

31 October 2016

September Quarter Update

TikForce Limited (ASX: TKF, 'the Company') is pleased to provide the following update on its activities for the quarter ended 30th September 2016.

The Company has made significant progress in the past quarter towards the commercialisation of its human resource technology platform, which puts the Company in a strong position to outperform in the next six months.

Commercial agreements and revenue opportunity

TikForce has signed several strategic deals and partnerships in the human resources and labour hire markets in the period. These agreements are summarised below and have the potential to provide a recurring and substantial revenue stream for the Company.

Mediasphere

TikForce entered a binding Heads of Agreement with Mediasphere Holdings Limited in August. Mediasphere is an industry leader in the e-learning sector providing SaaS e-learning and content solutions across the UK, India, the United Arab Emirates, Australia and New Zealand.

Under the agreement Mediasphere will use TikForce to validate the credentials of users on its Learning Management System (LMS) and to verify other critical documents. The first beta integration of TikForce with Mediasphere's system is expected in four weeks.

TikForce will be paid a proportionate share of revenues earned for each user that is verified through the Company's platform. The agreement is expected to generate near-immediate and recurring revenue through the market adoption of the Company's worker verification and validation platform.

WorkPac

In September, TikForce signed a Memorandum of Understanding (MOU) with one of Australia's largest human capital providers, WorkPac Group Pty Ltd.

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The agreement will see TikForce integrate the Company's technology into the WorkPac candidate management process, and collaborate on joint tenders and projects.

WorkPac has more than 750,000 candidates on its database and in the 2014/15 financial year processed more than 40,000 job placements. The agreement will see TikForce receive a fee for each candidate that needs to be verified on the WorkPac platform, using the TikForce technology.

Davidson HR Consulting

The binding heads of agreement with Davidson HR Consulting, signed in late September, gives Davidson the ability to quickly verify user identities using TikForce's platform. Davidson HR Consulting is a subsidiary of Davidson Group.

TikForce is providing Application Program Interfaces (API's) to allow Davidson to automatically connect to the TikForce platform to perform real-time identity verification of users taking an online assessment.

Both groups have started the workflow mapout for joint revenue projects. Due to current re-structuring of some divisions within the Davidson Group, the integration process is not likely until January or February.

MTM Metro update

TikForce completed the Phase 1 contractor onboarding roll out with Melbourne train operator MTM Metro in August and commencing Phase Two of the project shortly.

The Phase Two rollout allows TikForce to directly engage with more than 1,000 contract suppliers and provides a more complete solution that streamlines the full onboarding ID process for the contractors working on the Metro train network.

Capital Structure

Currently the Company has on issue the following securities:

Description	Number of securities	Conditions precedent
FPO	72,911,042	Available for trade
	40,806,522	Escrowed 24 Months from date of re - quotation
	4,050,000	Escrowed 12 months from date of original issue
Options	20,450,000	Escrowed options, 24 Months from date of re – quotation, exercisable at \$0.11 each on or before 31 May 2018.
Performance based FPO	8,000,000	A Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 10,000 paid users
	12,000,000	B Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 20,000 paid users.
	16,000,000	C Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 30,000 paid users.
	2,000,000	D Performance Share Milestone will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding \$75,000 per quarter for 2 consecutive quarters.
	2,000,000	E Performance Share Milestone will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding \$375,000 per quarter for 2 consecutive quarters.
	1,000,000	F Performance Share Milestone will be taken to have been satisfied upon Min-Trak's annualised gross revenue exceeding \$750,000 per quarter for 2 consecutive quarters.

Subsequent events and outlook

Post the reporting period, TikForce has announced an exclusive agreement with the Australian arm of global insurance and risk management services firm, Arthur J Gallagher (AJG) to offer a new insurance solution as part of the Company's newly launched ride-share validation system, TikRide.

The insurance policy offered by AJG will only be available to drivers using TikRide. The TikForce platform automates the validation of driver credentials and will be used for the first time to manage and assess insurance risk for an insurer.

Importantly, the agreement provides a strategic inroad for TikForce to apply their technology to the insurance market for the first time.

In light of these agreements and the revenue potential that they bring, TikForce expects the next six months to be game changing for the Company.

Investors can look forward to the Company providing further updates on the progress of existing contracts as well as the signing of new partners.

"In the September quarter, TikForce signed a number of agreements with leaders in the HR and labour hire industry, which shows that more and more companies are recognising the potential of our solution," said TikForce's Chief Executive Officer, Kevin Baum.

"The revenue potential of the agreements is significant and provides the Company with a strong platform to grow the business in the 2017 financial year."

End

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")

September 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (...3... months) \$A'000
1.1	Receipts from customers	5	5
1.2	Payments for		
	(a) staff costs	(a) (134)	(f) (134)
	(b) advertising and marketing	(b) (-)	(g) (-)
	(c) research and development	(c) -	(h) -
	(d) leased assets	(d) -	(i) -
	(e) other working capital	(e) (798)	(j) (798)
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)	(3)	(3)
	Net operating cash flows	(935)	(935)

	Current quarter \$A'000	Year to date (..3.... months) \$A'000
1.8 Net operating cash flows (carried forward)	(935)	(935)
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) (383)	(c) (383)
(d) physical non-current assets	(d) (11)	(d) (11)
(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	(10)	(10)
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
	(404)	(404)
Net investing cash flows		
1.14 Total operating and investing cash flows	(1,339)	(1,339)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(50)	(50)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	(3)	(3)
	(53)	(53)
Net financing cash flows		
Net increase (decrease) in cash held	(1,392)	(1,392)
1.21 Cash at beginning of quarter/year to date	1,794	1,794
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	402	402

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	Explanation necessary for an understanding of the transactions 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.	

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

No securities were issued in the current quarter.

- 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

Add notes as necessary for an understanding of the position.

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

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	402	1,794
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other – share application	-	-
Total: cash at end of quarter (item 1.23)	402	1,794

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

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 give a true and fair view of the matters disclosed.

Sign here:Roland Berzins..... Date:28 October 2016.....

(Director/Company secretary)

Print name:Roland Berzins.....

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.

For further information, please contact:

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