

Ms Penelope Reid
 Advisor
 Listings Adviser, ASX Listings Compliance
 Level 40, Central Park
 152-158 St Georges Terrace
 Perth WA 6000

April 2, 2019

By Email: ListingsCompliancePerth@asx.com.au

ASX FINANCIAL CONDITION QUERIES

In response to your letter dated 29 March 2019 I provide the following responses as follows:

1. Please state TKF's current cash balance as at the date of your response to this letter.

Bank Balance as at 2 April 2019 is \$4,229.

2. Please provide a schedule of all TKF's liabilities as at the date of your response to this letter, including with each entry the following information:

- 2.1 the quantum of funds owed and who it is owed to;**
- 2.2 whether the liability is secured, and if so, details of the security;**
- 2.3 the date the liability is payable (which may be in the past); and**
- 2.4 whether the liability is presently payable.**

Refer to Appendix A. (Not for release to market)

Summary as follows;

Details	Presently payable	Not due	Total Amount	Security
Past due Creditors who have agreed for an issue of shares in lieu of cash	-	\$192,859	\$192,859	Unsecured
Past due Creditors who have agreed to a deferment of payment	-	\$191,713	\$191,713	Unsecured
Creditors currently payable	\$159,136	-	\$159,136	Unsecured
Statutory liabilities under payment plan	-	\$135,521	\$135,521	Unsecured
Interest on convertible note	-	\$85,383	\$85,383	Secured over Coy and assets
Convertible notes	-	\$2,000,000	\$2,000,000	Secured over Coy and assets
Total	\$159,136	\$2,605,476	\$2,764,612	

3. Having regard to the information provided in response to questions 1 and 2 above, please state whether TKF is able to pay all of its debts as and when they become due and payable, explaining the basis for your conclusion.

Consistent with the 'Going Concern' note, as included in the Interim Financial Report for the half year ended 31 December 2018, as lodged with ASX on 28 February 2019, TKF confirms it believes it will be able to pay all of its debts as and when they become due and payable.

In forming this view the Directors have taken into consideration the following;

- The ability of the Company to obtain funding through various sources, including debt and equity issues;
- Maintenance of all current payment plans related to statutory obligations;
- Letters of financial support provided by the Company's corporate advisors that will provide sufficient funding to enable the company to pay its debts as and when they fall due; and
- The successful renegotiation of convertible notes to extend the terms for a further 12 months to 30 March 2020 with interest accrued up to 30 March 2019 payable in cash on or before 30 June 2019. From 31 March 2019, interest will accrue and will be payable at maturity date by the issue of shares (subject to shareholder approval). This was agreed upon and announced to ASX on 29 March 2019.

4. If TKF is not able to pay its debts as and when they become due and payable, please state the date on which TKF first became aware that this was the case.

Not applicable based on response at question 3.

5. Does TKF consider that the financial condition of TKF is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2?

If the answer is "Yes", please explain the basis on which TKF has formed the conclusion that the financial condition of TKF is sufficient to warrant continued listing on ASX in accordance with the requirements of Listing Rule 12.2.

In your response, please address the potential impact for TKF if the Convertible Notes are not converted into shares and options in full or part by the 30 March 2019 maturity date and/or TKF is required to repay the \$350,000 cash consideration for the Transaction.

Yes, TKF does consider that the financial condition of TKF is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2.

TKF has formed the opinion based on the response provided at question 4. In addition the company has made it known to ASX and through announcements through MAP, that the Company is actively pursuing other business opportunities.

In the response at question 4, it has been confirmed that the Convertible Notes have been extended.

Should TKF be required to repay \$350,000 cash consideration to Gambier Holdings Ltd, it will raise additional capital and negotiate a payment plan in line with the Company's cash position and capital raising plans. TKF notes that shareholders almost unanimously approved the Transaction when it was put to shareholders late last year. The shareholder base has not significantly changed since the date of the shareholder meeting, and the Company has no reason to believe that the outcome of the approval will be any different. The risk of TKF having to repay the \$350,000 is not material.

6. If the answer to questions 5 is "No", please provide reasons why, including what steps TKF has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.

Not applicable.

7. Please confirm whether there are any legal proceedings currently on foot against TKF and if so, please provide details. In your response, please address the status of the legal proceedings commenced by Alignment Capital Pty Ltd against TKF in the Supreme Court of Western Australia, as noted in TKF's announcement titled "Legal Proceedings against Tikforce Ltd by Alignment Capital" released on MAP on 17 April 2018.

There are no legal proceedings against TKF, apart from the disclosed legal proceedings commenced by Alignment Capital Pty Ltd in the Supreme Court of Western Australia. Since the date of the ASX announcement on 17 April 2018, there has been no further update. The claim continues to be unquantified by Alignment and a mediation date is still to be agreed upon.

8. Please confirm that TKF is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

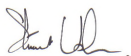
Yes.

9. Please confirm that TKF's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TKF with delegated authority from the board to respond to ASX on disclosure matters.

Yes.

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

Yours sincerely,



STUART USHER

Company Secretary



29 March 2019

Mr Stuart Usher
Company Secretary
Tikforce Limited

By email: company@tkfltd.com

Dear Mr Usher

Tikforce Limited ('TKF'): Financial condition queries

ASX refers to the following:

- A. TKF's Half Year Accounts for the half year ended 31 December 2018 released on the ASX Market Announcements Platform ("MAP") on 28 February 2019 ("Half Year Accounts") which state in the condensed consolidated statement of cash flows that TKF's cash and cash equivalents at the end of the period was (\$1,380).
- B. The Half Year Accounts state that TKF has total current liabilities of \$3,180,917. Of these liabilities, \$2,483,212 comprises borrowings, including \$2 million worth of issued convertible notes initially announced by TKF on 16 March 2018 ("Convertible Notes"). TKF's total current assets at 31 December 2018 were \$201,909, creating a net asset position of (\$2,979,008).
- C. Following completion of the sale of TKF's main undertaking to Gambier Holdings Ltd (originally announced 20 August 2018) ("Transaction"), TKF has no business. As per previous correspondence with ASX, including the ASX letter to TKF dated 17 August 2018, the consequence of completion of the Transaction is that ASX will exercise its discretion under listing rule 11.1.3 to require TKF to re-comply with the admission and quotation requirements in chapters 1 and 2 of the Listing Rules on acquisition of another business, and TKF's securities will remain suspended until it does so under listing rule 11.1.3 (though as you are aware, the securities of TKF were suspended for the reasons apparent in TKF's announcement of 25 January 2019 titled "ASX Letter – Suspension Status" and remain suspended).
- D. TKF's announcement titled "Conversion Notices Received from Convertible Note Holders" released on MAP on 10 July 2018 which states that TKF has received notices to convert all \$2 million worth of the Convertible Notes. TKF received shareholder approval for conversion of the Convertible Notes at a shareholder meeting held on 2 November 2018 and had 3 months from the date of the meeting to issue the conversion securities.
- E. TKF's announcement titled "Update on convertible notes" released on MAP on 5 February 2019 ("February Announcement") states that TKF has, since the date of the shareholder meeting, had a number of Convertible Note holders verbally advise TKF that they no longer wish to have their Convertible Notes converted. It states further that TKF has been in ongoing negotiation with the Convertible Note holders to have them convert in accordance with the terms of the Convertible Notes, though efforts have been unsuccessful to date and TKF has received notices of rescission of convertible note conversions. It states TKF will *'...continue to have discussions with all Convertible Note holders with the intention of facilitating conversion of the Convertible Notes into shares and options prior to the maturity date, to preserve the Company's cash reserves. Conversion is subject to shareholder approval.'*
- F. The February Announcement states that: (a) the maturity date of the Convertible Notes is 30 March 2019, at which time TKF may be liable to repay the Convertible Notes in full by payment of the sum of \$2,000,000; and (b) interest has been paid monthly on the convertible notes of \$33,333 since April 2018.
- G. The ASX letter dated 22 March 2019, released by TKF on MAP on the same date, which states that TKF must seek fresh shareholder approval for the sale of TKF's main undertaking to Gambier pursuant to listing rule

11.2 and seek shareholder approval under listing rule 11.4 for approval of the disposal of its major asset without an offer of the type referred to in listing rule 11.4.4(a) being made.

H. Listing Rule 12.2 which states:

12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

Request for Information

Pursuant to listing rule 18.7, in light of the information set out above, ASX requires TKF to answer the following questions in a form suitable for release to the market:

1. Please state TKF's current cash balance as at the date of your response to this letter.
2. Please provide a schedule of all TKF's liabilities as at the date of your response to this letter, including with each entry the following information:
 - 2.1 the quantum of funds owed and who it is owed to;
 - 2.2 whether the liability is secured, and if so, details of the security;
 - 2.3 the date the liability is payable (which may be in the past); and
 - 2.4 whether the liability is presently payable.
3. Having regard to the information provided in response to questions 1 and 2 above, please state whether TKF is able to pay all of its debts as and when they become due and payable, explaining the basis for your conclusion.
4. If TKF is not able to pay its debts as and when they become due and payable, please state the date on which TKF first became aware that this was the case.
5. Does TKF consider that the financial condition of TKF is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2?

If the answer is "Yes", please explain the basis on which TKF has formed the conclusion that the financial condition of TKF is sufficient to warrant continued listing on ASX in accordance with the requirements of Listing Rule 12.2.

In your response, please address the potential impact for TKF if the Convertible Notes are not converted into shares and options in full or part by the 30 March 2019 maturity date and/or TKF is required to repay the \$350,000 cash consideration for the Transaction.

6. If the answer to questions 5 is "No", please provide reasons why, including what steps TKF has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.
7. Please confirm whether there are any legal proceedings currently on foot against TKF and if so, please provide details. In your response, please address the status of the legal proceedings commenced by Alignment Capital Pty Ltd against TKF in the Supreme Court of Western Australia, as noted in TKF's announcement titled "Legal Proceedings against Tikforce Ltd by Alignment Capital" released on MAP on 17 April 2018.
8. Please confirm that TKF is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that TKF's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TKF with delegated authority from the board to respond to ASX on disclosure matters.

In providing the information above, ASX would remind you that an officer or employee of a listed entity who gives, or authorises or permits the giving of, materially false or misleading information to ASX:

- knowingly, breaches section 1309(1) of the Corporations Act, which is a criminal offence punishable by a fine of up to 200 penalty units and/or imprisonment for up to 5 years; or
- without taking reasonable steps to ensure that the information was not false or misleading, breaches section 1309(2) of the Corporations Act, which is a criminal offence punishable by a fine of up to 100 penalty units and/or imprisonment for up to 2 years.

When and where to send your response

Please note that ASX reserves its right under Listing Rule 18.7A to release this letter and TKF's response to the market. Accordingly, TKF's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under Listing Rule 3.1, a response is requested as soon as possible and, in any event by no later than **9:00 am AWST Tuesday, 2 April 2019**. Any response should be sent to me by return email at ListingsCompliancePerth@asx.com.au. It should not be sent to the ASX Market Announcements Office.

Enquiries

If you have any queries regarding any of the above, please contact me.

Yours sincerely

Penelope Reid
Listings Adviser, Listings Compliance (Perth)