

## Palace Resources Limited

ACN 106 240 475

### to be renamed TikForce Limited Prospectus

For the public offer of 45,000,000 Shares at an issue price of \$0.10 each to raise the minimum of \$4,500,000 before costs with provision for oversubscriptions of up to an additional 20,000,000 Shares at the same issue price to raise a further \$2,000,000 up to a sum of \$6,500,000 before costs (**Public Offer**).

This Prospectus also contains:

- an offer of up to 30,000,000 Shares and 36,000,000 Performance Shares to the Misto Vendors (or their nominees) in consideration for the acquisition of all of the issued capital in Misto (**Misto Vendor Offer**);
- an offer of up to 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 of the issued capital in Min-Trak (**Min-Trak Vendor Offer**);
- an offer of up to 20,000,000 Options at an exercise price of \$0.11 each and an expiry date of 31 May 2018 ; with up to a maximum of 7,500,000 Options being issued as part consideration for corporate services provided by the Lead Manager in connection to the Public Offer and any remaining balance to be issued to GCP Capital Pty Ltd (or its nominee being Gondwana Securities Pty Ltd) as consideration for corporate advisory services provided prior to the appointment of the Lead Manager (**Lead Manager and Corporate Adviser Offers**);
- an offer of up to 1,806,522 Shares to the Palace Resources Creditors (or their respective nominees) (**Palace Resources Creditor Offer**);
- an offer of up to 450,000 Shares and 450,000 Options to the Min-Trak Creditor (or its nominee) in lieu of debts owed to it by Min-Trak (**Min-Trak Creditor Offer**); and
- an offer of up to 9,200,000 Shares to existing Converting Note holders (or their nominees) on conversion of the outstanding balance of the Converting Notes (excluding accrued interest) (**Converting Note Conversion Offer**),

(together, the **Other Offers**).

#### Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

This Prospectus is issued for the purpose of also re-complying with the admission requirements under Chapters 1 and 2 of the ASX Listing Rules following a change to the nature and scale of the Company's activities.

#### Conditional Offers

The Public Offer and the Other Offers (together, **the Offers**) are conditional upon certain events occurring. Please refer to Section 2.23 for further information.

#### Important notice

This document is important and it should be read in its entirety. If you are in any doubt as to the contents of this Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay. The Securities offered by this Prospectus should be considered highly speculative.

Lead Manager



PRIVATE Wealth

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## IMPORTANT INFORMATION

### Prospectus

This Prospectus is dated 1 October 2015 and was lodged with ASIC on that date. ASIC, ASX and their respective officers do not take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the Shares offered pursuant to the Prospectus to be admitted for quotation on ASX.

Securities will not be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for Securities pursuant to the Offers must do so using the relevant Application Form attached to or accompanying this Prospectus. Before applying for Securities, potential investors should carefully read the Prospectus so that they can make an informed assessment of:

- the rights and liabilities attaching to the Securities;
- the assets and liabilities of the Company; and
- the Company's financial position and performance, profits and losses, and prospects.

Investors should carefully consider these factors in light of their own personal, financial and taxation circumstances. Any investment in the Company should be considered highly speculative. **Refer to Sections 1 and 7 of this Prospectus for details relating to risk factors.** Applicants should read this document in its entirety and persons considering applying for Securities pursuant to the Prospectus should obtain professional advice from an accountant, stockbroker, lawyer or other adviser before deciding whether to invest.

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any information or representation not so contained in this Prospectus may not be relied upon as having been authorised by the Company or the Directors in relation to the Offers. No document or information included on the Company's website is incorporated into this Prospectus by reference.

Refer to "Indicative Timetable" for the Opening Date and Closing Date of these Offers.

### ***Applicants outside Australia***

The Offers made pursuant to this Prospectus are not made to persons to whom, or places in which, it would not be lawful to make such offers of securities. No action has been taken to register the Prospectus or the Offers or otherwise permit the Offers to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Refer to Section 2.25 for further information.

### ***Forward-looking statements***

This Prospectus contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements are based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events, as at the date of this Prospectus, are expected to take place,

but there is no guarantee that such events will occur as anticipated or at all given that many of the events are outside the Company's control.

Accordingly, the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Further, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

### **Change in nature and scale and the Conditions**

The Company has historically operated as a mineral exploration company with interests in the Northern Territory, Australia and Indonesia. On 27 May 2015 and 27 August 2015 respectively, the Company entered into the Securities Sale Agreements to acquire 100% of the issued capital of Misto and Min-Trak (**Proposed Acquisition**). For further information on Misto and Min-Trak and the Proposed Acquisition, refer to Sections 1 and 3. The Proposed Acquisition will result in a significant change to the nature and scale of the Company's activities. The Company recently convened a General Meeting to seek approval of Shareholders for, amongst other approvals, the issue of Securities to effect the Offers, the change in nature and scale of the Company, and the change of the Company's name to TikForce Limited. A copy of the Notice of Meeting is available on the Company's website. All of the resolutions in the Notice of Meeting have been passed by Shareholders.

### **Conditional Offers**

The Offers made under this Prospectus and the issue of Securities pursuant to this Prospectus are subject to and conditional upon:

1. the Company raising the Minimum Offer Subscription under the Public Offer (being \$4,500,000);
2. Completion of the Proposed Acquisition; and
3. ASX approving the Company's re-compliance with the admission and Official Quotation requirements under Chapters 1 and 2 of the ASX Listing Rules.

If any of the conditions are not satisfied, the Offers will not proceed, no Securities will be issued pursuant to the Offers under this Prospectus and the Company will repay all monies received from Applicants without interest. The Company must comply with ASX requirements to be reinstated to Official Quotation on ASX, which includes re-complying with Chapters 1 and 2 of the ASX Listing Rules. Please see Section 2.22 for further information.

### **Exposure Period**

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for Securities in the Company under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on Applications lodged prior to the expiry of the Exposure Period.

### **Electronic Prospectus**

This Prospectus will be issued in paper form. An electronic copy of this Prospectus can be downloaded from the Company's website. If you are accessing the electronic version of this



Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company on +61 8 9429 2900 and the Company will send you, at no cost, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at [www.palaceresources.com.au](http://www.palaceresources.com.au).

The Corporations Act prohibits any person passing the Application Form onto another person unless it is attached to, or accompanied by, the complete and unaltered version of the Prospectus. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### **Risks**

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, in considering the prospects of the Company, potential investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of their personal circumstances (including financial and taxation issues). The Securities offered under this Prospectus should be considered highly speculative. **Please refer to Sections 1 and 7 for details relating to risk factors.**

### **Consolidation**

Unless otherwise stated, all references to Securities in this Prospectus are made on the basis of the Securities having being consolidated on the 1 for 100 consolidation (**Consolidation**) which Shareholders approved during the General Meeting.

### **Currency**

All references to "\$", "A\$", "AUD", "dollar" and "cents" are references to Australian currency unless otherwise stated.

### **Time**

All references to time relate to the time in Perth, Western Australia unless otherwise stated.

### **Glossary**

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in the Glossary in Section 10 or otherwise within this Prospectus.

## CORPORATE DIRECTORY

### Current Directors

Peter Woods (Non-Executive Chairman)  
Roland Berzins (Non-Executive Director)  
Ian Murie (Non-Executive Director)

### Proposed Senior Management (upon completion of the Offers)

Kevin Baum (Chief Executive Officer)

### Company Secretary

Roland Berzins

### Australian Solicitors

K&L Gates  
Level 32  
44 St Georges Terrace  
Perth WA 6000

### Investigating Accountant

Somes Cooke Chartered Accountants  
Level 2, 35 Outram Street  
West Perth WA 6005

### ASX Code: PZR

(ASX Code to change to: TKF)

### Registered Office

Suite 4, 16 Ord Street  
West Perth, Western Australia 6005  
Telephone: +61 8 9429 2900  
Facsimile: +61 8 9486 1011  
Email: rberzins@gpcpcapital.com.au  
Website: www.palaceresources.com.au

### Share Registry\*

Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands WA 6009  
+61 8 9389 8033

### Lead Manager

Sanlam Private Wealth Pty Ltd  
Level 15  
37 York Street  
Sydney NSW 2000

### Auditor\*

Somes Cooke Chartered Accountants  
Level 2, 35 Outram Street  
West Perth, Western Australia 6005

\* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

## LETTER FROM THE BOARD

Dear Investor

On behalf of the board of Directors of Palace Resources Limited (**Company**), I am pleased to present you with this opportunity to participate in the Offers.

The Company is proposing to change its activities from a mineral exploration company to a technology company by the 100% acquisition of Misto and Min-Trak which will allow the Company to own and commercialise the TikForce Platform and the Min-Trak asset tracking management solution (**Min-Trak Solution**).

The Company has agreed to acquire Misto subject to Misto acquiring 100% of the issued capital of TikForce.

TikForce has developed the TikForce Platform, which is a suite of software, applications and IT systems to support the changing labour market and productivity motivated business environment. The TikForce Platform enables potential workers to sign up and create a profile with validated credentials that they can share with or link to prospective employers. It also enables employers or organisations seeking to engage workers the ability to digitally review proof of identity, and confirm the qualifications, skills and work documents of workers, thereby ensuring a review of relevant credentials and compliance for both employees and employers. The TikForce Platform also enables communication job and task tracking to further provide facts on work productivity and worker suitability.

The Min-Trak Solution tracks asset and people via mobile or satellite networks and provides critical driver and journey data via in-vehicle monitoring systems. It is intended that following the Proposed Acquisition, the Min-Trak Solution will be integrated into the TikForce Platform to provide additional work force efficiency information. The Min-Trak system will be fully integrated into the TikForce Platform with a common sales, marketing support and sales model. For further information on the business of TikForce, please refer to Section 3 of this Prospectus.

Upon Completion of the Proposed Acquisition, the Company will also change its name to TikForce Limited.

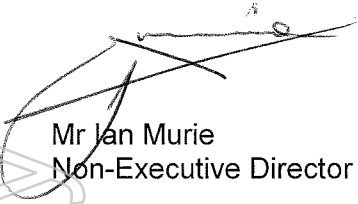
The Company is seeking to raise a minimum of \$4,500,000 before costs under the Public Offer, through the offer of 45,000,000 Shares at an issue price of \$0.10 each. Oversubscriptions of up to an additional 20,000,000 Shares at the same issue price of \$0.10 each (to raise up to a further \$2,000,000) will be accepted by the Company. The total amount which may be raised under the Public Offer is \$6,500,000 before costs.

Funds raised from the Public Offer will be applied towards the TikForce business model through marketing and development of the TikForce Platform, including integration of the Min-Trak Solution. The Company's initial focus and aim will be to generate sales in the Australian market. In addition to growing its business organically, the Company will consider opportunities for growth through acquisitions of competitors and complementary businesses both domestically and internationally. Further details on the business model and strategy for TikForce and Min-Trak are set out in Sections 1 and 3 of this Prospectus. The Offers are subject to various conditions which are summarised in Section 2.23.

An investment in the Company is highly speculative and subject to certain risks, including, but not limited to, those key risks listed in Sections 1 and 7. I encourage you to read this Prospectus carefully and in its entirety. If you are in any doubt as to the contents of this Prospectus or the Offers, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay.

On behalf of the Board, I am pleased to present this Prospectus to you and invite you to take part in this investment opportunity.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ian Murie', is written over a horizontal line. The signature is somewhat stylized and overlaps the text below it.

Mr Ian Murie  
Non-Executive Director

**1 October 2015**

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## INDICATIVE TIMETABLE

| Indicative timetable  |                  |
|---|------------------|
| General Meeting of the Company  | 12 August 2015   |
| Company's Shares were suspended from Official Quotation on ASX                            | 12 August 2015   |
| Lodgment of this Prospectus with ASX & ASIC   | 1 October 2015   |
| Opening Date for the Public Offer   | 8 October 2015   |
| Closing Date for the Public Offer   | 29 October 2015  |
| Completion of Proposed Acquisition  | 5 November 2015  |
| Issue of Consideration Securities and Securities under the Public Offer and Other Offers  | 5 November 2015  |
| Dispatch of holding statements  | 9 November 2015  |
| Expected date for Shares to be reinstated to trading on ASX (subject to ASX's discretion) | 16 November 2015 |

**Note:** The dates shown in the table above are indicative only and may change without notice. In particular, the Company reserves the right to vary the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

# 1. INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus and all of its Sections should be read and considered in their entirety.

| Topic  | Summary   | More information |
|--|---|------------------|
| <b>Introduction</b>  |   |                  |
| Who is the issuer of the Prospectus?                                 | Palace Resources Limited (ACN 106 240 475) (to be renamed TikForce Limited), an Australian public company listed on the Official List since 15 December 2006 (ASX code: PZR).   | Section 3.1      |
| Who is the Company and what does it do?                              | <p>The Company's principal activities have historically involved the exploration of mineral resources in Australia and Indonesia.</p> <p>The Company currently owns and has interests in only one exploration licence, being EL25207 in the Northern Territory, Australia, which is the subject of the Option Agreement and Crestline Joint Venture Agreement with Crestline.</p> <p>Refer to the discussion in this Investment Summary below under the heading "<b>What are the Company's assets</b>"?</p>   | Section 3.1      |
| What is the Company's strategy and what is the Proposed Acquisition? | <p>In light of difficult market conditions for junior exploration companies, the Company has been evaluating investment opportunities outside the commodities industry.</p> <p>Pursuant to the Securities Sale Agreements, the Company is proposing to acquire 100% of the issued capital in 2 companies, being <b>Misto</b> (which at Completion will wholly own TikForce pursuant to the TikForce Securities Sale Agreement) and <b>Min-Trak</b>. The Company has agreed to acquire Misto subject to, amongst other conditions, Misto completing its 100% acquisition of TikForce.</p> <p>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> | Sections 3       |



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| Topic                                 | Summary  | More information  |
|---------------------------------------|--|---|
|                                       | <p>An Identity Services Agreement into by TikForce with Australia Post (refer to Section 5.11) gives workers wishing to use the TikForce Platform the ability to have proof of their of identity confirmed by Australia Post and their qualifications electronically uploaded onto the TikForce Platform by an Australia Post outlet for increased work prospects and rapid on-boarding.</p> <p>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. The Company intends to incorporate the Min-Trak Solution into the TikForce Platform by integrating the asset tracking and satellite technologies to provide a comprehensive human resources tracking and management product on the TikForce Platform known as "TikTraks".</p> <p>For further information on the business of TikForce and the TikForce Platform, refer to Section 3.3 to 3.8.</p> <p>Following Completion and reinstatement of the Company's Shares to quotation on the Official List (subject to ASX approval), the Company will be renamed "TikForce Limited" and its primary focus will be to develop the businesses of TikForce in line with its business model. Further details of the business model of TikForce are set out in Section 3.</p> |   |
| <p>What are the Company's assets?</p> | <p>The Company's only exploration tenement is exploration licence EL25207 in the Northern Territory, Australia.</p> <p>Pursuant to the Option Agreement and the Crestline Joint Venture Agreement, this tenement is currently the subject of a farm-in arrangement with Crestline, whereby Crestline has the exclusive right to explore for all minerals and earn up to a 90% interest in all minerals on the tenement by incurring expenditure of \$500,000 by 31 December 2016. Crestline is responsible to manage and sole fund all costs associated with maintaining the tenement until completion of the farm-in period ending 31 December 2016.</p> <p>The Company is not aware of any outstanding or ongoing liabilities or potential claims in relation to the tenement other than the cost of maintaining the tenement in good standing which is the responsibility of Crestline under the Crestline Joint Venture Agreement.</p> <p>Following completion of the Offers and the Proposed Acquisition, the Company intends to either sell, transfer or relinquish its interest in the licence in accordance with the terms and the rights of Crestline under the Crestline Joint Venture Agreement.</p> <p>For further information on the Option Agreement and Crestline Joint Venture Agreement, please refer to</p>  | <p>Section 3.1 and 3.2</p> <p>Section 5.18 and 5.19</p> |

| Topic                      | Summary  | More information                              |
|----------------------------|--|---|
|                            | Section 5.   |   |
| <b>The Offers</b>          |  |   |
| What is the Public Offer?  | <p>The Company is offering the public up to 65,000,000 Shares at an issue price of \$0.10 each to raise \$6,500,000 before costs (<b>Public Offer</b>).</p> <p>The Public Offer is subject to the Minimum Offer Subscription of 45,000,000 Shares to raise \$4,500,000.</p>  | Section 2.1                                   |
| What are the Other Offers? | <p>In addition to the Public Offer, this Prospectus also contains separate offers to:</p> <ul style="list-style-type: none"> <li>• the Misto Vendors (or their nominees) for the issue of 30,000,000 Shares and 36,000,000 Performance Shares in consideration for the acquisition of all of the issued capital in Misto (<b>Misto Vendor Offer</b>);</li> <li>• the Min-Trak Vendors (or their nominees) for the issue of 9,000,000 Shares and 5,000,000 Performance Shares in consideration for the acquisition of all of the issued capital in Min-Trak (<b>Min-Trak Vendor Offer</b>);</li> <li>• the Lead Manager (or its nominee) and GCP (or its nominee being, Gondwana Securities Pty Ltd) for the issue of up to 20,000,000 Options at an exercise price of \$0.11 per Option and an expiry date of 31 May 2018, with up to a maximum of 7,500,000 Options being issued to the Lead Manager and the remaining balance to be issued to GCP (or its nominee) as consideration for corporate advisory services provided in connection with the Public Offer and the Proposed Acquisition (<b>Lead Manager's and Corporate Adviser's Offer</b>);</li> <li>• the Palace Resources Creditors (or their respective nominees) for the issue of 1,806,523 Shares in satisfaction of accrued consulting and directors fees (<b>Palace Resources Creditor Offer</b>);</li> <li>• the Min-Trak Creditor (or its nominee) for the issue of 450,000 Shares and 450,000 Options in satisfaction of \$45,000 of debts owed to it by the Company (<b>Min-Trak Creditor Offer</b>); and</li> <li>• the existing holders of Converting Notes (or their nominees) for the issue of 9,200,000 Shares issued on conversion of the Converting Notes (<b>Converting Note Conversion Offer</b>),</li> </ul> <p>(together, the <b>Other Offers</b>).</p> | Sections 2.2, 2.3, 2.4, 2.5, 2.6, 2.7 and 2.8 |

| Topic                                  | Summary   | More information          |
|--|---|---------------------------|
| What are the conditions of the Offers? | <p>The Offers are conditional upon the following events occurring:</p> <ul style="list-style-type: none"> <li>• the Company raising the Minimum Offer Subscription;</li> <li>• Completion of the Proposed Acquisitions; and</li> <li>• ASX approving the Company's re-compliance with the admission and quotation requirements under Chapters 1 and 2 of the ASX Listing Rules on terms and conditions acceptable to the Company.</li> </ul> <p>If any of the conditions are not satisfied, the Offers will not proceed, no Securities will be issued under the Offers and the Company will repay all application monies received without interest in accordance with the provisions of the Corporations Act.</p>   | Section 2.23, 5.1 and 5.3 |
| Why are the Offers being conducted?    | <p>The Public Offer is being conducted to:</p> <ul style="list-style-type: none"> <li>• meet the requirement that the Company re-complies with ASX's admission and quotation requirements in accordance with Chapters 1 and 2 of the ASX Listing Rules;</li> <li>• proceed with the Proposed Acquisition as contemplated in Section 3.2;</li> <li>• provide equity capital to advance the Company's business and continued funding for the development and commercialisation of the TikForce Platform and Min-Trak Solution in the Australian market;</li> <li>• enhance the public and financial profile of the Company;</li> <li>• meet the expenses of the Offers; and</li> <li>• provide administration, funding and working capital for the Company.</li> </ul> <p>The Other Offers are being conducted to:</p> <ul style="list-style-type: none"> <li>• repay debt and discharge liabilities of the Company to the Palace Resources Creditors, the Min-Trak Creditor and to the Noteholders;</li> <li>• provide consideration for the Proposed Acquisition;</li> <li>• facilitate secondary trading of the Shares the subject of those Offers (including the Shares issued upon the exercise of the Options and conversion of the Performance Shares), subject to any escrow-restrictions imposed by ASX. No funds will be raised from these Other Offers; and</li> <li>• comply with the disclosure requirements under Chapter 6D of the Corporations Act to the extent that none of the exemptions under sections 708 and 708A of the Corporations Act apply in respect to those Offers.</li> </ul> <p>No forecast is made as to whether any of these events will occur and they may never occur.</p> | Sections 2.11 and 3.2     |

| Topic  | Summary  | More information   |
|--|--|--|
| <b>Proposed Acquisition</b>                                |  |  |
| <p>What is the Proposed Acquisition?</p>                   | <p>Pursuant to the Misto Securities Sale Agreement, the Company will acquire 100% of the issued capital in Misto which, in effect, will allow the Company to acquire, indirectly, 100% of the rights and title in the securities of TikForce. The acquisition of Misto by the Company under the Misto Securities Sale Agreement is, amongst other things, interdependent and conditional on Misto acquiring 100% of the issued capital of TikForce under the TikForce Securities Sale Agreement.</p> <p>Pursuant to the Min-Trak Securities Sale Agreement, the Company will acquire 100% of the rights and title to the issued securities of Min-Trak.</p>  | <p>Sections 3.2, 5.1, 5.3 and 5.4</p>                    |
| <p>What are the key terms of the Proposed Acquisition?</p> | <p>The key terms of the Misto Acquisition are as follows:</p> <ul style="list-style-type: none"> <li>• Pursuant to the terms of the Misto Securities Sale Agreement, the Company will issue 30,000,000 Shares and 36,000,000 Performance Shares to the Misto Vendors in consideration for 100% of the issued capital in Misto.</li> <li>• Under the Misto Securities Sale Agreement, the Company acknowledged that TikForce had entered a royalty agreement to pay Silikonrok a royalty of 1.5% of gross revenues recovered by TikForce in relation to the commercialisation of the TikForce Platform. Refer to Section 5.20 for further details.</li> <li>• The Misto Acquisition is conditional upon: <ul style="list-style-type: none"> <li>a) the Company completing legal due diligence investigations, to its absolute satisfaction, including in relation to the Misto Vendors, the Company and TikForce (and its intellectual property rights);</li> <li>b) the Shareholders approving the Misto Acquisition (which approval was obtained at the General Meeting;</li> <li>c) the Company raising the Minimum Offer Subscription under the Public Offer;</li> <li>d) the Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Company to lawfully complete the matters set out in the Securities Sale Agreements, including but not limited to, for the purposes of ASX Listing Rules, the Company: <ul style="list-style-type: none"> <li>• meeting the admission and quotation requirements of Chapter 1 and 2 of the ASX Listing Rules; and</li> <li>• obtaining approval from ASX to reinstatement of the Company to Official Quotation on ASX following Completion on conditions</li> </ul> </li> </ul> </li> </ul> | <p>Sections 2.3, 2.4, 5.1, 5.3, 5.4 and 5.5 and 5.15</p> |

| Topic   | Summary   | More information            |
|---|---|-----------------------------|
|   | <p>satisfactory to the Company;</p> <ul style="list-style-type: none"> <li>e) completion of the Consolidation in compliance with applicable laws and the ASX Listing Rules. The Consolidation has been approved by Shareholders at the General Meeting; and</li> <li>f) if required by the ASX Listing Rules, the Misto Vendors providing duly executed restriction agreements (including execution by controllers as required by the ASX Listing Rules) in respect of the Misto Consideration Securities.</li> </ul> <p>Further details of the Misto Securities Sale Agreement are summarised in Section 5.2.</p> <p>The key terms of the Min-Trak Acquisition are as follows:</p> <ul style="list-style-type: none"> <li>• Pursuant to the terms of the Min-Trak Securities Sale Agreement, the Company will issue 9,000,000 Shares and 5,000,000 Performance Shares to the Min-Trak Vendors in consideration for 100% of the issued capital in Min-Trak.</li> <li>• The Min-Trak Acquisition is subject to similar conditions as the Misto Acquisition, including, without limitation, Shareholders approving the Min-Trak Acquisition (which approval was obtained at the General Meeting), the Company receiving the Minimum Offer Subscription under the Public Offer and the Company obtaining all regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other laws.</li> </ul> <p>Further details of the Min-Trak Securities Sale Agreement are summarised in Section 5.3.</p> <p>As part of the acquisition of TikForce through the Proposed Acquisition of Misto, the Company also agreed to loan funds up to \$500,000 to TikForce under a loan agreement (\$356,953 has been advanced to TikForce as at the date of this Prospectus). Interest at 5% per annum is payable on amounts advanced and outstanding pursuant to the loan agreement. On completion of the Misto Acquisition, all monies owing by TikForce will be forgiven by the Company and will be deemed repaid in full.</p> |                             |
| <p>Why is the Company required to re-comply with Chapters 1 and 2 of the ASX Listing Rules?</p> | <p>The Proposed Acquisition will constitute a significant change in the nature and scale of the Company's activities under ASX Listing Rule 11.1.</p> <p>As a result, the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules, being the admission and quotation requirements of ASX. The Offers are conditional on the Company receiving approval from ASX to the reinstatement of the Company to Official Quotation on ASX on conditions satisfactory to the Company. The Company is currently suspended from trading as from the date of the General Meeting and will remain suspended until all conditions of the Offers have</p>   | <p>Sections 2.2 and 3.2</p> |

| Topic            | Summary   | More information                         |
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|                  | <p>been satisfied.</p> <p>There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from quotation. The Offers are conditional upon the ASX approving the Company's re-compliance with the admission and Official Quotation requirements under Chapter 1 and 2 of the ASX Listing Rules. If the Company does not satisfy one or more of the requirements, the Offers will not proceed, no Securities will be issued pursuant to the Offers and the Company will repay all monies received from Applicants without interest.</p>   |  |
| Who is TikForce? | <p>TikForce is a start-up company with limited trading history. Since its incorporation on 28 February 2014, TikForce's activities have principally involved the TikForce Platform including developing its software and product testing.</p> <p>The TikForce Platform enables increasingly mobile and freelance workers to better control where, for whom and when they work, and enables organisations to better manage their increasingly flexible workforces.</p> <p>For further information on TikForce and the TikForce Platform, refer to Section 3.</p>   | Sections 3.3, 3.4, 3.5, 3.6, 3.7 and 3.8 |
| Who is Misto?    | <p>Misto was incorporated on 21 May 2015 as a special purpose vehicle of Silikonrok Pty Ltd (ACN 159 625 313) (<b>Silikonrok</b>). Except for the issue of 13,500,000 shares and 16,200,000 performance shares in Misto to the Misto Vendors, at the date of this Prospectus, Misto is a dormant company, with nil assets or liabilities up until the date of this Prospectus.</p> <p>Silikonrok is an independent advisory group based in Perth engaged in facilitating development and commercialisation of information technology and related intellectual property companies. Pursuant to a non binding memorandum of understanding dated 31 May 2014 between Silikonrok and TikForce, Silikonrok (through its special purpose nominee) obtained the rights to acquire 100% of the issued capital of TikForce. On 27 May 2015, Misto (as Silikonrok's nominee) subsequently entered into the binding TikForce Securities Sale Agreement with the shareholders of TikForce under which Misto agreed to purchase 100% of the issued capital of TikForce from the shareholders of TikForce.</p> <p>Pursuant to a corporate advisory mandate entered into between the Company and Silikonrok (<b>Silikonrok Advisory Mandate</b>) on 20 June 2014, the commercial opportunity to acquire Misto (and indirectly TikForce) was introduced to the Company. On 27 May 2015, the Company entered into a binding Securities Sale Agreement with Misto and the Misto Vendors pursuant to which the Company agreed to acquire 100% of the issued capital in Misto. Pursuant to the TikForce Securities Sale Agreement, Misto has the right to acquire</p> | Sections 3.2 and 5.2                     |



| Topic                                       | Summary   | More information            |
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|   | <p>100% of the issued capital in TikForce.</p> <p>The Company's obligation to acquire Misto is conditional upon, amongst other things, Misto acquiring 100% of the issued capital of TikForce.</p>  |                             |
| <p>Who are the Misto Vendors?</p>           | <p>The Misto Vendors comprise parties who are not Related Parties to the Company.</p> <p>The Misto Vendors comprise either the founding shareholders or seed investors in TikForce or parties that have otherwise been involved in the development of the TikForce business model, as well as parties who have assisted with facilitating the Misto Acquisition with the Company.</p> <p>Details of the Misto Vendors are set out in Section 5.2.</p>   | <p>Sections 2.3 and 5.1</p> |
| <p>What is the TikForce business model?</p> | <p>The TikForce business model is based upon charging users of the TikForce Platform in a number of ways:</p> <p><b>For Workers:</b></p> <p>Workers will pay a continuous monthly or annual subscription fee at different levels depending on their required features.</p> <p><b>For Employers:</b></p> <p>Employers will also pay a subscription fee at different levels depending on their required features and number of worker connections. They will also pay for other transactions such as for job placements or for additional confirmation of worker related documentation.</p> <p>Additionally it is anticipated that employers or partners will be able to co brand with the TikForce Platform TikForce charges for integration, customization and minimum subscriber numbers.</p> <p><b>Both:</b></p> <p>TikForce will also charge for confirmation and validation processing to either or both the employer or worker. These confirmation transactions are either transactions such as through Australia Post or digital validation through connection to reference databases.</p> <p><b>Third Party:</b></p> <p>TikForce also expects to be able to charge third party and complementary businesses for referrals to their services such as insurance and training.</p> <p>The TikForce Platform is available online, via TikForce mobile applications, or through TikForce's Application Programming Interface (APIs), that allow developers or enterprises to add TikForce functions to their applications or systems.</p> <p>TikForce's focus is to deliver products that offer:</p> <ul style="list-style-type: none"> <li>• <b>Access</b> – easy-to-use applications that can be</li> </ul> | <p>Section 3.4</p>          |

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| Topic | Summary  | More information |
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|       | <p>customised and integrated with existing systems;</p> <ul style="list-style-type: none"> <li>• <b>Facts</b> - Confirmation of workers through identity checks and easy access to worker documentation &amp; credentials – facilitating employer organisations to be quickly satisfied that employees or contractors within a workforce are who they say they are and are licensed and continually compliant; and</li> <li>• <b>Control</b> – management of assets and workforces through tracking and task measurement.</li> </ul> <p>TikForce's premier product is <b>Tik.me</b>, an online workforce marketplace for both employers and workers. <b>Tik.me</b> charges members to have proof of their identities confirmed and their qualifications and work documentation uploaded onto the TikForce Platform. <b>Tik.me</b> allows employers to digitally and physically review their real identities, credentials, qualifications and work documentation (through a Identity Services Agreement with Australia Post).</p> <p>Giving employers access to credentialed workers under the TikForce Platform reduces their cost of finding suitable talent while also reducing their risk of non-compliance.</p> <p>Other TikForce products include:</p> <ul style="list-style-type: none"> <li>• <b>TikControl</b> – an extension of <b>Tik.me</b>, providing task scheduling and workforce management; and</li> <li>• <b>TikTraks</b> – an asset tracking solution.</li> </ul> <p>Since incorporating in February 2014, TikForce's activities have been focused on developing its software and product testing, along with the Australia Post integration and national rollout. This phase has been completed with over 1300 Australia post outlets now able to process TikForce ID and worker credential confirmation.</p> <p>Following completion of the Offers, the Company will focus on growing TikForce's business and fully commercialising the TikForce Platform by prioritising funds towards further product enhancement, sales and marketing. Refer to Section 2.13 for further information on use of funds raised under the Public Offer.</p> <p>The Company's initial focus will be to generate sales in the Australian market. It is proposed that the Company will achieve this through advanced sales plans and solid partner sales relationships, as well as a maturing ambassadorial program.</p> <p>The Company also intends to market to industry specific markets by working with industry groups, catalyst clients in specific markets and integration to complementary products for co sales and marketing.</p> <p>In addition to growing its business organically, the Company intends to target strategic opportunities for growth through acquisitions of competitors and complementary businesses.</p> |                  |

| Topic                              | Summary  | More information      |
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| Who is Min-Trak?                   | <p>Min-Trak was incorporated on 14 November 2014 and pursuant to an Intellectual Property Assignment Agreement holds intellectual property rights to mobile asset and workforce tracking technology.</p> <p>Min-Trak is a start-up company with limited trading history. Since its incorporation, Min-Trak's activities have principally involved developing its software and product testing.</p> <p>Min-Trak Zambia Limited (<b>Min-Trak Zambia</b>) assigned to Min-Trak all of its rights, title and interest in the intellectual property that it owned in relation to the Min-Trak Solution.</p> <p>Refer to Section 5.17 for further details.</p>   | Sections 3.9 and 5.17 |
| Who are the Min-Trak Vendors?      | <p>The Min-Trak Vendors comprise parties who are not Related Parties of the Company.</p> <p>The Min-Trak Vendors comprise either the founding shareholders or seed investors of Min-Trak or parties that have otherwise been involved in the development of the Min-Trak business model, as well as parties who have assisted with facilitating the acquisition transaction with the Company.</p> <p>Details of the Min-Trak Vendors are set out in Section 5.3.</p>   | Sections 2.4 and 5.3  |
| What is Min-Trak's business model? | <p>Post Completion of the Proposed Acquisition, the Company intends to incorporate the Min-Trak Solution into its TikForce Platform by integrating asset tracking and satellite technology to provide a comprehensive human resource tracking and management on the TikForce Platform.</p> <p>Min-Trak is a technology company which provides a tracking and management solution for high-value assets, customized to client requirements. The Min-Trak Solution can be utilised to:</p> <ul style="list-style-type: none"> <li>• Track assets and people via mobile or satellite networks;</li> <li>• Provide critical vehicle, driver and journey data via an in-vehicle monitoring system; and</li> <li>• Track load weights and send alerts for unwanted events or deviations, all with real time reporting.</li> </ul> <p>Min-Trak will be integrated into the TikForce Platform to extend that transaction data collected and to assist in log book information and provide benchmark data on worker with vehicle productivity.</p> <p>Min-Trak will be rebranded by the Company as "TikTraks" and be sold as a complementary product to the TikForce Platform. The product will be sold on a hardware and monthly subscription service based on the number of vehicles or assets tracked. The Company will also offer a tiered service as with TikForce with a larger monthly fee based on the required features.</p> <p>It is intended that the Company will be utilising the same</p> | Section 3.10          |

| Topic | Summary  | More information |
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|       | sales and marketing programs for TikForce and TikTraks (formally Min-Trak), however it will be recognising income from the vehicle and asset tracking products as a separate department within TikForce. |                  |

## Summary of key risks

Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks. The risk factors summarised are not limited to those set out in Section 7, and other general risks applicable to investments in listed securities may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative and potential investors in the Company are urged to obtain independent financial and professional advice about the consequences of acquiring Securities in the Company.

### Going Concern

The financial statements of the Company have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements for the period ended 30 June 2015, the consolidated entity incurred a net loss of \$814,742 and had net cash outflows from operating activities of \$499,023 and net cash outflows from investing activities of \$370,307. As at 30 June 2015, the consolidated entity had net current liabilities and net liabilities of \$1,137,240 and \$1,002,736 respectively.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- during the period ended 30 June 2015, the Company has shown the ability to raise capital. Cash proceeds of \$369,900 (before costs) had been raised through Share issues, and \$460,000 from borrowings indicate, especially in the current economic climate, the strong level of support for the Proposed Acquisition;
- \$252,590 of the amount included in payables, disclosed in the statement of financial position, has been negotiated with the creditors to be satisfied via the issue of Shares pursuant to the Palace Resources Creditor Offer;
- the Company has advanced the Proposed Acquisition beyond due diligence. Pursuant to the Public Offer under this Prospectus, the Company is seeking to raise funds of \$4,500,000 to \$6,500,000 to undertake the development of the TikForce Platform, underlying the acquisitions of Misto and Min-Trak; and
- in the event the capital raising pursuant to the Offers is delayed or is unsuccessful, the Company has the ability to reduce its activities to conserve its cash resources.

The consolidated entity's ability to continue as a going concern is mainly dependent on the following factors:

## Summary of key risks

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|  | <ul style="list-style-type: none"> <li>• obtaining additional working capital through the issue of equity as and when required;</li> <li>• the issue of the balance of Shares pursuant to the Palace Resources Creditor Offer in satisfaction of payables of \$180,652; and</li> <li>• the issue of Shares pursuant to the Min-Trak Creditor Offer in satisfaction of payables of \$45,000; and</li> <li>• the issue of Shares pursuant to the Converting Note Conversion Offer in satisfaction of outstanding payables of \$460,000.</li> </ul> <p>Should the Company not achieve the matters set out above, there is significant uncertainty whether the consolidated entity will continue as a going concern and therefore as to whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.</p> |
| <p>Limited trading history of TikForce</p> | <p>The TikForce business is a start-up company with limited trading history and, at such an early stage of its development, there are significant uncertainties associated with forecasting future revenues and expenses of the company.</p> <p>Since incorporating on 28 February 2014, TikForce's activities have principally involved funding the development of its software and product testing. The funds were allocated to Research &amp; Development expenses, wages, legal fees and other associated administration costs.</p> <p>As with many start-up companies, TikForce has incurred losses since its inception. The cumulative losses up to 30 June 2015 are approximately \$79,887.</p> <p>There have been no forecast financial projections undertaken as part of this Prospectus.</p>   |
| <p>Limited trading history of Min-Trak</p> | <p>The Min-Trak business is essentially a start-up company with limited trading history and, at such an early stage of its development, there are significant uncertainties associated with forecasting future revenues and expenses of the company.</p> <p>Since incorporating on 14 November 2014, Min-Trak's activities have principally involved funding the development of its software and product testing.</p> <p>As with many start-up companies, Min-Trak has incurred losses since its inception. The cumulative losses up to 30 June 2015 are approximately \$57,616.</p> <p>There have been no forecast financial projections undertaken as part of this Prospectus.</p>   |
| <p>Reinstatement to the Official List</p>  | <p>The Company's securities are currently suspended from trading. It is anticipated that the Company's securities will remain suspended until completion of the Proposed Acquisition, the Offers, Consolidation, re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one</p>  |

## Summary of key risks

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|  | <p>or more of those requirements and that its securities will consequently remain suspended from quotation, which will result in the Offers not proceeding, no Securities being issued pursuant to the Offers and the Company having to repay all monies received from Applicants without interest.</p>  |
| <p>Dilution risk and ability to affect the Company's direction</p>                 | <p>New investors who subscribe under the Offers may, on completion of the Offers, own a relatively small proportion of the Company, as described in Section 2.14 below. These new investors will be unlikely to be able to significantly affect the Company's direction by exercising their voting rights in the usual manner.</p> <p>The Company also has Existing Options on issue and proposes to issue further Options under the Lead Manager and Corporate Adviser Offers and the Min-Trak Creditor Offer described in Sections 2.5, 2.7, 8.3 and 8.4. In addition, the Company proposes to issue the Performance Shares under the Vendor Offers pursuant to the Securities Sale Agreements, which Securities are further described in Sections 2.3, 2.4, 5.2, 5.3 and 8.5.</p> <p>If these Options or Performance Shares are converted into Shares there will be a dilutionary effect on the holdings of the Company's existing Shareholders.</p>  |
| <p>TikForce Vendors, Misto Vendors and Min-Trak Vendors may sell their Shares.</p> | <p>Some or all TikForce Vendors, Misto Vendors or Min-Trak Vendors may elect to sell their Shares, subject to any escrow restrictions required by the ASX Listing Rules following Completion. If one or more of these vendors elect to sell a sufficiently large number of Shares, then this may negatively impact the price or value of Shares.</p>   |
| <p>Competition and new technologies</p>  | <p>The industries in which TikForce, Min-Trak and the Company are involved are subject to increasing domestic and global competition which is fast-paced and fast-changing.</p> <p>While the Company intends to undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company.</p> <p>There is a risk that the Company will not be able to compete in the competitive industries in which it, TikForce or Min-Trak operates. TikForce and Min-Trak will (and after Completion, the Company will) be competing against a number of significant global IT companies and other entities for users, user growth, user engagement, advertisements, commercial content and revenue.</p> <p>In addition, the emergence of new competitors in the market, or technological developments providing an alternative to TikForce and Min-Trak's products and services, could adversely impact TikForce and Min-Trak's market share and the Company's financial position and financial performance. Existing and new providers of services platforms may expand their market share and revenue, which could also impact adversely on the Company's financial position and financial performance.</p> <p>The Identity Services Agreement with Australia Post is non exclusive and as such the same or a similar service can be provided by Australia Post to competitors of TikForce which may negatively affect the operating or financial performance of the Company.</p> |



## Summary of key risks

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| <p>Development and marketing risks</p>         | <p>Following completion of the Offers, the Company intends to advance the TikForce and Min-Trak business by focusing initially on developing the integrated TikForce Platform.</p> <p>By its nature, there is no guarantee that the Company's marketing campaign will be successful and there is no guarantee of whether the Company will generate any revenue or profits.</p> <p>The Company may encounter difficulty in bringing the TikForce Platform to the market and creating market awareness of the brand.</p> <p>Following completion of the Offers, the Company intends to seek to advance the TikForce Platform by focusing initially on marketing.</p> <p>Any failure to expand the usage of TikForce's Platform would have an adverse impact on the Company's financial position and financial performance.</p>   |
| <p>Operational and commercialisation risks</p> | <p>There can be no assurance that the Company's businesses (including that of TikForce or Min-Trak) will be profitable and/or commercially viable. The Company may not achieve either short or long term profitability and may suffer losses.</p> <p>There is the risk that the TikForce Platform and/or the Min-Trak Solution may not be commercially successful and may not function, operate or integrate as intended, including with respect to its capacity to service customers. TikForce's and Min-Trak's technologies are complex; they may have errors or defects that users identify after they begin using them. There is a risk that the TikForce Platform may not be scalable in that the software or hardware may not support large numbers of users as the Company's businesses grow and the number of users of the TikForce Platform or Min-Trak Solution increases.</p> <p>This may lead to the Company's financial position and financial performance being adversely affected and the Company's reputation suffering amongst users and customers as well as potential claims for redress.</p>   |
| <p>Intellectual property rights</p>            | <p>Following Completion of the Proposed Acquisition, the Company will have acquired the TikForce Platform and Min-Trak Solution, which includes a specialised human resources and asset tracking software technology and the methodologies for recording proof of personal identities, and uploading qualifications and work skills.</p> <p>The Company has not sought protection of its intellectual property by applying for patents or trademarks due to the legal standards relating to the validity, enforceability and scope of protection of intellectual property rights being uncertain. In particular, when the Company seeks to expand its product range in international markets, protection may not be available in any or every country in which the Company may operate.</p> <p>The Company may not be able to prevent third parties from infringing upon or misappropriating its intellectual property or copying its methodologies which underpin the businesses of TikForce and Min-Trak.</p> <p>Further, there is a risk that the Company's business may be alleged to have infringed intellectual property rights of third parties. The Company is not aware of any such allegations at the date of this Prospectus.</p> |
| <p>Reliance on key personnel</p>               | <p>The responsibility of overseeing the day to day operations and the strategic management of the Company depends substantially on its key personnel (being Mr Kevin Baum and the Directors at the date of this Prospectus). Loss of key personnel could adversely affect the Company's performance and its financial</p>  |

## Summary of key risks

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|  | <p>position.</p> <p>The Company's ability to effectively execute its growth strategies therefore depends significantly upon the ability to recruit key personnel and the performance and expertise of such personnel, including those with valuable technological skills, marketing experience and specialist knowledge of the Company's business model and markets, respectively. The inability to recruit key personnel or the departure of certain key employees, including Mr Kevin Baum and any delay in his replacement or indeed any failure to adequately replace him, is likely to hinder the Company's ability (post Completion) to achieve its strategic growth objectives and financial performance goals. In addition, in order for the Company to achieve its growth objectives it will likely be required to engage the services of other key management personnel with appropriate experience.</p> <p>There is no guarantee that the Company will be able to attract and retain appropriately qualified personnel in these areas. Any failure to do so is likely to also hinder the Company's ability to achieve its strategic growth objectives.</p>   |
| <p>Contractual risks</p>                               | <p>The Company is reliant on various contractual arrangements and relationships with third parties (refer to Material Contracts, Section 5). There can be no guarantee that those contracts will be performed in accordance with their terms, that they are enforceable or that their terms will produce beneficial outcomes for the Company.</p> <p>For example, TikForce's business relies on the Identity Services Agreement with Australia Post (as summarised in Section 5.11). In the event that this contract or other key contracts are breached, terminated, or are not renewed, the business' financial position and the performance of the Company and TikForce may be detrimentally affected.</p>   |
| <p>Converting Notes and Converting Loan Agreements</p> | <p>The documentation relating to the issue of the Converting Notes does not expressly terminate the Converting Loan Agreements, nor specify that the Converting Notes repay or otherwise replace the loans the subject of the Converting Loan Agreements.</p> <p>The Board is satisfied that, given each of the Noteholders have signed the Converting Notes cover letter accepting the issue of the Converting Notes, the Company and the Noteholders have agreed that the Converting Notes replace the loans the subject of the Converting Loan Agreements.</p> <p>However, in the absence of an express termination of the Converting Loan Agreements, there remains a risk that the lenders could assert a claim that those agreements remain on foot, including the obligation to issue Shares at 0.001 or 0.0005 cents per Share upon conversion (depending on the nature of the conversion). This could be highly dilutive to Shareholders,</p> <p>However the Directors believe they retain the right to repay any outstanding Converting Note principal and interest in cash and would undertake this avenue should any application be made to convert at the original offer rate subsequent to completion of the relisting process.</p> |

## Summary of key risks

### Faults with products/services

The Company's products are complex. Damage to or failure of key systems may result in disruptions to the Company's ability to operate the TikForce Platform, Min-Trak Solution and other services and could affect the Company's performance and financial position.

### Regulatory environment

Presently, the Company's active operations are based in Australia and are subject to Australian laws and regulations. However, the Company intends to expand its operations into other markets which may expose it to regulatory and jurisdictional risks.

The Company's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon the Company's profitability and viability.

### Additional requirements for capital

Additional funding beyond that proposed to be raised pursuant to the Public Offer may be required for the continued development of the Company's business model. This additional capital may also be used to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, or to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures, partnerships, alliances or other means. Failure to obtain sufficient financing for the Company's activities and future projects may have an adverse effect on the Company's financial position and financial performance. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

### Foreign exchange risks

Exchange rates are beyond the control of the Company.

The Company's revenues, costs and expenses are currently all derived in Australian dollars and there is no foreign exchange risk under the current business trading model.

As the Company's intention is to expand its operations in future in foreign jurisdictions, the Company could be exposed to foreign exchange risks.

### Reliance on External Technology

The Company does rely on the capacity of external technology utilized by the TikForce and Min-Trak products under licence to provide ongoing support for the delivery of their software solutions.

Min-Trak and TikForce have developed or acquired their own software which is used in conjunction with off the shelf software under licence from third parties to enable the functionality of its product offerings. Such third party software may be subject to external factors such as depreciation of operating systems, libraries, components, third party interfaces, drivers, patches, compatibility, version conflict, obsolescence or other related issues. In addition, the third party software may require updating and maintenance. These external factors may also affect the ability of TikForce or Min-Trak to effectively upgrade and maintain its software. Furthermore, licensing and commercial conditions imposed by third party software companies may be unsustainable or impracticable for TikForce or Min-Trak causing a need to rely on other solutions or develop these in house. Should TikForce or Min-Trak have such issues, these may affect their ability to

## Summary of key risks

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|  | <p>successfully provide their products.</p> <p>The Company recognizes the risk in these areas and will undertake all necessary controls and monitoring of these facilities to ensure that any variation or cancellation of these technologies can be replaced in due course.</p>   |
| Security Breaches                            | <p>A malicious attack on the Company, TikForce or Min-Trak from external or internal sources could put the integrity and privacy of customers' data and business systems used to run the TikForce Platform at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation and brand damage resulting in adverse effects to the Company which may affect the Company's financial position and performance. The Company proposes to follow best practice in relation to security policies, procedures, automated and manual protections, encryption systems and staff screening to minimise this risk.</p>  |
| Fraud or misleading information from workers | <p>The TikForce Platform and the business of TikForce relies on proof of identity checks being undertaken by Australia Post under the Identity Services Agreement. It also relies on prospective employees or workers swearing a statutory declaration that documentation uploaded onto the TikForce Platform is genuine. There is a risk therefore that Australia Post does not undertake the proof of identity checks in accordance with the Identity Services Agreement or that prospective employees or prospective workers using the TikForce Platform falsely swear the statutory declaration in relation to the truth or accuracy of the information they upload into the TikForce Platform. If this occurs then the Company maybe exposed to claims or may incur financial loss or reputational damage which may adversely affect future revenues or the growth prospects of the Company.</p>  |
| Privacy                                      | <p>The environment in which the Company operates is subject to complex and evolving Australian and foreign policies, laws and regulations regarding privacy, data protection, content regulation, intellectual property, competition, distribution of electronic contracts and other communications, consumer protection, taxation, online payment services and advertising and marketing standards.</p> <p>The Company collects, stores and processes highly sensitive, highly regulated and confidential information. The provision of secure and reliable information storage and processing services is integral to the businesses and operations of the Company.</p> <p>Whilst the Company follows best practice in relation to security policies, procedures, automated and manual protections, encryption systems and staff screening to minimise risks, there is no guarantee that the implementation of such precautions will be sufficient to prevent data security breaches and information being compromised or misused.</p> <p>A malicious attack on the Company's systems, processes or people from external or internal sources could put the integrity and privacy of client data and business systems used to run the Company at risk. The impact of loss or leakage of client or business data could include potential service disruption, litigation, liability to third parties, penalties imposed by government agencies under applicable laws and brand damage resulting in reduced or falling revenues. These potential losses or liabilities will be different for each jurisdiction in which the Company operates.</p> <p>There is also currently an increased exposure to organisations that process personal information in the course of their commercial activities, in particular relating to liability arising from security incidents. Although the Company is relatively small, vulnerabilities in the information security governance will require remediation in the near future and upon Completion.</p> |

| Topic   | Summary   | More information          |
|---|---|---------------------------|
| <b>Proposed use of funds and other key terms of the Public Offer</b>        |   |                           |
| What is the proposed use of the funds raised under the Public Offer?        | The Company intends to apply the funds raised from the Public Offer as detailed in Section 2.13.  | Section 2.13              |
| Will the Company be adequately funded after completion of the Public Offer? | The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient working capital to carry out its stated objectives described in Section 2.12.  | Sections 2.13             |
| What are the key dates of the Public Offer and the Other Offers?            | An indicative timetable of the Offers is set out immediately before Section 1.  | "Indicative Timetable"    |
| What rights and liabilities attach to the Securities being offered?         | <p>All Shares issued under the Offers will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 8.2.</p> <p>The rights and liabilities attaching to the Options and Performance Shares being offered under this Prospectus are described in Sections 8.3 to 8.5.</p>   | Sections 8.2, 8.3 to 8.5, |
| Are the Offers underwritten?  | The Offers are not underwritten.  | Section 2.26              |
| Who is the Lead Manager to the Offer?                                       | <p>The Company has appointed Sanlam Private Wealth Pty Ltd as the Lead Manager to the Offer under a mandate summarised in Section 5.9 (<b>Lead Manager Mandate</b>).</p> <p>The Lead Manager is required to provide services and assistance customarily provided by lead managers in connection with structuring, marketing and execution of an equity offer such as the Public Offer.</p> <p>Details of the Lead Manager's engagement are described in Section 5.9.</p>  | Section 5.9               |
| Will the Shares issued under the Offers be listed?                          | The Company will apply to ASX no later than 7 days from the date of this Prospectus for Official Quotation of the Shares on the ASX under the new code "TKF". However, Applicants should be aware that the Company's Shares offered pursuant to this Prospectus will not be admitted to Official Quotation unless and until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules and receives the approval of ASX to be reinstated to trading on the Official List (noting that certain Shares to be issued under this Prospectus, other than pursuant to the Public Offer, are expected to be restricted from trading and therefore not quoted on ASX for a period of time as summarised in Section 2.16). | Sections 2.16 and 2.22    |

| Topic  | Summary  | More information       |
|--|--|------------------------|
| What are the tax implications of investing in Securities under the Offers? | <p>The tax implications of any investment in Securities will depend upon your particular personal circumstances.</p> <p>Prospective investors should obtain their own tax advice before deciding to invest.</p>  | Section 2.19           |
| What is the Company's dividend policy?                                     | <p>The Company does not intend to declare or pay any dividends in the immediately foreseeable future. The extent, timing and payment of any dividends declared or payable in the future will be determined by the Directors, based on a number of factors, including future earnings and the Company's financial position.</p>   | Section 2.20           |
| How do I apply for Securities under the Offers?                            | <p><b>Public Offer</b></p> <p>You may apply for Shares offered pursuant to this Prospectus under the Public Offer by completing a valid Application Form attached to, or accompanying, this Prospectus and delivering the completed Application Form to the Lead Manager.</p> <p>To the extent permitted by law, a completed Application Form lodged together with a cheque for the application monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. Cheques must be made payable to "<b>Palace Resources Limited Share Application Account</b>" and should be crossed "<b>Not Negotiable</b>".</p> <p><b>Other Offers</b></p> <p>Investors eligible to participate in the Other Offers should refer to Section 2.21 for further information.</p> | Section 2.21           |
| When will I receive confirmation that my application has been successful?  | <p>It is expected that holding statements will be sent to successful Applicants by post on or about 9 November 2015. However, that period is an estimate only and is subject to change without notice.</p>   | "Indicative Timetable" |
| How can I find out more about the Prospectus or the Offers?                | <p>Further information can be obtained by reading this Prospectus and consulting your professional advisers.</p> <p>You can also contact the Company Secretary, Mr Roland Berzins on +61 8 9429 2900. Questions relating to Applications for Shares under the Public Offer can be directed to Mr Ben Faulkner of Sanlam Private Wealth Pty Ltd, Level 15, 37 York Street, Sydney NSW 2000, +61 2 8245 0500.</p>  | Section 2              |



| Topic   | Summary   | More information     |
|---|---|----------------------|
| <b>Board and Management</b>                                     |   |                      |
| Who are the Directors of the Company?                           | <p>The Directors (as at the date of this Prospectus) are:</p> <ul style="list-style-type: none"> <li>• Peter Woods – Non-Executive Chairman;</li> <li>• Roland Berzins – Non-Executive Director; and</li> <li>• Ian Murie – Non-Executive Director.</li> </ul> <p>On completion of the Offers, no changes are intended to be made to the Board.</p>   | Section 4.1          |
| Who are the key management personnel of the Company?            | <p>From Completion, Mr Kevin Baum will be appointed Chief Executive Officer of the Company.</p> <p>Mr Baum has extensive experience in the IT industry and has the capacity to respond to the development and marketing requirements of the Company by the appointment of competent staff to meet these requirements.</p> <p>At the date of this Prospectus, the Company has no other employees. It is the intention of the Company to recruit staff to fill identified roles. Suitable individuals have been identified and are ready to join the Company. A number of these have provided services and expertise in the past to create the existing business.</p> <p>Refer to Section 5.15 for details of the terms of Mr Baum's employment with the Company.</p> | Section 4.3          |
| What are the significant interests of Directors in the Company? | <p>The Directors' respective remuneration agreed with the Company is detailed in Section 4.4 and elsewhere in this Prospectus.</p> <p>The relevant interests of the Directors in the securities of the Company as at the date of this Prospectus are set out in Section 4.5.</p>  | Sections 4.4 and 4.5 |
| <b>Miscellaneous</b>  |   |                      |
| What material contracts is the Company a party to?              | The material contracts of the Company comprise the contracts summarised in Section 5.   | Section 5            |
| Will any Securities be subject to escrow?                       | <p>Shares issued under the Public Offer will not be subject to escrow.</p> <p>Certain Securities issued under the Other Offers will be classified by ASX as Restricted Securities and will be required to be held in escrow for up to 24 months from the date of reinstatement to trading on the ASX.</p>   | Section 2.16         |

## **2. DETAILS OF THE OFFERS**

### **2.1 Public Offer**

Pursuant to this Prospectus, the Company invites applications during the Offer Period for a minimum of 45,000,000 Shares at an issue price of \$0.10 per Share to raise \$4,500,000 before costs. There is a provision for oversubscription of up to an additional 20 million Shares at the same issue price of \$0.10 each to raise up to a maximum of \$6,500,000.

Applications must be made on the Application Form for the Public Offer as provided with this Prospectus and received by the Closing Date. Refer to the "Indicative Timetable" for the Opening Date and Closing Date for the Offers.

### **2.2 Other Offers**

This Prospectus also contains the Other Offers comprising:

- (a) the Misto Vendor Offer;
- (b) the Min-Trak Vendor Offer;
- (c) the Lead Manager and Corporate Adviser Offer;
- (d) the Palace Resources Creditor Offer;
- (e) the Min-Trak Creditor Offer; and
- (f) the Converting Note Conversion Offer.

The Other Offers were recently approved by Shareholders at the General Meeting.

### **2.3 Misto Vendor Offer**

The Company has entered into the Misto Securities Sale Agreement with Misto and the Misto Vendors pursuant to which the Company will acquire 100% of the issued capital of Misto.

Pursuant to this Prospectus, the Company offers to the Misto Vendors (or their nominees) 30,000,000 Shares and 36,000,000 Performance Shares in consideration for the acquisition of all of the issued capital in Misto.

The Misto Vendor Offer is a separate offer to the Misto Vendors only.

No funds will be raised from the Misto Vendor Offer.

### **2.4 Min-Trak Vendor Offer**

The Company has entered into the Min-Trak Securities Sale Agreement with Min-Trak and the Min-Trak Vendors pursuant to which the Company will acquire 100% of the issued capital of Min-Trak.

Pursuant to this Prospectus, the Company offers to the Min-Trak Vendors (or their nominees) 9,000,000 Shares and 5,000,000 Performance Shares in consideration for the acquisition of all of the Min-Trak issued capital.

The Min-Trak Vendor Offer is a separate offer to the Min-Trak Vendors only.

No funds will be raised from the Min-Trak Vendor Offer.

## 2.5 Lead Manager and Corporate Adviser Offers

The Company has appointed the Lead Manager as the lead manager to the Offers under the Lead Manager Mandate. A summary of the terms and conditions of the Lead Manager's Mandate is contained in Section 5.9.

GCP has also been appointed as a corporate adviser to the Company under a separate mandate referred to in Section 5.12.

The Lead Manager is required to provide services and assistance customarily provided by lead managers in connection with structuring, marketing and execution of an equity offer such as the Public Offer.

As part consideration for the services provided by the Lead Manager and GCP for corporate advisory services, as approved by Shareholders at the General Meeting, the Company has also agreed to issue to:

- (a) the Lead Manager (or its nominee):
  - (i) 1,000,000 Options with an exercise price of \$0.11 expiring on 31 May 2018 at an issue price of \$0.0001 for each Option; and
  - (ii) 1 Option (with an exercise price of \$0.11 expiring on 31 May 2018) for every \$1.00 raised directly by the Lead Manager at an issue price of \$0.0001 for each Option, (being up to a maximum of 7,500,000 Options) (**Lead Manager Options**); and
- (b) GCP's nominee, being Gondwana Securities Pty Ltd (or its nominee), any remaining Options from the maximum amount of 20,000,000 Options after issuing the Lead Manager Options (**Remaining Lead Manager Options**).

Pursuant to this Prospectus, the Company offers to the Lead Manager (or its nominee) the Lead Manager Options and to Gondwana Securities Pty Ltd (or its nominee) the Remaining Lead Manager Options (together the **Lead Manager and Corporate Adviser Offers**).

The Lead Manager and Corporate Adviser Offers in each case are a separate offer to the Lead Manager and to Gondwana (or their respective nominees) only.

If the maximum amount of \$6,500,000 is raised under the Public Offer, a maximum amount of \$2,000 will be raised under the Lead Manager and Corporate Adviser Offers from the issue of 20,000,000 million Lead Manager Options and Remaining Lead Manager Options.

## 2.6 Palace Resource Creditors Offer

As approved by Shareholders at the General Meeting, the Company has agreed to issue a total of up to 1,806,522 Shares to the Palace Resources Creditors (or their nominees) in satisfaction of accrued consulting and director fees for serviced rendered to the Company.

Pursuant to this Prospectus, the Company offers the Palace Resources Creditors (or their nominees) 1,806,522 Shares at a deemed issue price of \$0.10 for each Share in satisfaction of accrued liabilities (**Palace Resources Creditor Offer**).

The Palace Resources Creditor Offer is a separate offer made to Palace Resources Creditors (or their nominees) only.

No funds will be raised from the Palace Resources Creditor Offer.

## **2.7 Min-Trak Creditor Offer**

The Company has agreed to issue a total of 450,000 Shares and 450,000 Options (**Min-Trak Options**) in satisfaction of accrued debts owed to Seefeld Investments Pty Ltd) (**Min-Trak Creditor**) who is also a Min-Trak Vendor.

Pursuant to this Prospectus, the Company offers the Min-Trak Creditor (or its nominee) 450,000 Shares at a deemed issue price of \$0.10 for each Share and 450,000 Min-Trak Options in satisfaction of accrued debts of \$45,000 owed to the Min-Trak Creditor (**Min-Trak Creditor Offer**).

The Min-Trak Creditor Offer is a separate offer made to the Min-Trak Creditor only.

No funds will be raised from the Min-Trak Creditor Offer.

## **2.8 Converting Notes Conversion Offer**

The Company has issued Converting Notes to the Noteholders with a total face value of \$460,000. The Noteholders are not Related Parties of the Company.

Pursuant to this Prospectus, the Company offers the Noteholders (or their nominees) up to 9,200,000 Shares at a deemed issue price of \$0.05 each upon conversion of the outstanding balance of the Converting Notes (excluding accrued interest).

The Converting Notes Conversion Offer is an offer made to the Noteholders only. No funds will be raised from the Converting Notes Conversion Offer.

Refer to Sections 5.15, and 8.6 for further information on the Converting Notes.

## **2.9 Terms and conditions of the Securities offered under the Offers**

- (a) The Shares offered under the Offers will rank equally with the existing Shares on issue.
- (b) The terms and conditions of the Lead Manager Options, the Remaining Lead Manager Options and the Min-Trak Options are set out in Section 8.3.
- (c) The terms and conditions of the Performance Shares issued to the Misto Vendors and the Performance Shares issued to the Min-Trak Vendors are set out in Section 8.5.

## **2.10 Minimum subscription**

The minimum subscription under the Public Offer is 45,000,000 Shares at an issue price of \$0.10 per Share to raise \$4,500,000.

The Company will not issue any Securities under the Offers until the Minimum Offer Subscription is achieved and the conditions of the Offers are satisfied. Should the Minimum Offer Subscription not be achieved within 3 months from the date of this Prospectus, all applications and application monies will be dealt with in accordance with the provisions of Corporations Act.

There are no minimum subscription amounts for the Other Offers.

## 2.11 Oversubscriptions

The Company may, at its discretion, accept oversubscriptions under the Public Offer of up to a further 20,000,000 Shares at an issue price of \$0.10 per Share to raise a further \$2,000,000. The maximum amount that may be raised under the Public Offer (assuming the Maximum Offer Subscription) is \$6,500,000.

## 2.12 Objectives of the Company

The Company's main objectives on completion of the Offers are to:

- (a) proceed with the Proposed Acquisitions as contemplated in Section 3.2;
- (b) provide funds to advance and further develop the TikForce Platform and the integration of the Min-Trak Solution into the TikForce Platform;
- (c) aim to accelerate the growth of TikForce's business and to fully integrated the TikForce Platform in the Australian market, with possible additional expansion into international markets in the future;
- (d) provide funds for continued enhancement of the functionality and operation of the TikForce Platform and integration of the Min-Trak Solution into the TikForce Platform and to launch new versions or upgraded versions as appropriate;
- (e) repay creditors of the Company and loans owed by the Company to the Palace Resources Creditors, Min-Trak Creditor and under the Converting Notes by the issue of Shares; and
- (f) enhance the public and financial profile of the Company.

The Company gives no assurance or forecast that those objectives will be achieved.

## 2.13 Use of funds

The table below sets out the intended application of the funds raised under the Public Offer (together with existing cash reserves) over a 2 year period commencing from the date of re-quotations of the Company's Securities on the ASX.

| Allocation of funds                      | Year 1 – Minimum Offer Subscription \$ | %   | Year 2 – Minimum Offer Subscription \$ | %     | Year 1 – Maximum Offer Subscription \$ | %   | Year 2 – Maximum Offer Subscription \$ | %     |
|--|--|-----|--|-------|--|-----|--|-------|
| Existing cash reserves                   | -50,000                                |     | -                                      | -     | -50,000                                |     | -                                      | -     |
| Cash payments for Lead Manager Options   | 2,000                                  |     | -                                      |       | 2,000                                  |     |  |       |
| Proposed capital raising under the Offer | 4,500,000                              |     | -                                      | -     | 6,500,000                              |     | -                                      | -     |
| Opening cash <sup>1</sup>                | 4,452,000                              | 100 | 1,677,000                              | 37.67 | 6,452,000                              | 100 | 2,955,000                              | 45.80 |

| Allocation of funds                                   | Year 1 – Minimum Offer Subscription \$ | %            | Year 2 – Minimum Offer Subscription \$ | %           | Year 1 – Maximum Offer Subscription \$ | %            | Year 2 – Maximum Offer Subscription \$ | %           |
|---|--|--------------|--|-------------|--|--------------|--|-------------|
| Expenses of the Offers <sup>2</sup>                   | 572,990                                | 12.87        | -                                      | 0.00        | 714,990                                | 11.08        | 0                                      | 0.00        |
| Less expenses of the Offer paid at date of Prospectus | 100,000                                | 2.25         | -                                      | 0.00        | 100,000                                | 1.55         | 0                                      | 0.00        |
| Net Offer Expenses                                    | 472,990                                | 10.62        | 0                                      | 0.00        | 614,990                                | 9.53         | 0                                      | 0.00        |
| Creditors <sup>3</sup>                                | 832,010                                | 18.69        | 0                                      | 0.00        | 832,010                                | 12.90        | 0                                      | 0.00        |
| Administration and operations <sup>4</sup>            | 320,000                                | 7.19         | 392,000                                | 8.81        | 550,000                                | 8.52         | 447,000                                | 6.93        |
| Development of TikForce Platform                      | 650,000                                | 14.60        | 650,000                                | 14.60       | 700,000                                | 10.85        | 950,000                                | 14.72       |
| Marketing & Sales                                     | 500,000                                | 11.23        | 635,000                                | 14.26       | 800,000                                | 12.40        | 1,558,000                              | 24.15       |
| Net operational expenses                              | 2,775,000                              | 62.33        | 1,677,000                              | 37.67       | 3,497,000                              | 54.20        | 2,955,000                              | 45.80       |
| <b>TOTAL<sup>5</sup></b>                              | <b>1,677,000</b>                       | <b>37.67</b> | <b>0</b>                               | <b>0.00</b> | <b>2,955,000</b>                       | <b>45.80</b> | <b>0</b>                               | <b>0.00</b> |

Future income and amounts raised under future capital raisings are not shown in this table.

**Notes:**

1. For further details, refer to the Investigating Accountant's Report set out in Section 6 of this Prospectus.
2. Refer to Section 8.10 of this Prospectus for further details.
3. For details of the creditors of the Company:
  - a. \$180,652 comprises monies owing to the Palace Resources Creditors, please refer to Section 1 "Investment Overview" under the heading "Going Concern" and Section 2.6 for details of the Palace Resources Creditor Offer.
  - b. \$71,938 represents cash payments under the settlement of debts owing to related parties of the Company (specifically Directors and Office Holders) as detailed in Section 1
  - c. \$579,420 represents creditor payments outstanding with regards to office overheads including occupancy and corporate advisory and additional document preparation services
4. Administration and operations represents costs pertaining to general operational matters for TikForce excluding Marketing and Sales as specified in the above table.
5. Net cash remaining after deducting the estimated expenses of the Offers, repayment of all amounts to the creditors, administration, development and marketing costs.

If the Company raises more than the Minimum Offer Subscription, but less than the Maximum Offer Subscription, the funds, after expenses of the Offers, will be scaled back firstly from establishment of regional offices followed by marketing and social media campaigns.

The table above is a statement of current intentions of the Board as of the date of this Prospectus. As with any budget, intervening events and new circumstances may have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Offers and based on raising the Minimum Offer Subscription, the Board believes the Company will have sufficient working capital to achieve its stated objectives.

## 2.14 Capital structure

The estimated capital structure of the Company following completion of the Offers (assuming no Options are exercised and no Performance Shares are converted into Shares) is summarised below:

| <b>Capital structure<sup>1</sup></b>  | <b>Number<br/>Minimum Offer<br/>Subscription<br/>\$4,500,000<sup>2</sup></b> | <b>Number<br/>Maximum Offer<br/>Subscription<br/>\$6,500,000<sup>3</sup></b> |
|---|--|--|
| <b>SHARES</b>   |  |  |
| Shares on issue at the date of this Prospectus  | 11,927,979   | 11,927,979   |
| Issue of Shares under the Vendor Offers as consideration of the Proposed Acquisition                        | 39,000,000   | 39,000,000   |
| Issue of Shares under the Public Offer  | 45,000,000   | 65,000,000   |
| Issue of Shares under the Palace Resources Creditor Offer <sup>4</sup>                                      | 1,806,522  | 1,806,522  |
| Issue of Shares under the Min-Trak Creditor Offer <sup>5</sup>  | 450,000  | 450,000  |
| Issue of Shares under Converting Note Conversion Offer upon conversion of the Converting Notes <sup>6</sup> | 9,200,000  | 9,200,000  |
| <b>TOTAL SHARES</b>   | <b>107,384,501</b>   | <b>127,384,587</b>   |
| <b>PERFORMANCE SHARES</b>   |  |  |
| Performance Shares on issue at the date of this Prospectus  | Nil  | Nil  |
| Issue of Performance Shares under the Vendor Offers   | 41,000,000   | 41,000,000   |
| <b>TOTAL PERFORMANCE SHARES</b>   | <b>41,000,000</b>  | <b>41,000,000</b>  |
| <b>OPTIONS</b>  |  |  |
| Options on issue at the date of this Prospectus   | 2,098,775  | 2,098,775  |
| Issue of Options under the Lead Manager and Corporate Adviser Offers  | 20,000,000   | 20,000,000   |
| Issue of Min-Trak Options under the Min-Trak Creditor Offer   | 450,000  | 450,000  |
| <b>TOTAL OPTIONS</b>  | <b>22,548,775</b>  | <b>22,548,775</b>  |

**Notes:**

1. The rights attaching to Securities are set out in Sections 8.2, 8.3, 8.4 and 8.5 of the Prospectus.
2. This is based on the Minimum Offer Subscription being reached and post Consolidation.
3. This is based on the Maximum Offer Subscription being reached and post Consolidation.
4. The proposed issues of Shares under the Palace Resources Creditor Offer comprise:
  - a. the issue of up to 99,632 Shares to the unrelated creditor Fay Holdings Pty Ltd (or its nominees) in lieu of \$9,963 worth of consulting and marketing services fees;
  - b. the issue of up to 661,987 Shares to the unrelated creditor AAG Management Pty Ltd (or its nominees) in lieu of \$66,199 worth of consulting and marketing services fees;
  - c. the issue of 360,272 Shares to the unrelated creditor GCP (or its nominees) in lieu of \$36,027 worth of management services fees;
  - d. the issue of 55,579 Shares to the unrelated creditor Aspiritual Pty Ltd (or its nominees) in lieu of \$5,558 worth of consulting fees;
  - e. the issue of 424,783 Shares to the unrelated creditor Cumberland Investments Pty Ltd (or its nominees) in lieu of \$42,478 worth of consulting fees;
  - f. the issue of up to 126,101 Shares to the unrelated creditor Spartan Nominees Pty Ltd (or its nominees) in lieu of \$12,610 worth of consulting fees;
  - g. the issue of 78,168 Shares to the unrelated creditor Kilo Delta Pty Ltd ATF Baumstein Trust (or its nominees) in lieu of \$7,817 worth of consulting fees;
5. The issue of up to 450,000 Shares and 450,000 Options to Seefeld Investments Pty Ltd (or its nominee), a Min-Trak Vendor, in satisfaction of a loan of \$45,000 advanced to the Company.
6. Refer to Sections 5.15 and 8.6 for details of the Converting Notes.

**2.15 Substantial Shareholders**

Those Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus are set out in the below table.

| Shareholder              | Shares    | %    |
|--------------------------|-----------|------|
| Spartan Nominees Pty Ltd | 6,672,540 | 5.59 |
| 91 High Nominees Pty Ltd | 6,250,000 | 5.24 |

Those Shareholders that will hold 5% or more of the Shares on issue on Completion and following the issue of Securities pursuant to the Offers (assuming all Securities described in Section 2.14 are issued and that the named Shareholders do not participate in the Public Offer) are set out in the below table.

| Shareholder                            | Undiluted Shares | %     | Diluted Shares <sup>1</sup> | Diluted % <sup>1</sup> |
|--|------------------|-------|-----------------------------|------------------------|
| Kilo delta ATF Baumstein Trust Pty Ltd | 11,628,168       | 10.76 | 25,488,168                  | 14.85                  |
| J B & D R Smith                        | 4,950,000        | 4.58  | 10,890,000                  | 6.34                   |
| Silikonrok Pty Ltd                     | 15,750,000       | 14.57 | 32,233,333                  | 18.78                  |

**Notes:**

1. The diluted Shares and diluted percentage holding descriptions assume that all Options and Performance Shares on issue following Completion are converted into Shares (which may or may not actually occur, as described in Sections 8.3, 8.4 and 8.5).



2. The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Proposed Acquisition and the Offers) prior to the commencement of trading of the Shares on the ASX.

## **2.16 Restricted Securities**

Chapter 9 of the ASX Listing Rules prohibits holders of Restricted Securities from disposing of those Securities or an interest in those Securities for the relevant restriction periods. The holder is also prohibited from granting a security interest over those Securities.

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and being reinstated to quotation the Official List, certain Securities may be classified by ASX as Restricted Securities and may be required to be held in escrow for up to 24 months from the date of reinstatement to Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid, which may impact on the ability of a Shareholder to dispose of Shares in a timely manner.

It is estimated that the Securities issued under the Vendor Offers, Lead Manager and Corporate Adviser Offers and the Converting Note Conversion Offer may be escrowed for a period of up to 24 months from the date of reinstatement of the Shares to Official Quotation.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on the ASX.

## **2.17 Financial Information**

Following the change in the nature and scale of its activities, the Company will be focused on developing the TikForce Platform. Therefore, the Company's historical operational and financial performance will not be of significant relevance to future activities.

Further, due to the early stage nature of the TikForce Platform and the Min-Trak Solution and the fact they are not fully commercialised, the Company is not in a position to disclose any key financial ratios or financial information other than the financial statements included in the Investigating Accountant's Report set out in Section 6 of this Prospectus.

The initial funding for the Company will be generated from the Public Offer. The Company may need to raise further capital in the future to develop the TikForce Platform and the Min-Trak Solution. There is a risk that fundraising may not be successful.

## **2.18 No forecasts in Prospectus**

The Directors believe that they do not have a reasonable basis to forecast future earnings of the Company as the activities to be carried on through the Proposed Acquisitions are subject to a number of inherently uncertain influences. Although the Company will seek to ensure that strategies are pursued to ensure the success of the commercial activities of TikForce and Min-Trak, revenue generation cannot be reliably predicted. Accordingly, any forecast or projected financial information would contain such a broad range of potential outcomes and possibilities that it is not possible to provide a reliable estimate, forecast or prediction in this Prospectus.

Notwithstanding the above statement, to the extent that there may be matters discussed in this Prospectus that are forward-looking, such statements are only predictions and actual events or results may differ materially. In addition, there are statements in this Prospectus concerning the envisaged operations of the Company following the completion of the Offers and the Proposed Acquisitions. These forward-looking statements are subject to numerous risks. For a discussion of the important risk factors which could cause actual events or results to differ materially from such forward-looking statements, refer to Section 7.

## 2.19 Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint.

To the extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

## 2.20 Dividend Policy

The Company anticipates that significant expenditure will be incurred on various activities to meet the Company's objectives as described in Section 2.12. These activities are expected to take place during the 2 year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, operating results, the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

## 2.21 Applications

All applications for Securities under the Offers must be made during the Offer Period using the relevant Application Form.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Application for Shares under the Public Offer must be for a minimum of 20,000 Shares and thereafter in multiples of 5,000 Shares. Payment for the Shares must be made in full at the issue price of \$0.10 per Share.

Application Forms in respect of the Public Offer must be accompanied by a personal cheque or a bank draft, payable in Australian dollars, for an amount equal to the number of Shares for which the applicant wishes to apply multiplied by the issue price of \$0.10 per Share. Cheques or bank drafts should be made payable to "**Palace Resources Limited Share Application Account**" and should be crossed "**Not Negotiable**". No brokerage or stamp duty is payable by Applicants. The amount payable on application will not vary during the period of the Offers. Payments may also be made by direct debit as outlined on the Application Form.

Applicants should ensure that cleared funds are available at the time the Application Form is lodged, as dishonoured cheques will result in the Application Form being rejected. Application monies will be held in trust in a subscription account established and controlled by the Company until the allotment of Shares has taken place.

Other Offers under which cash is payable must be accompanied by the payment in full in Australian currency.

Completed Application Forms should be delivered or posted to:

Mr Ben Faulkner  
Sanlam Private Wealth Pty Ltd  
Level 15  
37 York Street  
Sydney NSW 2000

Application Forms must be received at the above address by **no later than 5.00pm on the Closing Date**. The Company reserves the right to close the Offers early or to extend the Closing Date.

Detailed instructions on how to complete Application Forms are set out on the reverse of those forms. Applicants are not required to sign the Application Form.

Refer to "Indicative Timetable" for the Opening Date and Closing Dates of the Offers

## 2.22 ASX Listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

However, Applicants should be aware that the Shares offered pursuant to this Prospectus will not be admitted to Official Quotation unless and until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules and receives the approval of ASX to be reinstated to trading on the Official List.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any Securities pursuant to the Offers and will repay all application monies for those Shares within the time prescribed under the Corporations Act, without interest. In these circumstances, the Proposed Acquisition will not proceed.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

## 2.23 Conditional Offers

The Offers under this Prospectus are subject to a number of conditions, being:

- (a) the Minimum Offer Subscription being reached;
- (b) the satisfaction or waiver of the remaining conditions precedent to Completion and Completion occurring in relation to the Proposed Acquisition; and
- (c) the Company receiving from ASX conditional approval for re-instatement to trading of the Company's Shares on the ASX, on terms acceptable to the Company.

In the event that any of the above conditions are not met, the Company will not proceed with the Offers and no Securities will be issued pursuant to the Offers. If this occurs, the Company will repay all application monies received (without interest) in accordance with the Corporations Act.

## 2.24 Allocation Policy and Issue of Securities

### (a) General

Subject to the satisfaction of the conditions of the Offers, the issue of Securities offered under this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

### (b) Offer

The Directors, in consultation with the Lead Manager, will determine the recipients of the Shares issued under the Offer in their sole discretion. The Directors reserve the right to reject any Application Form or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued under the Public Offer is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

There is no guaranteed allocation of Shares under the Public Offer. The Company's determination on the number of Shares to be allocated to an applicant will be final.

### (c) Other Offers

The Other Offers are specific offers made to certain parties. As such, Securities under the Other Offers will be allocated and issued only to those parties or their nominees acceptable to the Company.

## 2.25 Applicants Outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person, to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

No action has been taken to register or qualify the Securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia. This Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained in that regard.

## 2.26 Not Underwritten

The Offers are not underwritten.

## 2.27 Commissions

The Company reserves the right to pay a commission of up to 5% (exclusive of goods and services tax) on amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid Application Forms under the Public Offer lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

## 2.28 Withdrawal of Offers

The Offers may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

## 2.29 Corporate Governance

To the extent applicable, in light of the Company's size and nature, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 4.7 and the Company's compliance and departures from the Recommendations are set out in Section 4.8.

The Company's full Corporate Governance Plan is available from the Company's website at [www.palaceresources.com.au](http://www.palaceresources.com.au).

## 2.30 ASIC and ASX Waivers

No waivers have been applied for or received from ASIC in relation to the Offers or this Prospectus.

By letter dated 19 June 2015, ASX has:

- (a) granted a waiver from ASX Listing Rule 1.1 Condition 11 to permit the exercise price of the 20,000,000 Options under the Lead Manager and Corporate Adviser Offers to be less than \$0.20 provided the exercise price is not less than \$0.11 per Option and the Options receive shareholder approval at the General Meeting (which has now occurred);
- (b) granted a waiver from ASX Listing Rule 2.1 Condition 2 to permit the issue of up to 65,000,000 Shares under the Public Offer at less than \$0.20 per Share provided the issue price is not less than \$0.10 per Share and the Shares receive shareholder approval at the General Meeting (which has now occurred); and
- (c) confirmed in principle that the terms of the 41,000,000 Performance Shares to be offered under the Vendor Offers are appropriate and equitable for the purposes of ASX Listing Rule 6.1 provided that the Performance Shares receive shareholder approval at the General Meeting (which has now occurred).

### 3. COMPANY OVERVIEW

#### 3.1 Palace Resources Ltd

The Company is an Australian public company which was incorporated on 8 September 2003 and was admitted to the Official List on 15 December 2006. The Company has previously focused on mineral exploration in Australia and Indonesia.

The Company currently holds a 100% interest in an exploration tenement (EL25207) in Tanami, Northern Territory. It is prospective for uranium, gold and copper. The Company holds no other interests in projects or tenements both in Australia and Internationally.

Pursuant to an Option Agreement and the Crestline Joint Venture Agreement, this tenement is currently the subject of the farm-in arrangement with Crestline whereby Crestline has the exclusive right to explore for all minerals and earn up to a 90% interest in all minerals on the tenement by incurring expenditure of \$500,000 by 31 December 2016. Crestline is responsible for all costs associated with maintaining the tenement until completion of the farm-in period ending 31 December 2016.

The Company is not aware of any outstanding or ongoing liabilities or potential claims in relation to the tenement other than the cost of maintaining the tenement in good standing which is the responsibility of Crestline under the Crestline Joint Venture Agreement.

Following completion of the Offers and the Proposed Acquisition, the Company intends to either transfer, sell or relinquish its interest in the tenement, but having regard to the Company's and Crestline's rights and obligations under the Crestline Joint Venture Agreement which include the Company having to obtain Crestline's prior consent before it can dispose of the tenement and recognising that Crestline has a pre-emptive right to purchase any interest the tenement or the joint venture on the same terms as any offer received from a third party

For further information on the Option Agreement or Crestline Joint Venture Agreement, please refer to Section 5.

#### 3.2 Proposed future direction and the Proposed Acquisition

Due to market conditions in the mining and exploration sector, the Directors believe that current market conditions make it very difficult to raise funds to continue to explore the exploration tenement which the Company holds in Tanami, Northern Territory.

The Company has been evaluating investment opportunities outside the commodities industry for the benefit of Shareholders.

On 30 January 2015, the Company announced it had entered into the Min-Trak Securities Sale Agreement with Min-Trak and the Min-Trak Vendors to purchase all of the issued capital of Min-Trak. Further details of the Min-Trak Securities Sale Agreement are set out in Section 5.3 and details of Min-Trak and the Min-Trak Solution are set out in Sections 3.9 and 3.10.

On 28 May 2015, the Company announced that it has entered into the Misto Securities Sale Agreement with Misto and the Misto Vendors to acquire all of the issued capital of Misto (**Misto Acquisition**). Misto has executed a conditional securities agreement to acquire all of the rights and title in the issued capital of TikForce (**TikForce Securities Sale Agreement**). The completion of the Misto Securities Sale Agreement is inter-conditional and dependent on the completion of the TikForce Securities Sale Agreement. The Misto Acquisition allows the Company to acquire TikForce as part of its overall strategy to develop the TikForce Platform. Further details of the Misto Securities Sale Agreement are set out in Section 5.2 and details of the TikForce Platform are set out in Section 3.3.

At the General Meeting of the Company, Shareholders passed resolutions approving, amongst other things:

- (a) the issue of Securities under the Min-Trak Vendor Offer and the Misto Vendor Offer by the Company in consideration for the Proposed Acquisition; and
- (b) the significant change in the nature and scale of the Company's activities arising from the Proposed Acquisition.

ASX has determined that the Proposed Acquisition constitutes a significant change in the nature and scale of the Company's activities. Pursuant to ASX Listing Rule 11.1.3, ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List.

On Completion of the Proposed Acquisition, the Company will focus on developing and commercialising the TikForce Platform and Min-Trak Solution which are owned by TikForce and Min-Trak respectively and such other opportunities in the human resources management technology and asset tracking sectors. In relation to the Min-Trak technology, the Company intends to incorporate the Min-Trak Solution into the TikForce Platform by integrating the asset tracking and satellite technologies to provide a comprehensive human resources tracking and management product on the TikForce Platform known as "TikTraks".

The administration office of the Company will remain in Perth, Western Australia.

### 3.3 TikForce business overview

The TikForce Platform enables mobile and freelance workers to better control where, for whom and when they work, and assists organisations to better manage their flexible workforces.

It is expected to meet a range of corporate and market needs relating to compliance, personal ID, and the confirmation of workers' qualifications.

The TikForce Platform is a flexible mobile workforce management system, which addresses the need to allocate and monitor the status of work tasks and to track the location of workers in the field.

Employers and other organisations engaging a workforce will have a direct interest in reducing the cost involved in finding suitable workers. The TikForce Platform is designed to contribute to this objective by reducing:

- (a) the work involved by an employer or organisation, and the workers themselves, in confirming a worker's credentials; and
- (b) the risk and cost of non-compliance, both on an initial and ongoing basis by ensuring workers and their employers or contractors receive regular reports on expiry of licences and other documents such as visas and insurances.

The TikForce Platform covers:

- (a) onsite workers and tasks;
- (b) sourcing and managing subcontractors and suppliers; and
- (c) integration with accounting and payroll platforms.

On 11 December 2014, TikForce executed an Identity Services Master Agreement with Australian Postal to create a "Worker Passport", a document which is to be processed and

uploaded onto the TikForce Platform and confirms identity checks and electronically provides the qualifications, identity and work documents of workers.

By building the Worker Passport in partnership with Australia Post, TikForce will be able to:

- (a) utilise over 1300 of the national network of Australia Post offices which are equipped to carry out identity checks;
- (b) confirm a person's identity to the same extent required to get an Australian Passport;
- (c) capture portrait standard photos for security;
- (d) capture all work readiness documents, including workers qualifications, licences, insurances and any other work related documentation that is important in the job market; and
- (e) require the worker using the TikForce Platform to complete a statutory declaration to validate the work related documentation in the Worker Passport.

Refer to Section 5.11 for details of the Identity Services Master Agreement with Australia Post.

The TikForce Platform has had extensive development and rigorous testing over the last three years. The current commercial release version of the TikForce Platform has been upgraded to utilize the Microsoft Azure cloud platform to facilitate lower risk scaling of increased user numbers and a continuous formal testing process for all updates and modifications been implemented. The Company believes that TikForce is now fully ready for large scale commercial release and is confident that the TikForce Platform is functionally ready to achieve its stated business objectives.

TikForce has now commenced the beginnings of a commercial rollout of the TikForce Platform.

The TikForce Platform will also track work tasks by adding the location, venue, timesheets, accounting information and human resource data from existing systems. The information informs managers and assists them in the management of work tasks and status.

Through the Min-Trak Acquisition, the Company expects that TikForce will be able to use the technology of Min-Trak to quickly extend data capture to include vehicle movement and related freight data in real time. This additional data is used to support managers in seeking productivity and safety outcomes.

It is contemplated that TikForce will expand the TikForce Platform by using the intellectual property from Min-Trak post Completion, to expand the mobile reach for people and vehicles in remote areas in the mining, agriculture and leisure sectors.

The TikForce Platform will have 3 primary products:

- (a) **Tik.me** - a web and mobile application which uploads workers' identity checks and qualifications, matches workers to work, maintains compliance and includes the Worker Passport application.
- (b) **TikControl** – an extension of Tik.me which facilitates task allocation, scheduling and workforce management, and generates reports against allocated tasks.
- (c) **TikTraks** – an asset tracking module which generates real time data on the location of mobile assets such as vehicles and machinery.



### 3.4 TikForce business model

The TikForce business model is based upon software services, recurring licence fees and memberships to third parties. The business will focus on achieving growth targets in several key areas, including but not limited to:

- (a) partner and distribution relationships;
- (b) industry associations and occupational registration bodies; and
- (c) small and large enterprises by means of:
  - (i) digital marketing;
  - (ii) industry conferences; and
  - (iii) targeted business development activities.

Part of these planned activities will be to share income with distribution partners who have, or who establish business relationships with, specific company targets or potential user groups.

The TikForce Platform, with its Worker Passport application, delivers a reliable worker, identification system. The Worker Passport provides workers within Australia with the ability to have proof of their identities confirmed, and their documents uploaded by Australia Post and the accuracy of documents provided sworn under statutory declaration in the same way as an Australian Passport. Additionally the TikForce Platform gives employers and businesses engaging a workforce seamless access to these documents but only with the ongoing permission of the worker.

### 3.5 Commercialisation

TikForce intends to target a number of ongoing revenue streams from:

- (a) recurring monthly or annual fees from worker members;
- (b) recurring monthly or annual fees from employer members based on number of employee connections;
- (c) transactional charges;
- (d) on the job training and associated courses; and
- (e) fees for integration and customisation of the TikForce Platform with third parties.

### 3.6 Advantages of the TikForce Platform

The identity checks and uploading of worker related documents such as visas, licenses and insurances, is central to a range of commercial and other transactions.

All employers undertake recruitment processes (either internally or through outsourced models) which require confirmation of a worker's identification, work readiness documents and of his or her right to be able to work in Australia. Significant human resources and recruitments resources are directed at viewing and copying source documents (both electronically and manually, and from a range of on-line and other platforms). This is a critical part of progressing and establishing an employment (or contractual) relationship.

The review process for these documents currently is mostly a manual one, even where it is outsourced to specialist agencies which will undertake the process on behalf of the employing organisation.

Documents relevant to establishing an employment and/or contractual relationship can include, but are not limited to:

- (a) documents establishing a worker's right to work in Australia. This includes an Australian Passport, applicable visa, or birth certificate;
- (b) occupational qualifications, tickets and licenses;
- (c) police clearances;
- (d) safety and related training certifications;
- (e) accreditations such as confined space, working at heights, and industry specific access cards such as the construction industry white card;
- (f) medical clearances;
- (g) public liability and professional indemnity insurance;
- (h) superannuation detail; and
- (i) bank and tax details.

Recognising the sensitivity and privacy of much of this information, TikForce is in the process of implementing security standards that will meet or exceed the requirements of the following standards:

- » ISO 27001 – Information Security Management
- » ISO 27018 – Controls for Securing Personal Information in the Cloud.
- » Australia Privacy Principles

TikForce has commenced the process to be certified in these standards and expects they will be completed by the end of November 2015.

### **3.7 Key Strengths of the TikForce Platform**

The TikForce Platform enables a number of operational matters to be carried out more effectively by employers and workers and includes:

- (a) recording visa information to identify persons with proper authority to work in Australia;
- (b) confirming proof of identity checks and confirming work attributes and skills – by ensuring relevant information and work readiness documents are sworn as authentic by the worker and are available in one place, the TikForce Platform makes the employment process more time and cost effective;
- (c) ensuring secure information storage – core documents relating to a worker and his credentials will be stored in personal libraries on the TikForce Platform in accordance with best practice and industry standards for added security;

- For personal use only
- (d) candidate selection and proof of identity – this presents a major benefit to employers and other organisations knowing that a candidate's identity has been checked and his or her qualifications, work rights and credentials have been sworn to be authentic;
  - (e) reducing the time and cost to employ or contract – by ensuring all information about a candidate is available via a Worker Passport, a URL or a QR Code (a machine-readable optical label that contains relevant information);
  - (f) improving the onboarding (employment or engagement mobilisation process) for new workers - by ensuring the best candidates are sourced and mobilised with all their work readiness documents readily available;
  - (g) promoting job safety – having work tickets, licenses, medical clearances and other work readiness documents readily available enables an employer or other organisation to select a candidate who best fits the particular jobs and tasks; and
  - (h) task tracking – aiding in the management, allocation and scheduling of work tasks, while providing reporting capabilities to monitor progress.

### 3.8 Market Sectors

The market sectors identified by the Company and expected to be targeted by TikForce include, but are not limited to:

- (a) outsourced recruitment and labour hire companies;
- (b) in-house recruitment and the onboarding process;
- (c) contractors in all industries;
- (d) education and training;
- (e) shutdown and maintenance companies;
- (f) direct marketing aimed at regulatory bodies;
- (g) resources companies; and
- (h) manufacturing organisations.

### 3.9 Min-Trak Overview

Min-Trak was incorporated on 14 November 2014 and pursuant to an Intellectual Property Assignment Agreement dated 13 November 2014 and certain third party software licences holds intellectual property rights to mobile asset and workforce tracking technology.

The Min-Trak Solution consists of a range of tracking and fleet and logistics management solutions geared towards, but not limited to, organisations working in remote and isolated geographical areas.

The Min-Trak Solution was developed following the integration of satellite communications and radio-frequency identification (**RFID**) technologies.

The Min-Trak Solution uses inexpensive satellite transceivers though one of the Low Earth Orbit constellations; Globalstar, Iridium Network, or Inmarsat; a fixed orbit platform designed to support primarily maritime and oil and gas operations.

The data cost is mitigated through the use of coding embedded within a micro-processor in the transceiver that both allows for remote control of the connected RFID reader, as well as "grooming" and compression of the necessary tracking and inventory data to minimise the amount of data needed for accurate position, incident and inventory anomalies.

Min-Trak owns the onboard systems as well as the development of the tracking website and associated database and incident reporting functions.

### **3.10 Min-Trak Business Model**

Following completion of the Min-Trak Acquisition, the Company will focus on integration of the Min-Trak technology into the TikForce Platform. No independent business of Min-Trak is intended to be carried out and the Min-Trak Solution will be sold through the TikForce Platform through its "TikTraks" product as part of the workforce management platform.

Min-Trak's product will be re-branded and integrated to TikForce and its revenue model will consist of charging customers a monthly service fee and an initial establishment and hardware fee.

### **3.11 Min-Trak Commercialisation**

The Company intends to incorporate the technology behind the Min-Trak Solution into the TikForce Platform and market it as TikTraks.

This will expand the products available to TikForce's clients by integrating asset tracking and satellite technology to a comprehensive human resource tracking and management solution.

TikTraks will be sold via the same sales and marketing channels as the rest of the TikForce Platform with income from hardware sales and monthly subscription fees being recognised as a separate department within TikForce.

### **3.12 Financial Forecasts**

There have been no forecast financial projections undertaken as part of this Prospectus.

## **4. BOARD MANAGEMENT AND CORPORATE GOVERNANCE**

### **4.1 Directors**

Upon Completion, the Board will continue to comprise:

- (a) Peter Woods - Non-Executive Chairman;
- (b) Ian Murie - Non-Executive Director; and
- (c) Roland Berzins - Non-Executive Director (and Company Secretary).

Details of each of these Directors are set out in Section 4.2 below.

### **4.2 Directors' profiles**

- (a) **Peter Woods OAM, JP, BA, M.Litt, MACE, FAICD - Non-Executive Chairman**

Mr Woods was appointed to the Board on 11 July 2012. He has extensive Board and political experience in both the public and private sectors, nationally and internationally.

He is a justice of the peace, holds a Bachelor of Arts and a Master of Letters, and has a Certificate in Commercial Mediation.

His directorships and other positions include:

- (i) Chair of the NSW Local Government Superannuation (close to \$6 billion under management);
- (ii) President of the Local Government Association of New South Wales (of which he now Patron);
- (iii) Director of Hawkesbridge Private Equity Pty Ltd;
- (iv) President and director of the Australian Local Government Association; and
- (v) Director of Chifley Financial Services Pty Ltd.

He is a former member of the Council of Australian Governments and a former member of numerous Ministerial Councils. He is a life member of the Australian College of Educators and a Fellow of the Institute of Company Directors.

He has extensive experience in Asia-Pacific and throughout the world following his service as Secretary General of United Cities and Local Governments Asia Pacific (**UCLG-ASPAC**), Asia Pacific President and Vice President of the International Union of Local Authorities, a ten year term as a Director of the Commonwealth Local Government Forum, considerable United Nations work and he was appointed as Ambassador for UCLG-ASPAC.

He received the Order of Australia Medal in 1995, the Outstanding Service Medal in 2002 and was recognized with the conferral of the title "Emeritus Mayor" for long and distinguished service to local government.

(b) **Ian Murie - Non-Executive Director**

Mr Murie was appointed to the Board on 13 April 2011. He has 30 years' experience as a commercial lawyer providing services to various clients including ASX listed and unlisted companies.

Mr Murie was a director of ASX listed company Activistic Limited. In the past five years he has also been a non-executive director of ASX listed company Dubber Corporation Limited (formerly Olea Australis Limited).

Mr Murie holds a Bachelor of Law and a Bachelor of Jurisprudence and is a public notary.

(c) **Roland H Berzins - Non-Executive Director and Company Secretary**

Mr Berzins was appointed to the Board on 9 March 2015 and has more than 30 years' experience in corporate governance of ASX listed companies. He has been the company secretary of the Company since 27 January 2012.

Since 1996, Mr Berzins has also been company secretary for a variety of ASX listed companies and has had experience in retail, marketing, banking, venture capital and small business advisory.

Mr Berzins is currently a director of ASX listed company Odin Energy Limited and has been a director of AXG Mining Ltd, Red Sky Energy Ltd and Activistic Ltd in the last five years.

Mr Berzins graduated from the University of Western Australia with a Bachelor of Commerce in 1976.

#### 4.3 Key Management Personnel – Kevin Baum

Mr Baum will be appointed as the chief executive officer of the Company upon Completion.

Mr Baum is a veteran IT executive, with over 30 years' of experience in the IT industry. Over the last 3 decades, Kevin has spearheaded a multitude of technology businesses, ranging from small start-ups to large corporate enterprises.

Mr Baum's tenure in the Australian IT industry includes OzEmail Limited, and managing director of ASX listed company Chrome Global Limited (now SkyFii Ltd). He has also served in the capacity of strategic advisor, senior executive and as a director of a number of companies in Australia and in Hong Kong in the establishment, development and roll out of IT ventures across all major platforms, including:

- (a) fixed architecture, web development;
- (b) e-commerce, software as a service solutions; and
- (c) new generation mobile and cloud based delivery.

Upon returning to Australia, Mr Baum was instrumental in founding the Resource Innovation & Information Technology organisation to connect technology businesses and mining companies.

Mr Baum also serves as an executive director of Silikonrok Advisory Group and RokSteady Venture Capital Fund.

#### 4.4 Remuneration of Directors

The maximum aggregate annual remuneration which may be paid to non-executive Directors approved by Shareholders in accordance with the Constitution is \$350,000. This amount cannot be increased without Shareholder approval.

The Company may also pay the Directors reimbursement of the costs of their reasonable expenses properly incurred:

- (a) in attending Directors' meetings or any meetings of committees of Directors;
- (b) in attending any general meeting of the Company; and
- (c) in connection with the Company's business.

The annual total remuneration paid to Directors for the financial years ended 30 June 2014 and 30 June 2015 is set out in the following tables.

##### Year ended 30 June 2014

| Director    | Fee and Salary | Share Based Payment | Total    |
|-------------|----------------|---------------------|----------|
| Peter Woods | \$36,000       | -                   | \$36,000 |
| Ian Murie   | \$30,000       | \$16,500            | \$46,500 |

|                             |          |   |          |
|-----------------------------|----------|---|----------|
| Roland Berzins <sup>1</sup> | \$18,810 | - | \$18,810 |
|-----------------------------|----------|---|----------|

**Notes:**

1. Mr Roland Berzins was not a director in the financial year ending 30 June 2014, but was appointed as a Director on 9 March 2015. For the year ended 30 June 2014, he received fees of \$18,810 in his capacity as Company Secretary of the Company having been appointed since 27 January 2012.
2. The Company issued 4,125,000 Shares to Mr Ian Murie in satisfaction of \$16,500 worth of directors fees which received approval of Shareholder on 16 October 2013 – the balance of \$30,000 was paid in cash by the Company.
3. For the financial year ended 30 June 2014, the Board considered the remuneration paid to the Directors and the Company Secretary to be reasonable on an arm's length basis.

**Year ended 30 June 2015**

| Director                    | Fee and Salary | Share Based Payment | Total    |
|-----------------------------|----------------|---------------------|----------|
| Peter Woods <sup>1</sup>    | \$36,000       | -                   | \$36,000 |
| Ian Murie <sup>2</sup>      | \$30,000       | -                   | \$30,000 |
| Roland Berzins <sup>3</sup> | \$18,810       | -                   | \$18,810 |

**Notes:**

1. The Company has issued 222,714 Shares to Peter Woods Consulting Pty Ltd in satisfaction of \$22,271 worth of director fees accrued to Mr Woods which was approved by Shareholders at the General Meeting - the balance of this amount will be paid in cash by the Company.
2. The Company has issued 76,421 Shares to Muries Lawyers (a legal firm of which Mr Murie is principal) in satisfaction of \$7,642 worth of director fees accrued to Mr Murie which was approved by Shareholders at the General Meeting and the balance will be paid in cash by the Company.
3. Mr Berzins was appointed as a Director on 9 March 2015. As approved by Shareholders at the General Meeting, the Company has issued 55,000 Shares to Sealblue Investments Pty Ltd (a company related to Mr Berzins) in satisfaction of \$5,500 worth of director and company secretarial fees accrued to Sealblue Investments Pty Ltd – the balance of this amount will be paid in cash by the Company. The Company has also issued 225,500 Shares to Mr Berzins in satisfaction of consulting fees owed to Mr Berzins which was approved by Shareholders at the General Meeting – the balance of this amount will be paid in cash by the Company.
4. For the financial year ended 30 June 2015, the Board considered the remuneration paid to the Directors and the Company Secretary to be reasonable on an arm's length basis.

The annual remuneration that is proposed to be paid to the Directors for the financial year ending 30 June 2016 is set out in the following table.

| Director                    | Fee and Salary | Share Based Payment | Total    |
|-----------------------------|----------------|---------------------|----------|
| Peter Woods                 | \$45,000       | -                   | \$45,000 |
| Ian Murie                   | \$36,000       | -                   | \$36,000 |
| Roland Berzins <sup>1</sup> | \$36,000       | -                   | \$36,000 |

**Notes:**

1. Mr Berzins is also the Company Secretary of the Company having been appointed on 27 January 2012 and in that capacity he is currently entitled to a remuneration of \$22,000 per annum and, via his related company,

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Sealblue Investments Pty Ltd, offers the services of accounting to the Company at a cost of \$28,000 per annum. These amounts are separate to the earning via directors fees.

#### 4.5 Disclosure of Interests

Directors are not required under the Constitution to hold any securities in the Company. Details of the Directors relevant interests in the securities of the Company as at the date of this Prospectus and following completion of the Offers are set out in the table below:

| Director                    | Shares      |                              | Options     |                              |
|-----------------------------|-------------|------------------------------|-------------|------------------------------|
|                             | Current No. | Post Offers No. <sup>4</sup> | Current No. | Post Offers No. <sup>4</sup> |
| Peter Woods <sup>1</sup>    | 225,788     | 1,725,788                    | 1,537       | 1,537                        |
| Ian Murie <sup>2</sup>      | 146,871     | 1,646,871                    | Nil         | Nil                          |
| Roland Berzins <sup>3</sup> | 393,662     | 1,893,662                    | 13,999      | 13,999                       |

**Notes:**

1. Of these 225,788 Shares, 222,714 Shares were issued to Mr Woods in satisfaction of \$22,271 worth of director fees accrued to Mr Woods which was approved by Shareholders at the General Meeting.
2. Of these 146,871 Shares, 76,421 Shares were issued to Mr Murie in satisfaction of \$7,642 worth of director fees accrued to Mr Murie which was approved by Shareholders at the General Meeting.
3. Mr Berzins was appointed as a Director on 9 March 2015. Of these 393,662 Shares, 55,000 Shares were issued to Mr Berzins in satisfaction of \$5,500 worth of director fees accrued to Mr Berzins and 225,500 Shares were issued to Mr Berzins in satisfaction of consulting fees owed to Mr Berzins - which were approved by Shareholders at the General Meeting.
4. The figures are calculated on the basis that each of the Directors may (but not obliged) subscribe for 1,500,000 Shares under the Public Offer - which was approved by Shareholders at the General Meeting.

#### 4.6 Agreements with Directors or Related Parties

The Company's policy in respect of Related Party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board;
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter; and
- (c) Related Party transactions are subject to Shareholder approval where required by applicable laws.

#### 4.7 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, commensurate with the Company's size and nature, the Company has adopted *The Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition)* as published by the ASX Corporate Governance Council (**Recommendations**).



In light of the Company's size and nature, the Board considers that the current Board is a practical method of directing and managing the Company. If the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available upon request from the Company Secretary on +61 8 9429 2900 and is on the Company's website at [www.palaceresources.com.au](http://www.palaceresources.com.au).

(a) **Role of the Board**

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- developing initiatives to aim for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to, the Shareholders; and
- identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate the smooth and efficient operation of the Board.

In carrying out the responsibilities and powers set out in the Board Charter, the Board recognises:

- its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of its Shareholders; and
- its duties and responsibilities to its employees, investors, customers and the community.

In addition to other customary matters ordinarily approved by the Board, the Board has the following specific responsibilities:

- appointment of the Chief Executive Officer (when deemed appropriate by the Board) and other senior executives including the Company Secretary and the determination of the terms and conditions of their appointment including remuneration and termination;

- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and adequacy and integrity of financial and other reporting;
- approving the annual, half-yearly and quarterly accounts;
- approving significant changes to organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules and Corporations Act if applicable);
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- recommending to Shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the Corporations Act as applicable); and
- meeting with the external auditor, at their request, without management being present.

The Board delegates responsibility for the day to day operations and administration of the Company to management. In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Company to facilitate the carrying out of their duties as Directors.

(b) **Composition of the Board**

The Constitution governs the regulation of meetings and proceedings of the Board.

The Board determines its size and composition, subject to the terms of the Constitution. The Board does not believe that it should establish a limit on tenure other than as stipulated in the Constitution and applicable regulatory requirements.

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

The Directors of the Company are considered to be independent directors after referring to the Company's corporate governance policies and Box 2.3 in the Recommendations.

(c) **Committees of the Board**

Given the Company's current size and nature, the Board considers that the current board is a practical method of directing and managing the Company. Accordingly, the duties of the committees below are currently undertaken by the full Board:

- Audit and Risk Committee;
- Remuneration Committee; and
- Nomination Committee.

(d) **Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(e) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(f) **Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(g) **CEO and CFO certification**

The Chief Executive Officer and Chief Financial Officer (or equivalent), are required to give a written declaration to the Board required by section 295A of the Corporations Act that in their view:

- the financial statements of the Company present a true and fair view, in all material aspects, of the Company's financial position and operating results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects in relation to the financial reporting risks.

(h) **Performance**

The performance of the Board and key executives is reviewed regularly using both measurable and qualitative indicators.

On an annual basis, Directors will provide written feedback in relation to the performance of the Board and its committees, if any, against a set of agreed criteria.

Feedback will be collected by the Chairman, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to

improve performance of the Board. The Chief Executive Officer (if appointed) will also provide feedback from senior management in connection with any issues that may be relevant in the context of Board performance review. Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.

(i) **Remuneration arrangements**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process.

The total sum remuneration of non-executive Directors is set by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that sum limit will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

In addition, a Director may be paid fees or other amounts (e.g. subject to any necessary Shareholder approval, non-cash performance incentives such as options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(j) **Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to an executive director). The policy generally provides that the written acknowledgement of the Chairman (or the Board, in the case of trading by the Chairman) must be obtained prior to trading.

The Trading Policy is available from the Company. Please contact the Company Secretary on +61 8 9429 2900 to obtain a copy.

(k) **External audit**

The Company in general meetings of Shareholders is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

(l) **Audit committee**

The Board believes the Company is not currently of a sufficient size, nor are its financial affairs of such complexity, to justify the formation of an audit committee. The Company

has not established a separate audit committee because the full Board undertakes the functions normally associated with an audit committee.

The Board has adopted a separate Audit Committee charter to assist it in performing the relevant functions of an audit committee. A copy of the Audit Committee Charter is available on the Company's website at [www.palaceresources.com.au](http://www.palaceresources.com.au).

(m) **Diversity**

The Company and all its related bodies corporate are committed to workplace diversity. The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefitting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Diversity Policy is available on the Company's website at [www.palaceresources.com.au](http://www.palaceresources.com.au).

(n) **Departures from Recommendations**

The Company reports any departures from the Recommendations each year in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

**4.8 Summary of the Company's compliance with and departures from the Recommendations**

| Principles and Recommendations  | Company's Policies   | Degree of compliance |
|---|--|----------------------|
| <b>Principle 1 – Lay solid foundations for management and oversight</b> |  |                      |
| 1.1   | <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a) disclose the respective roles and responsibilities of the board and management; and</li> <li>b) disclose matters expressly reserved for the board and those delegated to management.</li> </ul>   | Complies             |
|   | <ul style="list-style-type: none"> <li>a) The Board is responsible for providing leadership, setting the strategic objectives and the overall corporate governance of the Company.</li> <li>b) Management is responsible for implementing the strategic direction and operating procedures set by the Board and the day-to-day running of the Company.</li> <li>c) The Board has adopted a Board Charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management. A copy of the Board Charter is available on the Company's website.</li> <li>d) The Board regularly monitors the divisions of functions between the Board and management to ensure the appropriateness to the needs of the Company.</li> </ul> |                      |

| Principles and Recommendations  | Company's Policies   | Degree of compliance |
|---|--|----------------------|
| <p>1.2 A listed entity should:</p> <p>a) complete appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>b) provide to shareholders all material information in the listed entity's possession relevant to a decision on whether to elect or not elect or re-elect a director.</p> | <p>a) The Board undertakes appropriate checks for elections of candidates to director position and uses the Australian Standard AS 4811-2006 <i>Employment Screening Guide</i> as a verification standard.</p> <p>The appointment of either independent or non-executive directors is based on extensive background checks as to the appropriateness of their qualifications, experience and commitment to the role. The details are documented in the Board Charter which is available on the Company's website.</p> <p>b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to Shareholders in a notice of meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.</p> | Complies             |
| <p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>  | <p>On appointment of a Director, the Company issues an agreement in the form of a letter of appointment setting out the terms and conditions of appointment to the Board.</p> <p>On appointment of an executive director or other senior executive, the board completes an agreement setting out the terms and conditions of appointment to the Company.</p>   | Complies             |
| <p>1.4 The Company Secretary is accountable to the board, through the Chairman, on all matters to do with the proper functioning of the board.</p>  | <p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p> <p>The Company Secretary provides support to the Board in advising on governance, policy and procedures, board papers and recording minutes.</p> <p>The appointment and removal of the Company Secretary is made by the Board.</p>  | Complies             |
| <p>1.5 A listed entity should:</p> <p>a) establish a diversity policy with measurable objectives to achieve gender diversity and assess annually both the securities and the entity's progress in achieving them;</p> <p>b) disclose the policy or a summary of that policy; and</p>  | <p>a) The Board has established a Diversity Policy and is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level in the Company and on the Board. However, the Company is at an early stage of its development and consequently application of measurable securities in relation to gender diversity, at the various levels of the Company's business, are not considered to be appropriate nor practical at this time.</p> <p>b) The Board adheres to reporting annually and</p>   | Does not comply      |

| Principles and Recommendations   | Company's Policies   | Degree of compliance |
|--|--|----------------------|
| <p>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <ul style="list-style-type: none"> <li>• the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>• if the entity is a "relevant employer" under the Workplace Gender Equality Act (which is not applicable to the Company as at the date of this Prospectus), the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> | <p>providing progressive results. The details are documented in the Diversity Policy which is available on the Company's website.</p> <p>c) The Company has not determined measurable objectives in relation to gender diversity, at the various levels of the Company's business, for the reasons described above. The Board will include in the annual report each year the proportion of male and female employees in the whole organisation, at senior executive level and at Board level (including how the Company has defined "senior executive" for these purposes).</p> |                      |
| <p>1.6 A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating performance of the board, its committees and individual directors; and</p> <p>b) disclose at the end of each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>  | <p>a) The Board has in place a rigorous process for reviewing the performance of the Chairman, the Board, any committees and individual directors by a suitably qualified independent director. The details are documented in the Board Charter which is available on the Company's website.</p> <p>b) The Company reports on whether the evaluation has taken place on an annual basis in the Company's Annual Report and shall include, where appropriate, any insights it has gained from the evaluation and any governance changes it has made as a result.</p>              | Complies             |

| Principles and Recommendations                        |   | Company's Policies   | Degree of compliance |
|---|---|--|----------------------|
| 1.7   | <p>A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating performance of senior executives; and</p> <p>b) disclose at the end of each reporting period whether the evaluation was undertaken in accordance with that process.</p>  | <p>a) The Board has in place a rigorous process for reviewing the performance of senior executives and management to reflect the performance of the Company. The Board is responsible for evaluating the performance of senior executives. The Board arranges annual performance evaluation of the senior executives.</p> <p>b) Performance reviews of the Company's senior executives are carried out on an annual basis and any issues arising from the review are addressed.</p> <p>The details are documented in the Board Charter which is available on the Company's website.</p>  | Complies             |
| <b>Principle 2 – Structure the Board to add value</b> |   |  |                      |
| 2.1   | <p>a) The board should have a nomination committee with at least 3 members (a majority of whom are independent directors), be chaired by an independent director, disclose the charter and members of the committee and, as at the end of each reporting period, the number of times met and individual attendance at meetings.</p> <p>b) If the listed entity does not have a nomination committee, disclose that fact and disclose what processes the board employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>a) The Company has not established a separate Nomination Committee. Given the Company's current size and nature, the Board considers that the current board is a practical method of directing and managing the Company.</p> <p>b) The Directors are satisfied that the composition and structure of the Board is appropriate for the size of the Company and the nature of its operations. The membership of the Board, its activities and composition is subject to periodic review.</p> <p>The Board devotes time at each/quarterly/annual Board meeting(s) to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the sum extent permitted under the Corporations Act and ASX Listing Rules, and seek to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> <p>The Board regularly updates the Company's board skills matrix (in accordance with Recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.</p> | Does not comply      |



| Principles and Recommendations  | Company's Policies  | Degree of compliance |
|---|---|----------------------|
| <p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>  | <p>The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company. The skills, experience and expertise of each Director are maintained in a board skills matrix and are set out in the Directors' Report section of the Company's Annual Report.</p>   | <p>Complies</p>      |
| <p>2.3 A listed entity should:</p> <ul style="list-style-type: none"> <li>a) disclose names of independent directors on the board;</li> <li>b) disclose any independent director's interest, position, association or relationship with the entity if it is described in Box 2.3 of the Recommendations and disclose why the board still considers such director to be independent; and</li> <li>c) Disclose the length of service of each director.</li> </ul> | <ul style="list-style-type: none"> <li>a) The Company has 3 independent Directors: Mr Peter Woods (Non-Executive Chairman), Mr Ian Murie (Non-Executive Director) &amp; Mr Roland Berzins (Non-Executive Director). Mr Berzins is also the Company Secretary.</li> <li>b) None of the independent Directors hold more than 5% of the Shares in the Company and each independent Director is not related to any other Director or senior executive of the Company. The Board assesses whether Directors are independent of management or other relationships that could materially interfere with objective, unfettered or independent judgment by the Director or the Director's ability to act in the best interest of the Company. The Board retains ultimate discretion in their judgment to determine if a Director or Company Secretary is independent.</li> <li>c) The details of the independence of directors are documented in the Corporate Governance Plan which is available on the Company's website.</li> <li>d) Mr Woods has been a Director since 11 July 2012. Mr Murie has been a Director since 13 April 2011. Mr Berzins has been a Director since 9 March 2015.</li> </ul> | <p>Complies</p>      |
| <p>2.4 The majority of the board should be independent directors.</p>   | <p>All of the Directors of the Board are currently independent directors.</p>   | <p>Complies</p>      |
| <p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the Chief Executive Officer.</p>  | <p>Mr Peter Woods is the non-executive and independent Chairman. As at the date of this Prospectus, the Company has not appointed a Chief Executive Officer or a managing director.</p> <p>The Company proposes to appoint Mr Baum as the Chief Executive Officer of the Company after the Completion of the Proposed Acquisition and the Offers. Mr Baum will not be a Director.</p>   | <p>Complies</p>      |

| Principles and Recommendations |   | Company's Policies   | Degree of compliance |
|--------------------------------|---|--|----------------------|
| 2.6                            | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge required to perform their roles as directors effectively. | <p>Directors are selected and inducted on the basis of their expertise in the pertinent field sought by the Company. Members of the Board are regularly briefed and updated on new developments in legislation, standards and technical subject matters impacting the Company.</p> <p>Directors are able to seek and take independent professional advice at the expense of the Company.</p> <p>The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The details are documented in the Board Charter which is available on the Company's website.</p> | Complies             |

### Principle 3 – Act Ethically and Responsibly

|     |   |  |          |
|-----|---|--|----------|
| 3.1 | <p>A listed entity should:</p> <p>a) have a code of conduct for its directors, senior executives and employees; and</p> <p>b) disclose the code or a summary of the code.</p> | <p>a) The Company has developed a Code of Conduct for Directors, management and staff, underlying the Company's commitment to high ethical standards in the conduct of the Company's business. The Board is responsible for ensuring the Company's compliance with the Code of Conduct for Directors and the good and fair management of reports of any breaches.</p> <p>The Company's Trading Policy applies to all Directors, officers and employees and sets out the prohibition against insider trading and prescribes certain requirements for dealing in the Company's securities. The Company also has in place an Anti-Corruption Policy Program.</p> <p>b) The Code of Conduct for Directors, the Trading Policy and Anti-Corruption Policy Program are available on the Company's website.</p> | Complies |
|-----|---|--|----------|

| Principles and Recommendations                                  | Company's Policies   | Degree of compliance   |                        |
|---|--|--|------------------------|
| <b>Principle 4 – Safeguard integrity in corporate reporting</b> |  |  |                        |
| <p>4.1</p>  | <p>The board of a listed entity should:</p> <p>a) have an audit committee which:</p> <ul style="list-style-type: none"> <li>• has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>• is chaired by an independent director, who is not the chair of the board,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>• the charter of the committee;</li> <li>• the relevant qualifications and experience of the members of the committee; and</li> <li>• in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>a) The Board believes the Company is not currently of a sufficient size, nor are its financial affairs of such complexity, to justify the formation of an audit committee. The Company has not established a separate audit committee because the full Board undertakes the functions normally associated with an audit committee.</p> <p>The Board has adopted a separate Audit Committee Charter to assist it in performing the relevant functions of an audit committee. A copy of the Audit Committee Charter is available on the Company's website.</p> <p>b) The Directors are satisfied that the composition and structure of the Board is appropriate for the size of the Company and has the required experience and knowledge to safeguard the integrity of the Company's corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> <p>The members of the Board devote time to fulfilling the roles and responsibilities associated with arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p> | <p>Does not comply</p> |

| Principles and Recommendations  | Company's Policies  | Degree of compliance |
|---|---|----------------------|
| 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the Chief Executive Officer and the Chief Financial Officer (or equivalent) will declare that in their opinion the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | Complies             |
| 4.3 A listed entity should ensure the external auditor attends the annual general meeting and is available to answer questions from shareholders relevant to the audit.   | The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its Annual General Meeting and is available to answer questions from Shareholders relevant to the audit.   | Complies             |
| <b>Principle 5 – Make timely and balanced disclosure</b>  |   |                      |
| 5.1 A listed entity should: <ul style="list-style-type: none"> <li>a) establish written policies for complying with ASX continuous disclosure obligations under the ASX Listing Rules; and</li> <li>b) disclose those policies or a summary of those policies.</li> </ul>   | <ul style="list-style-type: none"> <li>a) The Company has established a Continuous Disclosure Policy to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act.</li> <li>b) The Continuous Disclosure Policy is available on the Company's website.</li> </ul>  | Complies             |
| <b>Principle 6 – Respect the rights of security holders</b>   |   |                      |
| 6.1 A listed entity should provide information about the Company and its governance via a website.  | The Company has designed a Shareholder Communications Policy for promoting effective communication with shareholders and encouraging their participation at general meetings. The Company uses its website, quarterly, interim and annual reports, market announcements, general meetings and media disclosures to communicate with its Shareholders.   | Complies             |

| Principles and Recommendations |  | Company's Policies  | Degree of compliance |
|--------------------------------|--|---|----------------------|
| 6.2                            | A listed entity should design and implement an investor relations program to facilitate communication with shareholders.   | The Company's Shareholder Communications Policy, which aims to promote and facilitate effective two-way communication with investors, is available on the Company's website.  | Complies             |
| 6.3                            | A listed entity should disclose policies and processes to facilitate and encourage shareholder participation at meetings.  | The Company's Shareholder Communications Policy, which aims to promote and facilitate effective two-way communication with investors, is available on the Company's website.  | Complies             |
| 6.4                            | A listed entity should provide the option for security holders to receive communications from, and send communications to, the Company and its security registry electronically. | Shareholders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance. | Complies             |

| Principles and Recommendations                 | Company's Policies  | Degree of compliance  |                 |
|--|---|---|-----------------|
| <b>Principle 7 – Recognise and manage risk</b> |   |   |                 |
| 7.1  | <p>The board of a listed entity should:</p> <p>a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>• has at least 3 members, a majority of whom are independent directors; and</li> <li>• is chaired by an independent director, and disclose:</li> <li>• the charter of the committee;</li> <li>• the members of the committee; and</li> <li>• as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>a) The Company has established policies for the oversight and management of material business risks.</p> <p>Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Risk Management Committee. The full Board currently carries out the duties that would ordinarily be assigned to the Risk Management Committee. The Board is responsible for overseeing risk management strategy and policies, internal compliance and internal control.</p> <p>The Risk Management Policy is available on the Company's website.</p> <p>b) The Board has adopted a Risk Management Policy which it follows when considering matters that would usually be considered by a Risk Management Committee.</p> | Does not comply |
| 7.2  | <p>The board or a committee of the board should:</p> <p>a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>b) disclose, in relation to each reporting period, whether such a review has taken place.</p>  | <p>a) The Company has established policies as a risk management framework for the oversight and management of material business risks and the Board monitors, identifies and reviews risks within the business and that framework in the ordinary course of business at each monthly Board meeting.</p> <p>b) Key operational and financial risks are presented to and reviewed by the Board at each Board meeting and reported in the appropriate periods.</p>   | Complies        |

| Principles and Recommendations |   | Company's Policies  | Degree of compliance |
|--------------------------------|---|---|----------------------|
| 7.3                            | <p>A listed entity should disclose:</p> <p>a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> | <p>a) The Board believes the Company is not currently of a sufficient size, nor its financial affairs of such complexity, to justify the cost of having an internal audit function.</p> <p>b) Refer to Box 7.1 above.</p>   | Does not comply      |
| 7.4                            | <p>A listed entity should disclose any material exposure to economic, environmental and social sustainability risk and how it manages those risks.</p>  | <p>The Company's risk management systems are intended to assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks.</p> <p>The Board ensures a pro-active and structured approach to potential material business sustainability and compliance risk. It regularly assesses risk which include and are not limited to, credit, economic, liquidity, operational, environmental, Occupational Health and Safety, regulatory, market related, technology, social sustainability, human resources, product, brand and reputational risks. Risks are identified, analysed, monitored and reported in accordance with the Company's Risk Management Policy. Management reports regularly to the Board as to the effectiveness of the Company's management of its material business risks.</p> <p>The Risk Management Policy is available on the Company's website.</p> | Complies             |

| Principles and Recommendations                         | Company's Policies  | Degree of compliance  |                 |
|--|---|---|-----------------|
| <b>Principle 8 – Remunerate fairly and responsibly</b> |   |   |                 |
| 8.1  | <p>The board of a listed entity should:</p> <p>a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>• has at least 3 members, a majority of whom are independent directors; and</li> <li>• is chaired by an independent director, and disclose:</li> <li>• the charter of the committee;</li> <li>• the members of the committee; and</li> <li>• as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>a) The Board have not established a separate Remuneration Committee. The Board considers that the full Board is a practical method of directing and managing the Company's remuneration policy. Accordingly, the duties that would ordinarily be assigned to a Remuneration Committee are currently undertaken by the full Board.</p> <p>b) The Board has adopted a Remuneration Committee Charter which it follows when considering matters that would usually be considered by a Remuneration Committee.</p> <p>The Remuneration Committee Charter is available on the Company's website.</p> <p>The Board devotes time at Board meeting(s) to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | Does not comply |
| 8.2  | <p>The Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>   | <p>The Company has separate policies relating to the remuneration of non-executive Directors and that of executive Directors and senior executives. This information is detailed in the Remuneration Report, which forms part of the Directors' Report in the Company's Annual Reports.</p>   | Complies        |



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| Principles and Recommendations   | Company's Policies  | Degree of compliance |
|--|---|----------------------|
| 8.3<br>A listed entity which has an equity-based remuneration scheme should:<br>a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and<br>b) disclose that policy or a summary of it. | The Company does not currently provide an equity-based remuneration scheme. The Company's Trading Policy prohibits the hedging of risk of fluctuation of the value of the Company's securities. The Trading Policy is available on the Company's website. | Complies             |

## 5. MATERIAL CONTRACTS

### 5.1 Superseded memorandum of understandings

- (a) Pursuant to a non binding memorandum of understanding dated 31 May 2014 between Silikonrok and the shareholders of TikForce, Silikonrok obtained the right to acquire 100% of the issued capital of TikForce (**First MOU**).
- (b) On 10 July 2014, the Company entered into a non binding memorandum of understanding with Silikonrok, Silicumrok and TikForce whereby the Company agreed to acquire TikForce via a special purpose vehicle of Silikonrok, being Silicumrok (**Second MOU**).
- (c) The First MOU and the Second MOU were superseded by:
- (i) a securities sale agreement dated 15 January 2015 whereby Silicumrok agreed to acquire 100% of the issued capital of TikForce; and
  - (ii) a securities sale agreement dated 15 January 2015 whereby the Company agreed to acquire 100% of the issued capital in Silicumrok,
- (together, the **Silicumrok Securities Sale Agreements**).
- (d) The Silicumrok Securities Sale Agreements were subsequently terminated on 27 May 2015 and replaced when the Company entered into the Misto Securities Sale Agreement detailed in section 5.2. TikForce also entered into the TikForce Securities Sale Agreement detailed in section 5.4.

### 5.2 Misto Securities Sale Agreement for the Misto Acquisition

- (a) On 27 May 2015, the Company entered into a conditional securities sale agreement with the Misto Vendors to acquire all of the issued capital of Misto (being all of the Misto Shares and the Misto Performance Shares) in consideration for the issue of:
- (i) 30,000,000 Misto Consideration Shares; and
  - (ii) 36,000,000 Misto Consideration Performance Shares comprising:
    - (A) 8,000,000 Class A Performance Shares;
    - (B) 12,000,000 Class B Performance Shares; and
    - (C) 16,000,000 Class C Performance Shares,

(the **Misto Securities Sale Agreement**).

The terms of the Misto Consideration Shares are summarised in Section 8.2 and the terms of the Misto Consideration Performance Shares are summarised in Section 8.5.

- (b) Completion of the Misto Securities Sale Agreement is conditional on each of the following being satisfied on or before 31 December 2015 (or such later date as agreed between the Company, the Misto Vendors and Misto):
- (i) the Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Company to lawfully complete the matters set out in the Securities Sale Agreements,

including but not limited to, for the purposes of the ASX Listing Rules, the Company:

- (A) meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules; and
  - (B) receiving approval from ASX to reinstatement of the Company to Official Quotation following Completion on conditions satisfactory to the Company;
- (ii) completion of the Consolidation in compliance with applicable laws and the ASX Listing Rules. The Consolidation has been approved by Shareholders during the General Meeting;
  - (iii) the Company raising the Minimum Offer Subscription under the Public Offer; and
  - (iv) if required by the ASX Listing Rules, the Misto Vendors providing duly executed restriction agreements (including execution by controllers as required by the ASX Listing Rules) in respect of the Misto Consideration Securities,
- (together the **Misto Conditions**).
- (c) The Misto Securities Sale Agreement may be terminated by any party to the Misto Securities Sale Agreement if the Misto Conditions are not satisfied (or waived), or become incapable of being satisfied and are not waived, by 31 December 2015.
  - (d) Completion must occur on the date which is 5 Business Days after the satisfaction or waiver of the last of the Misto Conditions (or such other date as is agreed by the parties).
  - (e) Each of the Misto Vendors have provided limited warranties to the Company. The Misto Securities Sale Agreement also contains indemnities and other provisions customary for agreements of their type.
  - (f) The Misto Vendors and details of the Misto Consideration Securities to be issued to each Misto Vendor (or their nominees acceptable to the Company) are set out below:

#### **Misto Consideration Shares**

| # | Misto Vendor                               | Misto Shares      | Misto Consideration Shares |
|---|--|-------------------|----------------------------|
| 1 | Kilo Delta Pty Ltd ATF The Baumstein Trust | 11,550,000        | 11,550,000                 |
| 2 | Silikonrok Pty Ltd                         | 12,000,000        | 12,000,000                 |
| 3 | Jason Brent & Danielle Alana Smith         | 4,950,000         | 4,950,000                  |
| 4 | Hampton Court Partners Pty Ltd             | 1,500,000         | 1,500,000                  |
|   | <b>Total</b>                               | <b>30,000,000</b> | <b>30,000,000</b>          |

### Class A Performance Shares

| # | Misto Vendor                               | Misto Class A Performance Shares | Class A Performance Shares |
|---|--|----------------------------------|----------------------------|
| 1 | Kilo Delta Pty Ltd ATF The Baumstein Trust | 3,080,000                        | 3,080,000                  |
| 2 | Silikonrok Pty Ltd                         | 3,200,000                        | 3,200,000                  |
| 3 | Jason Brent & Danielle Alana Smith         | 1,320,000                        | 1,320,000                  |
| 4 | Hampton Court Partners Pty Ltd             | 400,000                          | 400,000                    |
|   | <b>Total</b>                               | <b>8,000,000</b>                 | <b>8,000,000</b>           |

### Class B Performance Shares

| # | Misto Vendor                               | Misto Class B Performance Shares | Class B Performance Shares |
|---|--|----------------------------------|----------------------------|
| 1 | Kilo Delta Pty Ltd ATF The Baumstein Trust | 4,620,000                        | 4,620,000                  |
| 2 | Silikonrok Pty Ltd                         | 4,800,000                        | 4,800,000                  |
| 3 | Jason Brent & Danielle Alana Smith         | 1,980,000                        | 1,980,000                  |
| 4 | Hampton Court Partners Pty Ltd             | 600,000                          | 600,000                    |
|   | <b>Total</b>                               | <b>12,000,000</b>                | <b>12,000,000</b>          |

### Class C Performance Shares

| # | Misto Vendor                               | Misto Class C Performance Shares | Class C Performance Shares |
|---|--|----------------------------------|----------------------------|
| 1 | Kilo Delta Pty Ltd ATF The Baumstein Trust | 6,160,000                        | 6,160,000                  |
| 2 | Silikonrok Pty Ltd                         | 6,400,000                        | 6,400,000                  |
| 3 | Jason Brent & Danielle Alana Smith         | 2,640,000                        | 2,640,000                  |
| 4 | Hampton Court Partners Pty Ltd             | 800,000                          | 800,000                    |
|   | <b>Total</b>                               | <b>16,000,000</b>                | <b>16,000,000</b>          |

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- (g) On 27 May 2015, Misto entered into the TikForce Securities Sale Agreement. The Company's obligation to acquire Misto and completion of the Misto Securities Sale Agreement is inter-conditional on completion occurring under the TikForce Securities Sale Agreement. A summary of the TikForce Securities Sale Agreement is set out in Section 5.4 below.
  - (h) The Misto Securities Sale Agreement is governed by the laws of Western Australia.

### 5.3 Min-Trak Securities Sale Agreement

- (a) On 30 September 2014, the Company announced to the ASX that it had executed a memorandum of understanding for the indirect acquisition of all of the intellectual property rights in a global asset tracking system (which was assigned to Min-Trak by Min-Trak Zambia pursuant to the Min-Trak IP Assignment detailed in Section 5.17) through the proposed Min-Trak Acquisition.
- (b) On 30 January 2015, the Company announced it had entered into a sale agreement to acquire 100% of the issued capital of Min-Trak (**30 January Min-Trak Agreement**). On 27 August 2015, this sale agreement was replaced with a securities sale agreement to acquire all of the issued capital of Min-Trak in consideration for:
  - (i) 9,000,000 Min-Trak Consideration Shares; and
  - (ii) 5,000,000 Min-Trak Consideration Performance Shares comprising:
    - (A) 2,000,000 Class D Performance Shares;
    - (B) 2,000,000 Class E Performance Shares; and
    - (C) 1,000,000 Class F Performance Shares,

(the **Min-Trak Securities Sale Agreement**).

The terms of the Min-Trak Consideration Shares are summarised in Section 8.2 and the terms of the Min-Trak Consideration Performance Shares are summarised in Section 8.5.

- (c) The Min-Trak Securities Sale Agreement is materially on the same commercial and legal terms as the 30 January Min-Trak Agreement, but replaces certain parties as vendors of Min-Trak, in recognition of changes in the ownership structure of Min-Trak which have occurred (with the Company's approval) since the date of the 30 January Min-Trak Agreement. The Board does not consider the changes in the identity of the vendors, or the composition of securities they hold, to be material to its overall objective of acquiring Min-Trak.
- (d) Completion of the Min-Trak Securities Sale Agreement is conditional on, amongst other things, each of the following being satisfied or waived on or before 31 December 2015 (or such later date as agreed between the Company, the Min-Trak Vendors and Min-Trak)
  - (i) the Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Company to lawfully complete the matters set out in the Securities Sale Agreements, including but not limited to, for the purposes of the ASX Listing Rules, the Company:

- (A) meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules; and
- (B) receiving approval from ASX to reinstatement of the Company to Official Quotation on ASX following Completion on conditions satisfactory to the Company;
- (ii) completion of the Consolidation in compliance with applicable laws and the ASX Listing Rules. The Consolidation has been approved by Shareholders during the General Meeting;
- (iii) the Company raising the Minimum Offer Subscription under the Public Offer; and
- (iv) if required by the ASX Listing Rules, the Misto Vendors providing duly executed restriction agreements (including execution by controllers as required by the ASX Listing Rules) in respect of the Misto Consideration Securities,
- (together, the **Min-Trak Conditions**).
- (e) The Min-Trak Securities Sale Agreement may be terminated by any party to the Min-Trak Securities Agreement if the Min-Trak Conditions are not satisfied (or waived) or become incapable of being satisfied and are not waived by 31 December 2015.
- (f) Completion must occur on the date which is 5 Business Days after the satisfaction or waiver of the last of the Min-Trak Conditions (or such other date as is agreed by the parties).
- (g) Each of the Min-Trak Vendors have provided limited warranties to the Company. The Min-Trak Securities Sale Agreement also contains indemnities and other provisions customary for agreements of their type.
- (h) The Min-Trak Vendors and details of the Min-Trak Consideration Securities to be issued to each Min-Trak Vendor (or their nominees acceptable to the Company) are set out below.

#### Min-Trak Consideration Shares

| No. | Min-Trak Vendor             | Min-Trak Shares  | Min-Trak Consideration Shares |
|-----|-----------------------------|------------------|-------------------------------|
| 1   | Seefeld Investments Pty Ltd | 4,156,250        | 4,156,250                     |
| 2   | Silikonrok Pty Ltd          | 3,750,000        | 3,750,000                     |
| 3   | Citybeast Pty Ltd           | 237,500          | 237,500                       |
| 4   | Jason Tilo Thorogood        | 456,250          | 456,250                       |
| 5   | Whitesun Holdings Pty Ltd   | 400,000          | 400,000                       |
|     | <b>Total</b>                | <b>9,000,000</b> | <b>9,000,000</b>              |

### Class D Performance Shares

| No. | Min-Trak Vendor             | Min-Trak Class D Performance Shares | Class D Performance Shares |
|-----|-----------------------------|-------------------------------------|----------------------------|
| 1   | Seefeld Investments Pty Ltd | 923,611                             | 923,611                    |
| 2   | Silikonrok Pty Ltd          | 833,333                             | 833,333                    |
| 3   | Citybeast Pty Ltd           | 52,778                              | 52,778                     |
| 4   | Jason Tilo Thorogood        | 101,389                             | 101,389                    |
| 5   | Whitesun Holdings Pty Ltd   | 88,889                              | 88,889                     |
|     | <b>Total</b>                | <b>2,000,000</b>                    | <b>2,000,000</b>           |

### Class E Performance Shares

| No. | Min-Trak Vendor             | Min-Trak Class E Performance Shares | Class E Performance Shares |
|-----|-----------------------------|-------------------------------------|----------------------------|
| 1   | Seefeld Investments Pty Ltd | 923,611                             | 923,611                    |
| 2   | Silikonrok Pty Ltd          | 833,333                             | 833,333                    |
| 3   | Citybeast Pty Ltd           | 52,778                              | 52,778                     |
| 4   | Jason Tilo Thorogood        | 101,389                             | 101,389                    |
| 5   | Whitesun Holdings Pty Ltd   | 88,889                              | 88,889                     |
|     | <b>Total</b>                | <b>2,000,000</b>                    | <b>2,000,000</b>           |

### Class F Performance Shares

| No. | Min-Trak Vendor             | Min-Trak Class F Performance Shares | Class F Performance Shares |
|-----|-----------------------------|-------------------------------------|----------------------------|
| 1   | Seefeld Investments Pty Ltd | 461,806                             | 461,806                    |
| 2   | Silikonrok Pty Ltd          | 416,667                             | 416,667                    |
| 3   | Citybeast Pty Ltd           | 26,389                              | 26,389                     |
| 4   | Jason Tilo Thorogood        | 50,694                              | 50,694                     |
| 5   | Whitesun Holdings Pty Ltd   | 44,444                              | 44,444                     |
|     | <b>Total</b>                | <b>1,000,000</b>                    | <b>1,000,000</b>           |

## 5.4 TikForce Securities Sale Agreement

- (a) On 27 May 2015, Misto entered into a conditional securities sale agreement to acquire all of the issued capital of TikForce in consideration for the issue of:
- (i) 16,500,000 TikForce Consideration Shares; and

(ii) 19,800,000 TikForce Consideration Performance Shares comprising:

- (A) 4,400,000 Misto Class A Performance Shares;
- (B) 6,600,000 Misto Class B Performance Shares; and
- (C) 8,800,000 Misto Class C Performance Shares,

(the **TikForce Securities Sale Agreement**).

- (b) Completion of the TikForce Securities Sale Agreement is interdependent and conditional on Completion under the Misto Securities Sale Agreement.
- (c) Completion must occur on a date agreed by the parties no later than 31 December 2015 (or such other date as is agreed by the parties).
- (d) Each of the TikForce Vendors have provided limited warranties to the Company. The TikForce Securities Sale Agreement also contains indemnities and other provisions customary for agreements of their type.
- (e) The TikForce Vendors and details of the TikForce Consideration Securities to be issued to each TikForce Vendor (or their nominees acceptable to the Company) are set out below:

#### **TikForce Consideration Shares**

| # | TikForce Vendor                            | TikForce Shares   | TikForce Consideration Shares |
|---|--|-------------------|-------------------------------|
| 1 | Kilo Delta Pty Ltd ATF The Baumstein Trust | 11,550,000        | 11,550,000                    |
| 2 | Jason Brent & Danielle Alana Smith         | 4,950,000         | 4,950,000                     |
|   | <b>Total</b>                               | <b>16,500,000</b> | <b>16,500,000</b>             |

#### **Misto Class A Performance Shares**

| # | TikForce Vendor                            | TikForce Class A Performance Shares | Misto Class A Performance Shares |
|---|--|-------------------------------------|----------------------------------|
| 1 | Kilo Delta Pty Ltd ATF The Baumstein Trust | 3,080,000                           | 3,080,000                        |
| 2 | Jason Brent & Danielle Alana Smith         | 1,320,000                           | 1,320,000                        |
|   | <b>Total</b>                               | <b>4,400,000</b>                    | <b>4,400,000</b>                 |



### Misto Class B Performance Shares

| # | TikForce Vendor                            | TikForce Class B Performance Shares | Misto Class B Performance Shares |
|---|--|-------------------------------------|----------------------------------|
| 1 | Kilo Delta Pty Ltd ATF The Baumstein Trust | 4,620,000                           | 4,620,000                        |
| 2 | Jason Brent & Danielle Alana Smith         | 1,980,000                           | 1,980,000                        |
|   | <b>Total</b>                               | <b>6,600,000</b>                    | <b>6,600,000</b>                 |

### Misto Class C Performance Shares

| # | TikForce Vendor                            | TikForce Class C Performance Shares | Misto Class C Performance Shares |
|---|--|-------------------------------------|----------------------------------|
| 1 | Kilo Delta Pty Ltd ATF The Baumstein Trust | 6,160,000                           | 6,160,000                        |
| 2 | Jason Brent & Danielle Alana Smith         | 2,640,000                           | 2,640,000                        |
|   | <b>Total</b>                               | <b>8,800,000</b>                    | <b>8,800,000</b>                 |

(f) The TikForce Securities Sale Agreement is governed by the laws of Western Australia.

## 5.5 TikForce Loan Facility Agreement

- (a) The Company entered into a binding unsecured loan facility agreement with TikForce under which the Company:
- (i) agreed to provide loan facilities to TikForce of up to an aggregate of \$500,000 (together the **TikForce Facility**),  
(the **TikForce Loan Facility Agreement**)
  - (b) At the date of this Prospectus, an amount of \$356,953 has been drawn down under the TikForce Facility. TikForce must apply all amounts advanced under the TikForce Facility towards commercialisation of the TikForce Platform.
  - (c) The TikForce Facility is unsecured and interest accrues daily on the amount outstanding at the rate of 5.00% per annum.
  - (d) Subject to an event of default occurring prior to Completion, TikForce must repay all outstanding moneys advanced under the TikForce Facility, together with any interest which has accrued (**TikForce Outstanding Monies**) as of the date of conversion of the Notes (or such later date as is agreed between the parties). On Completion of the Misto Securities Sale Agreement, all TikForce Outstanding Monies will be forgiven and will be deemed repaid in full.

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- (e) Amongst other customary events of default, it is an event of default under the TikForce Loan Facility Agreement if:
    - (i) Completion does not occur in accordance with the Securities Sale Agreements except for where Completion does not occur due to the conditions precedent not having been satisfied; or
    - (ii) TikForce materially defaults in the performance of its obligations under the TikForce Securities Sale Agreement.
  - (f) Upon the occurrence of an event of default, the Company may, for so long as the event of default is continuing, by written notice to TikForce, declare all TikForce Outstanding Monies immediately due and payable to the Company.

## 5.6 Min-Trak Loan Facility Agreement

- (a) As contemplated by the Min-Trak Securities Sale Agreement, the Company entered into a binding unsecured loan facility agreement with Min-Trak (**Min-Trak Loan Facility Agreement**) under which the Company agreed to provide loan facilities to Min-Trak of up to an aggregate of \$75,000 (the **Min-Trak Facility**).
- (b) At the date of this Prospectus, an amount of \$53,000 has been drawn down under the Min-Trak Facility. Min-Trak must apply all amounts advanced under the Min-Trak Facility towards commercialisation of the Min-Trak Solution.
- (c) The Min-Trak Facility is unsecured and interest accrues daily on the amount outstanding at the rate of 12.00% per annum if the repayment date is not met.
- (d) Subject to an event of default occurring prior to Completion, Min-Trak must repay all outstanding moneys advanced under the Min-Trak Facility, together with any interest which has accrued (**Min-Trak Outstanding Monies**) as of 31 December 2015 (or such later date as is agreed between the parties). On Completion of the Min-Trak Securities Sale Agreement, all Min-Trak Outstanding Monies will be forgiven and will be treated as an intercompany loan.
- (e) Upon the occurrence of an event of default, the Company may, for so long as the event of default is continuing, by written notice to Min-Trak, declare all Min-Trak Outstanding Monies immediately due and payable to the Company.

## 5.7 Loan Facility Agreement with Spartan Nominees Pty Ltd

- (a) On 21 August 2015, the Company undertook an unsecured binding loan agreement for the sum of \$50,000 from Spartan Nominees Pty Ltd (**Spartan Loan Agreement**).
- (b) As at the date of this Prospectus, an amount of \$50,000 has been drawn down by the Company under the Spartan Loan Agreement.
- (c) The repayment date under the Spartan Loan Agreement is 18 December 2015 (**Spartan Repayment Date**).
- (d) The repayment terms under the Spartan Loan Agreement are as follows:
  - (i) principal and interest to be repaid on or before the Spartan Repayment Date will constitute the sum of \$60,000 (**Spartan Outstanding Amount**); and

- (ii) should repayment not occur on or before the Spartan Repayment Date, the Spartan Outstanding Amount will increase by \$4,000 per calendar month until fully repaid.

## 5.8 Second Loan Facility Agreement with Spartan Nominees Pty Ltd

- (a) On 10 September 2015, the Company undertook an unsecured binding loan agreement for the sum of \$20,000 from Spartan Nominees Pty Ltd (**Second Spartan Loan Agreement**).
- (b) As at the date of this Prospectus, an amount of \$20,000 has been drawn down by the Company under the Second Spartan Loan Agreement.
- (c) The repayment date under the Second Spartan Loan Agreement is 18 December 2015 (**Second Spartan Repayment Date**).
- (d) The repayment terms under the Second Spartan Loan Agreement are as follows:
  - (i) principal and interest to be repaid on or before the Second Spartan Repayment Date will constitute the sum of \$24,000 (**Second Spartan Outstanding Amount**).
  - (ii) should repayment not occur on or before the Second Spartan Repayment Date the Second Spartan Outstanding Amount will increase by \$1,600 per calendar month until fully repaid.

## 5.9 Lead Manager's Mandate

- (a) The Company has appointed Sanlam Private Wealth Pty Ltd as the Lead Manager to the Public Offer under the Lead Manager's Mandate.
- (b) The Lead Manager is required to provide services and assistance customarily provided by lead managers in connection with structuring, marketing and execution of an equity offer such as the Public Offer.
- (c) As consideration for the services provided by the Lead Manager under the Lead Manager's Mandate, the Company has agreed to:
  - (i) pay the Lead Manager a placement fee of 5% of the total gross proceeds of the Public Offer raised in connection with the Lead Manager's sources (plus GST);
  - (ii) pay a 1% management fee for the total amount raised under the Public Offer;
  - (iii) issue the Lead Manager (or its nominee):
    - (A) 1,000,000 Options with an exercise price of \$0.11 expiring on 31 May 2018 at an issue price of \$0.0001 for each Option; and
    - (B) 1 Option for each \$1.00 raised directly by the Lead Manager at an issue price of \$0.0001 for each Option.

The Lead Manager Options are being offered pursuant to the Lead Manager and Corporate Adviser Offers. The terms and conditions of the Lead Manager Options are set out in Section 2.5;

- (iv) a corporate administration fee of \$5,000 (plus GST); and

- (v) a monthly retainer fee of \$6,000 (plus GST) payable on the first week of each month during the term of the Lead Manager's Mandate.
- (d) The Lead Manager's Mandate has a termination date of the 25 May 2016.
- (e) The Company agreed to reimburse the Lead Manager for the reasonable fees and expenses incurred by the Lead Manager in connection with the Public Offer. Any legal fees, travel and out of pocket expenses must be first approved by the Company, in writing, and will be reimbursed within 30 days of request.
- (f) For the avoidance of doubt, in the event that this Lead Manager's Mandate is terminated prior to the completion of the engagement, the Company will still have an obligation to compensate the Lead Manager for all fees and expenses accrued prior to the date of termination.

#### 5.10 Silikonrok Advisory Mandate

- (a) On 20 June 2014, the Company entered into a corporate advisory mandate with Silikonrok pursuant to which the Company has appointed Silikonrok to provide a range of information technology related advisory services to the Company (**Silikonrok Advisory Mandate**).
- (b) In consideration for the services provided by Silikonrok, the Company has agreed to pay Silikonrok an advisory fee of a maximum of \$10,000 (plus GST) per month of the Silikonrok Advisory Mandate payable in cash or Shares. This fee will be payable within 7 days of the end of each calendar month of the Silikonrok Advisory Mandate or, if this is not possible, at the next general meeting of the Company. The fees are charged at \$250 per hour.
- (c) The Company will reimburse Silikonrok for expenses incurred subject to a limit of \$10,000 in any calendar month. Any expense greater than this \$10,000 limit in any calendar month requires the prior written consent of the Board.
- (d) Interest will be charged at 12% on any unpaid monies.
- (e) The Company provided certain warranties in Silikonrok. The Company also agreed to indemnify Silikonrok, its directors, employees, agents and associated companies against certain claims, damages, losses, liabilities and expenses under the Silikonrok Advisory Mandate.
- (f) The Silikonrok Advisory Mandate contemplates Silikonrok acting as a due diligence advisor to the Company.
- (g) The Silikonrok Advisory Mandate has been extended by mutual agreement of the parties to 20 December 2015.
- (h) Mr Kevin Baum, the proposed Chief Executive Officer of the Company, is a board member of Silikonrok.

#### 5.11 Identity Services Master Agreement with Australia Post

- (a) On 11 December 2014, TikForce entered into an Identity Services Master Agreement with Australian Postal Corporation (**Australia Post**) under which Australia Post will act as an agent to TikForce for the principal purposes of conducting identity checks on individuals to confirm certain credentials (**Identity Services Agreement**).

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- (b) The Identity Services Agreement will expire on the 28 February 2018 and will automatically be extended for a further year, if renewal terms cannot be agreed between the parties subject to the termination rights below.
  - (c) Australia Post will act as an agent for TikForce in all of its Passport ready outlets (over 1300) for the purpose of:
    - (i) conducting identity checks;
    - (ii) accepting all documents from TikForce customers which require imaging;
    - (iii) taking photographs and signatures of the applicants imaging the documents; and
    - (iv) processing the data into the TikForce Platform and collect and receive monies payable by customers on behalf of TikForce.
  - (d) The above services will be supplied at over 1300 of post offices which are equipped to perform the services;
  - (e) Whilst Australia Post will undertake all specified identification checks and processes, they cannot warrant that the services provided will conclusively prove the identity of an individual and eliminate the possibility of fraud;
  - (f) Australia Post will charge TikForce:
    - (i) a transaction fee for initial transaction (with photo) of \$45.00 (**Initial Transaction Fee**) and to update the transaction (without photo), a fee of \$30.00 subject to CPI reviewed on an annual basis; and
    - (ii) a minimum fee of \$225,000 based on a minimum annual volume of 5,000 Initial Transactions in the first year for the 12 month period commencing 1 March 2015 (**Initial Minimum Fee**);
    - (iii) a minimum fee based on a minimum annual volume of 10,000 transactions in the second and third year at the CPI adjusted price for the Initial Transaction (**Subsequent Minimum Fees**);
    - (iv) establishment and set up fee of \$77,900.00; and
    - (v) change management fee, for changes made to the agreed specifications at \$180.00 per hour. Fees to be applied will be based on a quote provided to and approved by TikForce.
  - (g) The Initial Transaction Fee may be increased by Australia Post if the services are provided for more than 3 years.
  - (h) If Australia Post receives less than:
    - (i) the Initial Minimum Fee in the first year, TikForce will pay Australia Post an additional amount for that year calculated as the difference between the Initial Minimum Fee and the actual transaction fees for the first year; and
    - (ii) the Subsequent Minimum Fees in the second and or third year, the Principal will pay Australia Post an additional amount for that year calculated as the difference between the Subsequent Minimum Fees and the actual transaction fees for the relevant year.

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- (i) The arrangement between Australia Post and the Company is not an exclusive arrangement and Australia Post is entitled to provide the same or similar services to third parties.
  - (j) The Agreement does not alter ownership of pre-existing intellectual property rights. The Company acknowledges Australia Post to be the sole owner of all intellectual property in all matters, things or processes (including hardware and software) utilised, created or modified (unless otherwise agreed by the parties in writing) by Australia Post in connection with the provision of their services. Australia Post will also own all intellectual property in any modification, adaptation or development of any matter, thing or process (including hardware and software) utilised or created by Australia Post in connection with the services;
  - (k) The Company warrants that it has all necessary rights and licenses to all intellectual property supplied to Australia Post and has given a corresponding indemnity in favour of Australia Post.
  - (l) Either party may terminate the Identity Services Agreement or any part of the services for any reason whatsoever, upon giving 90 days written notice. Either party may also terminate the Identity Services Agreement if Australia Post proposes any necessary variation to the procedures of the services and the parties cannot agree on the variation.
  - (m) Liabilities of Australia Post exclude consequential loss and are capped at to the amount of fees charged for the services.
  - (n) Parties under the Agreement have agreed to comply with certain legislation in relation to the handling of personal information including the Australian Postal Corporation Act 1989, the Privacy Act and Australia Post's Privacy Policy.
  - (o) Parties under the Agreement have to use best endeavours to implement adequate controls to ensure the integrity and security of the other party's computer network and associated files.

#### 5.12 GCP Corporate Advisory Mandate

- (a) The Company has entered into a corporate advisory mandate with GCP pursuant to which the Company has appointed GCP to provide a range of corporate advisory and capital raising services to the Company (**Corporate Advisory Mandate**).
- (b) In consideration for those services, the Company has agreed to pay GCP a fixed monthly fee of \$7,500 (exclusive of GST and out of pocket expenses), which is payable monthly in advance on and from 1 July 2014, with monthly reviews every 6 months.
- (c) The Corporate Advisory Mandate included a clause that the Company has agreed to grant GCP or a wholly owned subsidiary, being Gondwana Securities Pty Ltd the first right of refusal to act in the lead role in an equity capital raising to wholesale investors undertaken in connection with the Company for a period of 12 months.
- (d) On 1 July 2015, the Company and GCP agreed to vary the Corporate Advisory Mandate as follows:
  - (i) GCP will continue to provide corporate advisory services for a further period of twelve months to 30 June 2016 on the same terms and conditions as in the Corporate Advisory Mandate;

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- (ii) GCP will not provide any capital raising services in relation to the Public Offer; and
  - (iii) GCP will not exercise its right to extend the Corporate Advisory Mandate and relinquishes its first right of refusal to act as lead manager to the Public Offer.
- (e) GCP agrees that the offer of up to 20,000,000 Lead Manager Options and Remaining Lead Manager Options at an issue price of \$0.0001 each will be dealt with on the following basis:
- (i) GCP accepts the issue of the Remaining Lead Manager Options in lieu of fees payable in accordance with the Corporate Advisory Mandate prior to the appointment of the Lead Manager;
  - (ii) the Lead Manager's portion of the 20,000,000 Options is set at a maximum 7,500,000 Options;
  - (iii) GCP agrees that any balance remaining from the 20,000,000 Options is to be issued to Gondwana Securities Pty Ltd or its nominees; and
  - (iv) GCP will continue to assist with the Public Offer.

### 5.13 Provision of Office Space, Car Parking and Secretarial Services

- (a) The Company has entered into a corporate services agreement with AAG Management Pty Ltd (**AAG**) for the provision of certain services including, without limitation, the provision of office space, car parking and secretarial services commencing on 1 July 2015 (**Corporate Services Agreement**).
- (b) In consideration for the corporate services provided by AAG, the Company agreed to pay AAG a fixed monthly fee of \$20,000 plus GST (exclusive of GST and out of pocket expenses). The fee is payable monthly in advance, commencing on 1 July 2015 and is to be reviewed on 31 December 2015 and every 6 months thereafter.
- (c) The service can be terminated by AAG and the Company at any time by giving 6 months notice to the other party.
- (d) AAG will provide a registered office and/or principal place of business for the Company at 16 Ord Street, West Perth.

### 5.14 Deeds of Indemnity and Insurance Access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect Board papers in certain circumstances.

### 5.15 Converting Loan Agreements

- (a) In March 2015, the Company entered into converting loan agreements with 13 lenders pursuant to which the Company was loaned an aggregate of approximately \$460,000 (Converting Loan Agreements).

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- (b) On 15 June 2015, the Company sent a letter to the lenders annexing "replacement converting notes" (being the Converting Notes) and explaining that due to inconsistencies in the Converting Loan Agreements, the Company had decided to issue replacement converting notes to the lenders. There were differences between the terms of the Converting Notes and the Converting Loan Agreements, including a change in the conversion price to \$0.05 per share (being 50% of the issue price under the Public Offer).
  - (c) On 12 August 2015, the Company obtained Shareholder approval for the conversion of the Converting Notes on issue to become convertible into Shares. The approval was for the conversion of up to 20,000,000 Converting Notes (representing \$1,000,000) at \$0.05 per Share, however as at the date of this Prospectus only 9,200,000 Converting Notes (representing \$460,000) have been issued.
  - (d) On 21 August 2015, the Company re-issued the letter of 15 June 2015 to the Noteholders and requested that they countersign the letter to indicate their acceptance of the issue of the Converting Notes. All of the 13 Noteholders have signed and returned a copy of that letter.
  - (e) The terms of the Converting Notes are set out in Section 8.6.

#### 5.16 Employment contract with Kevin Baum

- (a) The Company has entered into a Personal Service Agreement with Mr Kevin Baum (**Executive**), with respect to appointing Mr Baum to the position of Chief Executive Officer of the Company.
- (b) The Appointment will commence at completion of the Proposed Acquisition and the re – instatement of the Palace Resources Ltd (ACN 106 974 516) (to be renamed TikForce Ltd) to the official quotation market of the ASX
- (c) Mr Baum's remuneration may, at his election, be packaged in a manner to be determined by the Executive (after appropriate tax and other financial consultation), and may include such things as base salary, superannuation at the ongoing SGL rate, or other agreed items.
- (d) Such packaging may be changed at the direction of the Executive from time-to-time, but shall at no time exceed A\$300,000 (or such amount as may be the then "Reviewed Remuneration amount") on an annual basis.
- (e) The Executive will be subject to annual performance reviews, against predetermined KPIs that will be drawn up by the Executive and the Board following commencement of his employment with the Company. The Executive may also be eligible to receive bonus options in the Company which may be granted and allotted by the Board, based on completion and measurement against KPI's and market conditions and subject to approval of Shareholders.
- (f) In the event that the Proposed Acquisition is not finalised, this Agreement will have no force and effect

#### 5.17 Min-Trak IP Assignment

- (a) On 13 November 2014, Min-Trak and Min-Trak Zambia entered into an intellectual property assignment agreement (**Min-Trak IP Assignment**).



- (b) Pursuant to the Min-Trak IP Assignment, with effect from 13 November 2014, Min-Trak Zambia assigned to Min-Trak all of its rights, title and interests in intellectual property rights that were owned by Min-Trak Zambia that related to the Min-Trak Solution and more particularly described in a Software Design Document attached to the Min-Trak IP Assignment and the Min-Trak Securities Sale Agreement.
- (c) The intellectual property assigned included in-vehicle software that monitors vehicle or freight variation from predefined parameters and sends alerts to a central system.

#### 5.18 Option Agreement with Crestline

- (a) On 28 August 2006 the Company and Crestline Enterprises Pty Ltd ACN 119 577 847 (**Crestline**), a wholly owned subsidiary of Excalibur Mining Corporation Ltd, entered into an agreement (**Option Agreement**) whereby the Company would grant Crestline an irrecoverable call option over 100% of the gold rights in EL25207 and a right of access to explore and establish mining operations to recover gold product from EL25207 in exchange for the consideration of \$1.00 (**Option**).
- (b) Crestline exercised the option on 18 November 2009 by written notice to the Company, and as a result, pursuant to the Option Agreement:
- (i) the Company assigned all of its right, title and interest in the gold rights in EL25207 to Crestline subject to the terms and conditions contained in the Option Agreement and an option agreement between the Company and Newmont Tanami Pty Ltd dated 31 July 2006 (**Marla Agreement**);
  - (ii) Crestline is required to pay the Company a 2% net smelter return royalty in respect of all gold product recovered from EL25207 (less all related costs, taxes and royalties) for 10 years from the date of exercise; and
  - (iii) the parties are required to pay all rents, rates, survey fees and other fees and charges under the *Mining Act 1980 (NT)* (**Mining Act**) on an equal basis.
- (c) Pursuant to the Option Agreement, the Company must, at all times, ensure EL25207 is kept validly subsisting, in good standing and in full force and effect. If either party wishes to transfer their interest in EL25207 to a third party, they must first:
- (i) give the other party 14 days notice;
  - (ii) offer the other party the right of first refusal of the transfer on terms no less favourable than those being offered to the third party; and
  - (iii) ensure the third party enters into a deed of assumption under which the third party agrees to be bound by the terms and conditions of the Option Agreement.

#### 5.19 Crestline Joint Venture Agreement

- (a) On 18 November 2009 the Company entered into a Joint Venture Agreement with Crestline (**JVA**).
- (b) Pursuant to the JVA, there is a farm-in period during which Crestline was originally to expend:
- (i) \$300,000.00 on EL25207 within 12 months of the date of the JVA; and

- (ii) a further \$200,000.00 on any tenement held by the Company at that time (which was only EL25207) within 24 months from the date of the JVA.

**(expenditure requirements)**

- (c) During the farm-in period Crestline is to manage and sole fund all expenditure on EL25207 (including payment of all rates and rentals) and comply with all conditions of the tenement to ensure there is no breach of any statutory requirement.
- (d) Upon satisfaction of the expenditure obligations:
- (i) the Company will be deemed to have transferred to Crestline 90% of its interest in EL25207;
  - (ii) Crestline will be deemed to have transferred to the Company 10% of its interest in the gold rights of EL25207;
  - (iii) the Option Agreement will be terminated and entirely replaced by the JVA; and
  - (iv) a joint venture will be formed between the parties according to the provisions of the JVA, pursuant to which (amongst other things):
    - (A) Crestline will become the Manager of EL25207;
    - (B) all expenditure by the joint venture will be contributed to by the parties according to the proportion of their interest in EL25207; and
    - (C) a failure to contribute to the joint venture as required by the JVA will result in a dilution of the defaulting parties interest down to a minimum of 5%, upon which that defaulting parties interest will be converted to a 1% net smelter return royalty (less all related costs, taxes and royalties). In the event that the Company's interest is reduced to 5% or below, the net smelter return royal will only apply in relation to uranium product.

**(Joint Venture Phase)**

- (e) If Crestline fails to meet the expenditure requirements, the JVA will be deemed to be terminated and the Option Agreement will continue in full force.
- (f) The current status of the JVA and EL25207 is:
- (i) Crestline failed to meet the expenditure requirements in the original time frames contemplated in the JVA, and as a result the parties entered into an extension agreement on 23 September 2015 to extend the farm-in period, during which Crestline is to meet the expenditure requirements, to 31 December 2016, on the same terms as the JVA;
  - (ii) the Joint Venture Phase has not commenced under the JVA;
  - (iii) the Company still owns a 100% interest in EL25207 (excluding 100% of gold rights); and
  - (iv) and Crestline still owns a 100% interest in the gold rights of EL25207 under the Option Agreement.
- (g) In order to dispose of EL25207 the following provisions of the JVA will apply:

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- (i) the Company may not sell or assign any joint venture property (including EL25207, all related information and rights, and plant and equipment) without the prior written consent of Crestline in its absolute discretion;
  - (ii) if the Company receives an offer from a third party to purchase or acquire its interest in EL25207, it must provide all details of the offer to Crestline. Crestline may then, within 45 days, exercise a pre-emptive right to purchase the Company's interest under the same terms and conditions and for the same value of consideration in cash; and
  - (iii) no sale or assignment will be effective unless the purchasing party enters into a deed of covenant to be bound by the JVA.

#### **5.20 Silikonrok New Royalty Agreement**

- (a) On 16 September 2015, Silikonrok and TikForce entered into a Royalty Agreement pursuant to which TikForce agreed to pay Silikonrok royalty fees in relation to the TikForce Activities. The Royalty Agreement replaced early royalty agreements between the parties dated 8 July 2014 and 5 January 2015 and was entered into at the request of the Company to clarify the obligations of TikForce in relation to the royalty,
- (b) A royalty fee is payable by TikForce of 1.5% of the gross revenues recovered from billed users in relation to the commercialisation of the TikForce Platform. The TikForce Platform includes applications such as "Tik.me", "TikControl" and "TikTrak" and other technologies owned by TikForce as at the date of this Agreement, but excludes the Min-Trak technologies. This royalty fee is payable within 10 business days of the end of each month.
- (c) The term of the Royalty Agreement continues for the duration of the business activities of TikForce in relation to the commercialisation of the TikForce Platform.
- (d) The Royalty Agreement may be terminated for a default which is not remedied within 10 business days or for an insolvency event.
- (e) Each party has provided limited warranties to the other.

## 6. INVESTIGATING ACCOUNTANT'S REPORT



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Chartered Accountants (Aus)  
Business Consultants  
Financial Advisors

1 October 2015

The Directors  
Palace Resources Limited  
Suite 2, 16 Ord Street  
WEST PERTH WA 6005

Dear Sirs

### Investigating Accountant's Report

#### 1. Introduction

The Directors of Palace Resources Limited (to be renamed Tikforce Limited) ("**Company**") and its controlled entities ("**Palace**") have requested SomeS Cooke Chartered Accountants ("**SomeS Cooke**") to prepare an Investigating Accountant's Report ("**Report**") for inclusion in a prospectus dated on or around 1 October 2015 ("**Prospectus**"), relating to, among other things:

- The public offer of 45,000,000 Shares in the Company ("**Shares**") at an issue price of \$0.10 each to raise a minimum of \$4,500,000 before costs with provision for oversubscriptions of up to an additional 20,000,000 Shares at the same price to raise a further \$2,000,000 up to a sum of \$6,500,000 before costs ("**Public Offer**");
- An offer to purchase 100% of the issued capital of Misto Nominees Pty Ltd ("**Misto**"), with the purchase being conditional on Misto acquiring Tikforce Pty Ltd ("**Tikforce**"), and consideration being:
  - 30,000,000 Shares in the Company; and
  - 36,000,000 Performance Shares;
- An offer to purchase 100% of the issued capital of Min-Trak Pty Ltd ("**Min-Trak**"), with consideration being:
  - 9,000,000 Shares in the Company; and
  - 5,000,000 Performance Shares;
- An offer of 20,000,000 Options in the Company at an issue price of \$0.0001 each, with up to 7,500,000 Options being issued as part consideration for corporate services provided by the Lead Manager in connection with the Public Offer and the remaining balance to be issued to GCP Capital Pty Ltd as consideration for corporate advisory services;
- An offer of 1,806,522 Shares to creditors of the Company in lieu of consulting and directors fees;
- An offer of 450,000 Shares and 450,000 Options to Min-Trak vendors in lieu of debts owed to them by Min-Trak; and

- An offer of 9,200,000 Shares to holders of Converting Notes to convert Converting Notes in the Company currently on issue

Further details of the above and associated transactions are listed in Note 2 of Appendix 1 to this Report. All amounts stated in this report are in Australian Dollars unless otherwise indicated. All the terms used in this Report have the same meaning as the terms used and defined in the Prospectus unless otherwise defined in this Report.

## 2. Scope

Somes Cooke has been engaged by the Directors of the Company to review the following ("**Financial Information**"):

- Historical Statement of Financial Position of Palace as at 30 June 2015 and Historical Statement of Profit or Loss and Other Comprehensive Income of Palace for the year then ended ("**Palace Historical Financial Information**");
- Historical Statement of Financial Position of Tikforce as at 30 June 2015 and Historical Statement of Profit or Loss and Other Comprehensive Income of Tikforce for the year then ended ("**Tikforce Historical Financial Information**")
- Historical Statement of Financial Position of **Min-Trak** as at 30 June 2015 and Historical Statement of Profit or Loss and Other Comprehensive Income of Min-Trak for the period then ended ("**Min-Trak Historical Financial Information**")
- Pro-forma Statement of Financial Position following the acquisition of Misto and Min-Trak by Palace, as at 30 June 2015, and Pro-Forma Statement of Profit or Loss and Other Comprehensive Income for the year then ended ("**Pro-Forma Financial Information**").

The Palace Historical Financial Information, Tikforce Historical Financial Information, and Min-Trak Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Pro-Forma Financial Information is based on the Palace Historical Financial Information, Tikforce Historical Financial Information, and Min-Trak Historical Financial Information referred to above, adjusted for transactions and assumptions, including significant transactions subsequent to 30 June 2015, as if they had occurred at 30 June 2015. These transactions and assumptions are detailed in Note 2 of Appendix 1. Due to its nature, the Pro-Forma Financial Information does not represent Palace's actual or prospective financial position or financial performance.

The Palace Historical Financial Information, Tikforce Historical Financial Information, Min-Trak Historical Financial Information, and the Pro-Forma Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The Palace Historical Financial Information, Tikforce Historical Financial Information, and Min-Trak Historical Financial Information are based on the Financial Statements of Palace, Tikforce, and Min-Trak for the periods ended 30 June 2015 that we have audited, and we issued unqualified opinions on them.

This Report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. We have not been requested to consider the prospects for Palace, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, have not done so, nor do we purport to do so. We accordingly, take no responsibility for those matters or any other matter or omission in the Prospectus, other than the responsibility for this Report. The risk factors are set out in Section 7 of the Prospectus.

### 3. Background

The Company was incorporated on 8 September 2003 and admitted to the Official List of the ASX on 15 December 2006. Palace previously focussed on mineral exploration in Australia and Indonesia. Refer to Section 3.1 of the Prospectus for further information.

Misto was incorporated on 21 May 2015 as a special purpose vehicle. Refer to Section 1 of the Prospectus for further information.

Tikforce was incorporated on 28 February 2014 to develop the TikForce Platform, a mobile workforce management system. Refer to Section 3 of the Prospectus for further information.

Min-Trak was incorporated on 14 November 2014 and holds intellectual property rights to mobile asset and workforce tracking technology. Refer to Section 3.9 of the Prospectus for further information.

The Company has entered into conditional agreements to acquire all of the issued capital of Misto and Min-Trak, as outlined in Section 5 of the Prospectus.

### 4. Responsibility for the Financial Information

The directors of the Company, Min-Trak, and Tikforce are responsible for the preparation and presentation of the Palace Historical Financial Information, the Min-Trak Historical Financial Information, the Tikforce Historical Financial Information and the Pro-Forma Financial Information, including the selection and determination of the Pro-Forma adjustments. They are also responsible for all assumptions, judgements and estimates, used in the Palace Historical Financial Information, the Min-Trak Historical Financial Information, the Tikforce Historical Financial Information, and included in the Pro-Forma Financial Information.

This responsibility includes establishing and maintaining internal control relevant to the preparation of the Historical and Pro-Forma Financial Information that is free from material misstatement which is due to fraud and error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors of the Company are also responsible for all information contained within the Prospectus.

### 5. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our review engagement in accordance with Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

In connection with the review, we made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit report. For the purposes of this Report, we have not performed an audit and accordingly do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.

### 6. Conclusion

#### ***Palace Historical Financial Information***

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the Palace Historical Financial Information, as shown in abbreviated form in Appendix 1 to this Report, and comprising:

- The Statement of Profit or Loss and Other Comprehensive Income of Palace for the year ended 30 June 2015; and
- The Statement of Financial Position of Palace as at 30 June 2015;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 3 of Appendix 1.

#### ***Tikforce Historical Financial Information***

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the Tikforce Historical Financial Information, as shown in abbreviated form in Appendix 1 to this Report, and comprising:

- The Statement of Profit or Loss and Other Comprehensive Income of Tikforce for the year ended 30 June 2015; and
- The Statement of Financial Position of Tikforce as at 30 June 2015;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 3 of Appendix 1.

#### ***Min-Trak Historical Financial Information***

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the Min-Trak Historical Financial Information, as shown in abbreviated form in Appendix 1 to this Report, and comprising:

- The Statement of Profit or Loss and Other Comprehensive Income of Min-Trak for the period ended 30 June 2015; and
- The Statement of Financial Position of Min-Trak as at 30 June 2015;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 3 of Appendix 1.

#### ***Pro-Forma Financial Information***

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the Pro-forma Financial Information, comprising:

- The Pro-Forma Statement of Profit or Loss and Other Comprehensive Income of Palace for the year ended 30 June 2015; and
- The Pro-Forma Statement of Financial Position of Palace as at 30 June 2015;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Notes 2 and 3 of Appendix 1.

#### **Emphasis of matter**

Without qualifying our conclusion, we draw attention to Note 3 of Appendix 1, which indicates that the going concern basis is dependent upon the pro-forma transactions and assumptions as set out in Note 2 of Appendix 1 occurring or the Company raising additional capital in order to pay its debts as and when they fall due. These conditions indicate the existence of material uncertainty that may cast significant doubt about The Company's ability to continue as a going concern if the pro-forma transactions and assumptions do not occur as set out in Note 2 of Appendix 1 and therefore were the pro-forma transactions and

assumptions not to occur, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the Financial Information.

## 7. Subsequent Events

Apart from the matters dealt with in this Report, including transactions and events listed in Note 2 of Appendix 1 to this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, there have been no other material items, transactions, or events outside the normal course of business, subsequent to 30 June 2015, that have come to our attention during the course of our engagement that would require comment on, or adjustment to, the information referred to in our Report, or that would cause such information to be misleading or deceptive.

## 8. Declaration

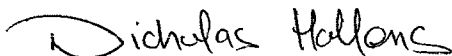
Somes Cooke are responsible for this Report.

The Historical Financial Information presented in Appendix 1 has, for Palace, been prepared by directors of the Palace, for Tikforce, been prepared by the directors of Tikforce, and, for Min-Trak, been prepared by the Directors of Min-Trak and is their responsibility. The Pro-Forma Financial Information has been prepared by the directors of Palace and is their responsibility. This report is strictly limited to the matters contained herein and is not to be read as extending by implication or otherwise to any other matter.

Somes Cooke do not have any interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in relation to this matter. Except for fees relating to this Report, which are based on normal commercial terms, Somes Cooke does not have any interest in Palace, Tikforce, Misto, or Min-Trak nor in the outcome of the Offer. Somes Cooke have not made, and will not make, any recommendation through the issue of this Report to potential investors of the Company as to the merit of the investment.

Consent for the inclusion of this Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully



Nicholas Hollens  
Partner  
Somes Cooke Chartered Accountants  
Level 2, 35 Outram Street  
West Perth WA 6005

Date: 1 October 2015



## Appendix 1

### 1. Historical and Pro-Forma Financial Information

#### Consolidated Historical and Pro-Forma Statement of Financial Position as at 30 June 2015

|                               |      | Palace<br>Audited as<br>at<br>30 June<br>2015 | Tikforce<br>Audited<br>as at 30<br>June 2015<br>* | Min-Trak<br>Audited as<br>at 30 June<br>2015 | Pro-Forma<br>adjust-<br>ments (in-<br>cludes sig-<br>nificant<br>subsequent<br>events) –<br>Min Sub-<br>scription as<br>at 30 June<br>2015 | Pro-Forma<br>adjustments -<br>(includes<br>significant<br>subsequent<br>events) – Max<br>Subscription<br>as at 30 June<br>2015 | Pro-Forma<br>– Min Sub-<br>scription<br>as at 30<br>June 2015 | Pro-Forma<br>– Max Sub-<br>scription as<br>at 30 June<br>2015 |
|-------------------------------|------|---|---|--|--|--|---|---|
|                               | Note | €   | €   | €  | €  | \$   | \$  |   |
| <b>Current Assets</b>         |      |   |   |  |  |  |   |   |
| Cash and cash equiva-         | 4    | 8,432   | 3,181   | -  | 3,138,568  | 4,996,568  | 3,150,181   |   |
| Trade & other receiva-        | 5    | 583,488                                       | 39,401  | -  | (414,570)  | (414,570)  | 208,319   |   |
| <b>Total Current Assets</b>   |      | 591,920                                       | 42,582  | -  | 2,723,998  | 4,581,998  | 3,358,500   |   |
| <b>Non Current Assets</b>     |      |   |   |  |  |  |   |   |
| Other financial assets        |      | 11,328  | -   | -  | -  | -  | 11,328  |   |
| Intangible assets             | 6    | -   | 481,335   | 761,754                                      | 195,862  | 195,862  | 1,438,951   |   |
| Deferred exploration          |      | 123,176                                       | -   | -  | -  | -  | 123,176   |   |
| <b>Total Non Current As-</b>  |      | 134,504                                       | 481,335   | 761,754                                      | 195,862  | 195,862  | 1,573,455   |   |
| <b>Total Assets</b>           |      | 726,424                                       | 523,917   | 761,754                                      | 2,919,860  | 4,777,860  | 4,931,955   |   |
| <b>Current Liabilities</b>    |      |   |   |  |  |  |   |   |
| Trade and other paya-         | 7    | 1,258,464                                     | 56,918  | -  | (1,276,222)  | (1,276,222)  | 39,160  |   |
| Provisions                    |      | 10,708  | -   | -  | -  | -  | 10,708  |   |
| Borrowings                    | 8    | 459,988                                       | 449,296   | 57,616                                       | (849,558)  | (849,558)  | 117,342   |   |
| <b>Total Current Liabili-</b> |      | 1,729,160                                     | 506,214   | 57,616                                       | (2,125,780)  | (2,125,780)  | 167,210   |   |
| <b>Total Liabilities</b>      |      | 1,729,160                                     | 506,214   | 57,616                                       | (2,125,780)  | (2,125,780)  | 167,210   |   |
| <b>Net Assets / (Liabili-</b> |      | (1,002,736)                                   | 17,703  | 704,138                                      | 5,045,640  | 6,903,640  | 4,764,745   |   |
| <b>Equity</b>                 |      |   |   |  |  |  |   |   |
| Contributed equity            | 9a   | 13,399,761                                    | 10  | 761,754                                      | (7,051,115)  | (5,304,915)  | 7,110,410   |   |
| Reserves                      | 10   | 106,889                                       | -   | -  | 1,058,761  | 1,058,761  | 1,165,650   |   |
| Accumulated losses            | 11   | (14,439,401)                                  | 17,693  | (57,616)                                     | 10,968,009   | 11,079,809   | (3,511,315)   |   |
| Non-controlling interest      |      | (69,985)                                      | -   | -  | 69,985   | 69,985   | -   |   |
| <b>Total Equity</b>           |      | (1,002,736)                                   | 17,703  | 704,138                                      | 5,045,640  | 6,903,640  | 4,764,745   |   |

\* As outlined in the Prospectus, completion of Palace's acquisition of Misto is conditional on Misto's acquisition of Tikforce. Misto was incorporated on 21 May 2015 as a special purpose vehicle and, except for the issue of 12 million Misto shares to Silikonrok Pty Ltd and 1.5 million Misto shares to Hampton Court Partners Pty Ltd for nil consideration and the issue of 16.2 million performance shares, was dormant, with Nil assets or liabilities, up until the date of this Prospectus.

The above statement should be read in accordance with the accompanying notes.

**Consolidated Historical and Pro-Forma Statement of Profit or Loss and Other Comprehensive Income  
for the Year Ended 30 June 2015**

|  |             | Palace<br>Audited for<br>the year<br>ended 30<br>June 2015 | Tikforce<br>Audited for<br>the year<br>ended 30<br>June 2015 * | Min-Trak<br>Audited for<br>the period<br>ended 30<br>June 2015<br>** | Pro-Forma<br>adjust-<br>ments<br>(which in-<br>cludes sig-<br>nificant<br>subsequent<br>events) -<br>Min Sub-<br>scription for<br>the year<br>ended 30<br>June 2015<br>\$ | Pro-Forma<br>adjust-<br>ments<br>(which in-<br>cludes sig-<br>nificant<br>subsequent<br>events) -<br>Max Sub-<br>scription for<br>the year<br>ended 30<br>June 2015<br>\$ | Pro-Forma<br>– Min Sub-<br>scription for<br>the year<br>ended 30<br>June 2015<br>\$ | Pro-Forma<br>– Max Sub-<br>scription<br>for the year<br>ended 30<br>June 2015<br>\$ |
|--|-------------|--|--|--|---|---|---|---|
|  | <b>Note</b> |  |  |  |   |   |   |   |
| <b>Revenue:</b>                                  |             |  |  |  |   |   |   |   |
| Income   | 11          | -  | 18,740   | -  | -   | -   | 18,740  | 18,740  |
| Debts forgiven                                   | 11          | -  | -  | -  | 273,190   | 273,190   | 273,190   | 273,190   |
| <b>Expenses:</b>                                 |             |  |  |  |   |   |   |   |
| Employee benefit expenses                        | 11          | (1,396)  | -  | -  | 1,396   | 1,396   | -   | -   |
| Consulting fees                                  | 11          | (169,125)  | -  | -  | 169,125   | 169,125   | -   | -   |
| Compliance and regulatory fees                   | 11          | (76,402)   | -  | -  | 76,402  | 76,402  | -   | -   |
| Option fee to acquire Tikforce                   | 11          | (62,000)   | -  | -  | 62,000  | 62,000  | -   | -   |
| Impairment of available-for-sale financial asset | 11          | (13,755)   | -  | -  | 13,755  | 13,755  | -   | -   |
| Director fees                                    | 11          | (76,905)   | -  | -  | 76,905  | 76,905  | -   | -   |
| Travel and accommodation expenses                | 11          | (47,881)   | -  | -  | 47,881  | 47,881  | -   | -   |
| Application costs not capitalised                | 11          | -  | -  | (57,616)   | 57,616  | 57,616  | -   | -   |
| Occupancy expenses                               | 11          | (240,066)  | -  | -  | 240,066   | 240,066   | -   | -   |
| Prospectus expenses                              | 11          | -  | -  | -  | (257,990)   | (259,990)   | (257,990)   | (259,990)   |
| Loss on conversion of converting notes           | 11          | -  | -  | -  | (460,012)   | (460,012)   | (460,012)   | (460,012)   |
| Share based payments expense                     | 11          | -  | -  | -  | (850,600)   | (736,800)   | (850,600)   | (736,800)   |
| Listing Fee                                      | 11          | -  | -  | -  | (2,060,406)   | (2,060,406)   | (2,060,406)   | (2,060,406)   |
| Other expenses                                   | 11          | (127,212)  | (1,047)  | -  | 17,212  | 17,212  | (111,047)   | (111,047)   |
| <b>Loss before tax</b>                           |             | <b>(814,742)</b>   | <b>17,693</b>  | <b>(57,616)</b>  | <b>(2,593,460)</b>  | <b>(2,481,660)</b>  | <b>(3,448,125)</b>  | <b>(3,336,325)</b>  |
| Other comprehensive income                       |             | -  | -  | -  |   |   |   |   |
| <b>Total comprehensive income</b>                |             | <b>(814,742)</b>   | <b>17,693</b>  | <b>(57,616)</b>  | <b>(2,593,460)</b>  | <b>(2,481,660)</b>  | <b>(3,448,125)</b>  | <b>(3,336,325)</b>  |

\* As outlined in the Prospectus, completion of Palace's acquisition of Misto is conditional on Misto's acquisition of Tikforce. Misto was incorporated on 21 May 2015 as a special purpose vehicle and, except for the issue of 13.5 million shares for nil consideration and the issue of

16.2 million performance shares, was dormant, with Nil assets or liabilities, up until the date of this Prospectus. Tikforce was incorporated on 28 February 2014, but was dormant prior to 1 July 2014.

\*\* Min-Trak was incorporated on 14 November 2014.

The above statement should be read in accordance with the accompanying notes.

## 2. Pro-Forma Transactions and Assumptions

The Pro-Forma Financial Information incorporates the following assumptions and transactions, including significant transactions that have occurred subsequent to 30 June 2015, as if they have occurred at 30 June 2015:

Significant transaction Subsequent to 30 June 2015:

- a) Consolidation of every 100 pre consolidated shares and options into 1 Share and Option;
- b) Issue of 719,377 Shares to settle \$71,938 of fees owing by the Company;
- c) Forgiveness of \$273,190 owing by the Company to directors and their related entities;
- d) Expenses of the Prospectus incurred and paid of \$100,000;
- e) \$70,000 borrowed by the Company from Spartan Nominees Pty Ltd ("**Spartan**"); and
- f) Corporate and administration expenses incurred by the Company of \$110,000, of which \$28,432 were paid for.

Pro-forma assumptions and transactions:

- g) Misto's purchase of 100% of the issued capital of Tikforce, with consideration being:
  - 16,500,000 shares in the Misto; and
  - 19,800,000 Tikforce Performance Shares, as outlined in Section 5.4 of the Prospectus;

and Palace's purchase of 100% of the issued capital of Misto, with consideration being:

- 30,000,000 Shares in the Company at a deemed price of \$0.10 per Share; and
  - 8 million A Performance Shares, 12 million B Performance Shares and 16 million C Performance Shares. Terms of these Performance Shares are outlined in section 5.2 of the Prospectus
- (collectively the "**Misto Vendor Offer**");
- h) Palace's purchase of 100% of the issued capital of Min-Trak ("**Min-Trak Vendor Offer**"), with consideration being:
    - 9,000,000 Shares in the Company; and
    - 2 million D Performance Shares, 2 million E Performance Shares and 1 million F Performance Shares. Terms of these Performance Shares are outlined in section 5.3 of the Prospectus;
  - i) The issue of 45,000,000 Shares in the Company at an issue price of \$0.10 each to raise a minimum of \$4,500,000 before costs with provision for oversubscriptions of up to an additional 20,000,000 Shares at the same price to raise a further \$2,000,000 up to a sum of \$6,500,000 before costs ("**Public Offer**");
  - j) The issue of 20,000,000 Options in the Company at an issue price of \$0.0001 each, comprising of between 5,500,000 (Minimum Subscription) to 7,500,000 (Max Subscription) Options to the Lead Manager, being 1,000,000 Options plus 1 Option for each \$1.00 raised as part consideration for services provided in connection with the Public Offer, and the remaining balance to be issued to

GCP Capital Pty Ltd's as consideration for corporate advisory services ("**Lead Managers Offer**"). The Options have an exercise price of \$0.11 and expire 31 May 2018;

- k) An offer of 1,806,522 Shares to creditors of the Company in lieu of accrued consulting and directors fees ("**Palace Resources Creditor Offer**");
- l) An offer of 450,000 Shares and 450,000 options to the Min-Trak creditor in lieu of debts owed to it by Min-Trak ("**Min-Trak Creditor Offer**"). The Options have an exercise price of \$0.11 and expire 31 May 2018;
- m) An offer of 9,200,000 Shares to holders of Converting Notes to convert Converting Notes in the Company currently on issue ("**Converting Note Conversion Offer**");
- n) Further cash costs of Prospectus in addition to those outlined above at Note 2d of between \$472,990 (Min subscription) and \$614,990 (Max Subscription). This includes Lead Manager Fees of between \$315,000 (Min subscription) and \$455,000 (Max Subscription);
- o) \$832,010 of the Company's creditors settled through cash payment; and
- p) As outlined in Section 2.23 of the Prospectus:
  - The satisfaction or waiver of the remaining conditions precedent to Completion and Completion occurring in relation to the Proposed Acquisitions; and
  - The Company receiving from ASX conditional approval for re-instatement to trading of the Company's Shares on the AXX, on terms acceptable to the Company.

### 3. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the Financial Information are summarised below.

#### *Basis of Reporting*

The Financial Information has been prepared in accordance with the *Corporations Act 2001* and recognition and measurement requirements (but not all disclosure requirements) of Australian Accounting Standards and Australian Accounting Interpretations adopted by the Australian Accounting Standards Board. The Financial Information covers the Company, a public company, incorporated and domiciled in Australia, and its controlled entities and its pro-forma legal subsidiaries, Misto, Min-Trak and Tikforce (together “the Group”). The Financial Information is presented in Australian dollars. The Financial Information has been prepared on an accrual basis and is based on historical costs. Cost is based on the fair value of the consideration given in exchange for assets.

#### *Compliance with IFRS*

Compliance with Australian Accounting Standards ensures that the Financial Information of the Group complies with International Financial Reporting Standards (IFRS).

#### *Going concern*

The Financial Information has been prepared on the going concern basis. As at 30 June 2015 Palace had net current liabilities of \$1,002,736 and incurred a loss for the year ended on that date of \$814,742. The going concern basis is dependent upon the pro-forma transactions and assumptions outlined above in Note 2 occurring or the Company raising additional capital in order to pay its debts as and when they fall due. In the Company Directors’ opinion these events will be achieved and therefore the Company will be able to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the Financial Information.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those in the Financial Information. The Financial Information does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Company not continue as a going concern.

#### *Significant accounting policies*

Accounting policies are selected and applied in a manner which ensures that the resulting Financial Information satisfies the concepts of relevance and reliability, and that the substance of underlying transactions and other events is reported. The following significant accounting policies have been adopted in the preparation and presentation of the Financial Information:

#### **Accounting Policies**

##### **(a) Reverse acquisition accounting**

The proposed acquisition of Tikforce via the acquisition of Misto (proposed legal subsidiaries) by the Company (the legal parent) is deemed to be a reverse acquisition, since the substance of the transaction is such that upon completion of the acquisitions of Tikforce, Min-Trak and Misto (but prior to the other pro-forma transaction listed above in Note 2) the existing shareholders of Tikforce as a group will have the largest portion of the voting rights in the combined entity.

AASB 3 *Business Combinations* sets out the accounting principles to be followed in a reverse acquisition. However, the directors have concluded that the Company does not meet the definition of a “business” as

prescribed in AASB 3 and, as such, it has been deemed that the acquisition cannot be accounted for as a "business combination".

Therefore, consistent with accepted practice for transactions similar in nature to the acquisition, the Company has accounted for the acquisition in the consolidated financial statements of the legal acquirer (the Company) as a continuation of the financial statements of the legal acquiree that will have the largest portion of the voting rights in the combined entity (Tikforce), together with a share based payment measured in accordance with AASB 2 *Share Based Payments*, which represents a deemed issue of the shares by the legal acquiree (Tikforce), equivalent to the current shareholders interest in the Company. The excess of the assessed value of the share based payment over the pro forma net assets of the Company as at 30 June 2015 has been expensed to the Statement of Profit or Loss and Other Comprehensive Income as a listing fee.

**(b) Asset acquisitions**

When an acquisition of assets does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial exemption for deferred tax under AASB 12 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

**(c) Principals of Consolidation**

The Financial Information incorporates the assets, liabilities and results of entities within the Group at the end of the reporting period. A controlled entity is any entity over which the Group has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Company during the year, the financial performance of those entities in Palace have been eliminated in full on consolidation. In preparing the Financial Information, all inter-group balances and transactions between entities within the Group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

**(d) Income tax**

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses, if any in fact are brought to account.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultane-

ous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**(f) Internally Generated Intangible Assets – Research and development costs**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial, and other resources to complete development and to use and sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent to initial recognition, capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses.

**(g) Deferred Exploration and Evaluation Costs**

Exploration and evaluation costs relating to an area of interest are carried forward at cost where the rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale or;
- Exploration and evaluation activities are continuing in an area of interest but at balance sheet date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the Statement of Profit or Loss and Other Comprehensive Income.

**(h) Impairment of Assets**

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. For other assets, at each reporting date, the Group review the carrying values of their tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

**(i) Plant and Equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amounts of plant and equipment are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**(j) Financial Instruments**

**Recognition and Initial Measurement**

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions to the instrument.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit and loss immediately.

### **Classification and Subsequent Measurement**

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit and loss.

#### *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

### **(k) Provisions**

Provisions are recognised when the Group have a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### **(l) Contributed Equity**

Ordinary share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### **(m) Share based payments**

The fair value of options granted is recognised as an expense with a corresponding increase in equity, unless the options are costs of capital in which case the options granted are recognised in equity only. The fair value of shares or performance rights is ascertained as the market bid price. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The number of shares and options expected to vest is reviewed and adjusted at each reporting date (except where the change in expectation relates to market conditions) such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### **(n) Accounting estimate and judgement - impairment**

#### **Impairment**

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. For other assets, the Groups assess whether there are indications of impairment at each reporting date. For goodwill, intangible assets with indefinite lives, intangible assets not yet available for use, and other assets where an impairment trigger exists, the recoverable amount of the



asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**Share based payments**

Share based payments in the form of options are valued using pricing models. Models use assumptions and estimates as inputs.

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#### 4. Cash and cash equivalents

|  | Note | Min subscrip-<br>tion<br>\$ | Max subscrip-<br>tion<br>\$ |
|--|------|-----------------------------|-----------------------------|
| Balance of cash and cash equivalents at 30 June 2015 |      | 8,432                       | 8,432                       |
| Add Subsequent events:                               |      |                             |                             |
| - Costs of the Prospectus                            | 2.d) | (100,000)                   | (100,000)                   |
| - Funds borrowed from Spartan                        | 2.e) | 70,000                      | 70,000                      |
| - Funds spent by the Company                         | 2.f) | (28,432)                    | (28,432)                    |
| Add Pro-Forma adjustments:                           |      |                             |                             |
| - Public Offer                                       | 2.i) | 4,500,000                   | 6,500,000                   |
| - Misto Vendor Offer                                 | 2.g) | 3,181                       | 3,181                       |
| - Lead Managers Offer                                | 2.j) | 2,000                       | 2,000                       |
| - Other costs of the acquisitions and Prospectus     | 2.n) | (472,990)                   | (614,990)                   |
| - Settlement of Creditors                            | 2.o) | (832,010)                   | (832,010)                   |
| Pro-Forma balance of cash and cash equivalents       |      | <u>3,150,181</u>            | <u>5,008,181</u>            |

#### 5. Trade and other receivables

|  | Note | \$               |
|--|------|------------------|
| Balance of trade and other receivables at 30 June 2015 |      | 583,488          |
| Add Pro-Forma adjustments:                             |      |                  |
| - Misto Vender Offer                                   | 2.g) | 39,401           |
| Consolidation *  |      | <u>(414,570)</u> |
| Pro-Forma balance of trade and other receivables       |      | <u>208,319</u>   |

\* Comprises intercompany loan between the Company and Min-Trak of \$57,616 and intercompany loan between the Company and Tikforce of \$356,954.

## 6. Intangibles – Development

|  | Note | \$               |
|--|------|------------------|
| Balance of Intangibles at 30 June 2015 |      | -                |
| Add Pro-Forma adjustments:             |      |                  |
| - Misto Vender Offer                   | 2.g) | 481,335          |
| - Min-Trak Vender Offer *              | 2.h) | 957,616          |
| Pro-Forma balance of intangibles       |      | <u>1,438,951</u> |

### \* Acquisition of Min-Trak

The acquisition of Min-Trak was assessed by the Board and it was determined that the acquisition was an asset acquisition, rather than a business combination as Min-Trak is not considered to meet the definition of a “business” under AASB 3 *Business Combinations*.

The value of net assets acquired at the date of acquisition:

|                                 |                 |
|---------------------------------|-----------------|
|                                 | \$              |
| Intangible assets – Development | 957,616         |
| Borrowings                      | <u>(57,616)</u> |
|                                 | <u>900,000</u>  |

Acquisition consideration:

|   |                |
|---|----------------|
|   | \$             |
| Shares issued (900,000 shares at \$0.10), at fair value | <u>900,000</u> |
| Total purchase consideration                            | <u>900,000</u> |

## 7. Trade and other payables

|   | Note      | \$                 |
|---|-----------|--------------------|
| Balance of trade and other payables at 30 June 2015 |           | 1,258,464          |
| Add Subsequent Event:                               |           |                    |
| - Settlement of creditors                           | 2.b)      | (71,938)           |
| - Debts forgiven                                    | 2.c)      | (273,190)          |
| - Expenses accrued                                  | 2.f)      | 81,568             |
| Add Pro-Forma adjustments:                          |           |                    |
| - Misto Vender Offer                                | 2.g)      | 56,918             |
| - Settlement of creditors                           | 2.k) 2.o) | <u>(1,012,662)</u> |
| Pro-Forma balance of trade and other payables       |           | <u>39,160</u>      |

## 8. Borrowings

|                                       | Note | \$             |
|---------------------------------------|------|----------------|
| Balance of borrowings at 30 June 2015 |      | 459,988        |
| Add Subsequent Event:                 |      |                |
| - Funds borrowed from Spartan         | 2.e) | 70,000         |
| Add Pro-Forma adjustments:            |      |                |
| - Misto Vender Offer                  | 2.g) | 449,296        |
| - Min-Trak Vender Offer (Note 6)      | 2.h) | 57,616         |
| - Consolidation *                     |      | (414,570)      |
| - Converting Note Conversion Offer    | 2.m) | (459,988)      |
| - Min-Trak Creditor Offer             | 2.l) | (45,000)       |
| Pro-Forma balance of borrowings       |      | <u>117,342</u> |

\* Comprises intercompany loan between the Company and Min-Trak of \$57,616 and intercompany loan between the Company and Tikforce of \$356,954.

## 9a. Contributed equity

|  | Note       | Min Sub-<br>scription<br>Number of<br>Shares | Min Sub-<br>scription<br>\$ | Max Sub-<br>scription<br>Number of<br>Shares | Max Sub-<br>scription<br>\$ |
|--|------------|--|-----------------------------|--|-----------------------------|
| Balance of contributed equity at 30 June 2015                          |            | 1,120,665,808                                | 13,399,761                  | 1,120,665,808                                | 13,399,761                  |
| Add Subsequent event:  |            |  |                             |  |                             |
| - Share consolidation  | 2.a)       | (1,109,457,206)                              | -                           | (1,109,457,206)                              | -                           |
| - Settlement of creditors  | 2.b)       | 719,377                                      | 71,938                      | 719,377                                      | 71,938                      |
| Shares on issue at date of this prospectus                             |            | 11,927,979                                   | 13,471,699                  | 11,927,979                                   | 13,471,699                  |
| - Min-Trak Vender Offer *  | 2.h)       | 9,000,000                                    | 900,000                     | 9,000,000                                    | 900,000                     |
| - Misto Vender Offer (Note 9b) **                                      | 2.g)       | 30,000,000                                   | 1,192,798                   | 30,000,000                                   | 1,192,798                   |
| - Converting Note Conversion Offer                                     | 2.m)       | 9,200,000                                    | 920,000                     | 9,200,000                                    | 920,000                     |
| - Min-Trak Creditor Offer  | 2.l)       | 450,000                                      | 45,000                      | 450,000                                      | 45,000                      |
| - Palace Resources Creditor Offer                                      | 2.k)       | 1,806,522                                    | 180,652                     | 1,806,522                                    | 180,652                     |
| - Public Offer   | 2.i)       | 45,000,000                                   | 4,500,000                   | 65,000,000                                   | 6,500,000                   |
| - Costs of equity  | 2j,<br>2n) | -  | (628,050)                   | -  | (881,850)                   |
| - Tikforce contributed equity  |            | -  | 10                          | -  | 10                          |
| - Elimination of the Company's equity on reverse acquisition (Note 9b) |            | -  | (13,471,699)                | -  | (13,471,699)                |

Pro-Forma balance of contributed equity at 30 June 2015

107,384,501      7,110,410      127,384,501      8,856,610

\* Consideration for the acquisition of Min-Trak includes 2 million D Performance Shares, 2 million E Performance Shares and 1 million F Performance Shares. Terms of these Performance Shares are outlined in section 8.5 of the Prospectus. The Performance Rights vest upon the achievement of certain Milestones, as outlined in Section 8.5 of the Prospectus. No value has been ascribed to these Performance Rights as it is currently not certain whether the Milestones will be met in the future.

\*\* Consideration for the acquisition of Misto includes 8 million A Performance Shares, 12 million B Performance Shares and 16 million C Performance Shares. Terms of these Performance Shares are outlined in section 8.5 of the Prospectus. The Performance Rights vest upon the achievement of certain Milestones, as outlined in Section 8.5 of the Prospectus. No value has been ascribed to these Performance Rights as it is currently not certain whether the Milestones will be met in the future.

The number of Shares outlined above does not include the vesting and conversion of Performance Rights. If all the Classes of Performance Rights described above were to vest and be converted into Shares in the future, this would result in an additional 41 million Shares being issued.

## 9b. Reverse acquisition

Following the acquisitions of Min-Trak, Tikforce and Misto, and *after* the other pro-forma transactions listed in Note 2, as outlined at Note 9a, Palace will have between 107,384,501 Shares (Minimum Subscription) and 127,384,501 Shares (Maximum subscription) on issue, comprising:

|   | <u>Shares - Min</u> | <u>% - Min</u> | <u>Share - Max</u> | <u>%-Max</u> |
|---|---------------------|----------------|--------------------|--------------|
| Palace shareholders on acquisition date:          | 11,927,979          | 11             | 11,927,979         | 9            |
| Former TikForce shareholders on acquisition date: | 16,500,000          | 15             | 16,500,000         | 13           |
| Former Misto shareholders on acquisition date:    | 13,500,000          | 13             | 13,500,000         | 11           |
| Former MinTrak shareholders on acquisition date:  | 9,000,000           | 8              | 9,000,000          | 7            |
| Other (as listed in Note 9a)                      | 56,456,522          | 53             | 76,456,522         | 60           |
| <b>Total</b>                                      | <b>107,384,501</b>  | <b>100</b>     | <b>127,384,501</b> | <b>100</b>   |

Following the acquisitions of Min-Trak, Tikforce and Misto, but *prior* to the other pro-forma transaction listed in Note 2, Palace will have 51,927,979 Shares on issue, comprising:

|   | <u>Shares</u>     | <u>%</u>   |
|---|-------------------|------------|
| Palace shareholders on acquisition date:          | 11,927,979        | 23         |
| Former TikForce shareholders on acquisition date: | 16,500,000        | 32         |
| Former Misto shareholders on acquisition date:    | 13,500,000        | 27         |
| Former MinTrak shareholders on acquisition date:  | 9,000,000         | 18         |
| <b>Total</b>                                      | <b>50,927,979</b> | <b>100</b> |

The proposed acquisition of Tikforce (a pro-forma legal subsidiary) by Palace (the legal parent), via the acquisition of special purpose vehicle Misto, is deemed to be a reverse acquisition as the substance of the transaction is such that upon completion of the acquisitions of Tikforce, Min-Trak and Misto (but *prior* to the other pro-forma transaction listed in Note 2) the existing shareholders of Tikforce as a group will have the largest portion of the voting rights in the combined entity.

Palace is not considered to meet the definition of a business under AASB 3 Business Combinations (AASB 3) and, as such, it has been concluded that the acquisition of Tikforce cannot be accounted for in accordance with AASB 3. Therefore, consistent with the accepted practice for transactions similar in nature, the acquisition has been accounted for in the consolidated financial statements of the legal acquirer (the Company) as a continuation of the as a continuation of the financial statements of the legal acquiree that will have the largest portion of the voting rights in the combined entity (Tikforce), together with a share based payment measured in accordance with AASB 2 *Share Based Payments*, which represents a deemed issue of the shares by the legal acquiree (Tikforce), equivalent to the current shareholders interest in the Company post the acquisition. The excess of the assessed value of the share based payment over the pro forma net assets of the Company as at 30 June 2015 has been expensed to the Statement of Profit or Loss and Other Comprehensive Income as a listing fee.

As there is no current market for Tikforce shares, the fair value of 100% of Palace is assessed at \$1,192,798 (based on 11,927,979 Shares on issue at a share price of \$0.10) immediately prior to the acquisitions.

Consequently, a listing expense of \$2,060,406 has been expensed to the Statement of Profit or Loss and Other Comprehensive Income which represents the excess of the deemed fair value of the share based payment less the net assets of Palace of \$(867,608) immediately prior to settlement of the acquisition, as set out below:

|  | <b>Pro-Forma<br/>30 June 15</b> |
|--|---------------------------------|
|  | <b>\$</b>                       |
| Cash and cash equivalents *                          | (50,000)                        |
| Trade and other receivables                          | 583,488                         |
| Other assets   | 11,328                          |
| Exploration and evaluation                           | 123,176                         |
| Trade and other payables**                           | (994,904)                       |
| Provisions   | (10,708)                        |
| Borrowings ***                                       | (529,988)                       |
| Net assets of Palace acquired on reverse acquisition | <u>(867,608)</u>                |

\* Comprises cash and cash equivalents of \$8,432 as at 30 June 2015, less net cash outflows of \$128,432 (Notes 2d and 2f) plus \$70,000 borrowed from Spartan (Note 2e) subsequent to year end.

\*\* Comprises trade and other payables of \$1,258,464 as at 30 June 2015, plus costs accrued of \$81,568 (Note 2f) less debts forgiven and settled of \$345,128 (Notes 2b and 2c) subsequent to year end.

\*\*\* Comprises borrowings of \$459,988 as at 30 June 2015 plus \$70,000 borrowed from Spartan (Note 2e) subsequent to year end.

Assessed fair value of net asset acquired:

|  |                    |
|--|--------------------|
| -Company Shares on issue   | 11,927,979         |
| -Assumed share price on settlement date  | \$0.10             |
| Deemed fair value of Share-based Payment, assessed in accordance with AASB 2 * | <u>\$1,192,798</u> |
| Net assets acquired  | <u>\$867,608</u>   |
| Pro-forma listing expense recognised on reverse acquisition                    | <u>\$2,060,406</u> |

## 10. Reserves

|   | <b>Note</b> | <b>Min Subscrip-<br/>tion<br/>\$</b> | <b>Max Sub-<br/>scription<br/>\$</b> |
|---|-------------|--------------------------------------|--------------------------------------|
| Balance of reserves at 30 June 2015:                              |             | 106,889                              | 106,889                              |
| Add Pro-Forma adjustments:  |             |                                      |                                      |
| - Elimination of Palace reserves on reverse acquisition (Note 8b) |             | (106,889)                            | (106,889)                            |
| - Lead Manager Offer – Lead Manager Options *                     | 2.j)        | 313,500                              | 427,500                              |
| - Lead Manager Offer – GCP Options *                              | 2.j)        | 826,500                              | 712,500                              |
| - Min-Trak Creditor Offer *                                       | 2.l)        | 25,650                               | 25,650                               |
| Pro-Forma balance of reserves                                     |             | <u>1,165,650</u>                     | <u>1,165,650</u>                     |

\* Valued using the Black-Scholes options pricing model, using the following inputs:

- i. Options exercisable at \$0.11;
- ii. Options exercisable on or before 31 May 2018;
- iii. Risk free interest rate of 1.88%;
- iv. Volatility estimated 100%
- v. Expected dividend yield 0%.

Refer to section 2.14 of the Prospectus for full details of the pro-forma movement in the number of options on issue.

## 11. Accumulated losses

|   | Note | Min Sub-<br>scription\$ | Max Sub-<br>scription<br>\$ |
|---|------|-------------------------|-----------------------------|
| Balance of accumulated losses at 30 June 2015                               |      | (14,439,401)            | (14,439,401)                |
| Add Subsequent event:   |      |                         |                             |
| - Costs of Prospectus   | 2.d) | (100,000)               | (100,000)                   |
| - Other expenses incurred   | 2.f) | (110,000)               | (110,000)                   |
| - Debts forgiven  | 2.c) | 273,190                 | 273,190                     |
| Add Pro-Forma adjustments:  |      |                         |                             |
| - Elimination of Palace accumulated losses on reverse acquisition (Note 9b) |      | 14,376,211              | 14,376,211                  |
| - Tikforce retained earnings (Note 9b)                                      |      | 17,693                  | 17,693                      |
| - Min-Trak Creditor Offer   | 2.l) | (25,650)                | (25,650)                    |
| - Lead Manager Offer - GCP Options **                                       | 2.j) | (824,950)               | (711,150)                   |
| - Listing Fee (Note 9b)   |      | (2,060,406)             | (2,060,406)                 |
| - Further costs of the prospectus   | 2.n) | (157,990)               | (159,990)                   |
| - Converting Note Conversion offer *  | 2.m) | (460,012)               | (460,012)                   |
| Pro-Forma balance of accumulated losses                                     |      | <u>(3,511,315)</u>      | <u>(3,399,515)</u>          |

\* Loss calculated as:

|   |                  |
|---|------------------|
| Consideration (Note 9a)                             | \$ 920,000       |
| Carrying value of converting notes settled (Note 8) | <u>(459,988)</u> |
|   | <u>460,012</u>   |

\*\* Calculated as Option valuation (Note 10) less \$0.0001 per Option received as cash (Note 4).

## 12. Post balance date events

No matters or circumstances have arisen since 30 June 2015 which significantly affect the state of affairs of the Group, other than the matters outlined above and those disclosed in the Prospectus.

## 13. Related party transactions

Related parties and related party transactions are outlined in the Prospectus.

## 7. RISK FACTORS

### 7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below and in Section 1, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities and to consult their professional advisers before deciding whether to apply for Securities under this Prospectus.

There are specific risks which relate directly to the Company, Min-Trak and TikForce's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section 7 and in Section 1, and other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 7.2 Specific

#### (a) Risks relating to the Company's operations

Future operations of the Company may be affected by various factors including, without limitation:

- (i) unanticipated operational and technical difficulties encountered;
- (ii) failure of operating equipment, fire, accidents, industrial disputes and other force majeure events;
- (iii) risk that development and/or operating costs prove to be greater than expected or that any potential developments or acquisitions may not be achieved (although no such developments or acquisitions are currently proposed, except as disclosed in this Prospectus);
- (iv) failure to achieve market penetration, user retention, user growth and/or user engagement;
- (v) the supply and cost of skilled labour; and
- (vi) the prevention and/or restriction of market penetration or user access by reason of applicable laws, regulatory requirements, political unrest, outbreak of hostilities or inability to obtain consents or approvals.

There is no assurance that commercial viability will be achieved.

Other factors such as technical difficulties, adverse changes in government policy and/or legislation or lack of access to sufficient funding or markets may prevent the Company from operating successfully.



(b) **Limited trading history of TikForce**

The TikForce business is a start-up company with limited trading history and, at such an early stage of its development, there are significant uncertainties associated with forecasting future revenues and expenses of the company.

Since incorporating on 28 February 2014, TikForce's activities have principally involved funding the development of its software and product testing. The funds were allocated to research & development expenses, wages, legal fees and other associated administration costs.

As with many start-up companies, TikForce has incurred losses since its inception. The cumulative losses up to 30 June 2015 are approximately \$79,887.

(c) **Limited trading history of Min-Trak**

The Min-Trak business is essentially a start-up company with limited trading history and, at such an early stage of its development, there are significant uncertainties associated with forecasting future revenues and expenses of the company.

Since incorporating on 14 November 2014, Min-Trak's activities have principally involved funding the development of its software and product testing.

As with many start-up companies, Min-Trak has incurred losses since its inception. The cumulative losses up to 30 June 2015 are approximately \$57,616.

(d) **Departure of Key Personnel**

The responsibility of overseeing the day to day operations and the strategic direction of the Company depends substantially on its key personnel (being Mr Kevin Baum as proposed Chief Executive Officer of the Company and the Directors). Loss of key personnel and any delay in their replacement could affect the Company's performance and financial position.

The Company's ability to effectively execute its growth strategies depends upon the performance and expertise of key personnel, including those with valuable technological skills, marketing experience and specialist knowledge of the Company's business model and markets, respectively. The departure of certain key personnel, including Mr Kevin Baum and any delay in his replacement or indeed any failure to adequately replace him, is likely to hinder the Company's ability (post Completion of the Proposed Acquisition) to achieve its strategic growth objectives and financial performance goals. In addition, in order for the Company to achieve its growth objectives, it will be necessary to engage the services of additional key management personnel with appropriate experience and technological skills.

There is no guarantee that the Company will be able to attract and retain appropriately qualified personnel in these areas. Any failure to do so is likely to also hinder the Company's ability to achieve its strategic growth objectives.

(e) **Failure to deal with growth**

There is a risk that the Company will not be able to implement the Company's growth strategy after completion of the Offers. The capacity of the Company to properly implement and manage its strategic direction may adversely affect the Company's financial position and financial performance. Any failure to meet user demand properly

could adversely affect the business, including demand for products and services, revenue, customer satisfaction and public perception.

(f) **Risks associated with jurisdictional expansion**

TikForce and Min-Trak's products have been constructed so as to be capable of being utilised in multiple overseas jurisdictions (although there is no guarantee that will occur). As the Company is seeking to expand into overseas markets, it may require a physical presence in other jurisdictions/markets which will result in an associated increase in overheads and development and marketing costs as well as jurisdictional risks.

There is the risk that any jurisdictional expansion will be unsuccessful or that, even if there is demand for the Company, expansion will be unsuccessful. If the Company successfully expands into a new market, the costs of doing business in that market, including establishing a new base in-country, overseas regulatory compliance and the potential duplication of running costs for the Company, are such that the Company's physical resources and financial reserves (including available working capital) will be adversely impacted.

(g) **Development, marketing and commercialisation risks**

Following completion of the Offers, the Company intends to advance the TikForce and Min-Trak business by focusing initially on developing the TikForce Platform, integration of the MinTraks and on sales & marketing.

The Company's business model is to initially focus on market share rather than profitability. This will require expenditure on marketing and business development. By its nature, there is no guarantee that the Company's marketing campaign will be successful and there is no guarantee of whether the Company will generate any revenue or profits. The Company may encounter difficulty in bringing the TikForce Platform to the market and creating market awareness of the brand.

Only if the Company achieves its market penetration and customer dependence objectives (which objectives may never be reached) will its focus shift to seeking to become profitable, although there is a risk that will not occur and no assurance or forecast is given as to whether the Company will become profitable. Accordingly, the Company may not achieve significant profitability in the short term or at all, or may suffer losses.

There is the risk that the TikForce Platform and/or the Min-Trak Solution may not be commercially successful and may not function, operate or integrate as intended, including with respect to its capacity to service customers. TikForce's and Min-Trak's technologies are complex; they may have errors or defects that users identify after they begin using them. There is a risk that the TikForce Platform may not be scalable in that the software or hardware may not support large numbers of users as the Company's businesses grow and the number of users of the TikForce Platform or Min-Trak Solution increases. This may lead to the Company's reputation suffering amongst users and customers as well as potential claims for redress.

There can be no assurance that the Company's businesses will be profitable and/or commercially viable. The Company may not achieve either short or long term profitability and may suffer losses. Any failure to expand the usage of TikForce's Platform would have an adverse impact on the Company's financial position and financial performance.

(h) **Recruitment and retention of key personnel**

The Company's ability to effectively execute its growth strategy depends partly upon the performance and expertise of key employees, including those with valuable technological skills, marketing experience and specialist knowledge of the Company's underlying products, services and markets. The departure of certain key employees, especially Mr Kevin Baum, and/or the Directors and/or any delay in their replacement could hamper the Company's ability to achieve its strategic growth objectives and financial performance goals. As the Company grows it will need to make additional key appointments to expand its executive team and will also need to expand its technical support team. There is no guarantee that the Company will be able to attract and retain appropriately qualified personnel with the required experience and technological skills. Any failure to do so is likely to also hinder the Company's ability to achieve its strategic growth objectives.

(i) **Availability of IT staff in the market**

The Company is reliant upon recruiting employees with specialist IT skills in order to develop and maintain the Company's, TikForce's and Min-Trak's products and services, in the event of Completion. Any shortage of availability of these skills in the IT employment market could impair the development of the Company's, TikForce's and Min-Trak's products and business and the rate of such development. Such shortage could also cause wage inflation, which may impact on the Company's financial position and financial performance.

(j) **Privacy**

The environment in which the Company operates is subject to complex and evolving Australian and foreign policies, laws and regulations regarding privacy, data protection, content regulation, intellectual property, competition, distribution of electronic contracts and other communications, consumer protection, taxation, online payment services and advertising and marketing standards.

The Company collect, stores and processes highly sensitive, highly regulated and confidential information. The provision of secure and reliable information storage and processing services is integral to the businesses and operations of the Company.

Whilst the Company intends to follow best practice and industry standards discussed in Section 3.6 in relation to security policies, procedures, automated and manual protections, encryption systems and staff screening to minimise risks, there is no guarantee that the implementation of such precautions will be sufficient to prevent data security breaches and information being compromised or misused. The impact of security breaches is discussion in Section 7.2(l). The impact of loss or leakage of client or business data could include potential service disruption, litigation, liability to third parties, penalties imposed by government agencies under applicable laws and brand damage resulting in reduced or falling revenues. These potential losses or liabilities will be different for each jurisdiction in which the Company operates. There is also recently an increased exposure to organisations that process personal information in the course of their commercial activities, in particular relating to liability arising from security incidents. Although the Company and the businesses of TikForce and Min-Trak are relatively small, vulnerabilities in the information security governance will require remediation in the near future and upon Completion.

(k) **Reliance on core information technology and other systems**

The Company's products are complex. The availability of the TikForce Platform and Min-Trak Solution is dependent upon the performance, reliability and availability of IT and communication systems. Damage to or failure of key systems may result in disruptions to the Company's ability to operate the TikForce Platform, Min-Trak Solution and other services and could affect the Company's performance and financial position. This includes its core technologies such as computer servers and back-end processing systems.

These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war, a breakdown in utilities such as electricity and fibre optic cabling and even pandemics. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. The Company's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage suffered as a result of a system failure.

Any damage to, or failure of, the Company's key systems can result in disruptions in the Company's ability to operate the TikForce Platform and Min-Trak Solution. Such disruptions have the potential to adversely affect the Company's financial position and financial performance, reduce the potential to attract and/or retain users, impact user service levels and damage the Company, TikForce and Min-Trak's reputations. This could adversely affect the Company's ability to generate new business and cause it to suffer financial loss.

(l) **Security breaches**

A malicious attack on the Company's, TikForce's or Min-Trak's systems, processes or people from external or internal sources could put the integrity and privacy of customers' data, their personal information, work related or employment records and business systems used to run the TikForce Platform at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation and brand damage resulting in adverse effects to the Company's financial position and financial performance. The Company proposes to follow best practice and the industry standards referred to in Section 3.6 in relation to security policies, procedures, automated and manual protections, encryption systems and staff screening to minimise this risk.

(m) **Fraud or misleading information from users**

The TikForce Platform and the business of TikForce relies on proof of identity checks being undertaken by Australia Post under the Identity Services Agreement. It also relies on prospective employees or workers swearing a statutory declaration that documentation uploaded onto the TikForce Platform is genuine. There is a risk therefore that Australia Post does not undertake the proof of identity checks in accordance with the Identity Services Agreement or that prospective employees or prospective workers using the TikForce Platform falsely swear the statutory declaration in relation to the truth or accuracy of the information they upload into the TikForce Platform. If this occurs then the Company maybe exposed to a claim for damages or may incur loss or reputational damage which may adversely affect future revenues or the growth prospects of the Company.

(n) **Reinstatement to the Official List**

The Company's securities are currently suspended from trading. It is anticipated that the Company's securities will remain suspended until completion of the Proposed Acquisition, the Offers, Consolidation, re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from quotation, which will result in the Offers not proceeding, no Securities being issued pursuant to the Offers and the Company having to repay all monies received from Applicants without interest.

(o) **Additional requirements for capital**

The Company's proposed 2 year expenditure budget following completion of the Offers is described in Section 2.13. However, if the Company incurs unexpected costs or is unable to generate sufficient operating income, further funding may be required. Any additional funding through securities issues is dependent upon market conditions at the time. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or cause a reduction in the Company's operations.

Additional funding beyond that proposed to be raised pursuant to the Public Offer may be required for the continued development of the Company's business model. This additional capital may also be used to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, or to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures, partnerships, alliances or other means. Failure to obtain sufficient financing for the Company's activities and future projects may have an adverse effect on the Company's financial position and financial performance. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(p) **Protection of intellectual property**

Following Completion of the Proposed Acquisition, the Company will have acquired the TikForce Platform and Min-Trak Solution, which includes a specialised human resources and asset tracking software technology and the methodologies for validating personal identities, qualifications and work skills.

TikForce's and Min-Trak's intellectual property includes their software development, knowledge base of business operations, including user, industry and market behaviours, customer records and the experience of key management personnel. The Company proposes to maintain strict security and monitoring of TikForce's and Min-Trak's software code and have in place security policies and IT systems to protect customer records, including protection and restriction on physical access.

TikForce does not currently have and has not sought any patents or trademarks to protect its potential intellectual property due to the legal standards relating to the validity, enforceability and scope of protection of intellectual property rights being uncertain. In particular, when the Company seeks to expand its product range in international markets, protection may not be available in any or every country in which the Company may operate.

In any event, the Company may not be able to prevent third parties from infringing upon or misappropriating its intellectual property. The Company cannot be certain that unauthorised use or access of intellectual property relevant to the Company's, TikForce's or Min-Trak's business will not be undertaken by third parties to the detriment of the Company, its operations and business. In addition, there can be no guarantee that unauthorised use or copying of the software, data or specialised technology will not be compromised. Any unauthorised use, access or copying of the intellectual property could impact adversely on the Company, its operations and business.

Further, there is a risk that the Company's business may be alleged to have infringed intellectual property rights of third parties. The Company is not aware of any such allegations at the date of this Prospectus.

(q) **TikForce Vendors or Min-Trak Vendors may sell their Shares**

Some or all TikForce and Min-Trak Vendors may elect to sell their Shares, subject to any escrow restrictions required by the ASX Listing Rules following Completion. If one or more TikForce Vendors or Min-Trak Vendors elect to sell a sufficiently large number of Shares, then this may negatively impact the price or value of Shares.

(r) **Contractual risks**

The ability of the Company to achieve its objectives will also be dependent on the performance by the counterparties to agreements that the Company, TikForce or Min-Trak have entered into or may enter into. The Company is reliant on various contractual arrangements and relationships with third parties (refer to Material Contracts, Section 5). There can be no guarantee that those contracts will be performed in accordance with their terms, that they are enforceable or that their terms will produce beneficial outcomes for the Company.

For example, TikForce's business relies on the Identity Services Agreement with Australia Post (as summarised in Section 5.11). In the event that this contract or other key contracts are breached, terminated, or are not renewed, the business' financial position and the performance of the Company and TikForce may be detrimentally affected.

If any counterparty defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and carry uncertain outcomes. Furthermore, certain contracts to which any of the Company, TikForce or Min-Trak are a party may be governed by laws of jurisdictions outside Australia. There is a risk that the Company may not be able to seek legal redress that it could expect under Australian law; and generally there can be no guarantee that a legal remedy will ultimately be granted on favourable terms.

(s) **Insurance risks**

The occurrence of an event that is not covered or fully covered by insurance could have a materially adverse effect on the business, financial condition and results of the Company. In addition, there remains the risk that an insurer defaults in the payment of a legitimate claim by the Company.

(t) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such

additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(u) **Reliance on External Technology**

The Company does rely on the capacity of external technology utilized by the TikForce and Min-Trak products to provide ongoing support for the delivery of their software solutions.

The Company recognizes the risk in these areas and will undertake all necessary controls and monitoring of these facilities to ensure that any variation or cancellation of these technologies can be replaced in due course.

Min-Trak and TikForce have developed or acquired their own software which is used in conjunction with off the shelf software from third parties to enable the functionality of its product offerings. Such third party software may be subject to external factors such as depreciation of operating systems, libraries, components, third party interfaces, drivers, patches, compatibility, version conflict, obsolescence or other related issues. In addition, the third party software may require updating and maintenance. These external factors may also affect the ability of TikForce or Min-Trak to effectively upgrade and maintain its software. Furthermore, licensing and commercial conditions imposed by third party software companies may be unsustainable or impracticable for TikForce or Min-Trak causing a need to rely on other solutions or develop these in house. Should TikForce or Min-Trak have such issues, these may affect their ability to successfully provide their products.

(v) **Hackers**

Hackers could render the Company's website and the websites of TikForce or Min-Trak unavailable. While the Company will take reasonable precautions, the Company may be a target for hackers. Actual or perceived security vulnerabilities in the Company's services or any breach of its security controls and authorised access to a customer's data could harm the business and the Company's operating results.

(w) **Disposal of exploration assets**

As discussed in Section 3.1, following Completion, the Company will consider disposing of its mineral tenement being exploration tenement (EL25207) in Tanami, Northern Territory. The Board will explore the best opportunities or strategies by which to dispose of the tenement in the best interests of Shareholders, but having regard to the Company's and Crestline's rights and obligations under the Crestline Joint Venture Agreement which include the Company having to obtain Crestline's prior consent before it can dispose of the tenement and recognising that Crestline has a pre-emptive right to purchase any interest in the tenement or the joint venture on the same terms as any offer received from a third party. If the Company does not regard any such strategies or opportunities as commercial, then the Company may pursue liquidation or forfeiture of those assets which will derive no returns for the Company. There is a risk that the liquidation or forfeiture may become protracted and/or could result in unforeseen costs or expenses incurred by the Company.

(x) **Converting Notes and Converting Loan Agreements**

The documentation relating to the issue of the Converting Notes does not expressly terminate the Converting Loan Agreements nor specify that the Converting Notes repay or otherwise replace the loans the subject of the Converting Loan Agreements.

The Board is satisfied that, given each of the lenders has signed the Converting Notes cover letter accepting the issue of the Converting Notes, the Company and the lenders have agreed that the Converting Notes replace the loans the subject of the Converting Loan Agreements.

However, in the absence of an express termination of the Converting Loan Agreements, there remains a risk that the lenders could assert a claim that those agreements remain on foot, including the obligation to issue Shares at 0.001 cents per share or 0.0005 cents per share upon conversion (depending on the nature of the conversion). This could be highly dilutive to Shareholders. However, the Directors do retain the right to repay any outstanding Converting Note principal and interest in cash and would undertake this avenue should any application be made to convert at the original offer rate subsequent to completion of the relisting process.

(y) **Dilution risk and ability to affect the Company's direction**

New investors who subscribe under the Offers may, on completion of the Offers, own a relatively small proportion of the Company, as described in Section 2.14. These new investors will be unlikely to be able to significantly affect the Company's direction by exercising their voting rights in the usual manner.

The Company also has Existing Options on issue and proposes to issue further Options under the Lead Manager and Corporate Adviser Offers and the Min-Trak Creditor Offer described in Sections 2.5, 2.7, 8.3 and 8.4. In addition, the Company proposes to issue the Performance Shares under the Vendor Offers pursuant to the Securities Sale Agreements, which Securities are further described in Sections 2.3, 2.4, 5.2, 5.3 and 8.5. If these Options or Performance Shares are converted into Shares there will be a dilutionary effect on the holdings of the Company's existing Shareholders.

(z) **Going Concern**

The financial statements of the Company have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements for the period ended 30 June 2015, the consolidated entity incurred a net loss of \$814,742 and had net cash outflows from operating activities of \$499,023 and net cash outflows from investing activities of \$370,307. As at 30 June 2015, the consolidated entity had net current liabilities and net liabilities of \$1,137,240 and \$1,002,736 respectively.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- (i) during the period ended 30 June 2015, the Company has shown the ability to raise capital. Cash proceeds of \$369,900 (before costs) had been raised through Share issues, and \$460,000 from borrowings indicate, especially in the current economic climate, the strong level of support for the Proposed Acquisition;



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- (ii) \$252,590 of the amount included in payables, disclosed in the statement of financial position, has been negotiated with the creditors to be satisfied via the issue of Shares pursuant to the Palace Resources Creditor Offer;
  - (iii) the Company has advanced the Proposed Acquisition beyond due diligence. Pursuant to the Public Offer under this Prospectus, the Company is seeking to raise funds of \$4,500,000 to \$6,500,000 to undertake the development of the TikForce Platform, underlying the acquisitions of Misto and Min-Trak; and
  - (iv) in the event the capital raising pursuant to the Offers is delayed or is unsuccessful, the Company has the ability to reduce its activities to conserve its cash resources.

The consolidated entity's ability to continue as a going concern is mainly dependent on the following factors:

- (i) obtaining additional working capital through the issue of equity as and when required;
- (ii) the issue of Shares pursuant to the Palace Resources Creditor Offer in satisfaction of payables of \$180,652; and
- (iii) the issue of Shares pursuant to the Min-Trak Creditor Offer in satisfaction of payables of \$45,000; and
- (iv) the issue of Shares pursuant to the Converting Note Conversion Offer in satisfaction of outstanding payables of \$460,000.

Should the Company not achieve the matters set out above, there is significant uncertainty whether the consolidated entity will continue as a going concern and therefore as to whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

### 7.3 Industry Specific

#### (a) Risks relating to the Company's business and industry

If the Company fails to retain existing clients and users of the TikForce Platform and Min-Trak Solution or fails to add new users or clients, or if users and clients decrease their level of engagement with the technology, the Company's revenue, financial results and business may be significantly harmed.

The size of TikForce's and Min-Trak's client and user base level of engagement are critical to the success (or otherwise) of the Company. TikForce and Min-Trak's financial performance will be significantly determined by whether they can add, retain and engage clients and users.

The Company may not be able to add, retain or engage clients and users of the TikForce Platform and Min-Trak Solution after Completion and the Company's financial position and financial performance may suffer from a failure to do so.

If clients and users and potential clients and users do not perceive TikForce's and Min-Trak's products to be useful, reliable and trustworthy, the Company may not be able to

attract or retain clients and users or otherwise maintain or increase the frequency and duration of their engagement.

There is no guarantee that TikForce and Min-Trak will not experience an erosion of their active client and user base and/or their client and user engagement levels or fail to increase those factors which remain negligible at the date of this Prospectus. A decrease in client and user retention, growth and/or engagement or failure to increase those factors could render the Company unattractive to employers and employees, which may have a material and adverse impact on the Company's financial performance and financial position.

Any number of factors could potentially negatively affect client and user retention, growth and engagement, including, without limitation:

- (i) clients and users engaging with competing products;
- (ii) failure to introduce new and/or improved products and services, or if new and/or improved products and services are not favourably received;
- (iii) failure to continue to develop the TikForce Platform for mobile devices that clients and users find engaging, that work with a variety of mobile operating systems and networks and that achieve a high level of market acceptance;
- (iv) changes in clients' and users' sentiment about the quality or usefulness of TikForce's products and/or concerns related to privacy and data sharing, safety, security or other factors;
- (v) failure to manage and prioritise information to ensure users are presented with content that is interesting, useful and relevant to them;
- (vi) adverse changes in TikForce's and Min-Trak's products that are mandated by legislation, regulatory authorities, or litigation, including settlements or consent decrees;
- (vii) technical or other problems which prevent TikForce and Min-Trak from delivering their products in a rapid and reliable manner, which adversely affect the user experience;
- (viii) the adoption of policies or procedures by TikForce, Min-Trak or the Company related to areas such as data sharing and/or user data that are perceived negatively by clients, users and the general public;
- (ix) failure to provide adequate customer service to clients and users; and
- (x) TikForce, Min-Trak, the TikForce Platform, developers or other companies in the same industry are the subject of adverse media reports or other negative publicity.

Should such risks or uncertainties materialise then the Company's financial position, financial performance and/or achievements may be adversely affected.

(b) **Competition and new technologies**

The industries in which TikForce, Min-Trak and the Company are involved are subject to increasing domestic and global competition which is fast-paced and fast-changing.

While the Company intends to undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company.

There is a risk that the Company will not be able to compete in the competitive industries in which it, TikForce or Min-Trak operates. TikForce and Min-Trak will (and after Completion, the Company will) be competing against a number of significant global IT companies and other entities for users, user growth, user engagement, advertisements, commercial content and revenue.

In addition, the emergence of new competitors in the market, or technological developments providing an alternative to TikForce and Min-Trak's products and services, could adversely impact TikForce and Min-Trak's market share and the Company's financial position and financial performance. Existing and new providers of services platforms may expand their market share and revenue, which could also impact adversely on the Company's financial position and financial performance.

The Identity Services Agreement with Australia Post is non exclusive and as such the same or a similar service can be provided by Australia Post to competitors of TikForce which may negatively affect the operating or financial performance of the Company.

**(c) Legal environment**

The legal system in the markets in which the Company, TikForce or Min-Trak operates and/or intend to operate, may be less developed than in Australia and this could result in the following risks:

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- (ii) a higher degree of discretion held by various government officials or agencies;
- (iii) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to intellectual property rights and taxation;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and court in matters affecting the Company and TikForce.

**(d) Risks relating to operating in other jurisdictions**

Possible sovereign risks include, without limitation, changes in legislation, a shift in political attitude, changes in economic and social conditions, political instability, the imposition of operating restrictions, government participation, changes to taxation rates and/or concessions, working conditions, rates of exchange, exchange control, licensing, duties or imposts, repatriation of income or return of capital and changes in the ability to enforce legal rights.

The Company, TikForce and Min-Trak's activities are subject to all applicable local laws, regulations and to the relevant conditions applying in each jurisdiction in which the Company, TikForce and Min-Trak operate or intend to operate. Failure to comply with these conditions may cause the Company, TikForce and Min-Trak to suffer

significant damage through loss of opportunity and/or the imposition of penalties and fines.

Changes in government and/or statutory changes in jurisdictions in which the Company, TikForce and Min-Trak operate, or intend to operate, may affect the Company, TikForce and Min-Trak's business and operations.

Any of these factors may, in the future, adversely affect the financial performance and financial position of the Company and the market price of its Shares and the value of its Securities.

International operations are subject to a number of further risks, including:

- (i) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting intellectual property;
- (iii) increases in operating costs; and
- (iv) restrictive governmental actions.

Any of these factors could materially and adversely affect the Company's business results of operations and financial condition.

(e) **Market acceptance**

The global marketplace for most products and services is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion and licensing campaigns.

Accordingly, there is a risk that the Company may not be able to commercialise its business (including TikForce and Min-Trak's businesses, after Completion), which could adversely impact the Company's operations, financial position and financial performance.

## 7.4 General Risks

(a) **Share Market**

There are general risks associated with any investment and the share market. The price of the Company's products and changes in preferences could fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance.

These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

There is no assurance that the price of the Shares will increase following Completion and completion of the Offers and the Company's re-quotations on the ASX, even if the Company's financial performance and financial position improve (which is not guaranteed).

(b) **Government policies and legislation**

The Company's businesses and performance are affected generally by the fiscal or other policies (including taxation) that are adopted by government both in Australia and in the other jurisdictions in which the Company, TikForce or Min-Trak operate or may operate in the future. Any change in regulation or policy may adversely affect the financial performance or financial position of the Company, either on a short-term or long-term basis. The Company may also be adversely affected by the pace or extent of such change.

Presently, the Company's active operations are based in Australia and are subject to Australian laws and regulations. However, the Company intends to expand its operations into other markets which may expose it to regulatory and jurisdictional risks.

The Company's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon the Company's profitability and viability.

(c) **General Economic conditions**

The Company's, TikForce's and Min-Trak's businesses are affected by general economic conditions. Deterioration in economic conditions could lead to reductions in personal and business spending and other potential revenues which could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

(d) **Market risk and interest rate volatility**

From time to time, the Company may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest cost to the Company and, hence, may affect its financial performance.

(e) **Foreign exchange risks**

Exchange rates are beyond the control of the Company.

The Company's revenues, costs and expenses are currently all derived in Australian dollars and there is no foreign exchange risk under the current business trading model.

As the Company's intention is to expand its operations in future in foreign jurisdictions, the Company could be exposed to foreign exchange risks.

(f) **Liquidity risk**

There is no guarantee that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk that, should the market for the Company's securities become illiquid, Shareholders will be unable to realise their investment in the Company.

(g) **Risk of Shareholder dilution**

In the future, the Company may elect to issue Shares or other securities to engage in fundraisings and also to fund, or raise proceeds, for acquisitions the Company may decide to make. While the Company will be subject to the constraints of the ASX

Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply or where the Company ceases to be admitted to the Official List), Shareholders may be diluted as a result of such issues of Shares or other securities and fundraisings.

(h) **Litigation**

Litigation brought by third parties including but not limited to customers, partners, suppliers, business partners or employees could negatively impact the business, particularly in the case where the impact of such litigation is greater than or outside the scope of the Company's, TikForce's or Min-Trak's insurance.

(i) **Force majeure events**

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of the Company, TikForce or Min-Trak and the price of the Shares. Such events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's, TikForce's or Min-Trak's product and services and their ability to conduct business. The Company, TikForce or Min-Trak will not be able to insure against all these risks.

## 7.5 **Investment Speculative**

The above list of risk factors and those listed in Section 1 ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may, in the future, materially affect the financial performance and financial position of the Company and the value of the Company.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

## 8. ADDITIONAL INFORMATION

### 8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### 8.2 Rights Attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### (a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

#### (b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### (c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The

Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in that dividend reinvestment plan (less any amount which the Company shall, either pursuant to the Constitution or any law, be entitled or obliged to retain) be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least 3 quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.



### 8.3 Terms of the Lead Manager Options, the Remaining Lead Manager Options and the Min-Trak Options

- (a) Subject to paragraph (h), the exercise price of each Lead Manager's Option, Remaining Lead Manager Option and Min-Trak Option (the **Future Options**) is \$0.11 (**Exercise Price**).
- (b) The Future Options expire at 5:00pm WST on 31 May 2018 (**Expiry Date**).
- (c) Each Future Option shall entitle the holder to subscribe for and be issued one Share in the capital of the Company upon exercise of the Future Option and payment to the Company of the Exercise Price.
- (d) Shares issued as a result of the exercise of any of the Future Options will rank equally in all respects with all Shares currently on issue.
- (e) The Future Option holder is not entitled to participate in new issues of securities offered to Shareholders (including any rights issue, entitlement issue or bonus issue) unless the Future Option is exercised before the relevant record date for that new issue.
- (f) Shares issued on the exercise of Future Options will be issued not more than 14 days after receipt of a properly executed exercise notice and application moneys. Shares issued pursuant to the exercise of a Future Option will rank equally with the then issued Shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of a Future Option, apply to ASX for quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the ASX Listing Rules.
- (g) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Future Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction.

### 8.4 Terms of Existing Options

Each Existing Option entitles the holder of the Existing Option the right to subscribe for one Share on the following terms and conditions:

- (a) The exercise price of each Existing Option is \$0.20 (**EO Exercise Price**).
- (b) The Existing Options expire at 5.00pm WST on 28 February 2016 (**EO Expiry Date**).
- (c) The Existing Options can be exercised at any time up until the EO Expiry Date and each Existing Option shall entitle the holder to subscribe for and be allotted one Share upon exercise of the Existing Option and payment to the Company of the EO Exercise Price.
- (d) Shares issued as a result of the exercise of any of the Existing Options will rank equally in all respects with all Shares.
- (e) The Existing Option holder is not entitled to participate in new issues of securities offered to Shareholders unless the Existing Option is exercised before the relevant record date for that new issue.

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- (f) Shares issued on the exercise of Existing Options will be issued not more than 14 days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Existing Option will rank equally with the then issued Shares of the Company in all respects. If the Company is listed on the ASX it will, pursuant to the exercise of an Existing Option, apply to ASX for quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the ASX Listing Rules.
  - (g) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Existing Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
  - (h) If there is a bonus issue to Shareholders, the number of Shares over which the Existing Option is exercisable will be increased by the number of Shares which the holder of the Existing Option would have received if the Existing Option had been exercised before the record date for the bonus issue.
  - (i) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Existing Options will be reduced in accordance with ASX Listing Rule 6.22.

## 8.5 Terms of Performance Shares

The terms and conditions of the Performance Shares are set out below. All the capitalised terms in this Section 8.5 which are not set out in Section 10 (Glossary) are defined in Section 8.5(n) below.

### (a) Lapse after Expiry Date

If on the relevant Expiry Date:

- (i) the A Performance Share Milestone has not been satisfied, then all of A Performance Shares held by each Holder shall consolidate into one A Performance Share and then convert into Shares on a one for one basis;
- (ii) the B Performance Share Milestone has not been satisfied, then all of B Performance Shares held by each Holder shall consolidate into one B Performance Share and then convert into Shares on a one for one basis;
- (iii) the C Performance Share Milestone has not been satisfied, and then all of C Performance Shares held by each Holder shall consolidate into one C Performance Share and then convert into Shares on a one for one basis;
- (iv) the D Performance Share Milestone has not been satisfied, then all of D Performance Shares held by each Holder shall consolidate into one D Performance Share and then convert into Shares on a one for one basis;
- (v) the E Performance Share Milestone has not been satisfied, then all of E Performance Shares held by each Holder shall consolidate into one E Performance Share and then convert into Shares on a one for one basis; and
- (vi) the F Performance Share Milestone has not been satisfied, and then all of F Performance Shares held by each Holder shall consolidate into one F Performance Share and then convert into Shares on a one for one basis.

(b) Conversion

(i) Conversion Milestones and Ratio

Upon the satisfaction of the Milestone prior to the Expiry Date, each Performance Share will convert into one Share.

(ii) Conversion on a Change in Control Event

Upon the occurrence of a Change in Control Event:

- (A) that number of Performance Shares that, after conversion, is equal to 10% of the issued Share capital of the Company (as at the date of the Change of Control Event) shall automatically convert into Shares;
- (B) the Company shall ensure a pro-rata allocation of Shares issued to all Holders; and
- (C) any Performance Shares that are not converted into Shares in accordance with this Section 8.5 will continue to be held by the Holder on the same terms and conditions.

(c) Takeover Provisions

- (i) If the conversion of Performance Shares (or part thereof) would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1) of the Corporations Act.
- (ii) The Holders shall give notification to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of section 606(1) of the Corporations Act, and if the Holders fail to give such notification to the Company, the Company shall assume that the conversion of Performance Shares (or part thereof) will not result in any person being in contravention of section 606(1) of the Corporations Act.
- (iii) The Company may (but is not obliged to) by written notice request the Holders to give notification to the Company in writing within 7 days if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of section 606(1) of the Corporations Act. If the Holders do not give notification to the Company within 7 days that they consider the conversion of Performance Shares (or part thereof) may result in the contravention of section 606(1) of the Corporations Act then the Company shall assume that the conversion of Performance Shares (or part thereof) will not result in any person being in contravention of section 606(1) of the Corporations Act.

(d) Issue of shares for no consideration - The Company shall allot and issue Shares upon conversion of the Performance Shares for no consideration to the Holder or its nominees and shall record the allotment and issue in the manner required by the Corporations Act and the ASX Listing Rules.

(e) After conversion - The Shares issued on conversion of any Performance Share will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical to all other Shares then on issue and application will be made by the Company to ASX for Official Quotation of the Shares issued upon conversion.

- (f) Dividend - Holders are not entitled to a dividend.
- (g) Reconstruction - In the event of any reconstruction, consolidation or division of the issued capital of the Company, the Shares, the Performance Shares and their terms of conversion shall be reconstructed, consolidated or divided in the same manner such that no additional benefits are conferred on the Holders by virtue of such reconstruction, consolidation or division.
- (h) Winding up - If the Company is wound up prior to conversion of all of the Performance Shares into Shares then the Holders will have no right to participate in surplus assets or profits of the Company on winding up.
- (i) Non-transferable - The Performance Shares are not transferable.
- (j) Copies of notices and reports - The Holders have the same right as Shareholders to receive notices, reports and audited accounts.
- (k) Voting rights - The Holders shall have no right to vote, subject to the Corporations Act.
- (l) Participation in new issues - There are no participation rights or entitlements inherent in the Performance Shares and Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Shares.
- (m) Quotation - The Performance Shares are unquoted. No application for quotation of the Performance Shares will be made by the Company.
- (n) Definitions

**A Performance Share** means a Performance Share issued by the Company to a Misto Vendor (or its nominee) in accordance with the Misto Securities Sale Agreement that is subject to the A Performance Share Milestone and the terms set out in this Section 8.5.

**A Performance Share Expiry Date** means that date 3 years from the date of issue of the A Performance Shares.

**A Performance Share Milestone** will be taken to have been satisfied upon the TikForce Platform achieving 10,000 paid users.

**B Performance Share** means a Performance Share issued by the Company to a Misto Vendor (or its nominee) in accordance with the Misto Securities Sale Agreement that is subject to the B Performance Share Milestone and the terms set out in this Section 8.5.

**B Performance Share Expiry Date** means that date 3 years from the date of issue of the B Performance Shares.

**B Performance Share Milestone** will be taken to have been satisfied upon the TikForce Platform achieving 20,000 paid users.

**C Performance Share** means a Performance Share issued by the Company to a Misto Vendor (or its nominee) in accordance with the Misto Securities Sale Agreement that is subject to the C Performance Share Milestone and the terms set out in this Section 8.5.

**C Performance Share Expiry Date** means that date 5 years from the date of issue of the C Performance Shares.

**C Performance Share Milestone** will be taken to have been satisfied upon the TikForce Platform achieving 30,000 paid users.

**Change in Control Event** means the occurrence of:

- (i) the offeror, under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares and that takeover bid has become unconditional; or
- (ii) the announcement by the Company that Shareholders have at a court convened meeting of Shareholders voted in favour, by the necessary majorities, of a proposed scheme of arrangement under which all Shares are to be either:
  - (A) cancelled; or
  - (B) transferred to a third party,

and the court, by order, approves the proposed scheme of arrangement.

**D Performance Share** means a Performance Share issued by the Company to a Min-Trak Vendor (or its nominee) in accordance with the Min-Trak Securities Sale Agreement that is subject to the D Performance Share Milestone and the terms set out in this Section 8.5.

**D Performance Share Expiry Date** means that date 5 years from the date of issue of the D Performance Shares.

**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.

**E Performance Share** means a Performance Share issued by the Company to a Min-Trak Vendor (or its nominee) in accordance with the Min-Trak Securities Sale Agreement that is subject to the E Performance Share Milestone and the terms set out in this Section 8.5.

**E Performance Share Expiry Date** means that date 5 years from the date of issue of the E Performance Shares.

**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.

**Expiry Date** means the A Performance Share Expiry Date, the B Performance Share Expiry Date or C Performance Share Expiry Date, D Performance Share Expiry Date, the E Performance Share Expiry Date or F Performance Share Expiry Date, (as the case may be).

**F Performance Share** means a Performance Share issued by the Company to a Min-Trak Vendor (or its nominee) in accordance with the Min-Trak Securities Sale Agreement that is subject to the F Performance Share Milestone and the terms set out in this Section 8.5.

**F Performance Share Expiry Date** means that date 5 years from the date of issue of the F Performance Shares.

**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.

**Holder** means the holder of a Performance Share.

**Milestone** means the A Performance Share Milestone, the B Performance Share Milestone, the C Performance Share Milestone, D Performance Share Milestone, the E Performance Share Milestone or the F Performance Share Milestone (as the case may be).

**Performance Share** means an A Performance Share, a B Performance Share, a C Performance Share, a D Performance Share, an E Performance Share or an F Performance Share (as the case may be).

**TikForce Platform** means for the purpose of the terms and conditions of the A Performance Shares, B Performance Shares or C Performance Shares, "a suite of cloud-based, multiplatform and customisable solutions that integrate together to deliver a total business management platform in line with business and global workforce trends."

## 8.6 Terms of the Converting Notes

The Company has issued to the Noteholders an aggregate principal amount of \$460,000 of Converting Notes as detailed in Section 5.15.

The key terms of the Converting Notes are as follows:

- (a) **Status:** Unlisted and convertible into Shares. Each Converting Note will rank equally in all respects with other Converting Notes.
- (b) **Face value:** Each Converting Note has a face value of \$1.00. The total face value of the Converting Notes is \$460,000.
- (c) **Transfer:** The Converting Notes cannot be sold, assigned or transferred.
- (d) **Maturity Date:** 10 March 2017.
- (e) **Interest Rate:** Each Converting Note is interest bearing at a rate of 10% per annum.
- (f) **Security:** The Converting Notes are unsecured.
- (g) **Events of default:** Each of the following is an event of default:
  - (i) the Company failing to make any payment due in accordance with the terms and conditions of the Converting Notes;
  - (ii) the Company failing to perform any of the terms and covenants of the Converting Notes and such default, if remediable, is not remedied for 30 days after notice from Noteholders requiring such default to be remedied;
  - (iii) any of the Company's representations and warranties being false or misleading;  
or
  - (iv) the Company suffering an insolvency event.

Upon an event of default occurring, a Noteholder may declare the Converting Notes (held by them) due and payable (which will be payable by the Company within 20 Business Days of receiving such a declaration). The total amount due and payable is the face value of the Converting Notes held by that Noteholder (**Total Amount**).

- For personal use only
- (h) **Conversion:** Each Converting Note is convertible into Shares (**Conversion Shares**) at the conversion price which is \$0.05 for each Conversion Share issued upon the conversion of the Converting Notes (on a post Consolidation basis) (**Conversion Price**).
  - (i) **Mandatory Conversion Event:** Upon:
    - (i) the Company receiving valid Application Forms for the Shares offered under the Public Offer equivalent to, or in excess of, the Minimum Offer Subscription;
    - (ii) ASX giving the Company conditional approval for the Company to be re-admitted to the Official List; and
    - (iii) the Board, acting reasonably and in good faith, resolving that the Company is able to satisfy the conditions attached to ASX's approval for the Company to be readmitted to the Official List,

(**Mandatory Conversion Event**), the Company must convert all of the Converting Notes by delivering a conversion notice to the Noteholders within 5 Business Days after the Mandatory Conversion Event has occurred.
  - (j) **Conversion Right:** If the Mandatory Conversion Event has not occurred, the Company may convert all the Converting Notes no more than 10 Business Days, and at least 3 Business Days, before the Maturity Date.
  - (k) **Early Redemption:** The Company can elect to redeem the Converting Notes, on any date that falls 3 months after their issue date, by paying the Total Amount.
  - (l) **Repayment:** If the Company has not converted or redeemed the Converting Notes by the Maturity Date, and there has been no event of default, the Company must pay the Total Amount by the Maturity Date.
  - (m) **Number of Shares issued upon Conversion:** The number of Conversion Shares issued upon the conversion of the Converting Notes will be calculated by dividing the total face value of the Converting Notes by the Conversion Price of the Converting Notes. This equates to 9,200,000 Conversion Shares.
  - (n) **Conversion Shares subject to escrow restrictions:** Some or all of the Conversion Shares may be subject to escrow as determined by ASX.
  - (o) **Issue of Shares upon conversion of the Converting Notes:** All Conversion Shares issued upon the conversion of the Converting Notes will rank equally in all respects with all other Shares on issue as at the issue date of the Conversion Shares.
  - (p) **Breach of section 606 of the Corporations Act:** If the conversion of the Converting Notes will result in a Noteholder contravening section 606(1) of the Corporations Act, the conversion of the Converting Notes will be deferred and the Company will convene a meeting to seek Shareholder approval for the conversion of the Converting Notes. If such Shareholder approval is not obtained, the Company will pay the Noteholder an amount equal to the aggregate face value of the Converting Notes the conversion of which will result in a contravention of section 606(1) of the Corporations Act.

## 8.7 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held, within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- For personal use only
- (a) the formation or promotion of the Company;
  - (b) any property acquired or proposed to be acquired by the Company in connection with:
    - (i) its formation or promotion; or
    - (ii) the Offers; or
  - (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offers.

## 8.8 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) or a financial services licensee named in this Prospectus as a financial services licensee,

holds, or has held, within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Somes Cooke Chartered Accountants has acted as Investigating Accountant and has prepared the Investigating Accountant's Report as Investigating Accountant set out in Section 6 of this Prospectus. The Company estimates it will pay Somes Cooke Chartered Accountants a total of \$12,000 (excluding GST) for these services. During the 24 months



preceding lodgement of this Prospectus with ASIC, Some Cooke Chartered Accountants has received \$47,800 in fees from the Company for acting as the auditor of the Company and has not received fees from the Company for other services.

K&L Gates has acted as Australian legal adviser to the Company. The Company estimates it will pay K&L Gates a total of \$150,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, K&L Gates has received \$98,000 in fees from the Company (including GST and disbursements) for these services and has not received fees from the Company for other services.

The Lead Manager has acted as lead manager to the Public Offer and will receive the consideration described in Section 5.9 for those services. The Lead Manager has not received fees from the Company for any other services.

Advanced Share Registry Limited have acted as share registry for the Company in relation to the Offers and the Company estimates it will pay \$2,750 for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Advanced Share Registry Limited has not received fees from the Company for any other services.

GCP has acted as a corporate adviser to the Company and has been remunerated for these services as part of the Corporate Advisory Mandate referred in Section 5.12. GCP Capital Pty Ltd has not received fees from the Company for any other services. During the 24 months preceding lodgement of this Prospectus with ASIC, GCP has invoiced \$179,304 in fees to the Company (including GST and disbursements) for these services. Of this amount \$82,500 was received in cash, \$60,777 to be paid in cash and \$36,027 is to be paid in Shares per the Palace Resources Creditors Offer. This amount constitutes part of the Palace Resources Creditors payments outstanding as referred in Section 2.2.

Silikonrok has acted as a corporate adviser to the Company and has been remunerated for these services as part of the Silikonrok Advisory Mandate referred in Section 5.10. Silikonrok Pty Ltd has not received fees from the Company for any other services. During the 24 months preceding lodgement of this Prospectus with ASIC, Silikonrok has invoiced \$132,000 in fees from the Company (including GST and disbursements) for these services and has not received fees from the Company for other services. Of this amount \$nil was received in cash and \$nil was received in Shares. This amount constitutes part of the Palace Resources Creditors payments outstanding as referred in Section 2.2.

## 8.9 Consent

Each of the parties referred to in this Section 8.9:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section 8.9; and
- (b) to the extent permitted by law, expressly disclaims and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 8.9.

Some Cooke Chartered Accountants has given its written consent to being named as Investigating Accountant's in this Prospectus and to the inclusion of the Investigating Accountants Report on Section 6 of this Prospectus and to all other information relating to Some Cooke Chartered Accountants in this Prospectus, in each case in the form and context in which the information and report is included. Some Cooke Chartered Accountants has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

K&L Gates has given and, as at the date of this Prospectus, has not withdrawn, its consent to being named in this Prospectus in the form and context in which their names has been included. K&L Gates has not caused the issue of or in any way authorised this Prospectus and takes no responsibility for the contents or the issue of the Prospectus.

The Lead Manager has given its written consent to being named as lead manager in this Prospectus and to all other information relating to them in this Prospectus. The Lead Manager has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Somes Cooke Chartered Accountants has acted as the Company's auditor and has given its written consent to being named as such in this Prospectus and to the inclusion of the Company's group financial statements, associated notes, audit reports and information relevant to Somes Cooke Chartered Accountants, in each case in the form and context in which the information is included. Somes Cooke Chartered Accountants has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Advanced Share Registry Limited has given its written consent to being named as the Company's share registry in this Prospectus and to all other information relating to Advance Share Registry Limited in this Prospectus, in each case in the form and context in which that information is included. Advanced Share Registry Limited has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Mr Kevin Baum has given his written consent to being named as the proposed Chief Executive Officer of the Company in this Prospectus and to all other information relating to him in this Prospectus, in each case in the form and context in which that information is included. Mr Baum has not withdrawn his consent prior to lodgement of this Prospectus with ASIC.

## 8.10 Estimated Expenses of the Offers

The total expenses of the Offers (excluding GST) are estimated to be approximately as provided in the table below, where the subscription amount for the Offers amount to \$4,500,000, \$5,500,000 and \$6,500,000.

| <b>Expenses of the Offers</b>          | <b>\$4.5 million</b> | <b>\$5.5 million</b> | <b>\$6.5 million</b> |
|--|----------------------|----------------------|----------------------|
| ASIC Lodgment Fees                     | \$2,290              | \$2,290              | \$2,290              |
| ASX Quotation Fees                     | \$64,000             | \$66,000             | \$68,000             |
| Legal Expenses & Documents Preparation | \$150,000            | \$150,000            | \$150,000            |
| Independent Accountant's Fees          | \$19,700             | \$19,700             | \$19,700             |
| Lead Manager's Fee <sup>1</sup>        | \$315,000            | \$385,000            | \$455,000            |
| Printing Distribution and Other Fees   | \$22,000             | \$22,000             | \$22,000             |
| <b>Total</b>                           | <b>\$572,990</b>     | <b>\$644,190</b>     | <b>\$714,990</b>     |

### Notes:

1. In addition to the Lead Manager's Fees, the Lead Manager will be issued one Option for every \$1.00 raised directly by the Lead Manager at an issue price of \$0.0001 per Option as described in Section 5.7. In

addition, the Lead Manager (or its nominee) will receive 1,000,000 Options at a strike price of \$0.11 expiring on 31 May 2018.

### 8.11 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX.

The highest and lowest and last market sale prices of the Shares (pre-Consolidation) quoted on the ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

|         | Date         | Price   |
|---------|--------------|---------|
| Highest | 10 July 2015 | \$0.001 |
| Lowest  | 07 July 2015 | \$0.001 |
| Last    | 10 July 2015 | \$0.001 |

### 8.12 Continuous Disclosure obligations

As the Company is admitted to the Official List, the Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through the ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

### 8.13 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates for Shares. Instead, investors applying for Shares will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## 8.14 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

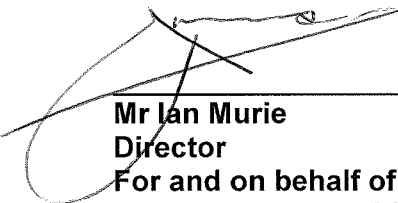
You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

## 9. DIRECTORS AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



\_\_\_\_\_  
**Mr Ian Murie**  
**Director**  
**For and on behalf of**  
**Palace Resources Limited (to be renamed TikForce Limited)**

**1 October 2015**

## 10. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

**\$ or A\$** means Australian dollars.

**Applicant** means a person or entity who submits an Application Form.

**Application Form** means the application form for any of the Offers attached to or accompanying this Prospectus.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the official listing rules of the ASX.

**Australia Post** has the meaning given in Section 5.11.

**Board** means the board of Directors as constituted from time to time.

**Board Charter** means the Company's policy document which defines the respective roles, responsibilities and authorities of the Directors (both individually and collectively) and management in setting the direction, management and control of the Company.

**Business Day** means those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which ASX shall declare and publish is not a business day.

**Chairman** means the non-executive chairman of the Company, which at the date of this Prospectus is Mr Peter Woods.

**Class A Performance Share** means a class A performance share in the capital of the Company to be issued by the Company to the Misto Vendors (or their nominees) in the proportions set out in Section 5.2 upon Completion pursuant to the Misto Securities Sale Agreement, the terms of which are summarised in Section 8.5.

**Class B Performance Share** means a class B performance share in the capital of the Company to be issued by the Company to the Misto Vendors (or their nominees) in the proportions set out in Section 5.2 upon completion pursuant to the Misto Securities Sale Agreement, the terms of which are summarised in Section 8.5.

**Class C Performance Share** means a class C performance share in the capital of the Company to be issued by the Company to the Misto Vendors (or their nominees) in the proportions set out in Section 5.2 upon completion pursuant to the Misto Securities Sale Agreement, the terms of which are summarised in Section 8.5.

**Class D Performance Share** means a class D performance share in the capital of the Company to be issued by the Company to the Min-Trak Vendors (or their nominees) in the proportions set out in Section 5.3 upon completion pursuant to the Min-Trak Securities Sale Agreement, the terms of which are summarised in Section 8.5.

**Class E Performance Share** means a class E performance share in the capital of the Company to be issued by the Company to the Min-Trak Vendors (or their nominees) in the

proportions set out in Section 5.2 upon completion pursuant to the Min-Trak Securities Sale Agreement, the terms of which are summarised in Section 8.5.

**Class F Performance Share** means a class F performance share in the capital of the Company to be issued by the Company to the Min-Trak Vendors (or their nominees) in the proportions set out in Section 5.2 upon completion pursuant to the Min-Trak Securities Sale Agreement, the terms of which are summarised in Section 8.5.

**Closing Date** means the closing date of the Offers as set out in the "Indicative Timetable" immediately before Section 1 (subject to the Company reserving the right to extend the Closing Date or close the Offers early).

**Company** means Palace Resources Limited (to be renamed TikForce Limited (ACN 106 240 475)).

**Completion** means completion of the Proposed Acquisition pursuant to the Securities Sale Agreements.

**Consideration Securities** means the Misto Consideration Securities and the Min-Trak Consideration Securities.

**Consolidation** means the consolidation of the Company's existing Shares and Options on the basis that every 100 Shares are consolidated into 1 Share and every 100 Options are consolidated into 1 Option, with fractional entitlements rounded down, being undertaken by the Company as approved at the General Meeting.

**Constitution** means the constitution of the Company.

**Converting Loan Agreements** has the meaning given in Section 5.15

**Converting Note** means a converting note on issue in the capital of the Company, the terms of which are summarised in in Section 8.6.

**Converting Notes Conversion Offer** means an offer of up to 9,200,000 Shares to the existing Converting Note holders (or their nominees) under this Prospectus as set out in Section 2.8 of this Prospectus.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**CPI** means consumer price index.

**Crestline** has the meaning given in Section 5.18.

**Crestline Joint Venture Agreement** has the meaning given in Section 5.19

**Director** means a director of the Company at the date of this Prospectus.

**Existing Options** means the 2,098,775 options on issue by the Company at the date of this Prospectus on the terms set out in Section 8.4.

**Exposure Period** means the period of 7 days after the date of lodgment of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

**GCP** means GCP Capital Pty Ltd (ACN 161 764 647).

**General Meeting** means the general meeting of Shareholders held on 12 August 2015 at which Shareholders approved, among other things, the Proposed Acquisition, the Consolidation, the Company's change of name to TikForce Limited, the issue of Shares pursuant to the Public Offer, the issue of the Consideration Securities and the issues of Securities pursuant to the Lead Manager and Corporate Adviser Offers, the Palace Resources Creditor Offer and the Min-Trak Creditor Offer.

**Globalstar** is a commercial satellite facility.

**GST** means goods and services tax.

**Identity Services Agreement** has the meaning given in Section 5.11.

**Investigating Accountant's Report** means the Investigating Accountant's Report set out in Section 6 of this Prospectus.

**Inmarsat** is a commercial satellite facility

**Iridium Network** is a commercial satellite facility.

**Lead Manager** means the lead manager to the Public Offer, being Sanlam Private Wealth Pty Ltd (ACN 136 960 775) (formerly Calibre Investments Pty Ltd).

**Lead Manager's Mandate** means the mandate between the Lead Manager and the Company in respect of the Public Offer, detailed in Section 5.9.

**Lead Manager and Corporate Adviser Offers** means an offer of up to 20,000,000 Options at an issue price of \$0.0001 each; with up to a maximum of 7,500,000 Options being issued as part consideration for corporate services provided by the Lead Manager in connection to the Public Offer and any remaining balance to be issued to GCP (or its nominee being Gondwana Securities Pty Ltd (ACN 137 165 925)) as consideration for corporate advisory services provided prior to the appointment of the Lead Manager as set out in Sections 2.5 of this Prospectus.

**Lead Manager Options** has the meaning in Section 2.5.

**Maximum Offer Subscription** means the maximum amount of Shares which may be issued under the Public Offer, being a total of 65,000,000 Shares (inclusive of the Minimum Offer Subscription and oversubscriptions) at an issue price of \$0.10 per Share to raise \$6,500,000.

**Min-Trak** means Min-Trak Pty Ltd (ACN 602 865 001).

**Min-Trak Acquisition** means the proposed acquisition by the Company of all the Min-Trak Shares and all of the Min-Trak Performance Shares pursuant to the Min-Trak Securities Sale Agreement.

**Min-Trak Class D Performance Shares** means the Class D performance shares in the issued capital of Min-Trak.

**Min-Trak Class E Performance Shares** means the Class E performance shares in the issued capital of Min-Trak.

**Min-Trak Class F Performance Shares** means the Class F performance shares in the issued capital of Min-Trak.

**Min-Trak Conditions** has the meaning in Section 5.3(d).

**Min-Trak Consideration Performance Shares** means the Class D Performance Shares, the Class E Performance Shares and the Class F Performance Shares.

**Min-Trak Consideration Securities** means the Min-Trak Consideration Shares and the Min-Trak Consideration Performance Shares.

**Min-Trak Consideration Shares** means 9,000,000 Shares.

**Min-Trak Creditor** means Seefeld Investments Pty Ltd (ACN 151 221 251).

**Min-Trak Creditor Offer** means an offer of up to 450,000 Shares and the Min-Trak Options to the Min-Trak Creditor (or its nominees) in lieu of debts owed to it by Min-Trak under this Prospectus as set out in Section 2.7 of this Prospectus.

**Min-Trak Options** means 450,000 Options to be issued the Min-Trak Creditor on the terms set out in Section 8.3.

**Min-Trak Performance Shares** means the Min-Trak Class D Performance Shares, the Min-Trak Class E Performance Shares and the Min-Trak Class F Performance Shares.

**Min-Trak Securities Sale Agreement** has the meaning given in Section 5.3.

**Min-Trak Shares** means fully paid shares in the capital of Min-Trak.

**Min-Trak Solution** means the application of technologies owned by Min-Trak enabling users to track people and assets.

**Min-Trak Vendors** means collectively the holders of all fully paid ordinary shares in Min-Trak and performance shares in Min-Trak prior to Completion, being:

- (a) Seefeld Investments Pty Ltd (ACN 151 221 251);
- (b) Silikonrok;
- (c) Citybeast Pty Ltd (ACN 169 907 457);
- (d) Jason Tilo Thorogood; and
- (e) Whitesun Holdings Pty Ltd (ACN 602 743 831).

**Min-Trak Vendor Offer** means the offer of the Min-Trak Consideration Shares and 5,000,000 Min-Trak Consideration Performance Shares to the Min-Trak Vendors (or their nominees) in consideration for the acquisition of all of the issued capital in Min-Trak.

**Min-Trak Zambia** means Min-Trak Zambia Limited, a company incorporated pursuant to the laws of the Republic of Zambia

**Minimum Offer Subscription** means the minimum amount of Shares which may be issued under the Public Offer, being a total of 45,000,000 Shares at an issue price of \$0.10 per Share to raise \$4,500,000.

**Misto** means Misto Nominees Pty Ltd (ACN 605 974 516).

**Misto Acquisition** means the proposed acquisition by the Company of all the Misto Shares and all of the Misto Performance Shares pursuant to the Misto Securities Sale Agreement.



**Misto Class A Performance Shares** means the Class A convertible performance shares in the issued capital of Misto.

**Misto Class B Performance Shares** means the Class B convertible performance shares in the issued capital of Misto.

**Misto Class C Performance Shares** means the Class C convertible performance shares in the issued capital of Misto.

**Misto Conditions** have the meaning given in Section 5.2(b).

**Misto Consideration Performance Shares** means the Class A Performance Shares, the Class B Performance Shares and the Class C Performance Shares.

**Misto Consideration Securities** means the Misto Consideration Shares and the Misto Consideration Performance Shares.

**Misto Consideration Shares** means 30,000,000 Shares.

**Misto Performance Shares** means the Misto Class A Performance Shares, the Misto Class B Performance Shares and the Misto Class C Performance Shares.

**Misto Securities Sale Agreement** has the meaning given in Section 5.2.

**Misto Shares** means fully paid ordinary shares in the capital of Misto.

**Misto Vendors** means, collectively, the holders of all Misto Shares and Misto Performance Shares prior to Completion being:

- (a) Kilo Delta Pty Ltd (ACN 009 002 797) ATF The Baumstein Trust
- (a) Silikonrok;
- (b) Jason Brent Smith and Danielle Alana Smith; and
- (c) Hampton Court Partners Pty Ltd (ACN 160 535 973).

**Misto Vendor Offer** means the offer of the Misto Consideration Shares and 36,000,000 Consideration Performance Shares to the Misto Vendors (or their nominees) in consideration for the acquisition of all of the issued capital in Misto.

**Noteholders** means the holder of a Converting Note.

**Notice of Meeting** means the Notice of Meeting and Explanatory Memorandum issued by the Company dated 13 July 2015.

**Offers** means the Public Offer and the Other Offers.

**Offer Period** means the period in which the Company will accept Application Forms for the Offers being the period beginning on the Opening Date and closing on the Closing Date.

**Official List** means the official list of the ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Opening Date** means the opening date of the Offers, as set out in the "Indicative Timetable" immediately before Section 1 of this Prospectus.

**Option** means an option to acquire a Share on the terms and conditions set out in either Section 8.3 (in the case of Options to be issued under the Lead Manager and Corporate Adviser Offers or the Min-Trak Creditor Offer) or Section 8.4 (in the case of Existing Options).

**Option Agreement** has the meaning given in Section 5.18.

**Other Offers** means the Vendor Offers, the Lead Manager and Corporate Adviser Offers, the Palace Resources Creditor Offer, the Min-Trak Creditor Offer and the Converting Note Conversion Offer.

**Palace Resources Creditors** means those creditors referred to in Note 4 of the table set out in Section 2.14.

**Palace Resources Creditor Offer** means an offer of up to 1,806,522 Shares to the Palace Resources Creditors under this Prospectus as set out in Section 2.6 of this Prospectus.

**Performance Share** means:

- (a) in relation to the Misto Vendor Offer, a Class A Performance Share, a Class B Performance Share or a Class C Performance Share (as the case may be) ; and
- (b) in relation to the Min-Trak Vendor Offer, a Class D Performance Share, a Class E Performance Share or a Class F Performance Share (as the case may be).

**Proposed Acquisition** means the Misto Acquisition and Min-Trak Acquisition pursuant to the Securities Sale Agreements.

**Prospectus** means this prospectus.

**Public Offer** means the Minimum Offer Subscription of 45,000,000 Shares, with the provision for oversubscriptions of a further 20,000,000 Shares (which together with the Minimum Offer Subscription comprise the Maximum Offer Subscription), in each case at an issue price of \$0.10 per Share, pursuant to this Prospectus.

**Related Party** has the meaning given in the Corporations Act.

**Remaining Lead Manager Options** has the meaning in Section 2.5.

**Restricted Securities** means securities held under the escrow provisions of the ASX Listing Rules

**Section** means a section of this Prospectus.

**Securities** means Shares, Options and/or Performance Shares offered under this Prospectus.

**Securities Sale Agreements** means the Misto Securities Sale Agreements and the Min-Trak Securities Sale Agreement.

**Siliciumrok** means Siliciumrok Pty Ltd (ACN 158 828 838).

**Siliciumrok Securities Sale Agreement** has the meaning given in Section 5.1(c).

**Silikonrok** means Silikonrok Pty Ltd (ACN 159 625 313).

**Silikonrok Advisory Mandate** has the meaning given in Section 5.10.

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

**Shareholder** means a holder of one or more Shares.

**TikForce** means TikForce Operations Pty Ltd (ACN 168 318 616).

**TikForce Class A Performance Share** means the Class A convertible performance shares in the issued capital of TikForce.

**TikForce Class B Performance Share** means the Class B convertible performance shares in the issued capital of TikForce.

**TikForce Class C Performance Share** means the Class C convertible performance shares in the issued capital of TikForce.

**TikForce Consideration Performance Shares** means 4,400,000 Misto Class A Performance Shares, 6,600,000 Misto Class B Performance Shares and 8,800,000 Misto Class C Performance Shares.

**TikForce Consideration Securities** means the TikForce Consideration Shares and the TikForce Consideration Performance Shares to be issued to the TikForce Vendors upon completion of the TikForce Securities Sale Agreement.

**TikForce Consideration Shares** means 16,500,000 Misto Shares.

**TikForce Facility** has the meaning given in Section 5.5.

**TikForce Loan Facility Agreement** has the meaning given in Section 5.5.

**TikForce Platform** means the application of software, applications, IT systems and other technologies owned or licenced by TikForce enabling mobile and freelance workers to better control where, for whom and when they work, and assists organisations to better manage their flexible workforces.

and including products known as “Tik.me”, “TikControl” and “TikTrak”.

**TikForce Securities Sale Agreement** has the meaning given in Section 5.4.

**TikForce Shares** means fully paid ordinary shares in the capital of TikForce.

**TikForce Vendors** means, collectively, the holders of all TikForce Shares and all TikForce Performance Shares being:

- (a) Kilo Delta Pty Ltd (ABN 64 009 002 797); and
- (b) Jason Brent Smith and Danielle Alana Smith.

**Vendor Offers** means the Misto Vendor Offer and the Min-Trak Vendor Offer.

**WST** means Western Standard Time as observed in Perth, Western Australia.