) as of 30 April 2016 (or such later date as is agreed between the parties). On Completion of the Min-Trak Securities Sale Agreement, all Min-Trak Outstanding Monies will be forgiven and will be treated as an intercompany loan.

4.8 Loan Facility Agreements with Spartan Nominees Pty Ltd

Section 5.7(c) of the Prospectus is replaced by the following:

The repayment date under the Spartan Loan Agreement is 30 April 2016 (**Spartan Repayment Date**).

Section 5.8(c) of the Prospectus is replaced by the following:

The repayment date under the Second Spartan Loan Agreement is 30 April 2016 (**Second Spartan Repayment Date**).

4.9 Silikonrok Advisory Mandate

Section 5.10(g) of the Prospectus is replaced by the following:

The Silikonrok Advisory Mandate has been extended by mutual agreement of the parties to 30 April 2016.

4.10 Evidence of Identity and Customer Authentication Services Agreement with Authenticate Pty Ltd

A new section 5.21 is inserted into the Prospectus as follows:

5.21 Evidence of Identity and Customer Authentication Services Agreement with Authenticate Pty Ltd

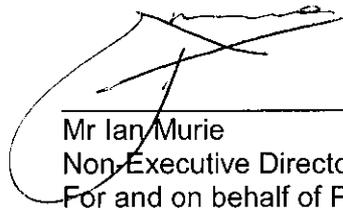
- (a) On 20 October 2015, TikForce entered into an Agreement for Provision of Evidence of Identity and Customer Authentication Services with Authenticate Pty Ltd (**ISX**) under which ISX will provide services (**ISX Services**) to authenticate the identity of individuals for the principal purposes of payment verification (**Authentication Services Agreement**).
- (b) The Authentication Services Agreement will expire on the date 3 years after the date the ISX Services are integrated with the Company's system (expected to occur on 1 February 2016) and will be automatically extended for further term(s) of 3 years, subject to the parties' rights of termination.
- (c) Nothing in the Authentication Services Agreement creates a joint venture, partnership or general agency relationship between TikForce and ISX. However, if and as required by law, ISX will act as a non-exclusive agent for TikForce in collecting end user data on behalf of TikForce.
- (d) ISX will charge TikForce a minimum monthly charge of \$2,000 (excluding tax), with additional amounts payable where charges for ISX Services exceed the minimum monthly charge.
- (e) TikForce must exclusively use ISX Services in certain circumstances. For example, TikForce must use the ISX 'Know Your Customer' service to attempt to identify all new end users and re-validate existing active end users.
- (f) The Authentication Services Agreement does not alter ownership of pre-existing intellectual property rights.
- (g) All intellectual property rights contained in, relating to or in connection with the provision of the ISX Services are owned by ISX or its licensees.
- (h) ISX is the sole owner of non-personalised, metadata, derived and statistical data. TikForce, ISX and the end user jointly own all data and profiles created as part of the ISX Service.

- (i) TikForce warrants that ISX's use of TikForce's intellectual property rights and documents made available for the purposes of the Authentication Services Agreement will not infringe the intellectual property rights of any person and has given a corresponding indemnity in favour of ISX.
- (j) Either party may terminate the Authentication Services Agreement for convenience by giving three months' written notice.
- (k) Liabilities of either TikForce or ISX exclude consequential loss and are capped to the total sum of fees charged for the ISX Services in the 3 months immediately preceding the loss.
- (l) The Authentication Services Agreement is governed by the laws of Victoria.

5. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Mr Ian Murie
Non-Executive Director
For and on behalf of Palace Resources Limited