

Ms Hayley Pratt
Senior Advisor
ASX Listings Compliance
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

March 21, 2018

QUERY

In reference to your letter of 20 March 2018 titled 'Query', the response to your five queries in number order are as follows:

- 1. Has TKF and ESCUK completed the placement to raise up to \$400,000 as disclosed on 14 February 2018? If not, when does TKF anticipate that the placement will be completed?**

No the Company and ESCUK have not completed the placement. The Company and ESCUK are continuing to meet with prospective investors. The Company anticipates that the placement will be completed in the coming weeks, and will provide the market with an update in due course.

- 2. Is there an expiry date under the mandate between TKF and ESCUK? If the answer is yes, what is the expiry date? If the mandate has expired, has it been extended by mutual agreed between the parties?**

The mandate has not expired.

There are two relevant dates under the mandate. The mandate provides that the corporate advisory services to be provided under the mandate will be provided for a period of 6 months after execution (being until 14 August 2018).

The mandate also includes a timetable provision that the \$400,000 placement sum is to be raised within 1 month from the date of the mandate (one month expiring 14 March 2018) unless otherwise extended by mutual written agreement of the parties.

On 13 March 2018, a representative of ESCUK arrived in Perth to meet with TKF

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management and Regency Corporate on 14 March 2018. On 14 March 2018, TKF and ESCUK have agreed that the mandate will continue (irrespective of the 1 month timetable provision). On 21 March 2018, TKF and ESUK acknowledged their previous agreement of 14 March 2018 in writing, and ESUK confirmed that TKF should anticipate to receive the \$400,000 within 4 weeks.

- 3. If the mandate has expired and was not extended by mutual agreement between the parties, did TKF make any announcement which disclosed that the agreement between TKF and ESCUK to complete a placement to raise up to \$400,000 had expired? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe TKF was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TKF took to ensure that the information was released promptly and without delay**
Not applicable as the mandate has not expired.

- 4. Please confirm that TKF is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

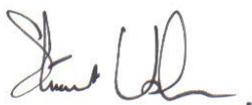
Yes, the Company confirms it is in compliance with the Listing Rules and, in particular, ASX Listing Rule 3.1.

- 5. Please confirm that TKF's responses to the questions above have been authorised and approved by its board**

It is confirmed that the responses to the questions above have been authorised and approved by the Board of Directors.

Please contact me if you would like to discuss any of the above matters.

Yours sincerely,



STUART USHER

Company Secretary

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20 March 2018

Mr Stuart Usher
Company Secretary
Tikforce Limited
Suite A7
435 Roberts Road
Subiaco WA 6008

By email: stuart@tikforce.com

Dear Mr Usher

Tikforce Limited (“TKF”): Query

ASX Limited (“ASX”) refers to the following:

- A. TKF’s announcement entitled “Funding Mandate” lodged on the ASX Market Announcements Platform (“MAP”) and released at 08:14 am on 14 February 2018, disclosing that:

“Tikforce Limited is pleased to announce that it has engaged London based East Star Capital (U.K.) Ltd (“ESCUK”) to assist in a placement to sophisticated investors; and exclusive corporate advisor to assist with the expansion into the UK and EU markets.”

“ESCUK will assist with a placement of up to 20,000,000 new ordinary TKF shares at an issue price of AUD\$0.02 each to new investors to raise \$400,000.”

“East Star has a mandate to work with the company to raise additional capital of up to 1.1 million dollars, to support UK growth opportunities. TikForce and East Star will work together to promote the company to UK investors and broaden its shareholder base in a market where compliance businesses are in significant demand.”

- B. The announcement entitled “Response to ASX Appendix 4C query” lodged on MAP and released at 06:58 pm on 16 March 2018, disclosing that:

“In addition to the Regency mandate, the company has engaged London based East Star Capital (U.K.) Ltd to assist in a placement to assist with the expansion into UK and EU markets (announced to ASX on 14 February 2018). The initial placement is to raise \$0.4M with the placement of 20M ordinary shares. Under the mandate East Star can also raise additional capital of up to \$1.1M to support UK growth opportunities.”

In response to the question, referring to the definitions of “solvent” and “insolvent” in section 95A of the Corporations Act, please confirm that TKF is solvent:

“Yes, the company is in a solvent position based on secured funding arrangements now in place.”

In response to the question, please confirm that TKF’s responses to the questions above have been authorised and approved by its board:

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“It is confirmed that the response to the questions above have been authorised and approved by the Board of Directors.”

C. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.

D. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity”

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* “When does an entity become aware of information”.

E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

F. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

G. *“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

Having regard to the above, ASX asks TKF to respond separately to each of the following questions and requests for information in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Has TKF and ESCUK completed the placement to raise up to \$400,000 as disclosed on 14 February 2018? If not, when does TKF anticipate that the placement will be completed?
2. Is there an expiry date under the mandate between TKF and ESCUK? If the answer is yes, what is the expiry date? If the mandate has expired, has it been extended by mutual agreement between the parties?
3. If the mandate has expired and was not extended by mutual agreement between the parties, did TKF make any announcement which disclosed that the agreement between TKF and ESCUK to complete a placement to raise up to \$400,000 had expired? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe TKF was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TKF took to ensure that the information was released promptly and without delay.
4. Please confirm that TKF is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that TKF's responses to the questions above have been authorised and approved by its board.

ASX would remind you that an officer or employee of a listed entity who gives, or authorises or permits the giving of, materially false or misleading information to ASX:

- knowingly, breaches section 1309(1) of the Corporations Act, which is a criminal offence punishable by a fine of up to 200 penalty units and/or imprisonment for up to 5 years; or
- without taking reasonable steps to ensure that the information was not false or misleading, breaches section 1309(2) of the Corporations Act, which is a criminal offence punishable by a fine of up to 100 penalty units and/or imprisonment for up to 2 years.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **6.30 a.m. AWST on Thursday, 22 March 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in TKF's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TKF's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to TKF's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that TKF's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Voluntary Suspension

ASX notes that the Company is currently in a trading halt and that a trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If you are unable to respond to this letter by the time specified above and you consider that the Company's securities should not be trading until the response is provided to ASX, you should discuss with us whether it is appropriate to request a voluntary suspension of the Company's securities under Listing Rule 17.2.

If you wish to request a voluntary suspension, you must tell us:

- the reasons for the voluntary suspension;
- how long you expect the voluntary suspension to last;
- the event you expect to happen that will end the voluntary suspension;
- that you are not aware of any reason why the voluntary suspension should not be granted; and
- any other information necessary to inform the market about the voluntary suspension, or that we ask for.

We may require the request for a voluntary suspension to be in writing.

You can find further information about voluntary suspensions in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Hayley Pratt
Adviser, Listings Compliance (Perth)