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Tikforce Limited
ABN 74 106 240 475

**ASX PRELIMINARY
FINAL REPORT**

For the Financial Period Ended 30 June 2017
(Incorporating information pursuant to ASX Listing Rule
4.3A)

APPENDIX 4E

PRELIMINARY FINAL REPORT TO THE AUSTRALIAN SECURITIES EXCHANGE
TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES
ABN 74 106 240 475

FINANCIAL YEAR INFORMATION – 1 JULY 2016 TO 30 JUNE 2017

Key Information – Results for Announcement to the Market

	2017	2016	Period	%
		\$	Movement	Increase/(Decrease)
				over Previous
				Corresponding
Revenue and other income	1,039,270	38,477	Upwards 1,000,793	2,601.02
Profit / (Loss) for the period	(3,332,102)	(4,423,972)	Reduction in Loss 1,091,870	24.68
Profit / (Loss) after tax attributable to members of the parent entity	(3,332,102)	(4,423,972)	Reduction in Loss 1,091,870	24.68

The previous corresponding period is the year ended 30 June 2015

	2017	2016
Basic Profit / (loss) per share (cents)	(2.50)	(15.69)
Diluted Profit / (loss) per share (cents)	(2.50)	(15.69)
Net tangible assets per share (cents)	0.354	3.69

Precursor Commentary to results for the period:

On 28 May 2015, the Company announced that it has entered into agreement with Misto Nominees Pty Ltd to acquire all of the issued capital of TikForce Pty Ltd as part of its overall strategy to develop the TikForce Platform. The Company subsequently 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.

At the General Meeting of the Company (12 August 2015), Shareholders passed resolutions approving, amongst other things:

- 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
- the significant change in the nature and scale of the Company's activities arising from the Proposed Acquisition.

The acquisition, the change of name, the consolidations of capital and various other matters were approved by shareholders at a meeting held in August 2015, following which the Company lodged its prospectus in October 2015 and a Supplementary prospectus in January 2016, with the ASIC. The offer was oversubscribed and the transaction was effectively completed by the end of March 2016, with re-quotation to the ASX official listing in April 2016. The nature of the transaction has been determined to be a reverse acquisition, an explanation of which is contained in the Significant Accounting Policies note to this preliminary final unaudited report.

More information can be found in the Company's various ASX announcements, including the notices of meeting and explanatory memoranda for the shareholder meeting held in August 2015, and the Company's prospectus.

Company Operations review

Highlights

- The Company was re-quoted in April 2016 with a worker focused solution;
- The Company identified a sustainable business in workforce compliance;
- Worked with industry to expand product offering and model to deliver sustained support from business
- Identified that outsourced workforce and third-party suppliers are a major source of risk and the most challenging to administer
- Validated business side solution with a range of major companies across a range of industries
- Have transitioned into enterprise driven sales process with updated solution offer and model
- Have started to implement the required platform features with new major clients such as Anglo Ashanti, as announced on the 28th August 2017; and
- Have strong pipeline of clients that have contributed to the current platform of initiatives.

TikForce was developed in response to the difficulties of getting workers compliant and ready for mine site and construction activity. Until now, the process had been difficult, time consuming, and poorly done, with substantial non-compliance and workers not being able to start on time. The

rising trend of part-time and outsourced workers was further exacerbating the problem, with workers often employed by sub- sub-contractors.

TikForce listed on 12 April 2016 with a strong worker compliance platform, with privacy, security and scalability well in hand. However, enterprise and business clients needed much more, with integration, training, on-boarding, and security access among features on their access and compliance list. The Company identified that business was looking for a streamlined, lower-cost process but also wanted a single “source of truth” regardless of who the worker was employed by.

The Company recognised that the If workers were coming on site, the workers needed to have up-to-date and validated credentials that aligned to the work they were doing.

Over the last eighteen months TikForce has worked with a wide range of companies to better understand “their needs” and the primary problems that they needed fixed. This has meant that TikForce has had to substantially expand its initial offering and its platform configuration.

We have worked with mining service providers, labour hire companies, employment services groups, construction and infrastructure providers as well as training and other human resource software companies. This has included a number of trials and commercial projects as we refined and expanded the TikForce platform.

The TikForce platform is still based around individual workers uploading identity and credentials to the Tik.me worker document vault, and businesses accessing the verified data via an organisation portal. The Company now have a product range that is more feature rich, comprehensive, scalable and desirable.

Our business model supports business to business viral growth. On 28 August 2017 tikforce announced our worker compliance roll-out to AngloGold, which will see the Tikforce products directly engaging with hundreds of companies who will need to have their workers’ profiles and credentials verified before working on- site.

Delivering a trusted and valuable solution to large companies and organisations has been frustratingly slow, because they are diligent and cautious. However, TikForce has been patient, and has invested a significant amount of time and effort, and the result has been worth it.

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TikForce is now in a strong place now with a quality solution, and strong and developing relationships with major Australian companies. We expect that our investment in our product and our relationships will deliver solid results over the 2018 financial year.

Please visit our website www.tikforce.com for more details on the TikForce business and its solutions or contact us on 1800 732 543 for a demonstration.

Dividends:

The Company does not propose to pay dividends. No dividends were paid for the year ended 30 June 2017 (2016: nil).

Status of Audit:

These financial statements are unaudited and being currently in the process of being audited by Greenwich and Co.

Yours faithfully

Duncan Anderson

Chairman

31 August 2017

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TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES

**ABN 74 106 240 475
Preliminary Final Report**

Statements of Profit and Loss and Comprehensive Income

For The Year Ended 30 June 2017

	CONSOLIDATED	
	2017	2016
		\$
Income		
Option fee		
Sales income	177,493	15,628
R and D Grant Income	860,777	-
Other Income	-	22,849
Interest income	-	-
Total Income	1,038,270	37,477
Expenses		
Professional fees	280,969	131,321
Employee expenses	1,819,916	157,436
Director expenses	101,485	33,000
Reverse acquisition expense	-	3,650,308
Amortizations and depreciation	396,729	116,042
Impairment of intangibles	626,139	-
Impairment of receivables	-	(926)
Other expenses	1,145,134	375,268
Total expenses	4,370,372	4,462,449
Loss before income tax		
Income tax expense	-	-
Net Profit / (Loss) for the year	(3,332,102)	(4,423,972)
Other comprehensive income		
Items that have been reclassified to profit and loss		
Foreign currency translation loss realised from de-recognition of foreign operations		-
Total other comprehensive income		-
Total comprehensive profit / (loss) for the year	(3,332,102)	(4,423,972)
Net loss attributable to:	(3,332,102)	(4,423,972)
-Members of Tikforce Limited		
-Non-controlling interests	(3,332,102)	(4,423,972)
Total comprehensive loss attributable to:)
-Members of Tikforce Limited	(3,332,102)	(4,423,972)
-Non-controlling interests	-	--

TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES
ABN 74 106 240 475
Preliminary Final Report

Statements of Financial Position

For The Year Ended 30 June 2017

	CONSOLIDATED	
	2017	2016
		\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	381,598	1,794,644
Receivables	560,752	151,469
Other Assets	2,226	4,871
Total current assets	944,576	1,950,984
NON CURRENT ASSETS		
Receivables	269,874	-
Property, plant and equipment	14,134	3,150
Intangible assets	1,195,896	2,209,789
Total non-current assets	1,479,904	2,212,939
Total assets	2,424,480	4,163,923
LIABILITIES		
CURRENT LIABILITIES		
Payables	339,832	875,550
Borrowings	105,826	-
Provisions	97,332	37,870
Total liabilities	542,990	913,420
Net assets	1,881,490	3,250,503
EQUITY		
Contributed equity	8,169,430	6,700,737
Reserves	1,450,445	956,045
Accumulated profit / (losses)	(7,738,385)	(4,406,279)
Non controlling interest		
Total (deficit) / equity	1,881,490	3,250,503

TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES
ABN 74 106 240 475
Preliminary final report

Statements of Changes in Equity

For The Year Ended 30 June 2017

2017 CONSOLIDATED	Issued Capital	Share Based Payment Reserves	Foreign currency translation reserve	Non - controlling Interest	Accumulated Profit / (Losses)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	6,700,737	956,045	-	-	(4,406,279)	3,250,503
(Loss) for the year	-	-	-	-	(3,332,102)	(3,332,102)
Other comprehensive income/(loss) for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(3,332,102)	(3,332,102)
Non-controlling interest Option issue						
FX reserve movement						
Issued Capital – Shares	2,222,095	-	-	-	-	2,222,905
Share issue Cost	(753,402)	-	-	-	-	(753,402)
Issued Capital – Options and Rights	-	494,400	-	-	-	494,400
Total transaction with owners and other transfers	8,169,430	1,450,445	-	-	(7,738,385)	1,881,490
Balance at 30 June 2017	8,169,430	1,450,445	-	-	(7,738,385)	1,881,490
2016 CONSOLIDATED	Issued Capital	Share Based Payment Reserves	Foreign currency translation reserve	Non - controlling Interest	Accumulated Profit / (Losses)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	60	-	-	-	17,963	17,753
(Loss) for the year	-	-	-	-	(4,423,972)	(4,423,972)
Other comprehensive income/(loss) for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	4,423,972)	(4,423,972)
Non-controlling interest Option issue						
FX reserve movement						
Issued Capital – Shares	8,776,757	-	-	-	-	8,776,757
Share issue Cost	(2,076,080)	-	-	-	-	(1,122,080)
Issued Capital - Options		956,045				2,045
Total transaction with owners and other transfers	6,700,677	956,045			(4,423,972)	7,656,722
Balance at 30 June 2016	6,700,737	956,045	-	-	(4,406,279)	3,250,503

TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES
ABN 74 106 240 475
Preliminary Final Report
Statement of Cash flows

For The Year Ended 30 June 2017

	CONSOLIDATED	
	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	177,493	38,477
Cash Receipts – R and D Grant	350,560	-
Cash payments in the course of operations	(2,567,805)	(917,562)
Interest paid	-	(39,993)
Net cash used in operating activities	(2,039,752)	(919,078)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchases of PPE	(10,984)	-
Payment to suppliers and employees	-	(884,023)
Payment to suppliers and employees to be reclassified as operating activity	(1,181,040)	-
Cash acquired on acquisition of Tikforce Ltd	-	4,551,833
Net cash outflow from investing activities	(1,192,024)	3,667,810
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from capital raising	2,222,094	52,568
Payment of capital raising costs	(403,364)	(1,122,080)
Proceeds from the issue of options	-	2,045
Proceeds from borrowings	-	673,546
Repayments of loans	-	(563,348)
Net cash provided by / (used in) financing activities	1,818,730	(957,269)
Net increase / (decrease) in cash held	(1,413,046)	1,791,463
Cash at the beginning of the financial year	1,794,644	3,181
Cash at the end of the financial year	381,598	1,794,644

Notes to the Preliminary Final Report

TIKFORCE LIMITED AND ITS CONTROLLED ENTITIES
ABN 74 106 240 475

Note 1: Significant Accounting Policies

Statement of Compliance

The Appendix 4E preliminary final statements have been prepared in accordance with ASX listing rules and the recognition and measurement criteria of Accounting Standards and interpretations.

Basis of Preparation

The Appendix 4E has been prepared on the basis of historical cost.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards and the financial report has been prepared on a historical cost basis.

The financial report has been presented in Australian Dollars, which is the functional currency of the Company.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Acquisition of Tikforce Operations Pty Ltd

Effective 31 March 2016 Tikforce Limited (formerly Palace Resources Limited) (“The Company” or “Tikforce”), the legal parent and legal acquirer, completed the acquisition of TikForce Operations Pty Ltd (“TikForce Operations”). The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations. Instead the acquisition has been treated as a group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations. This is because the commercial substance of the transaction is that TikForce Operations has effectively been recapitalised. Accordingly, the consolidated financial statements contained in this preliminary final report have been prepared on the basis that TikForce Operations has

acquired TikForce, not vice versa. So the commercial substance of the transaction has been reflected, not the legal form. The recapitalisation has been measured at the fair value of the equity instruments that would have been given by TikForce Operations to have exactly the same percentage holding in the new structure at the date of the transaction.

Net Asset Acquired

Cash	4,551,833
Receivables	784,903
Financial Assets	3,946
Other current assets	385,206
Trade and other payables	-1,277,936
Financial Liabilities	-499,723
Funds in advance	-4,470,614
Convertible notes	-967,500
Total	<u><u>-1,489,885</u></u>
Consideration for acquisition	1,192,923
Listing fee	2,682,808

Note 2: Segment Reporting

During the year the consolidated entity operated predominantly in one business segment, that being information technology for the development of its TikForce Platform app. Its geographical segment was Australia.

Note 3. Dividend

There were no dividends paid or declared by the Company during the financial year.

Note 4. Capital Structure and Performance Shares

Following the completion of the acquisition and capital raising and other offer proposals as outlined in the Prospectus (dated 1 October 2015) and Supplementary Prospectus (dated 4 January 2016), the capital structure of the Company is detailed below:

Capital structure¹	Number of securities on issue
SHARES	
Shares on issue following consolidation – 16 August 2015	11,927,979
Issue of Shares under the Vendor Offers as consideration of the Acquisition – (Misto / Tikforce 30,000,000 and Min- Trak 9,000,000)	39,000,000
Issue of Shares under the Public Offer	45,231,813
Issue of Shares under the Palace Resources Creditor Offer ⁴	1,806,522
Issue of Shares under the Min-Trak Creditor Offer ⁵	450,000
Issue of Shares under Converting Note Conversion Offer upon conversion of the Converting Notes	19,350,000
Conversion of Options to Fully paid Shares ,at an exercise price of \$0.20 each	1,250
TOTAL SHARES on Issue 30 JUNE 2016	117,767,564
OPTIONS	
Options on issue following consolidation – 16 August 2015	2,098,775
Options converted to Fully paid ordinary shares	(1,250)
Expiration of Options on 28 Feb 2016	(2,097,525)
Issue of Options under the Lead Managers' Offers ⁸	20,000,000
Issue of Min-Trak Options under the Min-Trak Creditor Offer ⁵	450,000
TOTAL OPTIONS as at 30 JUNE 2016	20,450,000

Following the successful acquisition of Tikforce Operations Pty Ltd and Min – Trak Pty Ltd, the Company has the following outstanding financial securities contingent obligation, being performance Shares, based on specific performance criteria.

PERFORMANCE SHARES	
Opening Performance Shares on issue	Nil
Issue of Performance Shares under the Vendor Offers	41,000,000
TOTAL PERFORMANCE SHARES as at 30 JUNE 2016	41,000,000

Each performance security, upon conversion, is equivalent to one Tikforce Ltd fully paid ordinary share. The number of performance share and the specific performance share obligation (milestones) are itemised below:

8,000,000 Class A Performance Shares - A Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 10,000 paid users

12,000,000 Class B Performance Shares - B Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 20,000 paid users.

16,000,000 Class C Performance Shares - C Performance Share Milestone will be taken to have been satisfied upon the TikForce Platform achieving 30,000 paid users

2,000,000 Class 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.

2,000,000 Class 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.

1,000,000 Class 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.

2016 / 2017

Capital structure¹		Number of securities on issue
SHARES		
30 JUNE 2016	TOTAL SHARES on Issue	117,767,564
16 November 2016	Sophisticated investors	10,000,000
16 November 2016	Placement fee	8,000,000
30 December 2017	Rights issue	34,441,891
30 June 2017	Total shares on issue	170,209,455

Capital structure¹		Number of securities on issue
30 JUNE 2016	TOTAL Options on Issue	20,450,000
16 November 2016	Sophisticated investors	10,000,000
30 December 2017	Rights issue	17,220,960
9 June 2017	Placement fee	16,000,000
30 June 2017	Total options on issue	63,670,960

PERFORMANCE SHARES		
30 JUNE 2016	TOTAL Performance Shares on Issue	41,000,000
	Issued during 2016 / 2017	nil
30 June 2017	TOTAL Performance Shares on Issue	41,000,000

Pursuant to the Capital Raising placement Mandate, as approved by shareholders on 13 March 2017, the Company has issue a total of 12 million Performance Rights as a management fee for the management of the placement.

PERFORMANCE SHARES		
1 July 2016	TOTAL PERFORMANCE RIGHTS	Nil
9 June 2016	Performance Rights Class A	4,000,000
9 June 2016	Performance Rights Class B	4,000,000
9 June 2016	Performance Rights Class C	4,000,000
1 June 2017	TOTAL PERFORMANCE RIGHTS	12,000,000

Each performance Right, upon conversion, is equivalent to one Tikforce Ltd fully paid ordinary share. The number of performance rights and the specific performance rights obligation (milestones) are itemised below:

Terms of Performance Rights

The terms and conditions of the Performance Rights are set out below:

Definitions

Class A Performance Right means a Performance Right issued by the Company in accordance with the Agreement that is subject to the A Performance Right Milestone and these terms.

Class A Performance Right Expiry Date means five (5) years from the date of issue of the A Performance Rights.

Class A Performance Right Milestone will be taken to have been satisfied upon the Company achieving a market capitalisation of \$17 million based upon the following calculation:

$$MC = CP \times FPO$$

Where

MC means Market Capitalisation;

CP means the closing share price of the Company's Shares on the ASX; and

FPO means the number of fully paid ordinary shares of the Company on issue.

ASX means ASX Limited (ABN 98 009 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Class B Performance Right means a Performance Right issued by the Company in accordance with the Agreement that is subject to the B Performance Right Milestone and these terms.

Class B Performance Right Expiry Date means five (5) years from the date of issue of the B Performance Rights.

Class B Performance Right Milestone will be taken to have been satisfied upon the Company achieving a market capitalisation of \$25 million based upon the following calculation:

$$MC = CP \times FPO$$

Where

MC means Market Capitalisation;

CP means the closing share price of the Company's Shares on the ASX; and

FPO means the number of fully paid ordinary shares of the Company on issue.

Class C Performance Right means a Performance Right issued by the Company in accordance with the Agreement that is subject to the C Performance Right Milestone and these terms.

Class C Performance Right Expiry Date means five (5) years from the date of issue of the C Performance Rights.

Class C Performance Right Milestone will be taken to have been satisfied upon the Company achieving a market capitalisation of \$33 million based upon the following calculation:

$$MC = CP \times FPO$$

Where

MC means Market Capitalisation;

CP means the closing share price of the Company's Shares on the ASX; and

FPO means the number of fully paid ordinary shares of the Company on issue.

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
- (ii) that takeover bid has become unconditional; or
- (iii) the announcement by the Company that Shareholders of the Company have at a court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) **cancelled; or**
 - (B) **transferred to a third party; and,**
 - (C) **the court, by order, approves the proposed scheme of arrangement.**

Company means Tikforce Limited (ACN 106 240 475) and, where the context requires, includes its subsidiaries.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors from time to time of the Company.

Expiry Date means the Class a Performance Right Expiry Date, the Class B Performance Right Expiry Date or Class C Performance Right Expiry Date (as the case may be).

Holder means the holder of a Performance Right.

Listing Rules means the official listing rules of ASX, as amended, added to or replaced from time to time.

Milestone means the Class A Performance Right Milestone, the Class B Performance Right Milestone, the Class C Performance Right Milestone (as the case may be).

Performance Right means a Class A Performance Right, a Class B Performance Right, a Class C Performance Right (as the case may be).

Section 606(1) means section 606(1) of the Corporations Act.

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

Shareholder means a holder of Shares.

(b) Dividend

Holders are not entitled to a dividend.

(c) Conversion

The Performance Rights will convert into Shares in accordance with this Section (c).

(i) **Conversion Milestones and Ratio**

Subject to Section (c), upon the satisfaction of the relevant Milestone occurring prior to the relevant Expiry Date, each Performance Right will convert into one (1) Share.

(ii) **Conversion on Change in Control**

Upon the occurrence of a Change of Control Event:

- A. that number of Performance Rights 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 under this Section to all Holders; and
- C. any Performance Rights that are not converted into Shares in accordance with this section will continue to be held by the Holder on the same terms and conditions.

(iii) **Lapse after Expiry Date**

If on the relevant Expiry Date:

- A. the Milestone affecting the Class A Performance Rights has not been satisfied, then all Class A Performance Rights held by each Holder shall consolidate into one (1) Class A Performance Right and then convert into Shares on a one for one (1:1) basis;
- B. the Milestone affecting the Class B Performance Rights has not been satisfied, then all Class B Performance Rights held by each Holder shall consolidate into one (1) Class B Performance Right and then convert into Shares on a one for one (1:1) basis; and
- C. the Milestone affecting the Class C Performance Rights has not been satisfied, then all Class C Performance Rights held by each Holder shall consolidate into one (1) Class C Performance Right and then convert into Shares on a one for one (1:1) basis.

(iv) Takeover Provisions

- A. If the conversion of Performance Rights (or part thereof) would result in any person being in contravention of Section 606(1) then the conversion of each Performance Right 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);
- B. The Holders shall give notification to the Company in writing if they consider that the conversion of Performance Rights (or part thereof) may result in the contravention of Section 606(1) failing which the Company shall assume that the conversion of Performance Rights (or part thereof) will not result in any person being in contravention of Section 606(1); and
- C. The Company may (but is not obliged to) by written notice request the Holders to give notification to the Company in writing within seven (7) days if they consider that the conversion of Performance Rights (or part thereof) may result in the contravention of Section 606(1). If the Holders do not give notification to the Company within seven (7) days that they consider the conversion of Performance Rights (or part thereof) may result in the contravention of Section 606(1) then the Company shall assume that the conversion of Performance Rights (or part thereof) will not result in any person being in contravention of Section 606(1).

(d) After Conversion

The Shares issued on conversion of any Performance Right will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with 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.

Issue of shares for no consideration

The Company shall allot and issue Shares upon conversion of the Performance Rights 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 Listing Rules.

Reorganisation

In the event of any reconstruction, consolidation or division of the issued capital of the Company, the Performance Rights and their terms of conversion shall be reconstructed, consolidated or divided:

- A. in the same manner, such that no additional benefits are conferred on the Holders by virtue of such reconstruction, consolidation or division; and
- B. to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

Winding up

If the Company is wound up prior to conversion of all of the Performance Rights into Shares, then the Holders will have no right to participate in surplus assets or profits of the Company on winding up.

Non-transferable

The Performance Rights are not transferable.

Copies of notices and reports

The Holders have the same right as Shareholders to receive notices, reports and audited accounts.

Voting rights

The Holders shall have no right to vote, subject to the Corporations Act.

Participation in new issues

There are no participation rights or entitlements inherent in the Performance Rights and Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

Quotation

The Performance Rights are unquoted. No application for quotation of the Performance Rights will be made by the Company.

Note 5 **Annual meeting**

The annual meeting will be held as follows:

Place	To be advised
Date	To be advised
Time	To be advised
Approximate date the annual report will be available	28 September 2017

Compliance Statement

1. This report has been prepared in accordance with the AASB Standards, other AASB authoritative pronouncements and urgent Issue Consensus views or other standards acceptable to ASX.

Identify other standards used:

Nil

2. This report, and the accounts upon which the report is based (if separate), uses the same accounting policies.
3. This report does give a true and fair view of the matters disclosed
4. This report is based on accounts to which one of the following applies”

	The accounts have been audited		The accounts have been subject to review
X	The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed

Date 31 August 2017

Roland Berzins
Company Secretary