

ASX ANNOUNCEMENT

16 April 2018

Legal Proceedings Against Tikforce Ltd by Alignment Capital

Tikforce Limited (ASX: TKF) announces that legal proceedings have been commenced against Tikforce Limited in the Supreme Court of Western Australia (**Proceedings**).

The Plaintiff, Alignment Capital Pty Ltd (**Alignment**) is alleging a breach by Tikforce Ltd of a Mandate Agreement between those parties dated 19 October 2017 (**Agreement**) and varied on 17 November 2017.

The alleged breaches of the Mandate agreement include breach of contract, proposed capital raising, issue of options, non reduction in CEO salary, acceptance of new funding, failure of obtaining independent research note and failure to commit to roadshows. The claim for the alleged breaches include issue of options and fees under the mandate. Alignment is alleging an entitlement to damages, interest at the rate of 6% per annum from the date such damages were incurred and costs. The claim has not been quantified by Alignment.

Alignment Capital Pty Ltd is a current unsecured Convertible Note Holder and a shareholder of Tikforce Limited.

Tikforce disputes Alignment's claims in full and will be fully defending the Proceedings. It also anticipates counterclaiming for damages arising from the circumstances relating to the Agreement and other actions by Alignment.

In addition, the Company has received five (5) 'Creditor Statutory Demands' for Payment of Debt totalling \$354,000 being for the Principal Sum and Interest owed under an unsecured convertible note issued by the Company to Alignment and related parties of Alignment pursuant to a Convertible Note Deed between the parties dated 10 November 2017. The creditor demands are from Alignment Capital of \$120,000, Anthony Malyniak of \$60,000, David Hainsworth of \$42,000, Cityside Investments Pty Ltd of \$48,000, EZR Systems Pty Ltd of \$48,000 and James and Malgorzata Stogusz of \$36,000 . The notes are currently not due for repayment until 30 June 2018. The Company will review and assess the validity of these claims and will respond within the statutory 21 day period.

The Company announced to ASX on 11 April 2018 that it had received the Tranche 1 funding of \$1.2M in cash via a secured convertible note issue from sophisticated and professional investors, in accordance with a mandate with Regency Corporate Pty Ltd ("Regency Corporate") as announced to ASX on 16 March 2018.

In addition, \$0.8M has been made available to The Company to draw down as and when required.

For and on behalf of Tikforce Limited

Stuart Usher

Company Secretary