

ASX ANNOUNCEMENT

29 July 2016

Quarterly Update for the Period Ending 30 June 2016

Highlights

- TikForce commences trading on the ASX under ticker code "TKF" following successful completion of a \$4.5 million capital raising;
- Transition to commercialisation well underway with agreements signed with industry leading providers in the human resource and training sectors;
- First international agreement secured with leading Hong Kong based FinTech company;
- Expansion of agreement with Melbourne-based train operator Metro to provide a more scalable and expandable solution; and
- Fully digital police check services go live providing a one stop shop for work verification services to individuals and organisations

TikForce Limited (ASX: TKF) ("TikForce" or the "Company") is pleased to provide an update regarding its activities during the quarter ended 30 June 2016.

TikForce officially started trading on the ASX under the ticker "TKF" in April following the successful completion of a \$4.5 million capital raising.

The Company continues to develop its Regulation Technology (RegTech) platform which assists businesses to reduce risks and costs associated with regulatory compliance of employees and contractors.

Agreements

TikForce has signed a number of agreements during the quarter as it moves towards the full commercialisation of its platform.

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Tikforce has recently expanded its agreement with Melbourne-based train operator Metro. The new version of the Metro identity validation and access process provides a more complete solution that streamlines the full onboarding ID process for an additional 750 contractors working on the Metro train network.

TikForce also signed an MOU with cloud-based eLearning company Velpic Ltd (ASX: VPC) during the quarter to integrate the TikForce technology into Velpic's eLearning platform. As a result, TikForce is providing rapid validation of the identity of users on the Velpic platform.

In May, the Company secured its first international agreement with leading Hong Kong based FinTech company Veridate Financial (Veridate). Through the MOU, Veridate is incorporating the TikForce technology into their financial onboarding program to assist with the onboarding of clients. The agreement also provides TikForce with a strategic foothold in the Hong Kong and Chinese markets.

The Company also announced its unique Ambassadors Program during the quarter, which is designed to empower shareholders to become a salesforce for the Company.

The Program enables TikForce to reward shareholders who make successful client introductions to the Company through a fee for their efforts, subject to terms and conditions and shareholder and regulatory approvals.

Platform enhancements

The Company has implemented a number of technology enhancements and upgrades to the core platform over recent months. These enhancements are focused on improving the efficiency of achieving compliance for employees and contractors.

The Company has also recently launched a fully automated online and mobile police check process, which means that Tikforce is now able to provide a full range of work ready verification services that will enable TikForce to act as a "one stop shop" for employee compliance.

Key appointments

During the quarter, TikForce was pleased to welcome an expanded group of senior employees and advisors;

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- Alan Drake-Brookman who will provide substantial industrial relations experience;
- Tony Cooke who will provide insight into the goals of labour groups around privacy and workforce compliance; and
- Grant Thomas who will provide a wealth of experience in labour hire and rapid on-boarding.

Outlook

The Company looks forward to commercialising its RegTech platform through a business-to-business approach and is expecting to sign additional agreements in the second half of 2016 to expand the market reach of its platform.

TikForce will also continue to work with industry groups and regulators in order to promote the benefits of the TikForce platform to both business and regulatory bodies.

For further information, contact:

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Company Secretary
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About TikForce

TikForce is a human capital technology company that provides a range of Regulation Technology (RegTech) solutions that enable organisations to achieve compliance quickly and efficiently.

TikForce's cloud based platform provides web and mobile app enabled delivery for 24/7 accessibility, reporting and risk mitigation to businesses, contractor groups and the contingent workforce.

The TikForce platform is low cost and has a very simple user interface. The platform has been designed with collaboration in mind and enables organisations with existing systems to seamlessly integrate the TikForce product suite with existing systems.

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Tikforce Limited (formerly Palace Resources Ltd)

ABN

74 106 240 475

Quarter ended ("current quarter")

June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...12... months) \$A'000
1.1 Receipts from customers	9	9
1.2 Payments for		
(a) staff costs	(a) (60)	(a) (60)
(b) advertising and marketing	(b) (182)	(b) (182)
(c) research and development	(c) (426)	(c) (426)
(d) leased assets	(d) 0	(d) 0
(e) other working capital	(e) (703)	(e) (1,762)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(1,362)	(2,421)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (..12..... months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,362)	(2,421)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(a)	(a)
(b) equity investments	(b)	(b)
(c) intellectual property	(c) (426)	(c) (426)
(d) physical non-current assets	(d)	(d)
(e) other non-current assets	(e)	(e)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
	(426)	(426)
Net investing cash flows		
1.14 Total operating and investing cash flows	(1,788)	(2,847)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	4,983
1.16 Proceeds from sale of forfeited shares	-	
1.17 Proceeds from borrowings	100	467
1.18 Repayment of borrowings	(450)	(817)
1.19 Dividends paid		
1.20 Other (provide details if material)	(620)	
Net financing cash flows	(970)	4,633
Net increase (decrease) in cash held	(2,758)	1,786
1.21 Cash at beginning of quarter/year to date	4,552	8
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	1,794	1,794

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	<p>Explanation necessary for an understanding of the transactions</p> <div style="border: 1px solid black; padding: 5px;"> <p>The Company, by way of RTO and capital raising prospectus, Changed it nature of business and business activity. As such it has commenced disclosure on a quarterly basis via an Appendix 4C. The change of nature and change of business activity is as per the prospectus originally lodged on 1 Oct 2015.</p> </div>	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

<p>During the quarter, the Company completed the following share issues:</p> <ul style="list-style-type: none"> i) 30,000,000 shares and 36,000,000 Performance Shares to the Misto vendors (or their nominees) in consideration for the acquisition of all the issued capital in Misto; ii) 9,000,000 shares and 5,000,000 performance shares to the Min – Trak vendors (or their nominees) in consideration for the acquisition of all the issued capital in Min – Trak ; iii) 20,000,000 options at an exercise price of \$0.11 each and an expiry date of 31 May 2018 as consideration for Corporate Advisory services and Lead Managers services provided with respect to the placement facility and other matters prior to the completion of the Placement; iv) 1,806,522 shares to the former Place Resources Ltd creditors (or their nominees); 450,000 shares and 450,000 options at an exercise price of \$0.11 each and an expiry date of 31 May 2018 to the Min – Trak creditors (or their nominees); and v) 9,200,000 shares to the convertible note holders (or their nominees) on conversion of the outstanding balance of their Converting notes

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

+ See chapter 19 for defined terms.

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Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,794	29
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other – share application		4,423
Total: cash at end of quarter (item 1.23)	1,794	4,552

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	<ul style="list-style-type: none"> i) Misto Nominees Pty Ltd; ii) Tikforce Operations Pty Ltd; and iii) Min – Trak Pty Ltd 	
5.2 Place of incorporation or registration	<ul style="list-style-type: none"> i) Australia; ii) Australia; and iii) Australia 	

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5.3 Consideration for acquisition or disposal	<p>i) 30,000,000 shares in the former Palace Resources Ltd and 36,000,000 Performance Shares in the former Palace Resources Ltd (subject to milestones);</p> <p>ii) 30,000,000 shares in Misto Pty Ltd and 36,000,000 Performance Shares in Misto Pty Ltd (subject to milestones);</p> <p>and</p> <p>iii) 9,000,000 shares in the former Palace Resources Ltd and 5,000,000 performance Shares in the former Palace Resources Ltd (subject to milestones);</p>	
5.4 Total net assets	2,526,000	

5.5 Nature of business

<p>i) and ii) Misto owns 100% of Tikforce. Tikforce owns or licences certain software applications and IT systems which it uses to offer the TikForce Platform to support the changing labour market and business environment.</p> <p>The TikForce Platform enables employers or other organisations seeking to engage workers the ability to confirm the identity of those workers, and review their credentials and qualifications, thereby facilitating compliance for both workers and organisations seeking to engage those workers. It provides employers or other organisations with easy access to available work candidate profiles which have been uploaded onto the TikForce Platform, and gives workers the ability to increase personal control of when they work, who they work for, and from where.</p> <p>iii) Min-Trak owns an asset management software platform known as the Min-Trak Solution. It can be utilised to track assets and people via mobile or satellite networks, provides driver and journey data via an in vehicle monitoring system, track loads and send alerts for unwanted events or deviations, all with real time reporting.</p> <p>i)</p>	
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:Roland Berzins..... Date:29 July 2016.....
(Director/Company secretary)

Print name:Roland Berzins.....

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.