

ASX ANNOUNCEMENT

29 August 2016

Company Announcement Office
ASX Limited

Response to ASX Appendix 4C query

Attention: Ms. Hewitt

Dear Ms. Hewitt

We acknowledge receipt of ASX's letter dated 23 August 2016 regarding the Company's quarterly report for the period ended 30 June 2016, released on 1 August 2016 and the amended Appendix 4C, released 5 August 2016.

In response to each of the questions, we advise as follows:

1. The Company expects to have negative operating cash flows for the time being due to the current stage of development of its business. The Company is aggressively growing the size and scale of its business and the increased level of operating expenditure is reflective of the ongoing investments being made. But as revenue grows, the negative operating cash flows are expected to reduce.
2. The Company continues to assess its funding requirements in light of its business objectives and other investment opportunities. The Company has been approached by and has approached a number of prospective investors following its successful capital raising and reinstatement to the ASX's official quotation. The directors consider it is reasonable to expect that the Company will be able to raise further funds as and when required.

The directors are very conscious of the cash flow requirements of the Company but also seek to ensure that the capital is raised at appropriate valuation to maximize the value to all shareholder, including new investors and existing shareholders. The directors are extremely encouraged by the progress being made by the business and are confident of the ongoing growth opportunities of the Company.

3. The Company expects to be able to continue its operation and meet its business objectives. As outlined in its quarterly report, the Company

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experienced a delayed re-instatement to the ASX official quotation. However, during this time period, the TikForce was in operation from early calendar 2015. As such it continued to incur normal operational expenses on a restricted basis. The Company could only accelerate its business objectives on and from re-listing, which meant an immediate acceleration of costs from that date.

However, the Company has currently expended funds at a rate substantially consistent with the Year 1 allocations disclosed in the Prospectus. Since re-listing, the Company's implementation of its objectives and feedback from clients has meant that a further acceleration/ramping up of the business objectives would be beneficial to better meet client expectations and requirements at this present time; thus assisting the Company in meeting its overall objectives.

4. The Company confirms that, to its best knowledge and belief, it is compliance with the ASX listing Rules and in particular Listing Rule 3.1. The Company believes that there is no information that should be given to the ASX about its financial condition, in accordance with that Rule, that has not already been released to the market.

Yours Sincerely

Roland Berzins
Company Secretary

About TikForce

Tikforce is a **Human Resource technology platform** that provides businesses a more efficient and complete solution for workforce identity, compliance checks, credentials and qualification screening.

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23 August 2016

Mr R Berzins
Company Secretary
Tikforce Limited
Suite 2, 16 Ord Street
WEST PERTH WA 6005

Dear Mr Berzins

Tikforce Limited (the “Entity”): ASX Appendix 4C Query

I refer to the Entity’s quarterly report in the form of Appendix 4C for the period ended 30 June 2016 lodged with ASX Market Announcements Platform and released on 1 August 2016 and the amended Appendix 4C released on 5 August 2016 (the “Appendix 4C”).

ASX notes that the Entity has reported:

- receipts from customers \$9,000;
- negative net operating cash flows for the quarter of \$1,222,000; and
- cash at the end of the quarter of \$1,794,000.

It is possible to conclude on the basis of the information provided in the Appendix 4C that if the Entity were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity 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 the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Entity confirm that it 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?

Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

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 3:00 pm WST on Monday, 29 August 2016. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity'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, the Entity'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 tradinghaltspert@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.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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

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 the Entity's securities under Listing Rule 17.1.

If you wish to request 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]

Jill Hewitt

Senior Adviser, Listings Compliance (Perth)