

ASX ANNOUNCEMENT

The directors of Palace Resources Ltd (“Palace”, “PXR” or the “Company”) have pleasure in presenting their quarterly report for the period ended 30 September 2015.

Operations Report

September Quarter 2015

Activity

With respect to the Acquisition of TikForce and Min Trak, the Company sought shareholder’s approval for this, and other matters, at a meeting of shareholders on 12 August 2015.

The combined resolutions were overwhelmingly approved by shareholders and the Company is now in the process of completing the capital raising associated with the acquisitions and other matters as approved by shareholders.

The prospectus was lodged with ASIC on 1 October 2015

Capital Structure

Subsequent to the receipt of shareholder’s approval, and the completion of the consolidation, the following securities are on issue as at 30 September 2015:

- FPO 11,927,979; and
- Options 2,098,775 Exercisable at \$0.200 and expiring 28 Feb 2016.
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Roland Berzins
Company Secretary
30 September 2015

Schedule as per *ASX Listing Rule 5.3.3*

Tenement Status

Project	Location	Tenement	Blocks	Holder	Beneficial percentage interest held in farm out arrangements at the end of the quarter	Beneficial percentage interest held in farm out arrangements acquired or disposed of during the quarter
Tanami	Australia Northern Territory	EL25207	244	Palace Resources Ltd	10%	Nil

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

PALACE RESOURCES LIMITED

ABN

74 106 240 475

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration & evaluation	(1)	(1)
(b) development	-	-
(c) production	-	-
(d) administration	(48)	(48)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(49)	(49)
Cash flows related to investing activities		
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	(41)	(41)
1.11 Loans from other entities	-	-
1.12 Other (Unsecured Loans)	-	-
Net investing cash flows	(41)	(41)
1.13 Total operating and investing cash flows (carried forward)	(90)	(90)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(90)	(90)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from convertible notes	102	102
1.16	Proceeds from borrowings	137	137
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (prospectus costs)	(106)	(106)
	Net financing cash flows	133	133
	Net increase (decrease) in cash held	43	43
1.20	Cash at beginning of quarter/year to date	8	8
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	51	51

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	-
1.24 Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

All directors' fees, salaries and superannuation were accrued, no cash payment during the quarter – 1.2

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

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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

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+ See chapter 19 for defined terms.

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	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1
4.2	Development	-
4.3	Production	-
4.4	Administration	45
Total		46

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	51	8
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		51	8

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	11,208,602	11,208,602		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (consolidation)	719,377 (1,110,176,583)	719,377 (1,110,176,583)		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,098,775	2,098,775	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 28 February 2016
7.8 Issued during quarter	,-	-		
.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

