

Ms Hayley Pratt
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ASX Listings Compliance
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March 16, 2018

APPENDIX 4C QUERY

In reference to your letter of 9 March 2018 regarding the Appendix 4C quarterly report for the period ended 31 December 2017 lodged with the ASX on 31 January 2018, the response to your six queries in number order is as follows:

1. The Company expects to continue to have negative operating cash-flows for the time being.
2. Yes, the Company has today executed a Corporate Advisory Mandate for a Convertible Note of up to A\$2M and a general Corporate Advisory Services Mandate with Regency Corporate Pty Ltd (“Regency”). Under this mandate Regency, will act as exclusive Lead Manager to the Convertible Note raising (Refer to ASX Announcement 16 March 2018 “Tikforce Secures a Funding Facility of up to \$2M”).

Pursuant to the terms of the Mandate, Regency Corporate will arrange funding for TikForce of an initial funding tranche of \$1.2M via a convertible note from sophisticated and professional investors. The funding available under the facility with Regency can be increased by the company, by an additional \$0.8M to total a \$2M Convertible Note facility. Once the Company elects to increase the Convertible Note, the additional funds will be advanced within 14 business days.

In addition to the Regency mandate, the company has engaged London based East Star Capital (U.K.) Ltd to assist in a placement to assist with the expansion into UK and EU markets (Announced to ASX on 14 February 2018). The initial placement is to raise \$0.4M with the placement of 20M Ordinary Shares. Under the mandate East Star can also raise additional capital of up to \$1.1M to support UK growth opportunities.

The board is confident that, given discussions held to date, the experience of the board in raising funds, and the ongoing support of its major shareholders, the Company will be able to successfully raise further cash to fund its operations.

3. Yes, the Company expects to be able to continue its operations and meet its business objectives based on the funding plan in place.

4. Yes, the company is in a solvent position based on secured funding arrangements now in place.
5. Yes, the Company confirms it is in compliance with ASX Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with Listing Rule 3.1 that has not already been released to the market.
6. It is confirmed that the responses to the questions above have been authorised and approved by the Board of Directors.

Please contact me if you would like to discuss any of the above matters.

Yours sincerely,



STUART USHER
Company Secretary



9 March 2018

Mr Madhukar Bhalla
Company Secretary
Tikforce Limited
Suite A7
435 Roberts Road
SUBIACO WA 6008

By email: madhu@tikforce.com

Dear Mr Bhalla

Tikforce Limited ("TKF"): Appendix 4C Query

ASX Limited ("ASX") refers to the following:

- A. TKF's Appendix 4C quarterly report for the period ended 31 December 2017 lodged with ASX Market Announcements Platform ("MAP") on 31 January 2018 (the "Appendix 4C") which disclosed:
- negative net operating cash flows for the quarter of \$554,000;
 - cash at the end of the quarter of \$176,000; and
 - estimated cash outflows for the next quarter of \$758,000.
- B. TKF's announcement entitled "Closure of Pro-Rata Non-Renounceable Entitlement Offer" lodged on MAP on 9 February 2018 which disclosed that the Company's one for three pro-rata non-renounceable entitled offer closed with \$73,292.70 acceptances received and a shortfall of \$777,754.30.
- C. TKF's announcement entitled "Shortfall Issue and Appendix 3B" lodged on MAP on 13 February 2018 which disclosed that \$131,558.13 shortfall applications were received and TKF raised a total of \$204,850.83 before expenses from the rights issue entitlement and shortfall offers.
- D. TKF's announcement entitled "Funding Mandate" lodged on MAP on 14 February 2018 which disclosed that TKF had engaged East Star Capital (U.K.) Ltd to assist in a placement of up to 20,000,000 ordinary fully paid shares at an issue price of \$0.02 to sophisticated investors to raise \$400,000.
- E. TKF's announcement entitled "TKF Appendix 4D & Half Year Financials 31 December 2017" lodged on MAP on 1 March 2018 which disclosed:
- total current assets of \$389,347;
 - total current liabilities of \$1,365,320;
 - negative net liabilities of \$878,733; and
 - the Independent Auditor's Review Report which included the following emphasis of matter:

Emphasis of Matter – Inherent uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 1 to the half-year financial report which outlines that the ability of Tikforce Limited to continue as a going concern is dependent on its ability to develop profitable cash flows from current activities, control costs, and access additional capital or debt.

As a result, there is a material uncertainty related to events or conditions that may cast significant doubt on Tikforce Limited's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Our conclusion is not qualified in respect of this matter.

It is possible to conclude, based on the information in the Appendix 4C, that if TKF were to continue to expend cash at the rate indicated by the Appendix 4C, TKF may not have sufficient cash to continue funding its operations. In view of that, ASX asks TKF to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does TKF expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has TKF taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does TKF expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Referring to the definitions of "solvent" and "insolvent" in section 95A of the Corporations Act, please confirm that TKF is solvent.
5. Please confirm that TKF is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
6. Please confirm that TKF's responses to the questions above have been authorised and approved by its board.

Please also provide any other information that TKF considers may be relevant to ASX forming an opinion on whether TKF is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **5:00 pm AWST on Tuesday, 13 March 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in TKF's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TKF's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Hayley.Pratt@asx.com.au and to tradinghaltspertth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to TKF's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that TKF's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in TKF's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Hayley Pratt

Adviser, Listings Compliance (Perth)

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