
TIKFORCE LIMITED

ACN 106 240 475

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10.00am AWST

DATE: 27 June 2019

PLACE: Suite 1, Ground Floor, 437 Roberts Rd, Subiaco, WA 6008

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am AWST on 25 June 2019.

ASX takes no responsibility for the contents of this Notice of Meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL TO DISPOSE OF A MAIN UNDERTAKING

To consider and, if thought fit, to pass, with or without amendment, the following a resolution as an **ordinary resolution**:

*“That for, the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the Company to dispose of the Company’s business operating as “Tikforce” to Gambier Holdings Limited (a company incorporated in the United Kingdom) (**Gambier**) on the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) a person who might obtain a benefit (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their associates;
- (b) all current and former directors and management of the Company or their associates;
- (c) Silikonrok Pty Ltd; and
- (d) the individuals behind Gambier, Credenxia Plc and Silikonrok Pty Ltd, or their related parties or associates.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – APPROVAL TO DISPOSE OF MAJOR ASSET

To consider and, if thought fit, to pass, with or without amendment, the following a resolution as an **ordinary resolution**:

*“That for, the purposes of ASX Listing Rule 11.4 and for all other purposes, approval is given for the Company to dispose of the Company’s business operating as “Tikforce” to Gambier Holdings Limited (a company incorporated in the United Kingdom) (**Gambier**) without an offer referred to in ASX Listing Rule 11.4.1(a) being made on the terms and conditions set out in the Explanatory Statement.”*


Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) a party to the transaction to dispose of the Company’s business operating as “Tikforce” or their associates;
- (b) all current and former directors and management of the Company or their associates;
- (c) Silikonrok Pty Ltd; and
- (d) the individuals behind Gambier, Credenxia Plc and Silikonrok Pty Ltd or their related parties or associates.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 27 May 2019

By order of the Board



Stuart Usher

Company Secretary

TIKFORCE LIMITED

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

The votes cast on the Resolutions will be scrutineered by the Company's auditor or another party acceptable to ASX.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6380 2555.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

1.1 Previous approval under Listing Rule 11.2

Shareholder approval pursuant to ASX Listing Rule 11.2 for the disposal of the Company's business operating as "Tikforce" (**Tikforce Business**) to Gambier Holdings Limited (a company incorporated in the United Kingdom on 27 June 2018) (**Gambier**) (**Disposal**) was previously obtained on 2 November 2018, pursuant the notice of meeting issued on 28 September 2018 (**Original Notice of Meeting**). The motion was duly passed with 118,612,830 votes cast in favour of the resolution (being approximately 98.84% of all votes cast).

As previously announced, the Tikforce Business consisted of the development and sale of a suite of software applications and IT systems to support validating credentials for employees and suppliers. The Company, through its wholly owned subsidiary Tikforce Operations Pty Ltd, had continued to develop the Tikforce Business, which is a suite of software applications and IT systems to support the changing labour market. The platform enabled potential workers to create a profile with validated credentials that they could share with or link to prospective employers. It also provided employers or organisations seeking to engage workers with the ability to digitally review proof of identity, and confirm the qualifications, skills and employment documents of workers, thereby ensuring a review of relevant credentials and compliance for both employees and employers. It also enabled communication between employees and employers, as well as job and task tracking, to further provide facts on work productivity and worker suitability.

1.2 Approvals under Listing Rules 11.2 and 11.4

The Company and ASX have been in ongoing correspondence in relation to the circumstances of the sale of the Tikforce Business. ASX has imposed the requirement for the Company to seek the approvals in this Notice under Listing Rules 11.2 and 11.4. The Company also cross-references all ASX announcements made in 2019 (including ASX's announcement dated 25 January 2019).

Subsequent to the release of the Original Notice of Meeting, the Company has become aware that control of Gambier transferred to Credenxia Plc (a company incorporated in the United Kingdom) (**Credenxia**) on 3 October 2018. Credenxia subsequently prepared an investor presentation that was provided to potential investors on 30 October 2018 which describes a potential listing of the Tikforce Business on AIM (**Credenxia Investor Presentation**). Further details of the relationship between Gambier and Credenxia is set out in Section 2.13.

The Company has also become aware of information regarding relationships between former employees of the Company and Gambier/Credenxia. The Company was first made aware of the relationship between Gambier and Credenxia on 7 December 2018. Further information regarding the relationships between former employees and Gambier/Credenxia were also brought to the Company's attention by ASX on 25 January 2019 and through subsequent correspondence with ASX.

In the interests of providing shareholders with full disclosure, the Company provides the following additional information:

- (a) background to various relationships between former employees of the Company and Gambier/Credenxia that shareholders may consider relevant to the disposal of the Tikforce Business (refer to Section 2.14);
- (b) the common ownership and directorship in an entity shareholder of the Company by a former employee of the Company (who is now associated with Credenxia) and a current Director (refer to Section 2.14); and
- (c) the steps taken by the Board of the Company to satisfy itself that the Disposal was entered into on arm's length terms and at a fair and reasonable price (refer to Section 2.15).

2. RESOLUTIONS 1 AND 2 – APPROVAL TO DISPOSE OF A MAIN UNDERTAKING AND MAJOR ASSET

2.1 Overview

As set out above, the purpose of Resolutions 1 and 2 is to:

- (a) seek Shareholder approval under ASX Listing Rule 11.4 for the disposal of the Tikforce Business in circumstances such that the Tikforce Business may become listed; and
- (b) seek fresh Shareholder approval under ASX Listing Rule 11.2 for the disposal of the Tikforce Business.

2.2 ASX Listing Rule 11.4

ASX Listing Rule 11.4 provides that an entity must not dispose of a major asset if at the time of the disposal it is aware that the person acquiring the asset intends to issue or offer securities with a view to becoming listed. This rule does not apply if:

- (a) the securities, except those to be retained by the entity are offered pro-rata to holders of ordinary securities in the listed entity or in another way that, in ASX's opinion is fair in all of the circumstances; or
- (b) holders of ordinary securities in the listed entity approve the disposal without the offer referred to in 2.2(a) being made.

The disposal of the Tikforce Business to Gambier involved the sale of the Company's sole asset. Additionally, given that Credenxia has described a potential listing of the Tikforce Business, the Company seeks Shareholder approval for the disposal of the Tikforce Business in circumstances such that the Tikforce Business may become listed.

Shareholders are not being offered an opportunity to participate in the listing of Credenxia because:

- (a) the Company has no relationship with Credenxia whatsoever; and
- (b) the Company has no knowledge of any imminent plans of Credenxia to seek a listing.

2.3 ASX Listing Rule 11.2

ASX Listing Rule 11.2 provides that where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain the approval of its shareholders.

2.4 Licence Agreement

On or about 16 August 2018, the Company's wholly owned subsidiary, Tikforce Operations Pty Ltd (ACN 168 318 616) (**TOPL**), entered into a binding Global Software Licence Agreement with Gambier (**Licence Agreement**), under which TOPL agreed grant to Gambier an exclusive, non-revocable, royalty free, world-wide licence to use the "TikForce" cloud-based workforce compliance platform (**Licence**).

The initial consideration payable to TOPL for the grant of the Licence was \$10 for the period following commencement of the Licence until 30 September 2018 (**Term**). Pursuant to the Licence Agreement, it was agreed that should TOPL elect to terminate the Licence at the end of the Term, Gambier had the right to elect to extend the Licence in perpetuity by paying to TOPL:

- (a) a sum of \$100,000 within 14 days following TOPL giving notice of its intention to terminate to Gambier; and
- (b) a sum of \$250,000 within 3 months following TOPL giving notice of its intention to terminate to Gambier,

(together, the **Extension Fee**).

As announced on 9 October 2018 and 21 November 2018, the Company issued a notice of termination to Gambier in accordance with the terms of the Licence Agreement and Gambier elected to extend the Licence in perpetuity by paying \$100,000 to TOPL.

2.5 Sale Agreement

On 30 November 2018, TOPL entered into a business sale agreement with Gambier for the sale of the Tikforce Business (**Sale Agreement**).

The material terms of the Sale Agreement were as follows:

(a) **Consideration**

Gambier agreed to pay cash consideration of \$250,000 to the Company.

(b) **Conditions Precedent**

The conditions precedent under the Sale Agreement were:

- (i) certain employees, Rafidzal Rafiq, Stephanie Sidolph, Terisa Klenk and Zach Adama, accepting employment by Gambier with effect from completion;
- (ii) the Company and TOPL agreeing to:
 - (A) maintain data security and business continuity, to ensure that all operational matters concerning the Tikforce Business such as the management of servers, databases and management of client relationships are undertaken by the employees until completion; and
 - (B) ensure, and to do all things necessary to ensure, that all of the Company or TOPL's obligations to (including obligations to pay money) suppliers are fully and punctually observed; and
 - (C) promptly notify and furnish full particulars to Gambier of any dispute or notice concerning the suppliers to the Tikforce Business; and
 - (D) promptly notify and furnish full particulars to Gambier of any fact, matter or circumstances that will or may permit a supplier to terminate or suspend supplies under any business contracts and arrangement.
- (iii) the parties entering into a licence agreement authorising Gambier to occupy the premises used for the purpose of conducting the Tikforce Business.

The conditions precedent were satisfied by 30 November 2018 and completion occurred on that date.

(c) **Warranties**

The Sale Agreement contained standard warranties and representations on behalf of the parties typical for an agreement of this nature.

(d) **Other**

The Sale Agreement otherwise contained terms and conditions typical for an agreement of this nature.

The final consideration payment of \$150,000 pursuant to the Licence Agreement and Sale Agreement was received on 9 January 2019.

2.6 Expected use of consideration

The Company proposes to use the funds obtained from the grant of the Licence or Sale Agreement (as applicable) to meet the Company's working capital requirements, to search for and acquire a new business undertaking and subsequently re-comply with the ASX Listing Rules.

2.7 Impact on the Company and Pro Forma Balance Sheet

The total cash consideration payable to the Company pursuant to the Licence Agreement and Sale Agreement was \$350,000.

The impact of the Licence Agreement and Sale Agreement on the Company's balance sheet is reflected in the pro-forma statement of financial position of the Company set out in Schedule 1.

The Licence Agreement and the Sale Agreement did not impact on the Company's capital structure or result in any changes to the Board or senior management of the Company (though the Directors reserve the right to retire and, in accordance with the Constitution and Corporations Act, appoint additional directors in the ordinary course of business going forward).

2.8 Intentions following receipt of Shareholder approval

On 13 December 2018, the Company requested that its securities be placed into a trading halt and the Company subsequently entered into voluntary suspension on 17 December 2018 under ASX Listing Rule 17.2 pending the release of an announcement and a response to ASX queries. The Company has remained in suspension since that date. On 25 January 2019, the Company received a letter from the ASX with queries and a request for submissions in relation to the disposal of the Tikforce Business. The letter was released to the market on this date, at ASX's request to inform the market of the basis for the Company's suspension. Following this, the Company received ongoing queries from ASX and on 22 March 2019 ASX required that the Company seek fresh shareholder approval under ASX Listing Rule 11.2 and shareholder approval pursuant to ASX Listing Rule 11.4 in two separate resolutions.

ASX has indicated that the Company will remain suspended from quotation until the proposed resolutions regarding ASX Listing Rule 11.2 and 11.4 are duly passed by shareholders, and compliance with ASX Listing Rules 12.1 (level of operations must be sufficient) and 12.2 (financial condition must be adequate) (discussed below). In order to comply with ASX Listing Rules 12.1 and 12.2, the Company will be required to acquire a new business and re-comply with Chapters 1 and 2 of the ASX Listing Rules. Accordingly, there is no certainty as to reinstatement of the Company's securities on ASX.

ASX Listing Rules 12.1 and 12.2 provide, as an on-going requirement, that the Company must maintain sufficient levels of operation and adequate financial condition to warrant continued quotation of its securities, in ASX's opinion. Further, under Listing Rule 12.3, quotation of the Company's securities may be suspended where half or more of the Company's assets are made up of cash or other assets readily convertible into cash.

As set out above, completion of the Sale Agreement occurred on 30 November 2018 and therefore the Company no longer has any right, title or interest in the Tikforce Business. The Company intends to actively consider new acquisition, merger, and investment opportunities, both in Australia and overseas, in order to comply with ASX Listing Rules 12.1 and 12.2 and which the Board believes could have potential to add value for the benefit of Shareholders. Aside from the above, the Company is unable to offer any further information regarding its future activities and direction without the Tikforce Business.

2.9 Advantages of the Licence Agreement and Sale Agreement

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

- (a) the Licence and Sale Agreement provide an opportunity for the Company to realise cash proceeds from its main undertaking with a view to seeking new business opportunities for the Company. The Company's main undertaking was costing the Company approximately \$200,000 per month, and the Board was not confident that it would be able to generate sufficient revenue in the near term to offset the ongoing expenses of the business. The revenues derived from the Company's main

undertaking for the 12 months ended 30 June 2018 totalled \$421,689 (2017: \$177,493), No revenues for the 6 months ended 31 December 2018 were recorded (2017: zero);

- (b) the grant of the Licence and the Sale Agreement provides value certainty for Shareholders;
- (c) the grant of the Licence and Sale Agreement will enable the Company to consider alternative asset acquisitions that the Directors believe will add value to Shareholders; and
- (d) the grant of the Licence and Sale Agreement will result in a reduction of operating expenditure and overhead costs for the Company while it considers new opportunities.

The current cash position of the Company is \$4,229. The cash proceeds from the sale of the Tikforce Business have been applied towards payment of creditors and working capital.

2.10 Disadvantages of the Licence Agreement and Sale Agreement

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

- (a) the Sale Agreement involves the sale of the Company's sole asset, which may not be consistent with the investment objectives of all Shareholders;
- (b) there are additional risk factors involved in the change in nature and scale of the Company's activities, including those specified below;
- (c) there is no guarantee that the Directors will be able to source a new asset or project for the Company, with the consequence that the Company will remain without an asset or project indefinitely. Ultimately, ASX may exercise its discretion to remove the Company from the Official List; and
- (d) if the Licence and Sale Agreement do not complete, the Company will be required to raise additional capital in order to continue to finance the Tikforce Business. Any equity financing is likely to dilute Shareholders' interests in the Company. Further, there is no guarantee the Company would be successful in securing additional debt finance on favourable terms or at all.

2.11 Risk factors

Without the Tikforce Business, the Company does not have any material operations or assets and may be unable to source or otherwise acquire a suitable replacement asset within a reasonable time.

Any continued lack of operation or material assets for any extended period is likely to reduce the Company's access to further capital, whether by debt or equity, and as such there is a risk that the Company may not be able to continue to operate on a going concern basis.

Further, for so long as the Company remains in suspension, there is no formal market on which Shareholders can sell Shares, effectively resulting in the Company's securities being illiquid.

2.12 Intention if the Disposal is not approved

The Directors of the Company believed, given the reduction in the Company's revenues and outlook, that the Sale Agreement was the only realistic transaction available to the Company which will result in reasonable value being realised for its assets.

If Resolutions 1 and 2 are not passed and the Disposal is not approved, the Company will seek to negotiate to unwind the Disposal.

Should the Company be required to unwind the Disposal and repay the \$350,000 cash consideration to Gambier, it will need to raise additional capital which would need to be factored into its negotiations with Gambier.

2.13 Relationship between Gambier and Credenxia

Gambier was incorporated on 27 June 2018, with the sole director being Mr Terrence Richards. Credenxia was incorporated on 23 August 2018 with the directors being Messrs Terrence Jones and Ross Taylor. Mr Ross Taylor also controls Credenxia by virtue of holding approximately 75% of the shares in Credenxia.

The control of Gambier was transferred to Credenxia on 3 October 2018 and 75% or more of the shares in Gambier are held by Credenxia.

2.14 Relationships between a Director, former employees of the Company and Gambier/Credenxia

Details of the relationships between a Director, former employees of the Company and Gambier/Credenxia are as follows:

(a) Former employees

During its negotiations with Gambier in July 2018, TKF was aware that Gambier was in the process of seeking to engage some members of the TKF management team and TKF expected (but was not certain) that this would include Grant Thomas, Peter Hudson and Terry Jones and that Gambier would likely engage additional employees of the Company. It was in TKF's interests for Gambier to engage members of the TKF management team if a transaction was concluded between the Company and Gambier because this would have the effect of reducing the number of TKF's staff, in turn decreasing its monthly expenditure.

Messrs Terrance Jones (whom the Company understands is a director of Credenxia), Grant Thomas, Peter Hudson and Rafidzal Rafiq are former employees of the Company and ceased to be employed by the Company on 15 July 2018. Pursuant to the Credenxia Investor Presentation, Credenxia indicated that the management team of Credenxia would comprise of Ross Taylor as Non-executive Chairman, Peter Hudson as Chief Technology Officer, Grant Thomas as COO APAC, Terrence Jones as Managing Director and CEO and Rafidzal Rafiq as a Solutions Architect. The Company is unable to verify the accuracy of this statement made in the Credenxia Investor Presentation as it had no involvement in the preparation of the document, nor was it aware of its existence until subsequent to its release.

(b) Mr Terrence Jones' role within the Company was in business development, Messrs Thomas and Hudson were employed as Business Development Managers and Rafidzal Rafiq was a software engineer. None of these employees were ever directors of the Company nor involved in the management of the Company. Mr Terrence Jones' title of Business Development Manager was amended from time to time by himself to CEO, on the basis that this title would enable him to have easier access to larger businesses.

(c) Mr Kevin Baum (Current Director)

(i) Kilo Delta Pty Ltd

Kilo Delta is an entity which is controlled by Kevin Baum and holds 5.9% of the shares on issue in the Company. Mr Baum is a director and the majority shareholder of Kilo Delta, whilst his wife, Mrs Erikson is a director and the minority shareholder.

Kilo Delta was one of the vendors in the sale of the Tikforce Business to Palace Resources Limited (now the Company) as part of its re-compliance with Chapters 1 and 2 of the ASX Listing Rules in 2016. However, since that time Kilo Delta has been dormant, and no meetings have been held.

(ii) Terrence Jones (Director of Credenxia)

Mr Kevin Baum had a business relationship with Mr Terrance Jones until the date of Mr Jones' termination on 15 July 2018 as follows:

- (A) the business relationship between Mr Baum and Mr Jones ceased on 15 July 2018, when Mr Jones was terminated from his position with the Tikforce Business;
- (B) Mr Baum and Mr Jones are both directors of Silikonrok Pty Ltd; and
- (C) Mr Baum does not have a current personal or business relationship with Mr Jones and does not intend to develop a future personal or business relationship with Mr Jones. They presently have no “relevant agreement” or any agreement in relation to the affairs of the Company, Gambier or Credenxia.

(iii) Ross Taylor (Director of Credenxia)

Mr Ross Taylor holds 2.63% of the total shares on issue in the Company. Mr Kevin Baum does not have (and has never previously had) a personal or business relationship with or been involved in commercial or other dealings with Mr Ross Taylor.

(iv) Gambier /Credenxia

Mr Kevin Baum does not have a personal or business relationship with and (with the exception of his position as a director of the Company in relation to the sale of the Tikforce Business) has not been involved in any commercial or other dealings with Gambier or Credenxia.

Accordingly, it is the Company’s view that Mr Kevin Baum and Kilo Delta (an entity controlled by Kevin Baum) are not associates of Mr Terrence Jones, Mr Ross Taylor, Gambier or Credenxia.

(d) **Silikonrok**

Silikonrok Pty Ltd (**Silikonrok**) holds 7.19% of the shares on issue in the Company. Mr Baum and Mr Jones are common directors of Silikonrok, however neither Mr Baum, nor Mr Jones have the ability to control the board of directors of Silikonrok.

The board of Silikonrok comprises of three directors (Mr Terrance Jones, Mr Anthony Short and Mr Kevin Baum), neither Mr Baum nor Mr Jones have the ability to control the decisions of the entity.

This is supported by the shareholding of Silikonrok. There are presently five shareholders of Silikonrok as set out in the table below. Mr Terrance Jones has an indirect interest in 100,000 shares (equivalent to a 20% shareholding). Accordingly, Mr Jones is not the majority shareholder and therefore cannot control the decisions made by the entity.

Shareholder	Shares held	Percentage Held
Spartan Nominees Pty Ltd ¹	75,000	15%
Hallcrest Investments Pty Ltd ²	75,000	15%
GCP Capital Pty Ltd ³	75,000	15%
Jane Kilderry Jones ATF The Third Stone Trust ⁴	100,000	20%
Antonio G Del Casale ATF Of The Castle Trust ⁵	175,000	35%
Total	500,00	100%

Notes:

1. This entity is controlled by Anthony Short
2. This entity is controlled by Anthony Short
3. This entity is controlled by Anthony Short
4. This entity is controlled by Terrence Jones
5. This entity is controlled by Antonio G del Casalse

Further, we note that Silikonrok has not had any direct or indirect dealings with Gambier and Credenxia in the past and does not have any intention of having any such dealings in the future.

Silikonrok was a vendor in the sale of the Tikforce Business to Palace Resources Limited (now the Company) as part of its re-compliance with Chapters 1 and 2 of the Listing Rules in 2016. Since that time Silikonrok has been dormant and no meetings have been held.

For the reasons set out above, it is the Company's view that Silikonrok is not an associate of Mr Kevin Baum, Mr Terrance Jones, Gambier or Credenxia.

2.15 Arm's Length Terms and Fair Price

In May 2018, the Board resolved that the Company was unlikely to generate sufficient revenue in the near term to offset the expenses associated with the Tikforce Business and resolved that it was in shareholders' interest to consider all options for the Tikforce Business. As part of this process, the Company made confidential enquiries during the month of May 2018 through a number of phone calls with approximately five various players in the technology industry, including Jenepe Limited (**Jenepe**). These contacts had been suggested by the chairman, Mr Duncan Anderson and the Managing Director, Mr Kevin Baum, who have a vast industry network. In each of these phone calls, the Tikforce Business and its prospects was discussed, together with a timetable for any proposed sale. Pricing was not discussed at this point. No interest was shown in the Tikforce Business by any of the parties after the discussion had taken place save for Jenepe Limited. Jenepe was already known to the Company in May 2018. Representatives of Jenepe had been in discussions with TKF previously (in 2017) in relation to potential joint venture opportunities in the United Kingdom using their connections.

Jenepe Limited, on its web-site portrays itself as a young corporate advisory firm delivering growing strategic advice and innovative financial solutions to growing businesses, providing them access to European capital markets. Jenepe has its European operations based from London along with networks throughout Asia Pacific focussed from Melbourne and Singapore. It has 10 years of successful stock exchange listings, capital raisings, prospectus submissions, corporate actions and corporate structuring. From the discussions with Jenepe, TKF also understood that Jenepe, given its credibility in London, would seek to introduce HR companies into the new business which in turn would enable the international development of the business. TKF considered these factors enhanced the attractiveness of the Tikforce Business to Jenepe.

The Board believed that Jenepe offered the Company the best chance of disposing of the Tikforce Business within the shortest timeframe and for the best possible price. For this reason, the Company dealt exclusively with Jenepe in relation to the sale of the Tikforce Business.

After extensive discussions with Jenepe, the Licence Agreement was negotiated on arm's length terms and considered at length by the board of the Company. The Company sought independent legal advice from its lawyers who assisted in the drafting and finalisation of the Licence Agreement and dealt directly with Gambier. It was negotiated on arm's length terms, on the basis that the buyer and seller were independent, unrelated, well informed and were acting purely in their own self-interests to get the best price out of the deal.

All discussions were held with Mr Gerhard Moll, a director of Jenepe and the Head of Commercial and Compliance and with Mr Terry Richards, a Director of Jenepe. All negotiations around the drafting of the legal agreements were with Gambier's legal representative Mr Matthew Clarke of Argus Lawyers. Mr Moll is also a principal of Argus Lawyers.

TKF was first aware of the relationship between Gambier and Credenxia on 7 December 2018 on the receipt of a proposed letter to shareholders provided to the Company by the requisitioning parties' lawyers. This letter was to accompany a Notice of Meeting for a General Meeting of shareholders, called at the request of requisitioning shareholders in accordance with a S249D of the Corporations Act. Upon becoming aware of the relationship, the Company immediately completed UK Companies searches which confirmed that Credenxia had now acquired Gambier with the change filed with UK Companies House on 5 November 2018. The Sale Agreement for the sale of the Tikforce Business was also negotiated on arm's length terms and considered at length by the Board. The terms of the Sale Agreement were considered fair and reasonable for the following reasons:

- (a) the other parties had not expressed any interest in the Tikforce Business; and
- (b) the ongoing losses of the Tikforce Business meant that on a valuation basis the Tikforce Business had limited value.

It was negotiated on arm's length terms, on the basis that the buyer and seller were independent, unrelated, well informed and were acting purely in their own self-interests to get the best price out of the deal.

Other factors the Company considered in determining the fair value was:

- (a) a monthly cash burn rate of \$200,000 to maintain and develop the Tikforce Business; and
- (b) the solvency of the Company and possibility of the Company entering into voluntary administration and possible liquidation if immediate funding solutions were not found.

A fair and reasonable price was determined after taking into consideration the economic realities of the marketplace and the bargaining power of both parties. The Company did not have the funding to support and supply the continuation of the Tikforce Business to its clients. The price was reasonable on the basis that the Company could sufficiently recover some of its costs and immediately cut its expenditure and liabilities for which it did not have financial capacity to maintain. These factors were reasonable and appropriate in the circumstances.

At the time of consideration of the Sale Agreement, the board comprised of Stuart Usher, Duncan Anderson and Kevin Baum.

The Company also conducted a due diligence process in relation to entry into the Licence Agreement and Sale Agreement. This due diligence process involved:

- (a) extensive discussions and correspondence with Jenepe Limited, which was an agent for Gambier during the Company's negotiations with Gambier. The Company is unaware as to whether Jenepe Limited also had a role in advising Credenxia. However, the Credenxia presentation states that further information can be obtained from Jenepe Limited. The Company is unable to verify the accuracy of this statement made in the Credenxia Investor Presentation as it had no involvement in the preparation of the document, nor was it aware of its existence until subsequent to its release. The two contacts at Jenepe Limited were Mr Terry Richards, a Director, and Mr Gerhard Moll, the Head of Commercial and Compliance. Mr Terry Richards is also a director of Gambier. Mr Moll is also a principal with Argus Lawyers, which acted as legal advisers to Gambier on the transaction between the Company and Gambier;
- (b) undertaking background checks on Jenepe Limited, and Messrs Moll and Richards to ensure that they have a good standing in the corporate and legal community and have acted professionally and on arms length basis at all times; and
- (c) conducting UK Company House searches that confirmed Gambier was in good standing.

As a result of the above, the Company was satisfied that Gambier had the ability to both source a competent and experienced management team and raise sufficient capital, were capable of developing the Tikforce Business and satisfying financial obligations to the Company.

GLOSSARY

\$ means Australian dollars.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Tikforce Limited (ACN 106 240 475).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – PRO FORMA BALANCE SHEET

	June 2018 \$	Proforma June 2018 S
Current Assets		
Cash and cash equivalents	212,894	643,907
Trade and other receivables	525,821	525,821
Current tax asset	44,945	44,945
Total Current Assets	783,660	1,214,673
Total Assets		
	783,660	1,214,673
Current Liabilities		
Trade and Other Payables	756,996	756,996
Borrowings	1,544,349	1,544,349
Provisions	35,729	35,729
Other liabilities	225	225
Total Current Liabilities	2,337,299	2,337,299
Total Liabilities		
	2,337,299	2,337,299
Net Assets/(Liabilities)	(1,553,969)	(1,122,626)
Equity		
Contributed Equity	8,359,218	8,440,221
Reserves	1,450,445	1,450,445
Accumulated Losses	(11,363,573)	(11,013,292)
Total Equity/(Net Deficiency)	(1,553,969)	(1,122,626)

The balance sheet as at 30 June 2018 and the unaudited pro-forma balance sheet as at 30 June 2018 shown above have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. The 30 June 2018 Balance Sheet is in accordance with the audited Annual Financial Report for the year ended 30 June 2018.

The pro-forma balance sheet incorporates the share placement ratified by shareholders at a shareholder meeting held on 2 November 2018, whereby \$81,013 was raised after costs.

The Company's audit reviewed financial report for the half year ended 31 December 2018 includes the full effect of the Licence Agreement and Sale Agreement.

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LODGE YOUR PROXY APPOINTMENT ONLINE



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.
It is a fast, convenient and a secure way to lodge your vote.

2019 GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Tikforce Limited and entitled to attend and vote hereby:

STEP 1

APPOINT A PROXY

The Chair of the meeting

OR



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) are named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the General Meeting of the Company to be held at Suite 1, Ground Floor, 437 Roberts Road, Subiaco WA 6008 on 27 June 2019 at 10.00am AWST and at any adjournment or postponement of that Meeting.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES:

The Chair intends to vote undirected proxies in favour of Resolutions 1 and 2. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

STEP 2

VOTING DIRECTIONS

Agenda Items

		For	Against	Abstain*
1	Approval to dispose of a main undertaking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Approval to dispose of main asset	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholder should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on an item, your vote on that item will be invalid.

PLEASE NOTE: If you appoint the Chair as your proxy (or if he is appointed by default) but do not direct him how to vote on an item (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that item), the Chair may vote as he sees fit on that item.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) Return both forms together.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 10.00am AWST on 25 June 2019, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 9262 3723



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033