

ASX ANNOUNCEMENT

5 February 2019

Update on Convertible Notes

Tikforce Limited ((ASX: TKF), “TikForce” or “the Company”) refers to the ASX Announcement dated 10 July 2018 titled ‘Conversion Notices Received from Convertible Note Holders’, at ‘Annexure A’ and shareholder approval received on the 2 November 2018 to issue securities upon conversion of Convertible Notes.

At its shareholder meeting, the Company obtained shareholder approval under ASX Listing Rule 7.1 to issue up to 706,335,386 Shares and 706,335,386 Options on conversion of the Convertible Notes, the terms of which were set out in the Company’s announcement dated 16 March 2018.

In accordance with shareholder approval, the Shares and Options could be issued no later than 3 months after the date of the shareholder meeting held on 2 November 2018.

Since the date of the shareholder meeting, a number of the convertible note holders have verbally advised the Company that they no longer wish to have their Convertible Notes converted. The Company has been in ongoing negotiation with the Convertible Note holders to have them convert in accordance with the terms of the Convertible Notes. Efforts have been unsuccessful to date and the Company now advises that it has received notices of rescission of the convertible note conversions.

The effect of these notices of rescission, is that the conversion notices previously provided by the Convertible Note holders have now been withdrawn, and the terms of the Convertible Notes remain on foot, as set out in the Company’s announcement dated 16 March 2018. In particular, the maturity date of the Convertible Notes is 30 March 2019, at which time the Company may be liable to repay the Convertible Notes in full by payment of the sum of

\$2,000,000. Interest has been paid monthly on the convertible notes of \$33,333 since April 2018. The interest accrual on the convertible notes is currently one months of \$33,333.

The Company will continue to have discussions with all Convertible Note holders with the intention of facilitating conversion of the Convertible Notes into shares and options prior to the maturity date, to preserve the Company's cash reserves. Conversion is subject to shareholder approval.

Based on previous successful fund raising activities by the Company, the Board is confident that it will be able to continue funding corporate and administration costs (which are operating on a minimal operating cost structure). As noted in the Appendix 4C Quarterly Report for the period ended 31 December 2018, the Company stated that it is actively identifying and pursuing other business opportunities.

For and on behalf of Tikforce Limited



Stuart Usher

Director & Company Secretary



ANNEXURE A

ASX Announcement

10 July 2018

Conversion Notices Received from Convertible Note Holders

Tikforce Limited (ASX: TKF) (Tikforce or the Company) advises that it has received notices to convert all the \$2m Convertible Notes issued by the Company as per the terms announced to ASX on 16 March 2018.

The Company and the Convertible Note Holders have entered into a further agreement to convert the Convertible Notes at a conversion price equal to the lower of:

- a. \$0.02;
- b. 80% of the volume weighted average price for Shares in the 5 (five) days on which sales are recorded prior to the Conversion Notice being received by the Company; or
- c. in the event of a capital raising, at a 20% discount to the issue price of the capital raising (and if any additional incentives are offered to the participants of such capital raising, equivalent incentives shall be offered to the Subscriber).

The Company received confirmation that all Convertible Note Holders were intending to issue conversion notices on 28 June 2018 and conversion notices have now been received from all Convertible Note Holders.

On this basis, the conversion price will be circa \$0.00283 per share.

Conversion of the Convertible Notes is subject to shareholder approval. The Company will look to hold a general meeting (Meeting) at its earliest convenience to seek this shareholder approval. Further details of the convertible loan facility agreement will be provided in the Notice of Meeting.

-ENDS-

For and on behalf of Tikforce Limited
Stuart Usher
Company Secretary
Tikforce Limited

Tikforce is a workforce technology platform that provides businesses with a more efficient and complete solution for workforce identity, compliance checks and credentials and qualification screening. The TikForce platform reduces risk and effort when selecting or when monitoring of individuals or suppliers and their workers. The TikForce platforms - TikForce.com & Tik.me - are faster, cheaper, lower risk and more comprehensive than traditional systems for individuals and businesses.