

Tikforce Limited

ACN 106 240 475

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Wednesday 23th November 2016

10:30 AM Perth time (WST)

**Suite A7
435 Roberts Rd
Subiaco WA 6008**

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant solicitor or other professional adviser without delay.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 (0)8 1800 732 543.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Tikforce Limited will be held at the Suite A7 435 Roberts Rd Subiaco 6008 on Wednesday 23rd November 2016 commencing at 10:30am AWST.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form, form part of this Notice.

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 as Shareholders on 21th November 2016 at 10:30AM (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

Annual Report

To table and consider the Annual Report of the Company for the year ended 30 June 2016, which includes the Financial Report, the Directors' Report the Remunerations Report and the Auditor's Report.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass as an **advisory only resolution**, the following:

“That, for the purposes of Section 250R(2) OF THE Corporations Act and for all other purposes, the Remunerations Report for the financial year ended 30 June 2016 be adopted”. .”

Note: the votes on this Resolution are advisory only and do not bind the directors or the Company.

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as a proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or

- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote on a resolution connected with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Re-election of Director – Mr Ian Murie

To consider and, if thought fit, pass **as an ordinary resolution**, the following:

“That, for the purpose of clause 3.3 of the Constitution and for all other purposes, Mr Ian Murie, a Director who was appointed on 13 April 2011, retires by rotation, and being eligible, is elected as a Director.”

Resolution 3 – Approval of 10% Placement Facility

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

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by any person who may participate in the issue under the 10% Placement facility and a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, a vote may be cast by such person if:

- (c) the person is acting as a proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (d) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote on a resolution connected with the remuneration of a member of the Key Management Personnel.

Resolution 4. Employee Share Option Plan

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

*“That the Employee Share Option Plan (**ESOP**), which is summarised in the attached Explanatory Memorandum, be approved and that for the purposes of Exception 9(b) of Listing Rule 7.2 and for all other purposes, the Company approves the issue of securities under the employee incentive option scheme for employees and directors known as the*

“Tikforce Limited Employee Share Option Plan 2016”, on the terms and conditions in the Explanatory Memorandum accompanying this Notice of meeting and that the issue of securities under the ESOP within three (3) years from the date of this Resolution be approved as an exception to Listing Rules 7.1.”

Voting Exclusion: *The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such a Director. However, the Company need not disregard a vote if it is cast by a person as 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 the direction on the Proxy Form to vote as the proxy decides.*

Resolution 5. Change of Auditors

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

“That, for the purpose of section 327B of the Corporations Act and for all other purposes, Greenwich & Co Audit Pty Ltd, having consented in writing to act in the capacity of auditor, continues as auditor of the Company with effect from the conclusion of this Annual General Meeting”

SNAPSHOT DATE

The directors have determined that in accordance with Resolutions 7.11.37 and 7.11.38 of the Corporations regulations 2001 (Cth), the persons eligible to attend and vote at the Meeting are those persons who are registered as Shareholders as at 10:30AM (AWST) on Monday 21 November 2016.

HOW TO VOTE

Shareholders can vote either by:

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote ; or
- appointing a proxy to attend on their behalf using the Proxy Form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post, by facsimile or by email.

VOTING IN PERSON (OR BY ATTORNEY)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 10 Minutes prior to the time designated for the Meeting, so that their holding can be checked against the Company Share Register and attendance recorded. Attorneys should bring with them the original or certified copy of the Power of Attorney under which they have been authorised to attend and vote at the meeting.

BODIES CORPORATE

A shareholder which is a body corporate may appoint an individual to act as its representative and to vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

PROXIES

In accordance with Section 249L of the Corporations Act, shareholders are advised that:

- Each Shareholder has a right to appoint a proxy. Shareholders entitled to cast two or more votes may appoint not more than two proxies;
- A proxy need not be a shareholder;
- A shareholder may specify the proportion or number of votes each appointed proxy may exercise. Where more than one proxy is appointed, and the appointment does not specify the proportion or number of the Shareholders vote each proxy may exercise, the votes will be divided equally amongst the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes);
- If the proxy is not directed how to vote on any item of business, or abstain from voting, as they think fit;

- Should any resolution, other than those specified in this notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit;
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority;
- Shareholders who return their Proxy Forms with a direction how to vote but do not nominate the identity of their proxy will be taken as to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy Form has been returned but the nominated proxy does not attend the meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instruction. Proxy appointment in favour of the Chairman of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice; and
- To be effective, proxies must lodge by 10:30 AM (AWST) on Monday 21 November 2016. Proxies lodging after this time will be invalid.

Proxies may be lodged by either returning a completed Proxy Form by post, or in person to

Advanced Share Registry Ltd: 110 Stirling Highway Nedlands WA 6010 PO Box 1156 Nedlands WA 6909	Tikforce Ltd Suite A7 435 Roberts Rd Subiaco WA 6008
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Or

Faxing the completed proxy Form to:	Emailing the completed Proxy form to:
Fax (+618) 9486 1011	company.secretary@tikforce.com

By Order of the Board

Roland Berzins
Company Secretary / Director
13 October 2016

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at Suite A7 – 435 Roberts Rd Subiaco WA 6008 on Wednesday 23rd 2016 commencing at 10:30AM (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.

3. Annual Report

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is online at www.Palaceresources.com.au;
- (b) ask questions or make comment on the management of the Company; and

- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report; and
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 Business Days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Director and Executive Remuneration Act)* which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 205U and 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report will cease to hold office immediately before that further meeting but may stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, a

further resolution relating to the Two Strikes Rule is not relevant for this Annual General Meeting.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

5. Resolution 2 – Re-election of Director – Mr Ian Murie

Clause 3.6 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded down to the nearest whole number), shall retire from office, provided always that no Director (except a managing director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in the office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 3.3 of the Constitution is eligible for re-election.

The Company currently has 3 Directors and accordingly one must retire.

Mr Ian Murie will retire in accordance with clause 3.6 of the Constitution and being eligible, seeks re-election.

Details of Mr Murie's background and experience are set out in the Annual Report.

The Board (excluding Mr Ian Murie) recommends that Shareholders vote in favour of Resolution 2. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

6. Resolution 3 – Approval of 10% Placement Facility

General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section (c) of commentary on Listing Rule 7.1A immediately below).

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairman intends to exercise all available proxies in favour of Resolution 6.

Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, Shares and Listed Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid shares that became fully paid in the 12 months;
- (3) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;

- (4) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 117,767,564 Shares and therefore has a capacity to issue:

- (i) 17,665,134 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 3, 11,776,756 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section (c) of commentary on Listing Rule 7.1A immediately above).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period as allowed by ASX (**10% Placement Period**).

Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.
- (d) The table also shows:
 - (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under

Listing Rule 7.1 that are approved at a future Shareholders' meeting;
and

- (i) two examples of where the issue price of ordinary securities has decreased by approximately 50% and increased by approximately 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.028 50% decrease in Issue Price	\$0.057 Issue Price	\$0.0.114 50% increase in Issue Price
Current Variable A 117,767,564 Shares	10% Voting Dilution	11,776,756 Shares	11,776,756 Shares	11,776,756 Shares
	Funds raised	\$329,749	\$671,275	\$1,342,550
50% increase in current Variable A 176,651,346 Shares	10% Voting Dilution	17,665,134 Shares	17,665,134 Shares	17,665,134 Shares
	Funds raised	\$494,623	\$1,006,912	2,013,825
100% increase in current Variable A 235,535,128 Shares	10% Voting Dilution	23,553,512 Shares	23,553,512 Shares	23,553,512 Shares
	Funds raised	\$659,498	\$1,342,550	2,685,100

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Listed Options (including any Listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (vii) The issue price is \$0.057, being the closing price of the Shares on ASX on 04 October 2016.
- (e) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (f) The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the development of the Tikforce Platform and / or general working capital, including the potential acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company will use the funds raised towards the development of the Tikforce platform and / or general working capital including the potential acquisition of new assets or investments (including expenses associated with such an acquisition).
- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.
- (j) Further, if the Company is successful in acquiring new technology assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new technology assets or investments.
- (k) Listing Rule 7.1A – Additional placement capacity for eligible entities was introduced in August 2012. The Company has previously obtained Shareholder approval under Listing Rule 7.1A. at the AGM meeting of the Company held in 2013 and 2015., but has not utilised the facility in any of these years. In the 12 months period preceding the date of the 2016 Annual General Meeting, the Company has issued 105,839,585 net Equity Securities and this represents 887% of the total number of Equity securities on issue at the commencement of the 12 month period from the date of the 2016 Annual General Meeting. Details of each issue of equity Securities by the Company during the 12 month period preceding the date of the 2016 Annual general meeting, are set out in the table below

Date of issue	Number of Securities	Type of Securities	Recipient of Securities	Issue price and details of any discount to market price	Consideration and Use of funds as at date of the notice
25/11/2015	11,927,979	FPO	Opening balance		
28/02/2016	1,250	FPO	Various	\$0.20 – nil discount	Conversion of options to FPO on completion of exercise price
5/04/2016	39,000,000	FPO	As detailed in Prospectus 1 Oct 2015	\$0.10	Vendor consideration as consideration of Proposed Acquisition
	45,231,813	FPO	As detailed in Prospectus 1 Oct 2015 – Public placement	\$0.10	Public Placement
	1,806,522	FPO	As detailed in Prospectus 1 Oct 2015 – Former Palace Resources Ltd Creditors	\$0.10	Former Palace Resources Ltd Creditors
	450,000	FPO	As detailed in Prospectus 1 Oct 2015 – Former Min – Trak Pty Ltd Creditors	\$0.10	Former Min – Trak Pty Ltd Creditors

	19,350,000	FPO	As detailed in Prospectus 1 Oct 2015 – Conversion as per Convertible note	\$0.10	Conversion as per Convertible note
23 November 2016	117,767,564	FPO	Closing balance		

- (l) A voting exclusion statement is included in the Notice for Resolution 3. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of equity securities. No existing Shareholders votes will therefore be excluded under the voting exclusion in the notice.

7. Resolution 4 – Employee Share Option Plan

General

The Company proposes to adopt an Employee Share Option Plan (**ESOP**) pursuant to which issued capital of the Company may be made available to directors, senior management and staff (“employees”) as a form of longer term equity incentive.

Pursuant to Resolution 4 the Company is seeking Shareholder approval to adopt the ESOP and approval for any potential future issue of securities under the Company’s ESOP as an exception under Listing Rule 7.2, Exception 9(b).

As the Company is proposing to adopt the ESOP pursuant to Resolution 4, the Company has not previously issued securities under the ESOP.

Approval of the ESOP is therefore sought under exception 9 (b) to Listing Rule 7.2 so that any issue of securities under the ESOP over the next 3 years is disregarded when determining the Company’s 15% capacity under Listing Rule 7.1.

The ESOP is designed to provide incentive to the employees of the Company and to recognise their contribution to the Company’s success. Under the Company’s current circumstances the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternate forms of incentive such as cash bonuses or increased remunerations. To enable the Company to secure employees and directors who can assist in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The ESOP is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Under the ESOP, the board may offer to Eligible persons the opportunity to subscribe for a number of Employee Options in the Company as the Board may decide and on the terms set out in the

rules of the ESOP, a summary of which is considered at Schedule 2 of this Explanatory memorandum. Employee options granted under the ESOP will be offered to participants in the ESOP on the basis of the Board's view of the contribution of the Eligible Person to the Company.

Listing Rule 7.1 and Listing Rule 7.2

Listing Rule 7.1 provides that a company must not, subject to specific exceptions, issue or agree to issue more Equity Securities during any 12 months period other than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 months period.

Listing Rule 7.2, Exception 9(b) provides an exception to Listing rule 7.1 by which Equity Securities issued under an employee incentive scheme are exempt for a period of 3 years from the date on which the Shareholders approved the issue of equity Securities under the scheme as an exemption to listing rule 7.1.

If Resolution 4 is passed, the Company will be able to issue Equity Securities under the ESOP to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholders' approval in any 12 month period.

Pursuant to the Listing Rules, Shareholders must re-approve the ESOP and all unissued Options issued pursuant thereto every 3 years.

In accordance with the requirements of listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) A summary of the Rules of the ESOP is contained at Schedule 2 of this Explanatory memorandum;
- (b) No Equity Securities have been issued under the Current ESOP as it is a new employee incentive scheme and has not been previously approved by shareholders; and
- (c) A voting exclusion statement is included in the notice.

Under Listing Rule 10.14, the Company is seeking shareholders' approval for directors or related parties to participate in the ESOP and accordingly, no directors recommendation has been made concerning this resolution.

8. Resolution 5 – Change of Auditor

During the year, the company's auditors Somes Cooke ceased trading.

Following ASIC's consent to the resignation of Somes Cooke as auditors in accordance with s329(5) of the *Corporations Act 2001*, the Directors appointed Greenwich & Co Audit Pty Ltd (Greenwich & Co) to fill the vacancy until the next Annual General Meeting.

In accordance with s327B of the *Corporations Act 2001*, we recommend that the appointment of Greenwich & Co as auditors of the Company be ratified."

Schedule 1 – Definitions

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ending 30 June 2014.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

AWST means Australian Western Standard Time, being the time in Perth, Western Australia.

Board means the board of Directors.

Business Day means the definition as given in the ASX Listing Rules.

Chair or **Chairman** means the person appointed to chair the Meeting conveyed by this Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Tikforce Limited ACN 106 240 475

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory Memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of annual general meeting.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weight average price.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

Schedule 2 – SUMMARY OF RULES OF THE EMPLOYEE SHARE OPTION PLAN

Tikforce Limited ACN 106 240 475

1. The Plan is to extend to Eligible Persons or Eligible Associate (as the case may be) of Tikforce Limited ACN 106 240 475 (**the Company**) or an Associated Body Corporate of the Company as the Board may in its discretion determine.
2. The total number of Securities which may be offered by the Company under this Plan shall not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
 - (a) an employee incentive scheme covered by ASIC CO 14/1000; or
 - (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
3. The Shares are to be issued at a price determined by the Board.
4. The Options are to be issued for no consideration.
5. The exercise price of an Option is to be determined by the Board at its sole discretion.
6. The Option Commencement Date will be any such date or dates with respect to the Options or tranches of Options (as the case may be) as may be determined by the Board prior to the issuance of the relevant Options.
7. The Option Period commences on the Option Commencement Date and ends on the earlier of:
 - (a) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than 2 years; or
 - (b) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event, the earlier of:
 - (1) the expiry of the Option Period; or
 - (2) 6 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
 - (c) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event:
 - (1) the expiry of the Option Period; or
 - (2) 3 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
 - (d) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate.
8. Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Persons (or their Eligible Associates where applicable) of the Company or an Associated Body Corporate of the Company. The Board is entitled to determine:
 - (a) subject to paragraph **Error! Reference source not found.**, the total number of Shares and Options to be offered in any 1 year to Eligible Persons or Eligible Associates;
 - (b) the Eligible Persons to whom offers will be made; and
 - (c) the terms and conditions of any Shares and Options granted, subject to the Plan.
9. In respect of Options, Option holders do not participate in dividends or in bonus issues unless the Options are exercised.

10. Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules.
11. In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the Plan.
12. The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
13. The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.
14. The Board may impose as a condition of any offer of Shares and Options under the Plan any restrictions on the transfer or encumbrance of such Shares and Options as it determines.
15. The Board may vary the Plan.
16. The Plan is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Eligible Person under the terms of his or her employment or arrangement.
17. At any time from the date of an Offer until the Acceptance Date of that Offer, the Board undertakes that it shall provide information as to:
 - (a) the Current Market Price of the Shares; and
 - (b) the acquisition price of the Shares or Options offered where this is calculated by reference to a formula, as at the date of the Offer,to any Participant within 3 Business Days of a written request to the Company from that Participant to do so.
18. Any Offer made pursuant to this Plan will specify whether subdivision 83A-C of the applicable Tax Laws applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.

In this Plan:

Controllable Event means cessation of employment or engagement other than by an Uncontrollable Event.

Uncontrollable Event means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

PROXY FORM

The Secretary - Tikforce Limited

Proxies may be lodged by either returning a completed Proxy Form by post, or in person to

Advanced Share Registry Ltd: 110 Stirling Highway Nedlands WA 6010	Advanced Share Registry Ltd: PO Box 1156 Nedlands WA 6909	Tikforce Ltd Suite A7 - 435 Roberts Rd Subiaco WA 6008
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Or

Faxing the completed proxy Form to:	Fax (+61) 8 9486 1011	Emailing the completed Proxy form to:	company.secretary@tikforce.com
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Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

Please mark ☒ to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Step 1 – Appoint a Proxy to Vote on Your Behalf

The Chairman of the Meeting (mark box)

☐

OR if you are **NOT** appointing the Chairman of the meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body is named, the Chairman 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 Meeting of the Company to be held at Suite A7 - 435 Roberts Rd Subiaco WA 6008 on Wednesday 23rd November 2016 commencing at 10:30AM (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), by signing and returning this form I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on a Resolution by marking the appropriate box below.

The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution.

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

Step 2 – Instruction as to Voting on Resolutions

	FOR	AGAINST	ABSTAIN
Resolution 1 – Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr Ian Murie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of 10% Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Change of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.
If two proxies are being appointed, the proportion of voting rights this proxy represents is ____%.

Signature of Member(s):

Date:

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name:

Contact Ph. (daytime):

Date:

Proxy Notes:

1. **Voting Restrictions applying to Key Management Personnel:** If you appoint a member of the Key Management Personnel of the Company or one of their closely related parties as your proxy, that person will not be able to cast your votes on Resolution 1 unless you direct them how to vote, or the Chairman of the Meeting is your proxy. "Key Management Personnel" is defined in the Explanatory Memorandum and includes each of the Directors of the Company, all those executives named in the Company's 2016 Remuneration Report, and any other persons who are the Company's Key Management Personnel at the date of the Meeting.
2. A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.
3. If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate or Appointment of Representative prior admission. A form of the certificate may be obtained from the Company's share registry.
4. You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy, of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicated the office held by signing in the appropriate space.
5. If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.
6. Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received at the Perth office of the Company at:

Advanced Share Registry Ltd: 110 Stirling Highway Nedlands WA 6010	Advanced Share Registry Ltd: PO Box 1156 Nedlands WA 6909	Tikforce Ltd Suite A7 - 435 Roberts Rd Subiaco WA 6008
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Or

Faxing the completed proxy Form to:	Fax (+618) 9486 1011	Emailing the completed Proxy form to:	company.secretary@tikforce.com
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not less than 48 hours prior to the time of commencement of the Meeting (WST), being Wednesday 23 November 2016 at 10:30AM (AWST).