

25th February 2014

Company Announcements Office
Australian Securities Exchange
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Sir / Madam

Withdrawal of Partially Underwritten Non-Renounceable Entitlement Issue of Shares

On 17 February 2014, Palace Resources Ltd (**Company**) announced a pro-rata non-renounceable offer to eligible shareholders of 1 ordinary fully paid share for every 1 share held on the Record Date at an issue price of \$0.002 each and 1 option for every 2 shares allotted at an issue price of \$0.0001 (**Offer**). The options have an exercise price of \$0.002 and an expiry date of 28th February 2015.

Due to an anomaly concerning the proposed issue of the options and ASX listing rules, this prospectus has been withdrawn.

A replacement prospectus will be issued forthwith, with the following securities offered:

“a pro-rata non-renounceable offer to eligible shareholders of 1 ordinary fully paid share for every 1 share held on the Record Date at an issue price of \$0.002 each and 1 option for every 2 shares allotted at an issue price of \$0.001 (**Offer**). The options have an exercise price of \$0.002 and an expiry date of 28th February 2016.

The Company apologises for any inconvenience caused by this aberration, and looks forward to the shareholders and public / institutional support of the revised prospectus.

Yours Sincerely

Roland Berzins
Company Secretary