

SMARTTRANS HOLDINGS LIMITED

ACN 009 065 650

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of SmartTrans Holdings Limited (**SmartTrans** or the **Company**) will be held at Stamford Plaza Sydney Airport, corner of O'Riordan & Robey Streets, Mascot New South Wales 2020 on Tuesday 19 December 2017 at 10.00am (AEDT) (**Meeting**).

The Explanatory Notes to this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Notes and the Proxy Form form part of this notice.

BUSINESS OF THE MEETING

Item 1: Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2017.

Item 2: Remuneration Report

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"To adopt the Remuneration Report for the year ended 30 June 2017."

Notes:

- (i) In accordance with section 250R of the Corporations Act 2001, the vote on this resolution will be advisory only and will not bind the directors or the Company.
- (ii) A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

Item 3.1: Re-election of Director – Mr Bryan Carr

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

"That Mr Bryan Carr, being a director who is retiring in accordance with clause 13.2 of the Company's Constitution and Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Item 3.2: Election of Director – Tracy Colgan

To consider and, if thought fit, pass the following as ordinary resolution of the Company:

"That Tracy Colgan, being a Director who was appointed by the Directors on 29 July 2017 and whose appointment as a Director expires at the conclusion of the Annual General Meeting of the Company and, being eligible, offers herself for election, be elected as a Director of the Company."

Item 3.3: Election of Director – Mark Ziirsén

To consider and, if thought fit, pass the following as ordinary resolution of the Company:

“That Mark Ziirsén, being a Director who was appointed by the Directors on 6 October 2017 and whose appointment as a Director expires at the conclusion of the Annual General Meeting of the Company and, being eligible, offers himself for election, be elected as a Director of the Company.”

ITEM 4: Ratify issue of Shares and attaching Options to Sophisticated Investors

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be and is hereby given for the issue of 61,250,000 fully paid ordinary shares and 122,500,000 Options to the Sophisticated Investor/s on the terms and conditions set out in the Explanatory Notes.”

Voting Exclusion: The Company will disregard any votes cast on Item 4 by the Sophisticated Investors that subscribed for the above Shares and Options and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares in the Company, if Item 4 is passed, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

ITEM 5: Approval for issue of Shares to Vendors

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be and is hereby given for the issue of the Consideration Shares to the Vendors on the terms and conditions set out in the Explanatory Notes.”

Voting Exclusion: The Company will disregard any votes cast on Item 5 by the Vendors and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares in the Company, if Item 5 is passed, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

ITEM 6: Approval for issue of Placement Shares

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be and is hereby given for Company to raise up to \$5 million by the issue of fully paid ordinary shares on the terms and conditions set out in the Explanatory Notes.”

Voting Exclusion: The Company will disregard any votes cast on Item 6 by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares in the Company, if Item 6 is passed, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Item 7: Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

To consider and, if thought fit, pass the following Resolution, as a Special Resolution, without amendment:

“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the

Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions described in the Explanatory Memorandum (Additional Placement Securities)."

Voting Exclusion: The Company will disregard any votes cast on Item 7 by a person who may participate in the issue of the Additional Placement Securities and a person who might obtain a benefit if Item 7 is passed, except a benefit solely in their capacity as a holder of Shares if the Resolution is passed and an associate of that person (or those persons).

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Important Note: The proposed allottees of any Additional Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Additional Placement Securities), shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

ENTITLEMENT TO VOTE

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered shareholders of the Company as at 7:00pm (AEDT) on Sunday 17 December 2017 (**Entitlement Time**).

This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

ANNUAL REPORT

Copies of the Company's full Annual Report may be accessed at our website www.smarttrans.com.au and clicking on the Investor Relations tab.

VOTING OPTIONS AND PROXIES

If you do not plan to attend the Meeting in person, you are encouraged to complete and return the Proxy Form that accompanies this Notice of Annual General Meeting.

Voting by Proxy

A Shareholder who is entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in place of the member.

If the Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the shareholder's votes. If the specified proportion or number of votes exceeds that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Shareholder of the Company. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Subject to the specific proxy provisions applying to Item 2 (see the Explanatory Notes below):

- If a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines, and
- If a Shareholder appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on an item of business, the Chairman will vote in accordance with his voting intention as stated in this Notice of Meeting, namely in favour of each of the proposed resolutions set out in the Notice of Meeting.

Proxy Voting by the Chairman

For Item 2 (Remuneration Report), where the Chairman is appointed as a Shareholder's proxy and that Shareholder has not specified the way in which the Chairman is to vote on Item 2, the Shareholder is directing the Chairman to vote in accordance with the Chairman's voting intentions for these items of business, even though Item 2 is connected with the remuneration of Key Management Personnel.

The Chairman intends to vote all undirected proxies in favour of the resolutions in the Notice of Meeting, including Item 2.

Proxy Forms

To be effective, the Proxy Form must be completed, signed and lodged (together with the relevant original power of attorney or a certified copy if the proxy is signed by an attorney) with the Company's share registry, as an original or by facsimile, **no later than 10:00am (AEDT) on Sunday 17 December 2017 (Proxy Deadline)**.

Proxy forms may be submitted in one of the following ways:

- (i) **By mail** to Computershare Investor Services Pty Ltd using the reply-paid envelope or GPO Box 242, Melbourne VIC 3001. Please allow sufficient time so that it reaches Computershare Investor Services Pty Ltd by the Proxy Deadline;
- (ii) **By fax** to Computershare Investor Services Pty Ltd on +1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia);
- (iii) **Online** via the Company's Share Registry website at www.investorvote.com.au or via your mobile phone using your QR code. Please refer to the Proxy Form for more information; or
- (iv) **By hand delivery** to Computershare at Level 4, 60 Carrington Street, Sydney NSW 2000.

For Intermediary Online subscribers only (custodians www.intermediaryonline.com)

Proxy Forms and Powers of Attorney must be received by the Proxy Deadline.

CORPORATE REPRESENTATIVES

Where a shareholding is registered in the name of a corporation, the corporate shareholder may appoint a person to act as its representative to attend the meeting by providing that person with:

- (i) a letter or certificate authorising him or her as the corporation's representative, executed in accordance with the corporation's constitution; or
- (ii) a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

BY ORDER OF THE BOARD

Leanne Ralph
Company Secretary
13 November 2017

Explanatory Notes

Notes on Business

ITEM 1 – Financial Statements

As required by section 317 of the *Corporations Act 2001* Cth (**Corporations Act**) the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year will be presented to the meeting.

The Financial Report contains the financial statements of SmartTrans Holdings Limited and its controlled entities.

There is no requirement for a formal resolution on this item.

The Chairman of the Meeting will allow a reasonable opportunity at the meeting for Shareholders to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity at the meeting to ask the Company's auditor, RSM Bird Cameron Partners (**RSM**), questions about the Audit Report, the conduct of its audit of the Company's Financial Report for the year ended 30 June 2017, the preparation and content of the Audit Report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of RSM in relation to the conduct of the audit.

ITEM 2 – Adoption of Remuneration Report

Reasons for Resolution

In accordance with section 300A of the Corporations Act the Company has proposed a remuneration report for the consideration of shareholders.

As provided by section 250R(3) of the Corporations Act, the resolution on this item of business is advisory only and does not bind the board or the Company.

The objective of the Company's executive reward framework is to ensure the reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms with market practice for delivery of reward.

Voting Exclusion Statement

As required by the Corporations Act, the Company will disregard any votes cast on Item 2 by any member of the Company's Key Management Personnel (**KMP**) or a Closely Related Party of any such member unless the person:

- (i) votes as a proxy appointed by writing that specifies how the person is to vote on the resolutions; or
- (ii) is the Chairman of the Meeting and votes as a proxy appointed by writing that authorises the Chairman to vote on the resolutions even though that resolution is connected with the remuneration of a member of the Company's KMP.

What this means for Shareholders: If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on the proposed resolution in Item 2. If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by marking the boxes for Item 2 (for example, if you wish to vote for, against or abstain from voting), or you can choose not to mark any of the boxes for Item 2 and give the Chairman your express authority to vote your undirected proxy (in which case the Chairman will vote in favour of this item of business).

Directors' Recommendation

The Board unanimously recommend that Shareholders vote in favour of this item.

ITEM 3.1 Retirement and Re-election of Director – Mr Bryan Carr

Listing Rule 14.4 states that no Director is entitled to hold office without re-election past the third Annual General Meeting following the Director's appointment or three years, whichever is longer. Mr Bryan Carr was last appointed as a director on 14 November 2013 and therefore must retire and is eligible to be re-elected at this Annual General Meeting.

Details of Mr Carr are set out below.

Mr Carr has extensive corporate governance and business experience in Australia and China. He is a director of the Company's subsidiaries Sm@rtTrans Limited and SmartTrans (HK) Ltd, and is the representative and director of the Company's subsidiary SmartTrans Technology (Beijing) Company Limited.

Bryan has significant experience and expertise in the application of mobile and internet software in the mobile payments sector in China and significant international experience in the application of mobile and internet software for transport management, including transport dispatch systems, vehicle routing and scheduling and the integration of these systems with Geographic Information Systems (GIS) and Global Positioning Systems (GPS).

Directors' Recommendation

The Board unanimously (other than Mr Carr) supports the re-election of Mr Carr and recommends that Shareholders vote in favour of this item.

ITEM 3.2 Election of a Director – Ms Tracy Colgan

In accordance with Clause 36.2 of the Company's Constitution and ASX Listing Rule 14.4 any Director appointed to fill a casual vacancy or as an additional Director holds office until the next Annual General Meeting and is then eligible for re-election.

Details of Ms Colgan are set out below.

Tracy Colgan was appointed to fill a casual vacancy as a Director on 29 July 2017. Ms Colgan therefore retires at the forthcoming Annual General Meeting and being eligible, has offered herself for re-election.

Tracy Colgan is a highly-regarded China market business leader and recently retired AustCham Beijing Chair.

Tracy's knowledge of the China market is second to none, built over a thirty-year career that has included overseeing Kamsky Associates' China operations as President of KAI and Managing Director and postgraduate study at Renmin and Wuhan Universities.

Chinese investments overseen by Tracy have included a \$30 million joint venture chemicals manufacturing facility in Shanghai, a \$50 million wholly foreign owned enterprise (WFOE) based in Guangzhou, a joint venture with the People's Bank of China in Beijing involving issues of high national priority to China, and a cooperative aviation venture based out of Zhuhai, near Macau

Having had regard to the ASX Principles, the Board considers Ms Colgan to be an independent director.

Directors' Recommendation

The Board unanimously (other than Ms Colgan) supports the election of Ms Colgan and recommends that Shareholders vote in favour of this item.

ITEM 3.3 Election of Director – Mark Ziirsen

In accordance with Clause 36.2 of the Company's Constitution and ASX Listing Rule 14.4 any Director appointed to fill a casual vacancy or as an additional Director holds office until the next Annual General Meeting and is then eligible for re-election.

Details of Mr Ziirsen are set out below.

Mr. Ziirsen is currently the Chief Financial Officer of diversified health solutions provider Admedus and previously held senior finance-related roles at numerous other ASX-listed companies including CCA, Power Brewing, Aristocrat, Goodman Fielder and Cochlear.

Mr. Ziirsen has expertise in corporate finance, finance and accounting control, investment decision making, risk management, strategic planning, IT and taxation.

Having regard to the ASX Principles, the Board considers Mr Ziirsen to be an independent director.

Directors' Recommendation

The Board unanimously (other than Mr Ziirsen) supports the election of Mr Ziirsen and recommends that Shareholders vote in favour of this item.

ITEM 4 - Ratify the issue of Shares and attaching Options to Sophisticated Investors

Background

Section 708(1) provides that a Company may raise up to \$2,000,000 from up to 20 investors in any 12 month period as the result of a "personal offer" which are exempted from the fund-raising ordinarily requiring the issue of a prospectus (or other disclosure document), pursuant to section 706 of Corporations Act.

Item 4 seeks Shareholder ratification for the Shares and Options issued on 28 August 2017, as follows: 61,250,000 at an issue price of \$0.01, with each (1) share attached to two (2) options wherein:

1. 61,250,000 Options with an exercise price of \$0.01, expiring on 28 August 2019.
2. 61,250,000 Options with an exercise price of \$0.015, expiring on 28 August 2019.

The principal terms of the Options were disclosed in the Appendix 3B lodged 28 August 2017.

Under Item 4, ratification by the shareholders of the Company is sought pursuant to ASX Listing Rule 7.4 in relation to the issue of the Shares and Options, in order to reinstate the Company's capacity to issue up to 15% of its issued capital, if required in the next 12 months without shareholder approval.

Specific Disclosure of Information – Item 4

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders in relation to the issue of the Shares and Options that are the subject of Item 4:

- (a) the total number of Shares issued by the Company was 61,250,000 Shares and 122,500,000 Options.
- (b) the Shares were issued at a price of \$0.01 per Share.
- (c) the Options were free carrying and attached to the Shares at 2 Options per 1 Share. The Options have an exercise price of \$0.015 for 61,250,000, and \$0.01 for 61,250,000. All Options must be exercised or will expire on 19 August 2019. A summary of the terms of the Options is set out at Annexure A.
- (d) the Shares rank equally in all respects with the Company's existing Shares on issue.
- (e) the Options, when exercised, would convert into ordinary Shares which rank equally in all respects with the Company's existing Shares on issue.
- (f) the Shares were issued to Sophisticated Investors which are not related parties of the Company.
- (g) the persons who were issued the Shares and Options were as follows:
 - (1) Mr. Tiyi (Simon) Wu of Beijing, China – 1,250,000 Shares and 1,125,000 Options exercisable at \$0.01 and 1,125,000 Options exercisable at \$0.015;
 - (2) Mr Shige Zhang of Beijing, China - 50,000,000 Shares and 50,000,000 Options exercisable at \$0.01 and 50,000,000 Options exercisable at \$0.015; and
 - (3) James Vincent Chester Guest & Sarah Louise Guest as trustees for the Guest Family Superannuation Fund A/C on Melbourne, Australia- 10,000,000 Shares and 10,000,000 Options exercisable at \$0.01 and 10,000,000 Options exercisable at \$0.015.
- (h) the Options were issued for nil cash consideration and as such no funds were raised from the grant of the Options. If all Options issued pursuant to Item 4 are exercised, total funds of \$1,531,250 would be received by the Company.
- (i) all the Shares and Options are part of "personal offer/s" (as defined in section 708(2) of the Corporations Act), and the Sophisticated Investors had indicated by statements or actions that they would like to receive an offer.
- (j) As set out in the company's announcement of 31 July 2017, the funds raised by the issue of the Shares and any exercise of any or all of the Options have been, or will be, used by the Company to continue

the growth of the Company's e-commerce business in China and to assist with marketing and growing sales of the Company's Australian-based logistics software business; and

- (k) a voting exclusion statement is included in the Notice of Meeting.

Board Comment and Recommendations

The Directors recommend that Shareholders vote in favour of Item 4.

ITEM 5 - Approve the issue of Shares to the Vendors

Background

As announced on 16 October 2017, the Company has entered into a binding heads of agreement in relation to the acquisition of all of the fully paid ordinary shares in the capital of:

- (a) Resource Connect Holdings Pty Ltd ACN 158 086 072 (**Resource Connect**); and

- (b) iCuro Pty Ltd ABN 72 600 589 606 (**iCuro**),

(together **RC**).

The key commercial terms of the proposed acquisition (**Acquisition**) include:

- (a) the shareholders of RC (**Vendors**) will sell, and the Company will acquire, all of the fully paid shares in Resource Connect and iCuro; and
- (b) the Company will issue fully paid ordinary shares in the capital of the Company as consideration for the purchase of RC (**Consideration Shares**). The number of Consideration Shares will be equal to 100% of the Company's total issued capital as at completion (being 2,778,270,170 Consideration Shares as at the date of this Notice).

The Company is currently finalising the terms of a formal share sale agreement with the Vendors (**SSA**). Pursuant to the SSA, the Acquisition will be subject to a number of conditions precedent including receipt of shareholder approval, receipt of an independent expert report concluding that the transaction is fair to shareholders of the Company (details of which are set out below), receipt of any necessary third party approvals and the Company completing a capital raising of \$5 million (details of which are set out in Item 6). Subject to completion occurring, the Company will pay a fee equivalent to 3% of the value of the Consideration Shares to advisors in connection with the Acquisition.

Mr Geoffrey Jamieson, Mr Warren Preston and Mr Scott McIntosh (who are each currently directors of Resource Connect) will be appointed as executive directors of the Company following completion of the Acquisition. Pursuant to services agreements proposed to be entered into by the Company, Mr Jamieson will also be appointed as the Company's Chief Financial Officer, while Mr Preston, Mr McIntosh and other related parties of the Vendors will be appointed as senior management within the RC businesses. The key terms of the proposed services agreements are as follows:

Service Provider	Services	Services Fee	Key Terms
Tamlin Holdings Pty Ltd	Services of Geoffrey Jamieson, acting as Chief Financial Officer of the Company	\$250,000 per annum	Minimum services period of 2 years. Incentive package on terms similar to the Chief Executive Officer of the Company. Other terms usual for an agreement of this nature.
Corporate Development Mentors Pty Ltd	Services of Warren Preston as Project Manager and HR Manager of Resource Connect business and iCuro business	\$150,000 per annum	Minimum services period of 2 years. Incentive package on terms equivalent to current senior management team of the Company. Other terms usual for an agreement of this nature.
Garrison Group Pty Ltd	Services of Scott McIntosh as Chief Operating Officer and Project Director	\$150,000 per annum	Minimum services period of 2 years.

	of Resource Connect business and iCuro business		Incentive package on terms equivalent to current senior management team of the Company. Other terms usual for an agreement of this nature.
Hardman FIFO Pty Ltd	Services of Sean Hardman as Business Development Manager of Resource Connect business and iCuro business	\$150,000 per annum	Minimum services period of 2 years. Incentive package on terms equivalent to current senior management team of the Company. Other terms usual for an agreement of this nature.
SGA Services Pty Ltd	Services of Simon Anthonisz as General Manager and Chief Information Officer of Resource Connect business and iCuro business	\$150,000 per annum	Minimum services period of 2 years. Incentive package on terms equivalent to current senior management team of the Company. Other terms usual for an agreement of this nature.

As at the date of this Notice, the Company intends that completion of the Acquisition will occur on or before 24 December 2017.

The Company presently does not consider approval will be required for the purposes of item 7 of section 611 of the Corporations Act, as none of the Vendors (and their associates) is expected to hold voting power of more than 20% of the Company following the Acquisition. Further, none of the Vendors are related parties of the Company requiring shareholder approval.

Independent Expert Report

Although not a requirement under the Corporations Act or the ASX listing rules, to ensure shareholders are fully informed the Company has commissioned Sentinel Forensic and Consulting Pty Ltd as an independent expert (**Independent Expert**) to report on whether the Acquisition is fair to the shareholders of the Company. The report of the Independent Expert (**IER**) accompanies this Notice (refer to Annexure B), and the Directors encourage shareholders to read the IER in deciding how to vote on Item 5. The Independent Expert is a Corporate Authorised Representative of ANDIKA Pty Ltd, which holds an Australian Financial Services Licence. The Independent Expert was established in 1999 and provides a broad range of valuation consulting, economic analysis, and financial advisory services and specialises in providing valuation services. The author of the IER, Doug Swanborough, is a director of the Independent Expert and specialises in the provision of valuation

services. Mr Swanborough is Fellow of the Institute of Public Accountants and Member of the Institute of Financial Accountants.

Shareholders are asked to note that the IER has been prepared by the Independent Expert, and the Company does not accept or assume any responsibility for the accuracy or completeness of the IER, other than the factual information provided by the Company to the Independent Expert for the purposes of the IER.

The Independent Expert has concluded that the Acquisition is fair and reasonable to shareholders of SmartTrans. Summaries of their findings are contained below and further details are contained in the IER:

1. The Independent Expert's analysis has determined that the combined value of Resource Connect and iCuro is between \$13,078,815 to 15,998,525 (mid-point \$14,538,670) as at the date of the IER.
2. The Independent Expert's analysis has determined that the indicative value of the Consideration Shares is in the range of \$13,891,351 to \$22,226,161 (mid-point \$ \$16,669,621).
3. The Independent Expert's opinion is that the Acquisition is fair as:
 - a. the midpoint value of Resource Connect and iCuro falls within the range of values of the SmartTrans Shares held by parties existing shareholders (ie parties not associated with the Vendors); and
 - b. the valuation ranges overlap to a large degree, indicating no significant disparity in values.
4. The Independent Expert also concludes that the Acquisition is reasonable having regard to the following advantages, disadvantages and key issues regarding the Acquisition:
 - a. **Advantages**
 - i. SmartTrans Directors believe that the merger with RC is a natural and synergistic fit for SmartTrans, and represents a strategic expansion of SmartTrans's existing logistics business. The Acquisition will enhance the scale of SmartTrans's existing business by combining its transport logistics solutions and payment gateways with Resource Connect's innovative personnel and asset logistics management processes, incorporated into the cloud-based iCuro platform.
 - ii. The Acquisition provides SmartTrans Shareholders with an opportunity to invest in a business such as RC with sustainable cash flows and dividend opportunities.
 - iii. The Acquisition may provide an opportunity for SmartTrans Shareholders to experience growth in the value of Shares and significantly boost SmartTrans's market capitalisation and liquidity in share trading.
 - b. **Disadvantages**
 - i. There may be other opportunities SmartTrans will not be able to undertake to increase the value of its listing if it accepts this Acquisition due to the potential controlling interest being obtained by RC shareholders.
 - ii. The Acquisition will result in the significant dilution of current Shareholders ownership percentages. Following completion of the Acquisition, SmartTrans's existing non-associated Shareholders interest will decrease from 100.0% to 50.0%. To control a company in a general meeting, a shareholder must generally hold more than 50 percent of the shares voted in an ordinary resolution or greater than 75 percent of the shares voted in a special resolution. Accordingly, whilst the Vendor's interest in the share capital of the Company will not provide them with control, it will give them significant influence and the ability to block a special resolution.
 - c. **Other Key Issues**
 - i. The SSA formalising the Acquisition is yet to be executed. In the event that the final terms of this and other associated documents differ from those detailed in the IER and relied on by the Independent Expert, this may have a material impact on the Independent Expert's opinion. In

the event that the Independent Expert becomes aware that there is a material change they will notify Shareholders and consider the implications, if any, for the IER.

- ii. The Acquisition is subject to the satisfaction of a number of conditions precedent, including inter alia, that the non-associated Shareholders must approve the Acquisition by resolution at a general meeting.
- iii. There is a potential risk that integration of the two businesses may not proceed smoothly and therefore the potentially significant cost savings and synergy benefits available specifically to SmartTrans as a result of the Acquisition may not materialise.

Specific Disclosure of Information – Item 5

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Consideration Shares to the Vendors.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12-month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rule 7.1 do not count towards the 15% limit.

If Shareholders pass Item 5, the Company will be permitted to issue the Consideration Shares in consideration for the acquisition of Resource Connect and iCuro.

The effect of the Shareholders approving the issue of the Consideration Shares will be that the issue will not be counted in the calculation of the Company's available 15% capacity under Listing Rule 7.1. The Company will therefore retain a greater proportion of the 15% capacity.

ASX Listing Rule 7.3 requires that the following information be provided to Shareholders in relation to the issue of the Consideration Shares that are the subject of Item 5:

- (a) the total number of Consideration Shares to be issued by the Company is equal to 100% of the total number of Shares on issue at the date of completion of the Acquisition (being 2,778,270,170 Shares as at the date of this Notice of Meeting);
- (b) the Consideration Shares are issued at a deemed issue price of \$0.005 per Share;
- (c) the Consideration Shares are issued as consideration for the acquisition of Resource Connect and iCuro pursuant to the Acquisition (therefore no cash proceeds are to be received from the issue);
- (d) the Consideration Shares will rank equally in all respects with the Company's existing Shares on issue;
- (e) the Consideration Shares will be issued to the Vendors on completion of the Agreement as follows (subject to any proportionate increase as a result of any increase to the total number of Consideration Shares to be issued to the Vendors):
 - (1) Hardman Fifo Pty Ltd - 657,307,784 Consideration Shares;
 - (2) Ravenslea Nominees Pty Ltd - 657,307,784 Consideration Shares;
 - (3) Halcyon United Pty Ltd - 657,307,784 Consideration Shares ;
 - (4) Janegold Pty Ltd - 657,307,784 Consideration Shares;
 - (5) Enablr Sourcing Platforms Pty Ltd - 246,752 Consideration Shares;
 - (6) SGA Services Pty Ltd - 74,396,141 Consideration Shares; and
 - (7) Peter Adrienne Tracy Superannuation Fund - 74,396,141 Consideration Shares;
- (f) the Consideration Shares will be issued upon completion of the Acquisition which will be within three months of the Meeting. The Consideration Shares will be issued on a singular date and not progressively; and
- (g) a voting exclusion statement is included in the Notice of Meeting.

Board Comment and Recommendations

The Directors recommend that Shareholders vote in favour of Item 5.

ITEM 6 - Approve the issue of Placement Shares

Background

The Company intends to undertake a capital raise of up to \$5 million by way of the issue of fully paid ordinary shares (**Placement Shares**) to sophisticated and professional investors, as a condition of the Acquisition. In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Placement Shares.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12-month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rule 7.1 do not count towards the 15% limit.

The effect of the Shareholders approving the issue of the Placement Shares will be that the issue will not be counted in the calculation of the Company's available 15% capacity under Listing Rule 7.1. The Company will therefore retain a greater proportion of the 15% capacity.

Specific Disclosure of Information – Item 6

ASX Listing Rule 7.3 requires that the following information be provided to Shareholders in relation to the issue of the Placement Shares that are the subject of Item 6:

- (a) the maximum number of Placement Shares proposed to be issued by the Company is not known at this time. The maximum number will not exceed the number of Shares purchasable with \$5 million at the price(s) per share at which shares are issued. The number of Shares to be issued will be determined in accordance with the following formula:

$$X = \$5 \text{ million} / Y$$

Where:

X means the number of Shares to be issued; and

Y means the issue price of the Placement Shares;
- (b) the issue price for the Placement Shares will be determined by market conditions at the time. The minimum price that the Placement Shares may be issued at will be at least 80% of the volume weighted average market price of the Company's shares over the last five (5) days on which sales were recorded before the issue is made;
- (c) the Placement Shares will be issued to sophisticated and professional investors, none of whom will be related parties of the Company or the Vendors;
- (d) the Placement Shares will rank equally in all respects with the Company's existing Shares on issue;
- (e) The Company intends to use the funds raised from the issue of the Shares for:
 - (1) marketing of SmartTrans' and (subject to completion of the Acquisition) RC's logistics software;
 - (2) integration of SmartTrans and (subject to completion of the Acquisition) RC's software;
 - (3) marketing and further development of the RooLife sales platform in China; and
 - (4) to provide funding for general working capital;
- (f) the Placement Shares will be issued prior to completion of the Acquisition, and in any event within 3 months of the Meeting. The Placement Shares will be issued on a singular date and not progressively; and
- (g) a voting exclusion statement is included in the Notice of Meeting.

Board Comment and Recommendations

The Directors recommend that Shareholders vote in favour of Item 6.

ITEM 7: Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

Background

Pursuant to Item 7, the Company is seeking Shareholder approval to issue an additional 10% of its issued capital over a 12 month period pursuant to Listing Rule 7.1A. If passed, this Resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Additional Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Additional Placement Securities are to be issued is agreed, or if the Additional Placement Securities are not issued within five trading days of that date, the date on which the Additional Placement Securities are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A. Under Listing Rule 7.1A, small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at the annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (Additional 10% Placement). The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the Additional Placement Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below).

The Directors unanimously recommend that Shareholders vote in favour of Item 7.

2.2 Listing Rule 7.1A

(a) General

(1) Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

For illustrative purposes only, on 10 November 2017, the Company's market capitalisation was approximately \$13.89 million based on the closing trading price on that date. The calculation of market capitalisation will be based on the closing price of the shares, on the last trading day on which trades in the shares were recorded before the date of the Annual General Meeting, multiplied by the number of Shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not anticipated to be included in the S&P/ASX300 Index as at the time of the Annual General Meeting, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September. The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholder approval pursuant to this Item 7, the approval obtained will not lapse and the Company will still be entitled to issue the Additional Placement Securities.

(2) Special Resolution

Listing Rule 7.1A requires this Item 7 to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the Resolution. Pursuant to Listing Rule 7.1A, no Additional Placement Securities will be issued until and unless this Special Resolution is passed at the Meeting.

(3) Shareholder approval

The ability to issue the Additional Placement Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Meeting.

(4) Formula for calculating Additional 10% Placement

Listing Rule 7.1A.2 provides that Eligible Entities that have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

(b) Listing Rules 7.1 and 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% capacity under Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 2,778,270,170 Shares. Subject to completion of the Acquisition, the Company will have on issue 5,556,540,340 Shares.

Subject to the other resolutions in this Notice being passed, the Company would have the capacity to issue the following Equity Securities immediately following the meeting:

(A) 833,481,051 Equity Securities under Listing Rule 7.1; and

(B) subject to Shareholder approval being obtained under this resolution, 555,654,034 Additional Placement Securities under Listing Rule 7.1A.

The actual number of Additional Placement Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Additional Placement Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

(c) Information to be given to ASX – Listing Rule 7.1A.4

If this resolution is passed and the Company issues any Additional Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

- (1) a list of allottees of the Additional Placement Securities and the number of Additional Placement Securities allotted to each (this list will not be released to the market); and
- (2) the following information required by rule 3.10.5A, will be released to the market on the date of issue:
 - (A) details of the dilution to the existing holders of Shares caused by the issue;
 - (B) where the Shares are issued for cash consideration, a statement of the reasons why the Company issued the Shares as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
 - (C) details of any underwriting arrangements, including any fees payable to the underwriter; and
 - (D) any other fees or costs incurred in connection with the issue.

Specific information required by Listing Rule 7.3A

(a) Minimum price of securities issued under Listing Rule 7.1A - Listing Rule 7.3A.1

Pursuant to and in accordance with Listing Rule 7.1A.3, the Additional Placement Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (1) the date on which the price at which the Additional Placement Securities are to be issued is agreed; or
- (2) if the Additional Placement Securities are not issued within five trading days of the date in paragraph (1) above, the date on which the Additional Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Additional Placement Securities.

(b) Risk of economic and voting dilution - Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if Resolution 15 is passed and the Company issues the Additional Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 2,778,270,170 Shares and, subject to completion of the Acquisition, will have on issue 5,556,540,340 Shares following the Meeting. Should the number of Shares on issue remain the same, the Company could issue 1,389,135,085 Additional Placement Securities on the date of the meeting (however, it is important to note that the exact number of Additional Placement Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2, details of which are set out above). Any issue of Additional Placement Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (1) the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Additional Placement Securities than it is on the date of the Meeting; and
- (2) the Additional Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date, which may have an effect on the amount of funds raised by the issue or the value of the Additional Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- (1) decreased by 50%; and
- (2) increased by 100%.

Issued Share Capital	50% decrease in Market Price \$0.0025			Current Market Price \$0.005			100% increase in Market Price \$0.010		
	10% Dilution	Voting	Capital Raised	10% Dilution	Voting	Capital Raised	10% Dilution	Voting	Capital Raised
Anticipated Issued Share Capital follow the meeting = 5,556,540,340 Shares									
	555,654,034		\$1,389,135	555,654,034		\$2,778,270	555,654,034		\$5,556,540
50% Increase in Share Capital = 8,334,810,510 Shares									
	833,481,051		\$2,083,702	833,481,051		\$4,167,405	833,481,051		\$8,334,810
100% Increase in Share Capital = 11,113,080,680 Shares									
	1,111,308,068		\$2,778,270	1,111,308,068		\$5,556,540	1,111,308,068		\$11,113,080

Assumptions and explanations

- The table assumes that there are 5,556,540,340 Shares on issue.
- Assumes a Market Price of \$0.005 based on the closing price of the shares on the ASX on 9 November 2017.
- The above table only shows the dilutionary effect based on the issue of the Additional Placement Securities (assuming only Shares are issued), and not any Shares issued under the 15% capacity under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue.
- The Company issues the maximum number of Additional Placement Securities.
- The issue price of the Additional Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

(c) Final date for issue – Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Additional Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 19 December 2018. The approval under for the issue of the Additional Placement Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the Annual General Meeting.

(d) Purpose – Listing Rule 7.3A.4

As noted above, the purpose for which the Additional Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Additional Placement Securities, if undertaken, would be applied towards the continued exploration and further technical studies on the Company's current assets and general working capital.

(e) Shares issued for non-cash consideration - Listing Rule 7.3A.4

The Company may issue Additional Placement Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Additional Placement Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Additional Placement Securities complies with Listing Rule 7.1A.3.

(f) Company's allocation policy - Listing Rule 7.3A.5

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the Additional Placement Securities. The identity of the allottees of Additional Placement Securities will be determined on a case-by-case basis having regard to a number of factors including but not limited to the following:

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing shareholders can participate;
- (2) the effect of the issue of the Additional Placement Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Additional Placement Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and new Shareholders who are not related parties or associates of a related party of the Company.

Furthermore, if the Company is successful in acquiring new assets or investments for which Additional Placement Securities are issued as consideration, it is likely that the allottees of some of the Additional Placement Securities will be the vendors of the new assets or investments.

(g) Company has not previously obtained shareholder approval under listing rule 7.1A

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

(h) Voting Exclusion Statement

A voting exclusion statement is included in this Notice. At the date of the Notice, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Chairman's Voting Intention

The Chairman of the Meeting intends to vote all available proxies in favour of all resolutions.

GLOSSARY

Acquisition means the acquisition the subject of Item 5.

AEDT means Australian Eastern Daylight Time as observed in Sydney, Australia.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

Associate has the meaning given to that term in sections 10 and 11 and sections 13 to 17 of the Corporations Act.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the Listing Rules of the ASX.

ASX Principles means the ASX Corporate Governance Principles and Recommendations (3rd edition).

Board means the current board of directors of the Company

Closely Related Party has the meaning as defined in section 9 of the Corporations Act.

Company means SmartTrans Holdings Limited (ACN 000 065 650).

Consideration Shares means the Shares to be issued to the Vendors in consideration for the Acquisition.

Constitution means the Company's Constitution.

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

Directors means the current directors of the Company.

Explanatory Notes means the Explanatory Notes accompanying the Notice.

Independent Expert means Sentinel Forensic Consulting Pty Ltd.

IER means the report of the Independent Expert.

Items means the resolutions set out in the Notice, or any one of them, as the context requires.

Key Management Personnel has the meaning as defined in section 9 of the Corporations Act.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting and the explanatory notes accompanying the Notice and the Proxy Form.

Option means the option (held by the Option holder) to acquire a Share in the capital of the Company subject to the terms of that issued security.

Placement Shares means the Shares proposed to be issued to sophisticated and professional investors pursuant to Item 6.

Proxy Form means the proxy form accompanying the Notice.

RC means collectively Resource Connect Pty Ltd ACN 158 086 072) and iCuro Pty Ltd (ACN 600 589 606).

Remuneration Report means the remuneration report set out in the Director's Report section of the Company's annual financial report for the year ended 30 June 2017.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

Vendors means the holders of shares in RC.

Annexure A – Summary of Terms of Options (Item 4)

The terms and conditions of the Options the subject of Item 4 are as follows:

(a) Entitlement

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

(b) Option Period

The Options will expire at 5.00pm EST on 19 August 2019. Subject to clause (f), Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date.

(c) Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of issue.

(d) Voting

A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

(e) Transfer of an Option

Options are transferable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the Corporations Act or ASX.

(f) Method of Exercise of an Option

- (1) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of Ordinary Shares in the capital of the Company to be issued.
- (2) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed.
- (3) The exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
- (4) Within 14 days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- (5) The Company will within 3 business days from the date of issue of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.
- (6) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.

(g) ASX Listing

- (1) The Options will be unlisted.
- (2) Following the exercise of an Option, the Company will apply to ASX for quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.

(h) Reconstruction

In the event of a reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

(i) **Participation in New Share Issues**

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least nine (9) business days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

(j) **No Change of Options Exercise Price or Number of Underlying Shares**

There are no rights to change the exercise price of the Options or the number of underlying Shares.

Annexure B – Independent Expert’s Report

SMARTTRANS HOLDINGS LIMITED

INDEPENDENT EXPERT'S REPORT

3 November 2017

The Board of Directors
SmartTrans Holdings Limited
Level 7, 10 Queens Road
St Kilda VICTORIA 3004

Dear Directors,

**INDEPENDENT EXPERT'S REPORT ON THE PROPOSAL TO ACQUIRE 100% OF THE ISSUED SHARE
CAPITAL OF RESOURCE CONNECT HOLDINGS PTY LTD & ICURO PTY LTD**

In accordance with our engagement letter dated 12 October 2017, we report on the abovementioned matter.

Background

SmartTrans Holdings Limited ('SmartTrans' or 'the Company') is listed on the Australian Securities Exchange ('ASX').

On 16 October 2017 SmartTrans announced to the market that it had entered into a binding Heads of Agreement to acquire the business of the Resource Connect Group, comprising Resource Connect Pty Ltd ('Resource Connect') and Icuro Pty Ltd ('iCuro'), to be effected through the issue of shares in SmartTrans ('the Proposed Transaction').

Resource Connect is a leading provider of large-scale personnel and asset logistics management to the oil & gas and mining industries in Australia.

SmartTrans is now seeking approval for the Proposed Transaction from its shareholders not associated with Resource Connect ('the Non-Associated Shareholders'). The specific terms of the resolution to be approved by non-associated shareholders is set out in the Notice of General Meeting and explained in the Explanatory Memorandum to which this report is attached.

Purpose of Report

You have requested Sentinel Forensic & Consulting Pty Ltd ('SFC') to prepare an Independent Expert's Report to advise the shareholders of SmartTrans other than those associated with the proposed issue of SmartTrans shares to the shareholders of Resource Connect ('Non-Associated Shareholders'), whether the proposed Transaction is fair and reasonable when considered in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.

SFC understands and has agreed that this report will be included in or accompany the notice to convene a meeting of SmartTrans shareholders ("Notice"), to assist the Non-Associated Shareholders in their consideration of the Proposed Transaction.

Summary of Opinion

In our opinion, the Proposed Transaction is fair and reasonable to the shareholders of SmartTrans whose votes are not to be disregarded, being the Non-Associated Shareholders.

The ultimate decision however on whether to accept the Proposed Transaction should be based on Shareholders' own assessment of their circumstances.

The primary matter considered by SFC in forming this opinion is whether the consideration to be provided by SmartTrans to Resource Connect under the Proposed Transaction reflects a fair consideration in relation to the fair market value of the assets acquired. In other words, we have considered the assessed fair market value of the assets to be acquired by SmartTrans from Resource Connect under the Proposed Transaction compared to the assessed fair market value of the consideration to be provided by SmartTrans to Resource Connect.

Furthermore, in addition to assessing the fairness of the Proposed Transaction and whether or not the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have also considered the various advantages, disadvantages and other key issues which are set out in our Report in the discussion on reasonableness of the Proposed Transaction.

Other matters

In forming our opinion, we have considered the interests of the Non-Associated Shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual shareholders in SmartTrans. It is not practical or possible to assess the implications of the Proposed Transaction on individual shareholders as we do not know their specific financial circumstances.

SFC's opinion should not be construed to represent a recommendation as to whether or not SmartTrans's Non-Associated Shareholders should approve the Proposed Transaction. The decision of the Non-Associated Shareholders as to whether or not to approve the Proposed Transaction is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it.

As an individual's decision to vote for or against the proposed resolution may be influenced by his or her particular circumstances, we recommend that individual shareholders consult their financial and/or taxation adviser.

Our report has also been prepared in accordance with the relevant provisions of the *Corporations Act 2001* and other applicable Australian regulatory requirements. We recommend residents of foreign jurisdictions who are entitled to receive this report and who are uncertain as to the consequences of this, seek their own independent professional advice.

This report has been prepared solely for the purpose of assisting the non-associated shareholders in considering the Proposed Transaction. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

The opinions expressed in this Report should be considered as a whole. Selecting portions of the analyses or factors considered by us, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily open to partial analysis or summary.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Notice of General Meeting and Explanatory Memorandum to be sent to SmartTrans's shareholders in relation to the Proposed Transaction, without the prior written consent of SFC as to the form and context in which it appears in the Notice of General Meeting and Explanatory Memorandum.

The foregoing is a summary of SFC's opinion as to the merits or otherwise of the Proposed Transaction and should be considered in conjunction with and not independently of the information set out in the balance of our Report and appendices as attached.

Yours faithfully

SENTINEL FORENSIC & CONSULTING PTY LTD
DOUG SWANBOROUGH


DIRECTOR

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Abbreviations

The following terms and abbreviations are used throughout this Report:

Reporting Periods

FY2014	Financial year ended 30 June 2014
FY2015	Financial year ended 30 June 2015
FY2016	Financial year ended 30 June 2016
FY2017	Financial year ended 30 June 2017
FY2018	Financial year ending 30 June 2018
FY2019	Financial year ending 30 June 2019
FY2020	Financial year ending 30 June 2020
FY2021	Financial year ending 30 June 2021
FY2022	Financial year ending 30 June 2022
Analysis Period	FY2014, FY2015, FY2016 and FY2017
Projection Period	FY2018, FY2019, FY2020, FY2021 and FY2022

Legal Names

iCuro	Icuro Pty Ltd
Resource Connect	Resource Connect Holdings Pty Ltd
SmartTrans, the Company	SmartTrans Holdings Limited
the Group	The combined business of Resource Connect and iCuro
We, Us, SFC	Sentinel Forensic & Consulting Pty Ltd

General Terms

ATO	Australian Tax Office
ASIC	Australian Securities and Investments Commission
Board	The Board of Directors of SmartTrans
CapEx	Capital expenditure
Consideration Shares	100% of the Company's total issued capital as at completion of the Proposed Transaction (being 2,778,270,170 fully paid shares in SmartTrans as at the date of the Explanatory Memorandum)
Corporations Act, the Act	Corporations Act 2001 (Cth)
GST	Goods and Services Tax
Non-Associated Shareholders	
Proposed Transaction	The proposed acquisition of 100% of the issued shares of Resource Connect and iCuro
Report	This Report
Vendors	The existing shareholders of Resource Connect and iCuro.
YTD	Year to date

Currencies

\$	Australian Dollar
CNY	Chinese renminbi (also referred to as yuan)

Proposed Transaction

On 16 October 2017, SmartTrans announced that it had entered into a binding Heads of Agreement for a proposed merger with Resource Connect Group comprising Resource Connect Holdings Pty Ltd (and its wholly owned subsidiaries) and Icuro Pty Ltd (and its wholly owned subsidiary), to be effected through the issue of shares in SmartTrans.

The parties to the Heads of Agreement are SmartTrans, Resource Connect Holdings Pty Ltd and Icuro Pty Ltd. Resource Connect Holdings Pty Ltd is the beneficial owner of the patents. Resource Connect Holdings Pty Ltd is also the owner of other related intellectual property.

The principal elements of the Proposed Transaction comprise:

- SmartTrans to acquire all shares from the existing shareholders Resource Connect Holdings Pty Ltd and Icuro Pty Ltd.
- in consideration for the above acquisition, SmartTrans will issue shares equal to 100% of the Company's total issued capital as at completion of the Proposed Transaction (being 2,778,270,170 fully paid shares in SmartTrans as at the date of the Explanatory Memorandum) ('the Consideration Shares') to the Vendors as follows:

Vendor	Shares to be issued
Hardman Fifo Pty Ltd	657,307,784 consideration shares
Ravenslea Nominees Pty Ltd	657,307,784 consideration shares
Halcyon United Pty Ltd	657,307,784 consideration shares
Janegold Pty Ltd	657,307,784 consideration shares
Enablr Sourcing Platforms Pty Ltd	246,752 consideration shares
SGA Services Pty Ltd	74,396,141 consideration shares
Peter Adrienne Tracy Superannuation Fund	74,396,141 consideration shares

- the Consideration Shares will be issued upon completion of the Acquisition which will be within three months of the AGM.

Conditions precedent

The Proposed Transaction is subject to various conditions precedent, including:

- both SmartTrans and Resource Connect each being satisfied that it is in its commercial best interests to proceed with the Proposed Transaction following its due diligence investigations and being satisfied with any warranties given to each other.
- SFC concluding that the Proposed Transaction is fair and reasonable to non-associated shareholders.
- SmartTrans and Resource Connect obtaining all necessary shareholder approvals.
- the parties having agreed the terms of the required legally binding agreements on terms satisfactory to each party by 15 November 2017 or such other date agreed by the parties.
- the ASX confirming that it will not require SmartTrans to recompile with Chapters 1 and 2 of the ASX Listing Rules as a result of the Proposed

*SmartTrans
intends to acquire all of the
issued shares of Resource
Connect Holdings Pty Ltd
and Icuro Pty Ltd.*

Transaction. We note from the SmartTrans announcement to the ASX on 23 October 2017 that the ASX provided this confirmation.

- the receipt of any necessary third-party consents or authorisations (including the consent of Lanstead Capital LLP)
- SmartTrans to raise \$5,000,000 in additional capital.

Termination clauses

The Proposed Transaction is subject to various termination events, which include:

- a condition precedent is not satisfied or waived by the date required for the satisfaction of that condition precedent.
- all conditions precedent are not satisfied or waived by 24 December 2017 or such other date agreed by the parties.
- the share purchase agreement is not agreed and signed by all parties by the 15 November 2017, unless extended by the parties to the Agreement.
- the Proposed Transaction is not completed by the 24 December 2017.
- a court order made, or a resolution passed, for the liquidation or administration of any party to the agreement or the filing of a notice of appointment of an administrator or controller (as defined in the Act) with respect to any party to the agreement.
- a material change is made to the nature of the SmartTrans's business without consultation with Resource Connect.
- a material change is made to the nature of the Resource Connect's business without consultation with SmartTrans.

Further details in relation to the terms of the Proposed Transaction are contained in the Explanatory Memorandum to which this report is attached.

Scope of Report

This report has been prepared by SFC for inclusion with SmartTrans' Notice of General Meeting and Explanatory Memorandum to convene a meeting of the non-associated shareholders on 19 December 2017.

The purpose of the meeting, amongst other matters, will be to seek the approval of the non-associated shareholders for the Proposed Transaction to proceed.

Purpose of Report

The purpose of this report is to advise the Non-Associated Shareholders of SmartTrans of the fairness and reasonableness of the Proposed Transaction.

This report provides an opinion on whether or not the terms and conditions in relation to the transaction are fair and reasonable to the SmartTrans Shareholders whose votes are not to be disregarded with respect to the Proposed Transaction (that is, the Non-Associated Shareholders).

The ultimate decision whether to accept the terms of the Proposed Transaction should be based on each Shareholder's assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Transaction or matters dealt with in this report, Shareholders should seek independent professional advice.

For the Proposed Transaction to be fair, the value of the Resource Connect shares being acquired must be equal to or greater than the value of the consideration, being SmartTrans Shares. To be reasonable the Shareholders must obtain an overall benefit if the Proposed Transaction proceeds. In forming an opinion as to whether the Proposed Transaction is fair and reasonable, the following factors have been considered:

- the underlying value of SmartTrans Shares to be issued as consideration to Resource Connect;
- the underlying value of Resource Connect shares to be acquired by SmartTrans;
- the likely market price and liquidity of SmartTrans Shares if the Proposed Transaction is not implemented;
- the likelihood of the emergence of an alternative proposal that could realise better value for SmartTrans Shareholders.

This report has been prepared to satisfy the requirements of the *Corporations Act 2001 (Cth)* and the Australian Securities Exchange Listing Rules.

Regulatory Guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

*The purpose of
this report is to advise the
Non-Associated
Shareholders of
SmartTrans of the fairness
and reasonableness of the
Proposed Transaction.*

Corporations Act Requirements

Immediately following completion of the Proposed Transaction Resource Connect shareholders will have a combined relative voting interest in SmartTrans of up to 50.0% of the issued Share capital of SmartTrans. Resource Connect's four major shareholders will each hold an 11.83% equity interest in SmartTrans immediately following completion of the Proposed Transaction.

Section 606(1) of the Corporations Act states that a person must not acquire an interest in issued voting shares in a listed company if that person's or any other person's voting power increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%. However, Item 7 of Section 611 of the Corporations Act exempts an acquisition that is approved by a resolution of Shareholders of SmartTrans passed at a general meeting as per Section 611.

Furthermore, ASX Listing Rule 7.1 provides that, subject to certain exceptions, a company must not without the prior approval of its shareholders, issue equity securities during any 12 month period if the number of those securities exceeds 15 percent of the total ordinary securities on issue at the commencement of that 12 month period. However, a company is not required to obtain shareholders' approval under Listing Rule 7.1 where shareholders' approval is granted under item 7 of section 611 of the Act.

Although in the current circumstances there is no strict requirement for an IER to be prepared under item 7 of section 611 of the Act, in order to ensure that the non-associated shareholders are provided sufficient information upon which to assess the merits or otherwise of the Proposed Transaction, the Directors of SmartTrans have commissioned SFC to prepare an IER assessing the fairness and reasonableness of the Proposed Transaction. We note that Regulatory Guide 74 "Acquisitions agreed to by shareholders" refers to the usefulness of an IER at paragraphs 11 to 13 in the context of an item 7, section 611 resolution.

ASIC Regulatory Guide 74 requires, amongst other things, that directors of a company need to provide shareholders with an analysis of whether a transaction is fair and reasonable, when considered in the context of the interests of the non-associated shareholders. It further states that the directors may satisfy their obligation to provide this analysis by the independent directors commissioning an independent expert's report. The independent expert is required to state whether, in their opinion, the proposal is fair and reasonable having regard to the interests of non-associated shareholders and state the reasons for forming that opinion.

This report provides such an opinion.

Adopted Basis of Evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at

In the current circumstances there is no strict requirement for an IER to be prepared under item 7 of section 611. In order to ensure that the non-associated shareholders are provided sufficient information upon which to assess the merits or otherwise of the Proposed Transaction, the Directors of SmartTrans have commissioned SFC to prepare an IER assessing the fairness and reasonableness of the Proposed Transaction..

arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if, despite being unfair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, SFC has completed this comparison in two parts:

- a comparison between value of a SmartTrans share prior to the Transaction on a controlling interest basis and the value of a SmartTrans share following the Transaction on a minority basis; and
- an investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above.

It should also be noted that this engagement is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard *APES 225 Valuation Services* ('APES 225'). Accordingly, this Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix I of this report. Nothing in this report should be taken to imply that SFC has verified any information supplied to us, or has in any way carried out an audit of the books of account or other records of RC for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with SmartTrans's management in relation to the nature of the Company's business operation, its specific risks and opportunities, its historical results and prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to SFC included prospective/budgeted financial information prepared by the management of SmartTrans. Whilst SFC has relied upon this prospective/budgeted information in preparing this report, SmartTrans remains responsible for all aspects of this prospective/budgeted information. Achievement of prospective/budgeted results is not warranted or guaranteed by SFC. Prospective/budgeted results are by their nature uncertain and are

dependent on a number of future events that cannot be guaranteed. Actual results may vary significantly from the prospective/budgeted results relied on by SFC. Any variations from prospective/budgeted results may affect our valuation and opinion.

The opinion of SFC is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Disclosure of information

Both SmartTrans and Resource Connect have requested that SFC limit the disclosure of commercially sensitive information relating to each of these enterprises. In preparing this report, SFC has had access to all financial and commercially sensitive information considered necessary in order to provide the required opinion and this information was taken into account in forming our opinion.

Overview of SmartTrans

Corporate background

SmartTrans Holdings Limited ABN 86 009065 650 was incorporated in Western Australia on 10 May 1983 as Coolgardie Gold NL (ASX:COG). The Company changed its name to SmartTrans Holdings Limited (ASX:SMA) on 23 January 2001.

Originally involved in mineral exploration, the Company now operates in the software and logistics industries in Australia and the sale of fast moving consumer goods (FMCG) of Australian goods in China.

Smartpay Online, Mobile Billing & Payments Division (China)

The Company's SmartPay platform is well established in the Chinese marketplace. The initial focus of the division was on providing direct carrier billing, direct-to-phone billing and in-application billing for a number of major Chinese telecommunications companies. It also offers subscription services, whereby consumers pay a monthly fee for content.

During the 2017 financial year, the Company officially launched a WeChat-based shopping platform, Dodoca RooLife (in partnership with Shanghai Information Technology Co. Ltd). This platform aims to market and sell Australian products to Chinese consumers,

Logistics Software & Service Division

Within Australia, the company provides mobile and internet-based logistics software to the transport and logistics industries and has built a diversified, blue-chip client base. The Company's proprietary cloud-based SaaS Telematics platform allows transportation managers to quickly plan and execute optimal fleet movements, and thus efficiently manage vehicle fleets. SmartTrans is exploring opportunities to expand its services into other geographic areas and a Chinese branch was established in 2015 through an agreement executed with Yanfeng Automotive Trim Systems Co. Ltd.

Board of Directors

The current Board of Directors of the Company is set out in the following table:

Directors/Senior management

The Hon Mark Vaile	Chairman
Mr Brendan Mason	Managing Director
Mr Bryan Carr	Non Executive Director
Ms Tracy Colgan	Non Executive Director
Mr Ian Tang	Non Executive Director
Mr Mark Ziirsén	Non Executive Director

Company secretary

Ms Leanne Ralph	Company Secretary
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Mr Bryan Carr was last appointed as a director on 14 November 2013 and is required to retire in accordance with clause 13.2 of the Company's Constitution

and Listing Rule 14.4. He is offering himself for re-election as a director of the Company at the AGM.

Mr Mark Ziirsén and Ms Tracy Colgan were appointed to fill casual Board vacancies (on 29 July 2017 and 6 October 2017 respectively). They are retiring in accordance with clause 36.2 of the Company's Constitution and Listing Rule 14.4 and are offering themselves for re-election as directors of the Company at the AGM.

Share capital and ownership

SmartTrans currently has on issue approximately 2,778 million fully paid ordinary shares. SmartTrans's top twenty shareholders as at 19 October 2017 are set out below.

Top Shareholders - Ordinary fully paid shares as at 19 October 2017

Name	Units	% of Units
Dymocks Securities Pty Limited	407,453,519	14.67%
Citicorp Nominees Pty Limited	331,656,817	11.94%
Loyal Strategic Investment Ltd	245,892,063	8.85%
Ocean Magic Investments Ltd (Hong Kong Crn 1621842)	91,173,393	3.28%
Jamajon Pty Ltd	81,651,941	2.94%
Bnp Paribas Nominees Pty Ltd <Global Prime Omni Drp>	53,104,907	1.91%
Tandragee Pty Ltd	51,810,246	1.86%
Mr Shige Zhang	50,000,000	1.80%
Mr Zani Ilyazovski	49,658,266	1.79%
I T S Worldwide Limited	45,740,000	1.65%
Coolgardie Units Pty Ltd <Coolgardie A/C>	37,562,504	1.35%
Canala Services Pty Ltd <The Canala Super Fund A/C>	29,262,604	1.05%
Isatsan Pty Ltd	25,468,335	0.92%
Blamco Trading Pty Ltd	25,000,000	0.90%
Jamajon Pty Limited <J F Superfund A/C>	23,714,367	0.85%
Chembank Pty Limited <R T Unit A/C>	20,000,000	0.72%
Bnp Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	16,093,343	0.58%
Connaught Consultants (Finance) Pty Ltd <Super Fund A/C>	15,900,000	0.57%
Dr Kuen Seng Chan	14,000,000	0.50%
Domson Pty Ltd <Domson Pty Ltd S/F A/C>	13,553,133	0.49%
Top 20 holders of ordinary fully paid shares	1,628,695,438	58.62%
Total Remaining Holders Balance	1,149,574,732	41.38%

Source: Computershare

We understand that no change in substantial holder notices have been received by SmartTrans since release of the FY2017 annual report. Accordingly, the names of the Substantial Shareholders listed in the Company's Register as at 30 September 2017 are as follows:

Substantial Shareholders - Ordinary fully paid shares as at 30 September 2017

Shareholder	No. of Shares
Dymocks Securities Pty Ltd	595,205,791
Coolgardie Units Pty Ltd	624,486,395
Tandragee Pty Ltd	624,486,395
Lanstead Capital LP	420,000,000
Canala Services Pty Ltd	118,635,354
Loyal Strategic Investments	245,892,063

This table discloses Relevant Interests in shares as defined by the *Corporations Act* and does not reflect beneficial interests in shares.

The distribution of shareholdings as at 30 September 2017 is as follows:

Range of Units - Ordinary fully paid shares as at 30 September 2017

Range	Total holders	Units	% of Issued Capital
1 - 1,000	79	11,731	-
1,001 - 5,000	36	118,187	-
5,001 - 10,000	48	412,581	0.01%
10,001 - 100,000	1,274	60,185,700	2.17%
100,001 - 9,999,999,999	1,367	2,717,541,971	97.81%
Rounding			0.01%
Total	2,804	2,778,270,170	100.00%

Source: Computershare

Immediately following completion of the Proposed Transaction, Resource Connect shareholders will have a combined relative voting interest in SmartTrans of 50.0% of the issued share capital of SmartTrans. Resource Connect's four major shareholders will each hold up to an 11.83% equity interest in SmartTrans immediately following completion of the Proposed Transaction.

Security	# shares	% of share capital
Currently on issue	2,778,270,170	50.00%
Vendors		
Hardman Fifo Pty Ltd	657,307,784	11.83%
Ravenslea Nominees Pty Ltd	657,307,784	11.83%
Halcyon United Pty Ltd	657,307,784	11.83%
Janegold Pty Ltd	657,307,784	11.83%
Enablr Sourcing Platforms Pty Ltd	246,752	0.00%
SGA Services Pty Ltd	74,396,141	1.34%
Peter Adrienne Tracy Superannuation Fund	74,396,141	1.34%

Immediately following completion of the Proposed Transaction, SmartTrans's existing Non-Associated Shareholders interest will decrease from 100.0% to 50.0%.

Note that this table ignores the effect of the issue of further shares pursuant to the \$5 million capital raising, the exact timing and terms of which are not known at the date of this Report.

Financial performance

SmartTrans's historical audited consolidated financial performance for the four years ended 30 June 2014, 2015, 2016 and 2017 are summarised below.

Income Statement	2014	2015	2016	2017
Revenue - Operations	2,194,369	4,277,301	11,648,458	3,191,749
Revenue – Non-operating activities	150,000	-	-	-
Online mobile promotion & third party cost	(99,804)	(2,176,918)	(9,470,545)	(1,656,168)
Employee salaries and benefits expense	(1,578,289)	(1,615,785)	(1,800,055)	(2,526,796)
Consultancy cost	(187,254)	(400,555)	(995,271)	(813,999)
Share registration regulatory and compliance costs	(99,308)	(296,435)	(330,152)	(301,550)
Material and installation costs	(456,627)	(335,382)	(432,786)	(397,850)
Depreciation expense	(7,623)	(8,677)	(31,544)	(21,223)
Loss on disposal of Tenement	(2,121,289)	-	-	-
Restructuring costs	(380,023)	-	-	-
Corporate advisory	-	-	(207,089)	(86,031)
Management and administration services expense	-	-	-	-
Share based payment	(81,699)	(67,176)	(246,800)	-
Rental & occupancy costs	(181,935)	(147,060)	(248,791)	(255,632)
Travelling and accommodation costs	(262,265)	(183,020)	(287,430)	(218,363)
Amortisation of intangible assets	(780,738)	(122,742)	(10,061)	(41,657)
Legal & associated costs	(173,911)	(152,731)	(65,530)	(105,881)
Foreign exchange gain/(loss)	(9,799)	(98,179)	(20,619)	(14,972)
Impairment loss	-	-	-	(2,697,749)
Other Expenses	(300,084)	(325,806)	(312,916)	(332,039)
Loss before income tax	(4,376,279)	(1,653,165)	(2,811,131)	(6,278,161)
Income tax benefit	-	-	-	-
Loss for the year	(4,376,279)	(1,653,165)	(2,811,131)	(6,278,161)
Other comprehensive income				
Foreign currency translation reserve	-	-	(108,256)	(77,439)
Total comprehensive loss for the year attributable to members of the parent entity				
	(4,376,279)	(1,653,165)	(2,919,387)	(6,355,600)

Source: SmartTrans annual reports

Observations in relation to SmartTrans's historical financial performance are set out below:

- The Independent Auditors' Report issued by RSM Australia Partners for the full year ended 30 June 2017 included an emphasis of matter regarding the uncertainty of SmartTrans' ability to continue as a going concern, noting that the Company incurred a net loss of \$6,278,161 and generated net cash outflows of \$3,360,818 during FY2017.
- The Company reported that this result was adversely affected by non-payment of amounts owed to the Company by the State owned enterprise China Mobile Jiangsu Limited and other local telecommunication providers. In total, the Company impaired \$2.3 million of receivables relating to these overdue payments.

- SmartTrans expects that ultimately the amounts due will be collected but has not indicated a likely timeframe in which this might occur.
- The Company has experienced rapid growth in operating revenues in past years (FY2015: +91.9% and FY2016: +172.3%). The sustainability of such high rates of growth is questionable and the Company noted in its FY 2016 Annual Report that “revenue in the latter part of financial year 2016 levelled off.” The 72.6% fall in operating revenue in FY2017 was reported as being the result of the Company reducing its reliance upon the Chinese telecom mobile payments business.
- The Company’s earnings have been highly variable and losses have been reported in each of the years shown.

Financial position

SmartTrans’s historical audited consolidated net assets as at 30 June 2014, 2015, 2016 and 2017 are summarised below.

Balance Sheet	2014	2015	2016	2017
Current Assets				
Cash and cash equivalents	813,913	6,058,169	2,130,093	621,684
Trade and other receivables	230,801	1,545,558	4,899,182	663,940
Inventory	-	-	-	40,389
Intangible Asset	122,742	-	-	-
Other receivables	-	-	-	1,700,426
Other current assets	19,902	25,534	56,547	50,872
Total Current Assets	1,187,358	7,629,261	7,085,822	3,077,311
Non-Current Assets				
Trade and other receivables	13,796	26,981	-	371,968
Intangible Asset	-	-	221,462	173,022
Property, plant and equipment	21,463	34,647	27,037	49,957
Total Non-Current Assets	35,259	61,628	248,499	594,947
TOTAL ASSETS	1,222,617	7,690,889	7,334,321	3,672,258
Current Liabilities				
Trade and other payables	613,155	1,578,076	3,639,504	1,770,259
Provisions	126,056	158,715	159,579	183,436
Other Borrowings	700,000	-	-	-
TOTAL LIABILITIES	1,439,211	1,736,791	3,799,083	1,953,695
NET ASSETS	(216,594)	5,954,098	3,535,238	1,718,563
Equity				
Issued capital	64,927,987	72,684,668	73,035,195	76,919,120
Reserves	586,229	653,405	695,149	1,205,534
Accumulated losses	(65,730,810)	(67,383,975)	(70,195,106)	(76,406,091)
TOTAL EQUITY	(216,594)	5,954,098	3,535,238	1,718,563

Source: SmartTrans annual reports

We make the following observations in relation to SmartTrans’s financial position:

- As at 30 June 2015 the Company had a healthy balance sheet with \$4.42 in assets for every dollar of liabilities (net assets of \$5,954,098). As at 30 June

2017 the consolidated entity had net assets of \$1,718,563, with the fall largely attributable to the erosion of cash at bank.

Cash flow

SmartTrans's audited consolidated cash flows for each of the years ended 30 June 2014, 2015, 2016 and 2017 are summarised below.

Cash Flow Statement	2014	2015	2016	2017
Cash Flows from Operating Activities				
Receipts from customers and government grants	1,677,975	2,167,877	8,696,208	6,709,127
Software fees from previous years	-	600,000	-	-
Payments to suppliers and employees	(3,693,528)	(5,386,968)	(12,816,195)	(10,374,161)
Research and development tax concession	376,873	296,224	371,458	301,217
Interest received	20,136	8,845	50,841	2,999
Net cash used in Operating Activities	(1,618,544)	(2,314,022)	(3,697,688)	(3,360,818)
Cash Flows from Investing Activities				
Exploration and evaluation expenditure	(34,650)	-	-	-
Payment for intangible asset	(903,480)	-	(220,849)	-
Payment for termination of joint venture	-	-	(77,060)	-
Proceeds from sale of tenements	150,000	-	-	-
Payments for plant and equipment	(11,963)	(21,861)	(25,080)	(40,577)
Net cash used in Investing Activities	(800,093)	(21,861)	(322,989)	(40,577)
Cash Flows from Financing Activities				
Proceeds from convertible loan	700,000	550,000	-	-
Payment for capital raising costs	-	(278,959)	(199,044)	(15,640)
Proceeds from capital raisings	-	-	-	1,926,221
Proceeds from issue of shares	122,318	7,309,097	254,718	-
Net cash provided by Financing Activities	822,318	7,580,138	55,674	1,910,581
Net increase/(decrease) in cash and cash equivalents	(1,596,319)	5,244,255	(3,965,003)	(1,490,814)
Cash and cash equivalents at the beginning of year	2,410,232	813,913	6,058,169	2,130,093
Effects of foreign exchange	-	-	36,927	-
Cash and cash equivalents at the end of year	813,913	6,058,169	2,130,093	639,279

Source: SmartTrans annual reports

ASX Announcements

The table lists the public announcements made by SmartTrans in the six months prior to the date of this Report.

Date	Price sens.	Headline	Pages
01/05/2017	✓	Appendix 4C - Quarter Ended 31 March 2017	11
15/05/2017	✓	Tourism Services Agreement Signed	2
24/05/2017	✓	e-Commerce platform grows-Wine Agreement for 120 new brands	2
21/06/2017		SmartTrans e-Commerce Brand Update	2
26/06/2017	✓	SMA Partners with First People Digital - RooLife	2
31/07/2017	✓	Appendix 4C - Quarter ended 30 June 2017	10
31/07/2017	✓	SMA announces \$500,000 placement to China-based investors	2
31/07/2017	✓	SmartTrans Strengthens Board and Management	2
04/08/2017		Final Director's Interest Notice - Mr Brendon Mason	2
04/08/2017		Initial Director's Interest Notice - Ms Tracy Colgan	2
04/08/2017		Final Director's Interest Notice - Mr Greg Simpson	2
04/08/2017		Final Director's Interest Notice - Mr Andrew Forsyth	2
09/08/2017	✓	New contracts & extensions for SaaS Supply Chain Division	2
23/08/2017	✓	SmartTrans strengthens China e-commerce operations	2
28/08/2017		Disclosure Notice Under Section 708A(5)(e)	1
28/08/2017		Appendix 3B	9
28/08/2017		Placement Completion	1
28/08/2017	✓	SMA Selling Premium Australian Holidays to Chinese Tourists	3
31/08/2017	✓	Managing Director's Letter to Shareholders	3
31/08/2017		Appendix 4E Preliminary Final Report	11
02/10/2017		Appendix 4G and Corporate Governance Statement	28
02/10/2017		Annual Report to shareholders	52
05/10/2017	✓	De Lorenzo Enzo products on SmartTrans e-commerce platform	1
09/10/2017		SmartTrans Further Strengthens Board and Management	2
09/10/2017		Initial Director's Interest Notice	2
12/10/2017	✓	SMA's IP Protection Service Launched for Brands in China	1
16/10/2017	✓	Trading Halt	2
16/10/2017	✓	SmartTrans to acquire Resource Connect for Scrip	2
18/10/2017	✓	Suspension from official quotation	2
23/10/2017	✓	Resource Connect and iCuro acquisition update	1
23/10/2017	✓	Reinstatement to Official Quotation	1
01/11/2017	✓	Quarterly Report and Appendix 4C - Sep-17	9

Source: ASX website (accessed 1/11/2017)

Overview of the Resource Connect Group

Background

Resource Connect Holdings Pty Ltd ACN 158 086 072 was incorporated in Queensland on 1 May 2012. Resource Connect is headquartered at Unit 4, 8 Navigator Place, Hendra Queensland 4011.

Resource Connect was formed to provide large companies in the Oil & Gas and Mining industries with services to effectively and efficiently manage the movement of remote workforces to, from and within work sites. The Resource Connect system allows the demanding, expensive and challenging tasks associated with onboarding, mobilisation and worksite management for large projects to be performed at a cost saving to the customer. Recently, Resource Connect has identified similar opportunities in the healthcare sector.

The system is now fully integrated into a cloud based software platform which, we understand was only signed off a few months prior to the date of this Report. Resource Connect has recently engaged a marketing team to take the total product to the wider marketplace as a complete system.

Operations

The Group manages personnel logistics, asset logistics and process re-engineering and has a proven track record of delivering their product on large projects for large multinational organisations. Resource Connect has developed an innovative management process, underpinned by a cloud based platform called iCuro that makes them best in class.

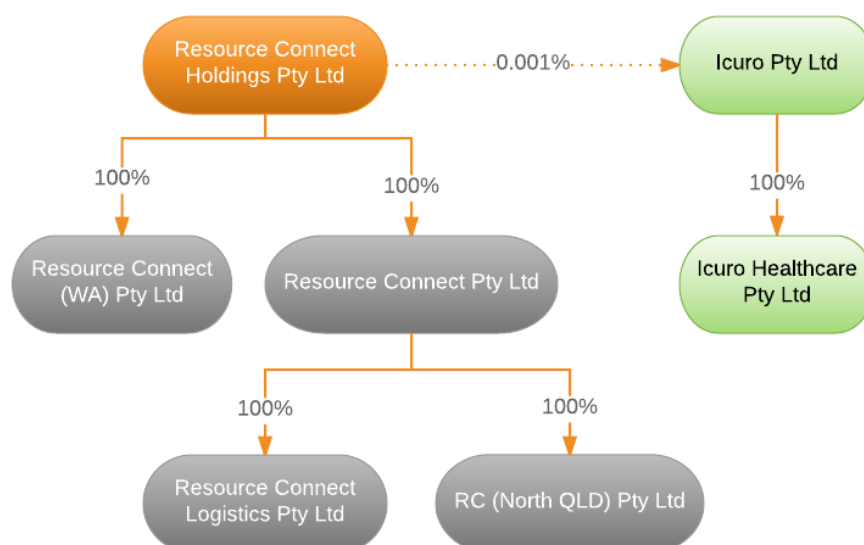
The Group has a proven track record and capacity to manage large numbers of personnel movements across multiple transports, multiple accommodation locations and worksite locations all in real time, simultaneously, from the one digital portal and to book and track people on to transport assets to mobilise personnel to sites. The system can be applied to most industries.

Resource Connect Holdings Pty Ltd holds granted patents covering the innovative management process they have developed, and these patents encompass booking and tracking personnel through supply chains with transport logistics and payment gateway processes covered by these patents. But to date RC has not developed transport logistic solutions and payment gateways within their existing cloud based platform.

Given the complimentary nature of the logistics service offerings of both SmartTrans and Resource Connect, management have concluded that greater synergies can be realised by merging the organisations.

Business structures

The entities of the Resource Connect Group and the relevant ownership interests are depicted in the following chart.



Entity details

The following entities form part of the Group:

Company:	Resource Connect Holdings Pty Ltd	
ACN:	158 086 072	
Registered in:	Queensland	
Registered Office:	Unit 4, 8 Navigator Place, HENDRA QLD 4011	
Directors:	Geoffrey Stuart Jamieson	
	Scott Andrew Earl McIntosh	
	Sean Peter Hardman	
	Warren Dale Preston	
Ordinary shares:	Janegold Pty Ltd	250,000
	Ravenslea Nominieas Pty Ltd	250,000
	Halcyon United Pty Ltd	250,000
	Hardman Fifo Pty Ltd	250,000

As the name suggests, Resource Connect Holdings Pty Ltd is the holding company of the Group. It is the owner of the patents developed by the Group.

Company:	Resource Connect Pty Ltd	
ACN:	158 086 232	
Registered in:	Queensland	
Registered Office:	Unit 4, 8 Navigator Place, HENDRA QLD 4011	
Directors:	Geoffrey Stuart Jamieson	
	Scott Andrew Earl McIntosh	
	Sean Peter Hardman	
	Warren Dale Preston	
Ordinary shares:	Resource Connect Holdings Pty Ltd	100

Resource Connect Pty Ltd was registered on 1 May 2012 and provides management services to the Group.

Company:	Resource Connect Logistics Pty Ltd	
ACN:	602 304 861	
Registered in:	Queensland	
Registered Office:	Unit 4, 8 Navigator Place, HENDRA QLD 4011	
Directors:	Geoffrey Stuart Jamieson	
	Warren Dale Preston	
Ordinary shares:	Resource Connect Pty Ltd	2

Resource Connect Logistics Pty Ltd was registered on 13 October 2014 and is a contracting entity.

Company:	RC (North QLD) Pty Ltd	
ACN:	621 843 874	
Registered in:	Queensland	
Registered Office:	Unit 4, 8 Navigator Place, HENDRA QLD 4011	
Directors:	Geoffrey Stuart Jamieson	
	Warren Dale Preston	
Ordinary shares:	Resource Connect Pty Ltd	1

RC (North QLD) Pty Ltd was registered on 21 September 2017 and was established to conduct a major Adani contract. It has not traded since inception.

Company:	Resource Connect (WA) Pty Ltd	
ACN:	611 135 418	
Registered in:	Western Australia	
Registered Office:	Level 5, 72 Kings Park Road, WEST PERTH WA 6005	
Directors:	Geoffrey Stuart Jamieson	
	Warren Dale Preston	
Ordinary shares:	Resource Connect Holdings Pty Ltd	100

Resource Connect (WA) Pty Ltd was registered on 4 March 2016 and is dormant. It has not traded since inception.

Company:	Icuro Pty Ltd	
ACN:	600 589 606	
Registered in:	Queensland	
Registered Office:	Unit 4, 8 Navigator Place, HENDRA QLD 4011	
Directors:	Geoffrey Stuart Jamieson	
	Simon Denis Anthonisz	
Ordinary shares:	Enablr Sourcing Platforms Pty Ltd	100
	Ravenslea Nominieas Pty Ltd	30,150
	Halcyon United Pty Ltd	30,150
	Hardman Fifo Pty Ltd	30,150
	SGA Services Pty Ltd	30,150
	Janegold Pty Ltd	30,150
	Tracy Superannuation Fund, Peter Adrienne	30,150
Redeemable preference shares:	Resource Connect Holdings Pty Ltd	1

Icuro Pty Ltd was registered on 8 July 2014. It holds a license granted by Resource Connect Holdings Pty Ltd to use the Group's intellectual property in all industries outside of the natural resources sector.

Company:	Icuro Healthcare Pty Ltd
ACN:	616 553 087
Registered in:	Queensland
Registered Office:	Unit 4, 8 Navigator Place, HENDRA QLD 4011
Directors:	Geoffrey Stuart Jamieson Simon Denis Anthonisz
Ordinary shares:	Icuro Pty Ltd

Icuro Healthcare Pty Ltd was registered on 21 December 2016 and is currently dormant. It was established in order to exploit opportunities in the healthcare industry.

Underlying accounting policies

We have reviewed the accounting policies and practices employed by the Group in past years and believe that they are appropriate. We are not aware of any significant changes to accounting policies during the period reviewed. Further, it appears that except where mentioned below, compliance with accounting standards (as they apply to non-disclosing entities) has been consistently applied during this time. Due to timeframe limitations we have not considered the particular accounting, financial reporting or disclosure requirements or practices associated with the industry.

We have assumed that the accounts provided to us have been prepared on a going concern basis.

We draw the reader's attention to the following matters relating to the financial statements that have been used as the starting point in undertaking our work:

- The results for the years ended 30 June 2014, 2015, and 2016 are based on the compiled financial reports prepared by the Group's external accounting firm. The information contained in these reports have been reconciled with income tax returns and Business Activity Statements but have not been audited or reviewed.
- The results for FY 2017 and the year-to-date to 30 September 2017 have been extracted from management accounts that do not include appropriate end of period adjustments for items such as depreciation and amortisation. Accordingly, the final results for these periods are likely to be different from the results shown above.

Financial Statements - Resource Connect

Historical Financial Performance

Set out below is a summary of the profit and loss results for the financial years ended 30 June 2014, 2015, 2016 and 2017, and year-to-date to 30 September 2017. It should be noted that we have not audited or reviewed any of the financial information and therefore cannot attest to its accuracy.

Resource Connect Income Statement	Consolidated					Vertical Analysis				
	2014	2015	2016	2017	30-Sep	2014	2015	2016	2017	30-Sep
	Compiled	Compiled	Compiled	Management	Management					
Income										
Contract income	1,530,731	2,182,177	2,576,830	7,235,762	1,856,912	100.0%	100.0%	97.5%	99.7%	100.0%
Other operating income	-	-	66,459	22,000	-	-	-	2.5%	0.3%	-
Total revenue	1,530,731	2,182,177	2,643,289	7,257,762	1,856,912	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales										
Direct costs	1,183,451	1,829,191	1,997,428	6,390,594	1,355,487	77.3%	83.8%	75.6%	88.1%	73.0%
Total cost of sales	1,183,451	1,829,191	1,997,428	6,390,594	1,355,487	77.3%	83.8%	75.6%	88.1%	73.0%
Gross profit	347,280	352,986	645,861	867,168	501,425	22.7%	16.2%	24.4%	11.9%	27.0%
Expenses										
General & administrative	61,769	57,058	28,688	47,534	159,242	4.0%	2.6%	1.1%	0.7%	8.6%
Selling and marketing	3,054	8,096	1,476	63,412	19,183	0.2%	0.4%	0.1%	0.9%	1.0%
Occupancy	25,967	46,695	37,406	46,129	10,633	1.7%	2.1%	1.4%	0.6%	0.6%
Depreciation	2,849	2,849	3,305	3,305	826	0.2%	0.1%	0.1%	0.0%	0.0%
Other	-	-	2,009	26,123	1,410	-	-	0.1%	0.4%	0.1%
Total expenses	93,639	114,698	72,884	186,503	191,294	6.1%	5.3%	2.8%	2.6%	10.3%
Net operating profit	253,641	238,288	572,977	680,664	310,131	16.6%	10.9%	21.7%	9.4%	16.7%
Interest income	234	10,234	2,630	38,651	783	0.0%	0.5%	0.1%	0.5%	0.0%
Non-operating income	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-
Income tax expense	(78,133)	(78,213)	(22,275)	(33,000)	-	(5.1)%	(3.6)%	(0.8)%	(0.5)%	-
Net profit after tax	175,742	170,309	553,332	686,315	310,914	11.5%	7.8%	20.9%	9.5%	16.7%

We make the following comments in relation to the above summary:

- The financial statements have been normalised to adjust for nonrecurring, non-economic, or other unusual items in order to eliminate anomalies and to facilitate comparisons across time periods. These items are dealt with in our valuation adjustments and are described later in this Report.
- The vertical analysis expresses each line item as a percentage of sales for each year.
- Gross profit margins have varied significantly over time and may indicate that income and expenses have not been correctly matched in each of the financial years. Average gross profit over the four full years was 18.8%.
- The Group has been profitable in each of the periods shown but net profit as a percentage of sales has been falling. This appears to correspond to large increases in general and administrative expenses.

Historical Financial Position

Set out below is a summary of the Group's balance sheets as at 30 June 2014, 2015, 2016, 2017, and 30 September 2017.

Resource Connect Balance Sheet	Consolidated					Vertical analysis				
	2014	2015	2016	2017	30-Sep	2014	2015	2016	2017	30-Sep
	Compiled	Compiled	Compiled	Management	Management					
CURRENT ASSETS										
Cash - operating	32,972	395,789	662,107	1,605,078	1,651,822	3.1%	65.1%	73.9%	85.8%	86.2%
Accounts receivable	1,008,758	-	-	-	-	95.8%	-	-	-	-
Total Current Assets	1,041,730	395,789	662,107	1,605,078	1,651,822	98.9%	65.1%	73.9%	85.8%	86.2%
NON-CURRENT ASSETS										
Plant & equipment	14,245	14,245	15,157	15,157	15,157	1.4%	2.3%	1.7%	0.8%	0.8%
less: accumulated depreciation	(2,849)	(3,447)	(6,865)	(10,861)	(13,735)	(0.3)%	(0.6)%	(0.8)%	(0.6)%	(0.7)%
Net property, plant & equipment	11,396	10,798	8,292	4,296	1,422	1.1%	1.8%	0.9%	0.2%	0.1%
Related party loans	-	201,040	226,103	262,232	262,913	-	33.1%	25.2%	14.0%	13.7%
Total non-current assets	11,396	211,838	234,395	266,528	264,335	1.1%	34.9%	26.1%	14.2%	13.8%
Total Assets	1,053,126	607,627	896,502	1,871,606	1,916,157	100.0%	100.0%	100.0%	100.0%	100.0%
CURRENT LIABILITIES										
Short term debt	-	-	-	-	-	-	-	-	-	-
Accounts payable - trade creditors	774,724	220,037	77,710	515,000	20,000	73.6%	36.2%	8.7%	27.5%	1.0%
GST payable	24,427	(16,460)	9,176	(32,192)	46,445	2.3%	(2.7)%	1.0%	(1.7)%	2.4%
Unearned income	-	-	-	-	150,000	-	-	-	-	7.8%
Other current liabilities	78,133	57,899	20,133	33,000	33,000	7.4%	9.5%	2.2%	1.8%	1.7%
Total Current Liabilities	877,284	261,476	107,019	515,808	249,445	83.3%	43.0%	11.9%	27.6%	13.0%
NON-CURRENT LIABILITIES										
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total Non-current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Liabilities	877,284	261,476	107,019	515,808	249,445	83.3%	43.0%	11.9%	27.6%	13.0%
Net Assets	175,842	346,151	789,483	1,355,798	1,666,712	16.7%	57.0%	88.1%	72.4%	87.0%
SHAREHOLDERS' EQUITY										
Issued capital	100	100	100	100	100	0.0%	0.0%	0.0%	0.0%	0.0%
Retained earnings	-	175,742	346,051	789,383	1,355,698	-	28.9%	38.6%	42.2%	70.8%
Current year earnings	175,742	170,309	553,332	686,315	310,914	16.7%	28.0%	61.7%	36.7%	16.2%
Dividends paid	-	-	(110,000)	(120,000)	-	-	-	(12.3)%	(6.4)%	-
Total Shareholder's Equity	175,842	346,151	789,483	1,355,798	1,666,712	16.7%	57.0%	88.1%	72.4%	87.0%

We make the following comments in relation to the above summary:

- The financial statements have been normalised to adjust for nonrecurring, non-economic, or other unusual items in order to eliminate anomalies and to facilitate comparisons across time periods. These items are dealt with in our valuation adjustments and are described later in this Report.
- The vertical analysis expresses each line item as a percentage of total assets for each year.
- Current assets are primarily made up of cash.

- Current liabilities are primarily made up of accounts payable and statutory liabilities (provision for tax, GST payable).
- Resource Connect has no non-current liabilities. Importantly, it has no debt.
- Working capital has declined steadily each year until 30 June 2017.
- We suspect that the Group has been slightly undercapitalised throughout the period shown.

Financial statement analysis

We performed additional ratio analysis on the financial statements, the results of which are reproduced in the following table.

Financial statement analysis	2014	2015	2016	2017
Leverage Ratios				
Liabilities to Assets	83.3%	43.0%	11.9%	27.6%
Long-term Debt to Assets	-	-	-	-
Liabilities to Equity	498.9%	75.5%	13.6%	38.0%
Interest Expense to Total Liabilities	-	-	-	-
Liquidity Ratios				
Current Ratio	1.19	1.51	6.19	3.11
Quick Ratio	1.19	1.51	6.19	3.11
Current Liabilities to Equity	4.99	0.76	0.14	0.38
Profitability Ratios				
Net Profit Margin	11.5%	7.8%	20.9%	9.5%
Operating Profit Margin	73.0%	67.5%	88.7%	78.5%
EBIT Margin	16.6%	11.4%	21.8%	9.9%
Return on Assets	16.7%	28.0%	61.7%	36.7%
Return on Shareholders Funds	99.9%	49.2%	70.1%	50.6%
Activity Ratios				
Total Asset Turnover	1.45	3.59	2.95	3.88
Fixed Asset Turnover	134.32	202.09	318.78	1,689.44
Inventory Turnover	-	-	-	-
Days Receivable Outstanding	241	-	-	-

We make the following comments in relation to the key ratios in the above summary:

Leverage ratios

Resource Connect has no interest-bearing debt and the ratios shown indicate it possesses a moderate level of liabilities relative to other balance sheet items.

Liquidity ratios

The current ratio is a measure of working capital. Generally, current ratios higher than 1.0 indicate that an organisation does not have a deficit in working capital. The current ratio for Resource Connect has been at safe levels in all of the years shown.

Profitability ratios

Both the operating profit and net profit margins indicate an adequate level of profitability but also demonstrate a relatively high degree of variability which, given the company's tight control over pricing, may be indicative of mismatching of revenues with expenses.

Return on assets and return on shareholders' funds also exhibit a high degree of variability but appear to be at healthy levels in each of the periods.

Insolvency prediction

Although these models are not directly relevant to businesses in the software and logistics industries, we also evaluated the Group using two variations of the Altman Z-score bankruptcy prediction model. An Altman Z-score of less than 2.69 indicates a business is at risk of failure. A Z-score of less than 1.81 indicates that there is high probability of failure within the next two years.

Bankruptcy Models	2014	2015	2016	2017
Altman Z-score Retail				
X1 (Working Capital/Total Assets) x 6.6	1.03	1.46	4.09	3.84
X2 (Retained Earnings/Total Assets) x 3.3	0.55	1.88	3.31	2.60
X3 (Earnings before Income Taxes/Total Assets) x 6.7	1.61	2.63	4.28	2.44
X4 (Total Equity /Total Liabilities) x 1	0.20	1.32	7.38	2.63
	3.40	7.29	19.06	11.51
Altman Z-score Manufacturing				
X1 (Working Capital/Total Assets) x 0.717	0.11	0.16	0.44	0.42
X2 (Retained Earnings/Total Assets) x 0.847	0.14	0.48	0.85	0.67
X3 (Earnings before Income Taxes/Total Assets) x 3.107	0.75	1.22	1.99	1.13
X4 (Total Equity /Total Liabilities) x 0.42	0.08	0.56	3.10	1.10
X5 (Total Sales / Total Assets) x 0.998	1.45	3.58	2.94	3.87
	2.54	6.00	9.32	7.19
Interpretation:				
3.00 or above - Safe				
2.70 - 2.99 - Caution				
1.81 - 2.69 - At risk				
1.80 or below - Probable financial distress				

The results of both models indicate that Resource Connect is healthy and is adequately capitalised. This is a positive in the context of an acquisition since it indicates that the acquired company will not be reliant upon the cash resources of SmartTrans to support its operations post-acquisition.

Financial Statements - iCuro

Historical Financial Performance

Set out below is a summary of the profit and loss results for the financial years ended 30 June 2015, 2016 and 2017, and year-to-date to 30 September 2017. It should be noted that we have not audited or reviewed any of the financial information and therefore cannot attest to its accuracy.

iCuro Income Statement	Unadjusted				Vertical Analysis			
	2015	2016	2017	30-Sep	2015	2016	2017	30-Sep
	Compiled	Compiled	Management	Management				
Income								
Contract income	-	111,455	197,837	59,713	-	41.0%	81.9%	94.6%
R&D tax incentive grant	76,288	144,502	37,698	-	100.0%	53.2%	15.6%	-
Other operating income	-	15,790	5,925	3,409	-	5.8%	2.5%	5.4%
Total revenue	76,288	271,747	241,460	63,122	100.0%	100.0%	100.0%	100.0%
Gross profit	76,288	271,747	241,460	63,122	100.0%	100.0%	100.0%	100.0%
Expenses								
General & administrative	182,145	404,437	347,368	63,061	238.8%	148.8%	143.9%	99.9%
Selling and marketing	278	511	28,576	11,161	0.4%	0.2%	11.8%	17.7%
Depreciation	3,196	528	-	-	4.2%	0.2%	-	-
Other	-	-	2,000	-	-	-	0.8%	-
Total expenses	185,619	405,476	377,944	74,222	243.3%	149.2%	156.5%	117.6%
Net operating profit	(109,331)	(133,729)	(136,484)	(11,101)	(143.3)%	(49.2)%	(56.5)%	(17.6)%
Interest income	27	93	528	1	0.0%	0.0%	0.2%	0.0%
Interest expense	(10,526)	(17,261)	(19,621)	-	(13.8)%	(6.4)%	(8.1)%	-
Income tax expense	-	-	-	-	-	-	-	-
Net profit after tax	(119,830)	(150,897)	(155,577)	(11,100)	(157.1)%	(55.5)%	(64.4)%	(17.6)%

We make the following comments in relation to the above summary:

- The financial statements have not been normalised.
- The vertical analysis expresses each line item as a percentage of sales in each year.
- The financial results are for iCuro Pty Ltd alone. iCuro Healthcare Pty Ltd did not trade during the reporting periods shown.
- Total expenses exceeded total revenues in each period. Accordingly, iCuro reported losses in each of the reporting periods.
- General and administrative expense includes the payment of consulting fees to related parties. Given the relative size of these payments when compared to revenues we believe that they represent uneconomic remuneration which will require reversal for valuation purposes.

Historical Financial Position

Set out below is a summary of the Group's balance sheets as at 30 June 2015, 2016, 2017, and 30 September 2017.

iCuro Balance Sheet	Unadjusted				Vertical Analysis			
	2015	2016	2017	30-Sep	2015	2016	2017	30-Sep
	Compiled	Compiled	Management	Management				
CURRENT ASSETS								
Cash - operating	6,066	1,304	6,141	12,879	6.6%	0.8%	11.2%	13.1%
Accounts receivable	-	5,500	5,500	5,500	-	3.4%	10.1%	5.6%
Other current assets	85,530	156,156	42,863	80,186	93.3%	95.8%	78.5%	81.3%
Total Current Assets	91,596	162,960	54,504	98,565	99.9%	99.9%	99.8%	99.9%
NON-CURRENT ASSETS								
Plant & equipment	100	100	100	100	0.1%	0.1%	0.2%	0.1%
less: accumulated depreciation	-	-	-	-	-	-	-	-
Net property, plant & equipment	100	100	100	100	0.1%	0.1%	0.2%	0.1%
Goodwill	-	-	-	-	-	-	-	-
Total non-current assets	100	100	100	100	0.1%	0.1%	0.2%	0.1%
Total Assets	91,696	163,060	54,604	98,665	100.0%	100.0%	100.0%	100.0%
CURRENT LIABILITIES								
Short term debt	-	-	-	-	-	-	-	-
Accounts payable - trade creditors	-	-	27,500	41,250	-	-	50.4%	41.8%
GST payable	-	-	-	41,413	-	-	-	42.0%
Total Current Liabilities	-	-	27,500	82,663	-	-	50.4%	83.8%
NON-CURRENT LIABILITIES								
Related party loans	210,526	252,787	272,408	272,406	229.6%	155.0%	498.9%	276.1%
Other non-current liabilities	-	-	-	-	-	-	-	-
Total Non-current Liabilities	210,526	252,787	272,408	272,406	229.6%	155.0%	498.9%	276.1%
Total Liabilities	210,526	252,787	299,908	355,069	229.6%	155.0%	549.2%	359.9%
Net Assets	(118,830)	(89,727)	(245,304)	(256,404)	(129.6)%	(55.0)%	(449.2)%	(259.9)%
SHAREHOLDERS' EQUITY								
Issued capital	1,000	181,000	181,000	181,000	1.1%	111.0%	331.5%	183.4%
Retained earnings	-	(119,830)	(270,727)	(426,304)	-	(73.5)%	(495.8)%	(432.1)%
Current year earnings	(119,830)	(150,897)	(155,577)	(11,100)	(130.7)%	(92.5)%	(284.9)%	(11.2)%
Total Shareholder's Equity	(118,830)	(89,727)	(245,304)	(256,404)	(129.6)%	(55.0)%	(449.2)%	(259.9)%

We make the following comments in relation to the above summary:

- The financial statements have not been normalised.
- The vertical analysis expresses each line item as a percentage of total assets in each year.
- Total liabilities exceeded total assets in each year.

Value of Resource Connect & iCuro

Summary

We have valued the equity in Resource Connect and iCuro in the range \$13,078,815 to 15,998,525 (mid-point \$14,538,670). Our valuation assumes 100% ownership of each of these companies and therefore incorporates a control premium.

Our valuation conclusion for each of the individual companies is summarised in the table below and detailed in the remainder of this section:

Valuation opinion

Entity:	Resource Connect	iCuro
Valuation date:	30/09/2017	30/09/2017
Ownership interest valued:	100% of the equity in the company	100% of the equity in the company
Purpose of valuation:	Acquisition of shares	Acquisition of shares
Standard of value:	Fair market value	Fair market value
Premise of value:	Going concern	Going concern
Scope of valuation:	Full scope	Full scope
Valuation of equity:	CME: \$8.67 million \$12.86 million DCF: \$12.24 million \$14.75 million	CME: \$0.84 million \$1.25 million NTA: \$0.58 million

Valuation Approaches

It is generally accepted that the fair market value of any business, of shares in a company or of units in a unit trust is the value these would bring on the open market, such as a Stock Exchange. However, when there is no such open market for the sale of businesses or securities, and this is invariably the case with private companies, trusts or businesses, it then becomes necessary to determine a fair market value by ascertaining the value at which a willing, but not anxious, buyer is prepared to negotiate with a willing, but not anxious, seller.

Valuations of shares and businesses are usually performed using one of the following methods:

- Capitalisation of maintainable earnings based on price earnings multiples of comparable listed companies, with a separate valuation of any assets considered surplus to the company;
- Capitalisation of future maintainable dividends;
- Discounting of cash flows (future) at the rate of return required by the investor based on the investment outlay and the related risks.
- Net asset backing valuation in the form of book values or notional proceeds from an orderly realisation of assets;
- Heuristics and industry "rules of thumb" in the form of multiples of turnover or other generally accepted formulae.

Whilst there are several methods which can be used to value shares or businesses, there are three methods which are more commonly considered appropriate for these purposes. These are:

*We have valued
the equity in Resource
Connect and iCuro in the
range \$13,078,815 to
15,998,525.*

Capitalisation of Maintainable Earnings Method – this conventionally accepted method capitalises the estimated maintainable earnings of an entity by an adequate investment rate based on open market expectations after giving consideration to all conditions relevant at that time, to the economy in general, and in particular to the business and industry of that company.

Discounted Cash Flow Method – this method calculates the net present value of a stream of future cash flows by applying an appropriate discount rate to the cash stream that the company is expected to generate in each future year of operation.

Net Asset Backing Method – under this method, the company is valued on the basis of the net realisable value of its assets after making due allowance for expenses of realisation. In this context, net assets means the surplus of tangible assets over liabilities.

These approaches are explained in further detail in Appendix II of this Report.

Note that we have employed more than one method in arriving at our valuations of the subject businesses.

Valuation of Resource Connect – CME approach

Derivation of Future Maintainable Earnings

Future maintainable earnings represents the expected level of pre-tax profits for the company, trust, business or business segment which is expected to be generated consistently for at least a further five years. The starting point for the determination of future maintainable earnings is an assessment of historic earnings and budgeted earnings. In determining what constitutes future maintainable earnings it is necessary to adjust for any items which are not representative of the company's on-going earnings capacity.

The objective in adjusting historic results is to arrive at a pro forma profit and loss account which is representative of future maintainable earnings under third party management. In developing the pro forma, consideration is given to whether some mix or weighting of prior results (either in total or on a line by line basis) is appropriate.

However, historic results are only of use in so far as they provide a guide to the future and the reliability of budgets/projections. As earnings are a residual calculation (being revenues less expenses) there is scope for a small variation in revenue or expenses to have a significant impact upon profit. Accordingly, a sound understanding of historic profits and the reason for their growth must be gained before attempting to project historic results into the future.

Accordingly, the period of review should be long enough to cover any cyclical fluctuations and should exclude any periods where conditions were substantially different from those at present and expected. Hence, we reviewed the financial statements of the company for the past four financial years (and the year-to-date to 30 September 2017) to ascertain what period of analysis would produce a

result that is representative of the company's ongoing maintainable earnings capacity. The Resource Connect's financial performance over the review period has been presented earlier in this Report.

We made adjustments to the profit & loss account for each year as shown in the following table. A weighted average has then been applied to the profits of each year to arrive at a value for future maintainable earnings. In general, a higher weighting has been given to the most recent results than to historical results as these would be more representative of the company's future performance.

Value of Equity: CME approach	2014	2015	2016	2017
Net operating profit	253,641	238,288	572,977	680,664
add back: uneconomic remuneration	573,642	1,220,939	500,000	600,000
	827,283	1,459,227	1,072,977	1,280,664
Weight	20.0%	25.0%	25.0%	30.0%
Weighted average				1,182,707

Based on the above weighted average methodology we have adopted a maintainable earnings value for the purposes of this valuation of approximately \$1,182,707 per annum.

Derivation of the Capitalisation Multiple

The capitalisation multiple in this engagement has been derived from an appropriate discount rate, giving due regard to the rates of return available in the marketplace and the degree of risk attaching to the shares (and underlying business) of the Company.

The discount rate reflects the cost of capital relevant to the Company and represents the participant's required rate of return and implicitly incorporates their assessment of the risks involved in achieving the net cash flows. The risk profile of a start-up company usually decreases as the company matures. This is reflected in the rates of return expected by capital providers. In a debt-free discounted cash flow approach, that discount rate is the weighted average cost of capital ('WACC'). The WACC is a function of the cost of equity, the cost of debt, the capital structure, and the tax rate (refer Appendix III for details of how this is calculated).

Since none of the Company's liabilities are interest bearing debt, the cost of debt in this case is zero. Accordingly, only the cost of equity is relevant.

A company's cost of equity is represented by the rate of return an equity investor would require for investing equity capital in the Company, and accounts for the time value of money, inflation expectations and the risks associated with the investment. The cost of equity is calculated as shown in the following equation, also referred to as the build-up method (refer to Appendix III).

Based on the foregoing, we have derived a pre-tax, nominal discount rate for this engagement of between 31.4 and 36.4 (mid-point 33.4 per cent).

Discount rate - build up method

Component	Explanation	Value
Risk-free rate	The 10 year government bond rate at 20 September 2017	2.7% [1]
Market Risk Premium	Excess of All Ordinaries returns over 10yr Bonds	6.0% [2]
Small Company Risk Premium	Market premium attributable to smaller, less liquid firms	5.8% [3]
Total Risk Premium for Small Listed Companies		14.5%
Specific Risk of the Entity	Risk of this entity that is non-systematic	6.9% [4]
Discount Rate (pre-tax, nominal)		21.4%
Tax rate		30.0%
Discount Rate (after-tax, nominal)		15.0%

Notes:

[1] Reserve Bank of Australia

[2] • ACCC market study, June 2000

• "An Estimate of the Historical Equity Risk Premium for the Period 1883 to 2011" John C. Handley, April 2012

[3] Ibbotson Associates US study (Suitable for use in an Australian context per Wayne Lonergan, "Developments in Business Valuations," delivered to members of the Institute of Chartered Accountants in Australia in June 2004)

[4] This component is a matter of judgement based on the valuer's assessment of the entity

We derive the earnings multiple from the following formula:

$$Multiplier = \frac{1}{WACC - g}$$

where:

WACC = the Company's weighted average cost of capital

g = the expected rate of earnings growth over the next five years

The applicable earnings multiplier for this engagement is therefore in the range of 5.43 to 8.05 times (mid-point 6.49 times).

Earnings Multiple

Component	Explanation	Value
Earnings growth rate (pre-tax)	Based on characteristics of subject business	6.0%
Discount rate	(pre-tax nominal)	21.4%
Capitalisation mutiple	$= 1 / [r - g]$	6.49

Premium for Control

A shareholder or group of associated shareholders are deemed to influence a company when they have control of more than 20% of the issued shares in a company. At this time a premium for control should normally be considered for valuation purposes.

Immediately following completion of the Proposed Transaction, SmartTrans will own 100% of the voting interest in Resource Connect and iCuro. A premium for control is therefore relevant to the valuation of these entities.

As discussed in Appendix II, empirical evidence indicates that the average premium for control (over and above the market price of a company's shares) in successful takeovers in Australia generally ranges between 20% and 35% above

the listed market price of the target company's shares three months prior to the announcement of the bid.

The premium for control depends on the specific circumstances at valuation date and is an outcome of the valuation process, not a determinant of value. Premia are paid for reasons that vary from case to case. In the case of Resource Connect we understand that there may be substantial synergy and other benefits available to SmartTrans as a consequence of the Proposed Transaction. Accordingly, we believe that applying a premium of 35% is appropriate in the valuation of this entity.

CME Valuation of Resource Connect

The following table, showing the maintainable earnings estimate of \$1,407,707, is provided to demonstrate the valuation calculation.

Value of Equity: CME approach	2014	2015	2016	2017
Net operating profit	253,641	238,288	572,977	680,664
add back: uneconomic remuneration	573,642	1,220,939	500,000	600,000
	827,283	1,459,227	1,072,977	1,280,664
Weight	20.0%	25.0%	25.0%	30.0%
Weighted average				1,182,707
Capitalisation multiple				6.49
				7,669,954
Premium for control			35.0%	2,684,484
Value of equity				10,354,437

In this table, the maintainable earnings is multiplied by the capitalisation multiple of 6.49 to arrive at a value for the operating entity of \$7,669,954. To this is added the value of surplus assets owned by Resource Connect (in this case there are none).

We then apply a premium for control of the business being sold.

This results in a valuation for Resource Connect in the range of \$8,668,047 to \$12,855,509 (mid-point \$10,354,437).

Valuation of Resource Connect – DCF approach

Financial forecasts

We were provided with projected profit & loss statements, balance sheets and statement of cash flows for the Resource Connect Group and iCuro for each of the five calendar years to 31 December 2022.

We have reviewed each of these projections and compared them with historical cash flow results (as presented in the preceding section of this Report). Whilst we have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information, or tested the mathematical integrity of the models, we have made sufficient enquires to ensure that they have been prepared on a basis sufficient for the purposes of our valuation assessment.

We have then remodelled the projections to convert them from calendar year to financial years. Where considered necessary we have also made appropriate adjustments to include items not captured in the existing cash flows. For example, we have included the effect of a dividend that has been declared and is expected to be paid prior to completion of the Proposed Transaction.

Set out below is a summary of the profit and loss projections for the financial years ending 30 June 2018, 2019, 2020, 2021 and 2022.

Resource Connect	Resource Connect - Projected				
Forecast Income Statement	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Gross Revenues	14,450,023	64,417,194	139,570,587	193,251,582	246,932,577
COGS	(12,174,305)	(56,779,993)	(123,023,319)	(170,339,980)	(217,656,641)
Expenditure	(4,208,092)	(6,904,541)	(6,842,081)	(8,052,334)	(9,577,386)
EBIT	(1,932,374)	732,660	9,705,187	14,859,268	19,698,550
Interest Income	92,399	41,790	125,296	292,676	517,262
Interest expense	-	-	-	-	-
Tax expense	-	-	(2,949,145)	(4,545,583)	(6,064,744)
Net Profit after Tax	(1,839,976)	774,450	6,881,338	10,606,361	14,151,068

We make the following comments in relation to the above summary:

- The revenue projections assume that the Group will be successful in signing a number of large scale projects including one currently under negotiation with the Adani group of companies. We suspect the rate of revenue growth is overly optimistic.
- Cost of sales equates to 84.3% of revenue in FY2018 and 88.1% of revenue in each of the subsequent years of the Projection Period. This compares favourably with historical COGS in the range of 73% to 88%.
- Expenses average 10.6% across the Projection Period (10.8% in FY2017).

Set out below is a summary of the Group's projected balance sheets as at 30 June 2018, 2019, 2020, 2021 and 2022.

Resource Connect	Resource Connect - Projected				
Forecast Balance Sheet	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Assets					
Cash	3,403,358	3,106,790	8,984,922	18,930,478	32,077,107
Accounts receivable	885,736	3,542,946	6,200,155	7,971,628	10,628,837
Other current assets	-	-	-	-	-
Total Current Assets	4,289,094	6,649,736	15,185,077	26,902,106	42,705,944
NON-CURRENT ASSETS					
Plant & equipment	15,157	15,157	15,157	15,157	15,157
less: accumulated depreciation	(12,376)	(13,892)	(15,157)	(15,157)	(15,157)
Net property, plant & equipmer	2,780	1,265	-	-	-
Intangible assets	-	-	-	-	-
Related party loans	262,232	262,232	262,232	262,232	262,232
Total non-current assets	265,012	263,496	262,232	262,232	262,232
Total Assets	4,554,106	6,913,232	15,447,309	27,164,338	42,968,176
Liabilities					
Accounts payable	730,803	2,234,262	3,835,378	4,915,475	6,516,634
GST payable	(42,519)	38,697	90,321	120,892	172,502
Unearned income	-	-	-	-	-
Provision for tax	-	-	-	-	-
Total Current Liabilities	688,284	2,272,960	3,925,699	5,036,367	6,689,136
NON-CURRENT LIABILITIES					
Long term debt	-	-	-	-	-
Total Non-current Liabilities	-	-	-	-	-
Total Liabilities	688,284	2,272,960	3,925,699	5,036,367	6,689,136
Net Assets	3,865,822	4,640,272	11,521,610	22,127,971	36,279,040
Equity					
Shareholders' Equity	5,350,100	5,350,100	5,350,100	5,350,100	5,350,100
Retained Earnings	(1,484,278)	(709,828)	6,171,510	16,777,871	30,928,940
Total Equity	3,865,822	4,640,272	11,521,610	22,127,971	36,279,040

We make the following comments in relation to the above summary:

- The balance sheet projections assume that the Group will raise an additional \$5.5 million in FY2018. Our review of the projections indicates that additional capital will be required to fund the Australian and international expansion contemplated by the forecasts since internally generated cash flow from operations would be insufficient to cover all of these costs.

Set out below is a summary of the cash flow projections for the financial years ending 30 June 2018, 2019, 2020, 2021 and 2022.

Resource Connect	Resource Connect - Projected				
Forecast Cashflows	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Cash Flow from (to) Operations					
Net Income	(1,839,976)	774,450	6,881,338	10,606,361	14,151,068
Depreciation Expense	1,516	1,516	1,265	-	-
(Increase) decrease in A/R	(885,736)	(2,657,209)	(2,657,209)	(1,771,473)	(2,657,209)
Increase (decrease) in A/P	215,803	1,503,460	1,601,115	1,080,097	1,601,160
(Increase) decrease in Inventory	-	-	-	-	-
(Increase) decrease in Other Current Assets	-	-	-	-	-
Increase (decrease) in Other Current Liabilities	(43,327)	81,216	51,623	30,571	51,610
Change in Intangibles	-	-	-	-	-
Total Cash Flow from (to) Operations	(2,551,721)	(296,568)	5,878,132	9,945,556	13,146,629
Cash Flow from (to) Investing					
PPE additions	-	-	-	-	-
PPE disposals	-	-	-	-	-
Other Miscellaneous Items	-	-	-	-	-
Total Cash Flow from (to) Investing	-	-	-	-	-
Cash Flow from (to) Financing					
Revolving Line of Credit Drawdown / (Repayment)	-	-	-	-	-
Long-Term Debt Issued / (Repayment)	-	-	-	-	-
Proceeds from issue of shares	5,500,000	-	-	-	-
Payments for share buybacks	-	-	-	-	-
Dividends	(150,000)	-	-	-	-
Total Cash Flow from (to) Financing	5,350,000	-	-	-	-
Beginning Cash	605,078	3,403,358	3,106,790	8,984,922	18,930,478
Change in Cash	2,798,279	(296,568)	5,878,132	9,945,556	13,146,629
Ending Cash	3,403,358	3,106,790	8,984,922	18,930,478	32,077,107

We make the following comments in relation to the above summary:

- The cash flow projections assume that the Group will raise an additional \$5.5 million in FY2018 and pay a dividend prior to completion of the Proposed Transaction.
- No capital expenditure has been included in the projections.

Valuation cash flows

The cash flows used to value an entity on a DCF basis differ from those depicted in the previous table. The relevant cash flows for our valuation purposes are derived as shown in the following table:

Free Cash Flow	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Operating Income	(1,932,374)	732,660	9,705,187	14,859,268	19,698,550
Tax Expense	-	-	(2,949,145)	(4,545,583)	(6,064,744)
Tax shield on interest expense	-	-	-	-	-
Tax on interest income	-	-	37,589	87,803	155,179
Net Income (less adjusted tax)	(1,932,374)	732,660	6,793,631	10,401,488	13,788,985
add: Depreciation Expense	1,516	1,516	1,265	-	-
less: Capital Expenditures	-	-	-	-	-
Changes in Working Capital	(669,934)	(1,153,749)	(1,056,094)	(691,376)	(1,056,050)
Unlevered Free Cash Flow	(2,600,793)	(419,574)	5,738,802	9,710,112	12,732,936

Probability Adjusted Cash Flow.

In order to eliminate or reduce the risk inherent in the cash flow projections we have re-stated the cash flows on a risk adjusted basis. To do this we have applied efficacy and certainty factors to the cash flow projections.

Efficacy Factors. Efficacy factors reflect the likelihood of achieving an effective, working product. In this instance we have considered that the system has recently been put into commercial use but lacks some components (which will be provided when integrated with the SmartTrans system) along with important product related issues such as patent protection. A unique, fully-tested product with a defensible patent would score 100%.

Certainty Factors. Certainty factors reflect the likelihood of achieving commercial success. In estimating the factors used we gave consideration to the following:

- Industry structure and value chain;
- Sustainable competitive advantage;
- Financial risk and probability of distress;
- Diversification of the operations;
- Management depth;
- Access to capital markets;
- Geographic diversification;
- Risk of assets; and
- Years in business.

We also considered the inherent difficulties in estimating cash flows over an extended period; the reliability of projections going out five years would be tenuous at least. We have therefore chosen to adjust the financial projections in accordance with a certainty factor which decays over time.

It should be noted that there is particular political risk to the achievement of the forecasts. Specifically, the revenue forecasts assume the continuation of the existing Adani contracts in addition to gaining a large contract associated with the Adani Carmichael thermal coal mine in North Queensland. Whilst State or

Federal governments have previously provided a number of approvals and consents necessary for the project to proceed it is still controversial and environmental considerations may still factor in whether the project ultimately proceeds

A certainty factor of 100% would indicate executed contracts were in place supporting the all projected sales, along with all material supply agreements required to provide the services at the costings assumed in the financial projections.

Probability Adjusted Cash Flow	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Free cash flow	(2,600,793)	(419,574)	5,738,802	9,710,112	12,732,936
Efficacy Equivalent Factor	95%	95%	100%	100%	100%
Certainty Equivalent Factor	90%	70%	60%	50%	40%
Adjusted free cash flow	(2,223,678)	(279,017)	3,443,281	4,855,056	5,093,174

Terminal Value

One of the drawbacks of the DCF methodology is that at some point in time it is necessary to make a decision as to whether the projected net cash flows continue from that point into perpetuity without change or whether it is preferable to assume an effective “sale” of the business at that point in time.

In most cases, it is preferable to assume a “sale” of the business at some future date as this “sale” should capture all future cash flows occurring after the date of “sale”.

The terminal value of the Business at the Valuation Date is calculated by capitalising the cash flows beyond 2022 using the Gordon Growth Model assuming a long-term sustainable growth rate of 2 percent. The Gordon Growth Model is a mathematical representation that expresses the value of the applicable cash flows, which occur beyond 2022. The Gordon Growth Model assigns value to these cash flows by the following formula:

$$Terminal\ Value = \frac{CF_5}{(k_e - g)}$$

where:

CF_5 = the cash flow to the Company in Year 5

g = the residual growth rate of cash flow

k_e = the Company's cost of equity

DCF Valuation of Resource Connect

The following table shows our discounted value calculation:

Value of Operations: DCF approach	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Adjusted free cash flow	(2,223,678)	(279,017)	3,443,281	4,855,056	5,093,174
Discount factor	0.870	0.757	0.658	0.572	0.498
Present value of Free Cash Flow	(1,934,205)	(211,101)	2,266,022	2,779,179	2,535,954
Present value of Free Cash Flow	5,435,850				
Terminal Value	4,040,589				8,115,060
Operating value as at 30 Jun 2017	9,476,439				
Mid -Year Adjustment Factor	1.050				
Operating value as at 30 Sep 2017	9,946,767				

The value of Resource Connect on a discounted cash flow basis, incorporating a control premium, is in the range of \$12,236,762 to \$14,749,682 (mid-point \$13,428,315).

Value of Equity: DCF approach

Operating value (adjusted)		9,946,767
Premium for control	35%	3,481,368
Excess marketable securities		-
Financial investments		-
Enterprise Value		13,428,135
Debt		-
Capitalised operating leases		-
Preference Shares		-
Minority Interest		-
Share options		-
Equity Value		13,428,135

Whilst the value of Resource Connect on a discounted cash flow basis is higher than that derived by capitalising maintainable earnings, we believe that this is more representative of the true value of the company since this model better captures both the growth potential and the risks of the underlying business.

Valuation of iCuro – CME approach

We applied the same procedures as described above in order to value iCuro. As a result, we are of the opinion that the equity in this entity is in the range of \$842,053 to \$1,248,842 (mid-point \$1,005,877).

Value of Equity: CME approach	2015	2016	2017
Net operating profit	(109,331)	(133,729)	(136,484)
add back: uneconomic remuneration	-	250,000	250,000
	(109,331)	116,271	113,516
Weight	-	50.0%	50.0%
Weighted average			114,894
Capitalisation multiple			6.49
			745,094
Premium for control		35.0%	260,783
Value of equity			1,005,877

Valuation of iCuro – NTA approach

It is widely recognised that the preferred method of valuation, particularly with respect to trading companies or businesses is the capitalisation of maintainable earnings or discounted cash flow methods.

It may, at times, be appropriate to use the net asset backing method:

- where the company is merely in a “holding” or investment situation and does not carry on any trading operations;
- if the company generates very little income, or indeed, makes losses, to make it an attractive proposition from the willing buyer’s point of view;
- the nature of the operations are such that it is not possible to make an estimate of maintainable earnings; or
- in the case of majority shareholdings, if the voting power enables the company to be wound-up.

We believe that iCuro satisfies the second point and, accordingly, we have also valued this entity on an NTA basis.

Taking up the effect of the uncommercial remuneration adjustments discussed above leads to a revised balance sheet with a net asset value of \$581,289 as at 30 September 2017.

Tax Losses

It should be noted that we have not attributed any value to tax losses carried forward for income tax purposes by iCuro as at 30 June 2017 in our valuation assessment. Potential acquirers typically experience great difficulty in satisfying the tests which allow them to utilise the tax losses held by acquired businesses and there exists uncertainty as to the specific utilisation profile applicable to potential acquirers. More often than not, potential acquirers do not attribute material value to tax losses even though they may have value for the existing shareholders.

Value of SmartTrans

General

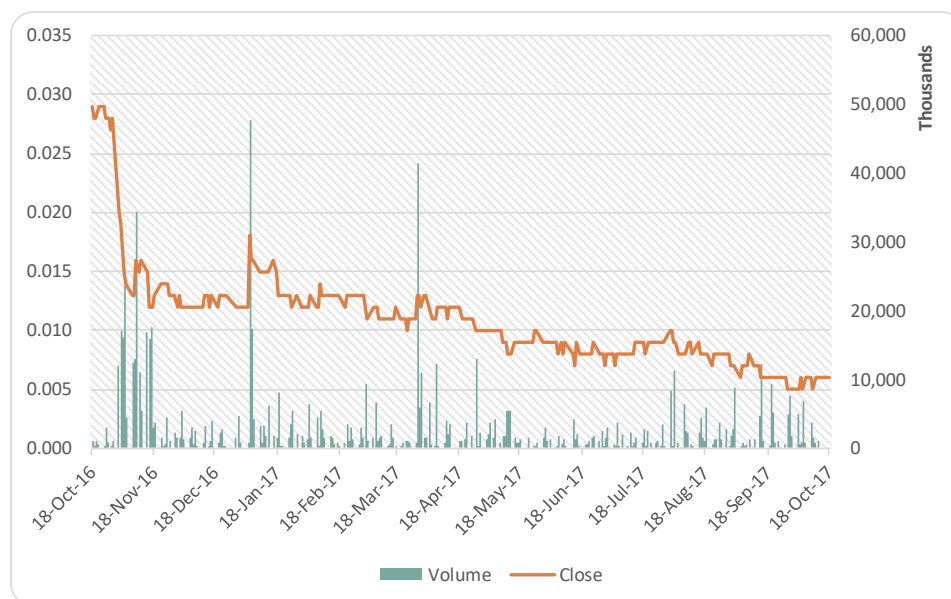
This section sets out our assessment of the underlying value the ordinary shares of SmartTrans.

We have selected the market value of shares as the valuation methodology for SmartTrans. Given the Company's history of trading losses and negative net tangible asset position, we have determined that a secondary valuation method is not appropriate for SmartTrans.

Market Value of Shares

In our opinion the value of SmartTrans for the purpose of the Proposed Transaction should be examined on the basis of the current market value of the shares listed on the ASX. The market value of the shares listed on the ASX reflects all publicly available information on the company and therefore we believe it is a reliable reflection of the current value of the Company.

Following is a graph of the trading of SmartTrans shares in the last 12 months:



Source: Commonwealth Securities Limited and SFC analysis

To provide further analysis of the market prices for a SmartTrans share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 13 October 2017, the trading day prior to the announcement of the Proposed Transaction.

	13/10/2017	10 days	30 days	60 days	90 days
Closing price	0.006				
Volume weighted average		0.005	0.006	0.007	0.007

Source: Commonwealth Securities Limited and SFC analysis

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of the suspension in trading in SmartTrans shares that occurred since the Transaction was announced.

An analysis of the volume of trading in SmartTrans shares for the indicated trading periods to 13 October 2017 is set out below:

Trading days	Share price		Cumulative volume traded	As a % of issued capital
	Low (\$)	High (\$)		
1 day	0.006	0.006	-	0.00%
10 days	0.005	0.006	21,281,471	0.77%
30 days	0.005	0.008	75,147,894	2.70%
60 days	0.005	0.010	152,698,574	5.50%
90 days	0.005	0.010	193,046,010	6.95%
180 days	0.005	0.015	435,023,304	15.66%
252 days (1 calendar year)	0.005	0.029	813,902,876	29.30%

Source: Commonwealth Securities Limited and SFC analysis

This table indicates that SmartTrans' shares display a low level of liquidity, with only 15.66% of the Company's current issued capital being traded in a six-month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant, unexplained movements in share price.

To be considered deeply liquid a company's shares should meet all of the above criteria. However, the fact that a company's securities do not exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of SmartTrans, despite approximately 29.3% of the current issued capital being traded in the past year, we do not consider there to be a deep market for the shares. This is mainly since the average weekly volume equates to approximately only 0.58% of the Company's issued capital. Despite there not being a deep market for the Company's shares, we still consider the trading price of the Company's shares to be relevant in our assessment of the value of a SmartTrans share.

Our assessment is that a range of values for SmartTrans under the market value approach for the purpose of this report is a VWAP of \$0.006, within a range of \$0.005 to \$0.008 per share, being the VWAP in the month prior to the announcement of the Proposed Transaction.

We note this valuation is on a portfolio basis and does not reflect a premium for control.

Conclusion on the Value of SmartTrans Shares

We conclude that the value of SmartTrans shares is between \$0.005 to \$0.008 per share, with a midpoint of \$0.006 per share.

This values the Consideration Shares at between \$13,891,351 and \$22,226,161 (mid-point \$ \$16,669,621).

Conclusion as to Fairness and Reasonableness

In our opinion, the Proposed Transaction to acquire all of the issued shares of Resource Connect through the issue of SmartTrans shares is fair and reasonable to the holders of SmartTrans ordinary fully paid Shares whose votes are not to be disregarded.

Our opinion is based solely on information available as at the date of this report. The principal factors that we have considered in forming our opinion are summarised below.

Fairness

For the Proposed Transaction to be fair, RG 111 stipulates that the value of the Resource Connect shares being acquired must be equal to or greater than the value of the consideration, being SmartTrans Consideration Shares.

Based on our analysis, we have determined that the combined value of Resource Connect and iCuro is between \$13,078,815 to 15,998,525 (mid-point \$14,538,670) as at the date of this report.

Based on our analysis, the indicative value of the securities being issued by SmartTrans as consideration for the shares in Resource Connect and iCuro is in the range of \$13,891,351 to \$22,226,161 (mid-point \$ \$16,669,621).

In our opinion the Proposed Transaction is fair as the midpoint value of Resource Connect and iCuro falls within the range of values of the SmartTrans Shares held by Non-Associated Shareholders. Similarly, the valuation ranges overlap to a large degree, indicating no significant disparity in values.

Reasonableness

ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Proposed Transaction is fair; or
- Despite not being fair the expert believes there are sufficient reasons for Shareholders to accept the offer in the absence of any higher bid before the close of the offer.

In forming our opinion we have considered the following various advantages, disadvantages and other key issues:

Advantages of the Transaction

- SmartTrans Directors believe that the merger with Resource Connect is a natural and synergistic fit for SmartTrans, and represents a strategic expansion of SmartTrans's existing logistics business. The Proposed Transaction will enhance the scale of SmartTrans's existing business by combining its transport logistics solutions and payment gateways with Resource Connect's innovative personnel and asset logistics management processes, incorporated into the cloud-based iCuro platform.
- The Proposed Transaction provides SmartTrans Shareholders with an opportunity to invest in a business such as Resource Connect with sustainable cash flows and dividend opportunities.

*In our opinion the
Transaction is Fair and
Reasonable to
shareholders of
SmartTrans*

- The Proposed Transaction may provide an opportunity for SmartTrans Shareholders to experience growth in the value of Shares and significantly boost SmartTrans's market capitalisation and liquidity in share trading.

Disadvantages of the Transaction

- There may be other opportunities SmartTrans will not be able to undertake to increase the value of its listing if it accepts this Proposed Transaction due to the potential controlling interest being obtained by Resource Connect shareholders.
- The Proposed Transaction will result in the significant dilution of current Shareholders ownership percentages. Following completion of the Proposed Transaction, SmartTrans's existing Non-Associated Shareholders interest will decrease from 100.0% to 50.0%. To control a company in a general meeting, a shareholder must generally hold more than 50 percent of the shares voted in an ordinary resolution or greater than 75 percent of the shares voted in a special resolution. Accordingly, whilst the Vendor's interest in the share capital of the Company will not provide them with control, it will give them significant influence and the ability to block a special resolution.

Having considered the potential of the Resource Connect business and alternatives of not proceeding with the Proposed Transaction, in our opinion the Non-Associated Shareholders of SmartTrans should benefit if the Proposed Transaction proceeds and therefore the Proposed Transaction is reasonable.

Other Key Issues

Final documentation in relation to the Proposed Transaction is yet to be executed

We note that the share purchase agreement formalising the Proposed Transaction is yet to be executed. In the event that the final terms of this and other associated documents differ from those detailed in this report and relied on by us, this may have a material impact on our opinion. In the event that we become aware that there is a material change we will notify shareholders and consider the implications, if any, for our report.

The Proposed Transaction is still subject to conditions precedent that are yet to be satisfied

The Proposed Transaction is subject to the satisfaction of a number of conditions precedent, including *inter alia*, that the Non-Associated Shareholders must approve the Proposed Transaction by resolution at a general meeting.

Whilst we do not consider these conditions precedent to be so prohibitive to make their satisfaction unlikely, we do note that various conditions precedent are still outstanding.

Transition risk

There is a potential risk that integration of the two businesses may not proceed smoothly and therefore the potentially significant cost savings and synergy benefits available specifically to SmartTrans as a result of the Proposed Transaction may not materialise.

The Independent Directors have indicated that they intend to recommend the approval of the Proposed Transaction

We have been advised that as the date of this report, the independent Directors of SmartTrans have indicated that they intend to recommend that Non-Associated Shareholders approve the Proposed Transaction.

Conclusion

We have considered the terms of the Proposed Transaction as outlined in this Report and have concluded that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of SmartTrans.

Statement of Declarations & Qualifications

Confirmation of Independence

Prior to accepting this engagement SFC determined its independence with respect to SmartTrans and Resource Connect in accordance with ASIC Regulatory Guide 112 (RG112) titled "Independence of Experts". SFC considers that it meets the requirements of RG112 and that it is independent of SmartTrans and Resource Connect.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with SmartTrans, its related parties or associates that would compromise our impartiality.

Mr Doug Swanborough, director of Sentinel Forensic & Consulting Pty Ltd, has prepared this report. Neither he nor any related entities of Sentinel Forensic & Consulting Pty Ltd have any interest in the promotion of the Proposed Transaction nor will Sentinel Forensic & Consulting Pty Ltd receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, SFC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

SFC provided a draft copy of this Report to the Directors and management of SmartTrans for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of SFC alone. Changes made to this Report, as a result of the review by the Directors and management of SmartTrans have not changed the methodology or conclusions reached by SFC.

Reliance Upon Information

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report SFC has relied upon information provided on the basis it was reliable and accurate. SFC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. SFC evaluated the information provided to it by SmartTrans and Resource Connect as well as other parties, through enquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base our Report.

Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards. SFC does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its enquiries could have verified any

matter which a more extensive examination might disclose. Since we did not perform an audit or review of any of the information upon our analysis is based, we do not express an audit opinion on same. Were we to perform additional procedures, or conduct an audit or review, other matters might have come to our attention that would have been included in this Report.

The sources of information that we relied upon are outlined in Appendix I of this Report.

Qualifications

Sentinel Forensic & Consulting Pty Ltd carries on business at 4 Helensvale Road, Helensvale QLD 4212.

Sentinel Forensic and Consulting Pty Ltd ABN 75 089 049 963 is a Corporate Authorised Representative No 001259520 of ANDIKA Pty Ltd which holds Australian Financial Services Licence No.297069 authorising it to provide financial product advice on securities to retail clients. SFC's representatives are therefore qualified to provide this Report.

Consent

Sentinel Forensic and Consulting Pty Ltd consents to this Report accompanying the Explanatory Memorandum which is included in the Notice of General Meeting to be sent to SmartTrans shareholders.

Shareholders should read all documents issued by SmartTrans that consider the Proposed Transaction in its entirety, prior to proceeding with a decision. SFC had no involvement in the preparation of these documents, with the exception of our Report.

Disclaimers

The preparation of this report has been undertaken at the request of the Directors of SmartTrans in accordance with the relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to SmartTrans shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of SFC's opinion as to whether or not the proposed Transaction is fair and reasonable.

This Report has been prepared specifically for the Non-Associated Shareholders of SmartTrans. Neither SFC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-Associated Shareholder of SmartTrans, with respect to this Report, including any errors or omissions howsoever caused. This Report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our Report does not constitute a recommendation to any person to buy, sell or hold a specific financial product or class of product and does not constitute a recommendation as to whether any person should vote in favour or against the Proposed Transaction

The opinions expressed in this Report should be considered as a whole. Selecting portions of the analyses or factors considered by us, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily open to partial analysis or summary.

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Furthermore, if financial markets change significantly subsequent to the issue of this Report, our conclusions and opinions may differ from those stated herein. There is no requirement for SFC to update this report for information that may become available subsequent to this date.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in relation to the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of SmartTrans, or any other party.

This Report does not constitute an expression of opinion as to whether any forecast or projection of the subject companies will be achieved, or whether assumptions underlying any forecast or projection of these companies are reasonable. We do not warrant or guarantee any statement in this Report as to the future prospects of the SmartTrans, Resource Connect or iCuro.

Appendix I - Information Relied Upon

This report has been based on the following information:

- Audited financial statements of SmartTrans for the years ended 30 June 2014, 30 June 2015, 30 June 2016 and 30 June 2017;
- Resource Connect Holdings Pty Ltd unaudited consolidated financial reports for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- Resource Connect Group management accounts for the financial year ended 30 June 2017 and the 3-month period ended 30 September 2017;
- Resource Connect forecast model for the financial years ending 30 June 2018, 30 June 2019, 30 June 2020 30 June 2021 and 30 June 2022;
- iCuro forecast model for the financial years ending 30 June 2018, 30 June 2019, 30 June 2020 30 June 2021 and 30 June 2022;
- Income tax returns for the financial years ended 30 June 2014, 2015, and 2016 for companies within the Resource Connect Group.
- Discussions with Directors and Management of SmartTrans and Resource Connect.
- Share registry information provided by Computershare Limited;
- Share price and sales volume data of SmartTrans accessed from Commonwealth Securities Limited;
- Publicly available information on SmartTrans and Resource Connect including media releases, ASX announcements and websites;
- Draft SmartTrans Limited Notice of General Meeting and Explanatory Memorandum on or about the date of this report;
- *ASIC Regulatory Guide 74 Acquisitions Approved by Members*;
- *ASIC Regulatory Guide 111 Content of Expert Reports*;
- *ASIC Regulatory Guide 112 Independence of Experts*; and
- *APES 225 Valuation Services* and other relevant standards and ethical requirements of the Accounting Professional & Ethical Standards Board.

Appendix II - Valuation methodologies

There are a number of accepted valuation methods commonly applied in the valuation of entities in Australia. The applicability of each method is dependent upon a number of factors related to the entity being valued.

Capitalisation of earnings

An earnings based approach estimates a sustainable level of future earnings for a business (maintainable earnings) and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and NPAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a business *en bloc* (100%) we would also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the DCF methodology.

Discounted Cash Flow

Under a DCF approach, forecast cash flows are discounted back to the Valuation Date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation Date to give an overall value for the business.

In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically a forecast period of at least five years is required, although this can vary by industry and by sector within a given industry.

The rate at which the future cash flows are discounted (the Discount Rate) should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the WACC, reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some sectors it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.

In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the 'constant growth model', which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Net Assets or Cost Based

Under a net assets or cost based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet.

Net asset value is determined by marking every asset and liability on (and off) the entity's balance sheet to current market values.

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e. revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e. NPAT) or free cash flow, post debt servicing.

Control premium and negotiability discount considerations

Control premium. It is generally accepted that in order to acquire a 100% controlling interest in a listed company, the acquirer must pay a premium over and above the price at which the shares in the target are trading on the relevant stock exchange prior to the announcement of the takeover bid. This premium reflects the benefits the acquirer achieves through holding a 100% controlling interest in contrast to a portfolio shareholding and even a controlling interest of less than 100%, although the level of premium paid in the latter circumstances may be less than may otherwise have been the case.

These benefits to the acquirer include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over disposal of surplus assets and the redeployment of the proceeds;
- control over dividend policies; and
- access to potential tax losses.

In addition, the entity taking over the company is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

Empirical evidence indicates that the average premium for control in successful takeovers in Australia generally ranges between 20% and 35% above the listed market price of the target company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). However, the appropriate premium for control depends on the specific circumstances and, in particular, the level of synergy benefits able to be extracted by potential acquirers and the degree of confidence about the level and achievability of potential synergies and their timing.

Negotiability discounts reflect the lack of marketability or liquidity of the entity being valued compared to a listed investment that can quickly and certainly be converted to cash at the owner's discretion. It is accepted in valuation practice that a reasonable rate for non-negotiability would generally be in the range of 10% to 25%.

Appendix III - Derivation of discount rates

As an alternative to making reference to comparable listed companies, the appropriate discount rate can also be derived by giving due regard to the rates of return available in the marketplace and the degree of risk attaching to the underlying business.

The discount rate reflects the cost of capital relevant to the company and represents the participant's required rate of return and implicitly incorporates their assessment of the risks involved in achieving the net cash flows. The risk profile of a start-up company usually decreases as the company matures. This is reflected in the rates of return expected by capital providers. In a debt-free discounted cash flow approach, that discount rate is the weighted average cost of capital ('WACC'). The WACC is a function of the cost of equity, the cost of debt, the capital structure, and the tax rate.

An equity investment in a company operating as a going concern has inherent risks. These factors include market, business, and financial risks. As the company's respective amount of investment risk increases, so does the discount rate. Similarly, as the discount rate is increased, the value of the projected cash flows decreases, reflecting the risk-averse behaviour of investors who will pay less, or require a higher rate of return, for a high-risk investment as compared to a low-risk investment.

We derive the weighted average cost of capital based upon the application of the following formula:

$$WACC = \frac{D}{V}k_d(1 - T_m) + \frac{E}{V}k_e$$

where:

$\frac{D}{V}$ = percentage of total capital comprised of debt (target level of debt to enterprise value)

k_d = the Business's cost of debt

T_m = marginal income tax rate

$\frac{E}{V}$ = percentage of total capital comprised of Equity (target level of equity to enterprise value)

k_e = the Company's cost of equity

A company's cost of equity is represented by the rate of return an equity investor would require for investing equity capital in the Business, and accounts for the time value of money, inflation expectations and the risks associated with the investment.

The cost of equity is calculated as shown in the following equation, also referred to as the “build-up method”:

$$k_e = r_f + LC_p + SC_p + CS_p$$

where:

- k_e = The company's cost of equity
- r_f = The risk-free rate as approximated by the yield-to-maturity on a 10-year Australian Commonwealth bond.
- LC_p = The equity market risk premium required in order for an investor to invest in large capitalisation ordinary shares (“blue chip”) as compared to a risk-free instrument
- SC_p = The additional risk premium, or small company risk premium, required in order for an investor to invest in micro-capitalisation ordinary shares as compared to large capitalisation ordinary shares
- CS_p = The company specific equity risk premium required in order for an investor to invest in the specific company given the unsystematic risk associated with that company as opposed to a well-diversified portfolio of ordinary shares.

The values for both R_f and LC_p are readily determined however the value for company specific risk is not as straight forward. We have based our assessment of CS_p on the following criteria (and their respective sub-criteria) as being the key value drivers:

- Revenue factors
- Operating factors
- Financing factors

In addition, the entity should be assessed from a strategic perspective. The consideration here is how the firm's competitive position is seen as affecting the organisation's level of risk. Considerations beyond the directly measurable free cash flows include such things as the “positioning” of the organisation in the market and whether the firm will further the creation of a strong brand identity.

The sub-criteria for strategic analysis are derived from the well-known Porter's five competitive forces model which focuses on the main factors that affect an organisation and industry (Porter 1980, 1985). These forces are (1) bargaining power of suppliers, (2) bargaining power of buyers, (3) threats of new entrants, (4) threats of substitutes, and (5) rivalry among existing competition.

A full scope valuation would require conducting a complete examination of these commercial factors (which is outside the scope of this engagement).

Examining the impact of each of these forces on the firm provides significant additional information about the firm's ability to create value on an on-going basis

Selected WACC parameters

Given our understanding of the businesses being valued, where a discount rate has been applied we have utilised the following parameters in determining the appropriate WACC.

Parameter	Input	Description
k_d	5.5% - 7.0%	In selecting a benchmark cost of debt, we have given consideration to the prevailing bank prime lending rate being offered in the market as at valuation date.
$\frac{E}{V}$	100.00%	Estimated optimal debt to equity relationship
T_m	30.00%	Based on the Australian corporate tax rate.
r_f	2.70%	We have chosen the Australian government 10 year bond rate as at 30 September 2017 as an appropriate risk free rate.
LC_p	6.00%	Based on authoritative ACCC study (June 2000) and "An Estimate of the Historical Equity Risk Premium for the Period 1883 to 2011" John C. Handley, April 2012
SC_p	5.80%	Based on a study of small listed US companies performed by Ibbotson Associates [applicable to Australia valuations per Wayne Lonergan]
CS_p	6.90%	Based on our assessment of the revenue, operating and financing factors as they applied to the business entity.

Appendix IV - Glossary of Terms

Asset Approach - a general way of determining a value of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities.

Beta - a measure of systematic risk of a stock; the tendency of a stock's price to correlate with changes in a specific index.

Book Value - see Net Book Value.

Business - a commercial, industrial, service, or investment entity (or a combination thereof) pursuing an economic activity.

Business Risk - the degree of uncertainty of realizing expected future returns of the business resulting from factors other than financial leverage. See Financial Risk.

Business Valuation - the act or process of determining the value of a business enterprise or ownership interest therein.

Capital Asset Pricing Model (CAPM) - a model in which the cost of capital for any stock or portfolio of stocks equals a risk-free rate plus a risk premium that is proportionate to the systematic risk of the stock or portfolio.

Capital Structure - the composition of the invested capital of a business enterprise, the mix of debt and equity financing.

Capitalisation - a conversion of a single period of economic benefits into value.

Capitalisation Factor - any multiple or divisor used to convert anticipated economic benefits of a single period into value.

Capitalisation of Maintainable Earnings Method - a method within the income approach whereby economic benefits for a representative single period are converted to value through division by a capitalisation rate.

Capitalisation Rate - any divisor (usually expressed as a percentage) used to

convert anticipated economic benefits of a single period into value.

Cash Flow - cash that is generated over a period of time by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a specific definition in the given valuation context.

Common Size Financial Statements - financial statements in which each line is expressed as a percentage of the total. On the balance sheet, each line item is shown as a percentage of total assets, and on the income statement, each item is expressed as a percentage of sales.

Control - the power to direct the management and policies of a business enterprise.

Control Premium - an amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise, to reflect the power of control.

Cost Approach - a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

Cost of Capital - the expected rate of return that the market requires in order to attract funds to a particular investment.

Discount Rate - a rate of return used to convert a future monetary sum into present value.

Discounted Cash Flow Method - a method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate.

Economic Benefits - inflows such as revenues, net income, net cash flows, etc.

Equity Net Cash Flows - those cash flows available to pay out to equity holders (in the form of dividends) after funding operations of the business enterprise, making necessary capital investments, and increasing or decreasing debt financing.

Equity Risk Premium - a rate of return added to a risk-free rate to reflect the additional risk of equity instruments over risk free instruments (a component of the cost of equity capital or equity discount rate).

Fair Market Value - the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

Financial Risk - the degree of uncertainty of realizing expected future returns of the business resulting from financial leverage. See Business Risk.

Forced Liquidation Value - liquidation value, at which the asset or assets are sold as quickly as possible, such as at an auction.

Free Cash Flow – operating cash flow less expected capital expenditure needs.

Going Concern - an ongoing operating business enterprise.

Going Concern Value - the value of a business enterprise that is expected to continue to operate into the future. The intangible elements of Going Concern Value result from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place.

Goodwill - that intangible asset arising as a result of name, reputation, customer loyalty, location, products, and similar factors not separately identified.

Income Approach - a general way of determining a value indication of a

business, business ownership interest, security, or intangible asset using one or more methods that convert anticipated economic benefits into a present single amount.

Intangible Assets - non-physical assets such as franchises, trademarks, patents, copyrights, goodwill, equities, mineral rights, securities and contracts (as distinguished from physical assets) that grant rights and privileges, and have value for the owner.

Internal Rate of Return - a discount rate at which the present value of the future cash flows of the investment equals the cost of the investment.

Intrinsic Value - the value that an investor considers, on the basis of an evaluation or available facts, to be the "true" or "real" value that will become the market value when other investors reach the same conclusion. When the term applies to options, it is the difference between the exercise price or strike price of an option and the market value of the underlying security.

Invested Capital - the sum of equity and debt in a business enterprise. Debt is typically a) all interest-bearing debt or b) long-term interest-bearing debt. When the term is used, it should be supplemented by a specific definition in the given valuation context.

Investment Risk - the degree of uncertainty as to the realization of expected returns.

Key Person Discount - an amount or percentage deducted from the value of an ownership interest to reflect the reduction in value resulting from the actual or potential loss of a key person in a business enterprise.

Levered Beta - the beta reflecting a capital structure that includes debt.

Limited Scope Valuation - the act or process of determining the value of a business, business ownership interest, security, or intangible asset with limitations in analysis, procedures, or scope.

Liquidation Value - the net amount that would be realized if the business is terminated and the assets are sold piecemeal. Liquidation can be either "orderly" or "forced."

Liquidity - the ability to quickly convert property to cash or pay a liability.

Majority Control - the degree of control provided by a majority position.

Majority Interest - an ownership interest greater than 50% of the voting interest in a business enterprise.

Market Approach - a general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

Market Capitalisation of Equity - the share price of a publicly traded stock multiplied by the number of shares outstanding.

Market Multiple - the market value of a company's stock or invested capital divided by a company measure (such as economic benefits, number of customers).

Marketability - the ability to quickly convert property to cash at minimal cost.

Marketability Discount - an amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability.

Minority Discount - a discount for lack of control applicable to a minority interest

Minority Interest - an ownership interest less than 50% of the voting interest in a business enterprise.

Multiple - the inverse of the capitalisation rate.

Net Book Value - with respect to a business enterprise, the difference between total assets (net of accumulated depreciation, depletion, and amortisation) and total liabilities as they appear on the balance sheet

(synonymous with Shareholder's Equity). With respect to a specific asset, the capitalised cost less accumulated amortisation or depreciation as it appears on the books of account of the business enterprise.

Net Cash Flows - when the term is used, it should be supplemented by a qualifier.

Net Present Value - the value, as of a specified date, of future cash inflows less all cash outflows (including the cost of investment) calculated using an appropriate discount rate.

Net Tangible Asset Value - the value of the business enterprise's tangible assets (excluding excess assets and non-operating assets) minus the value of its liabilities.

Normalised Earnings - economic benefits adjusted for nonrecurring, non-economic, or other unusual items to eliminate anomalies and/or facilitate comparisons.

Normalised Financial Statements - financial statements adjusted for non-operating assets and liabilities and/or for nonrecurring, non-economic, or other unusual items to eliminate anomalies and/or facilitate comparisons.

Orderly Liquidation Value - liquidation value at which the asset or assets are sold over a reasonable period of time to maximize proceeds received.

Portfolio Discount - an amount or percentage deducted from the value of a business enterprise to reflect the fact that it owns dissimilar operations or assets that do not fit well together.

Premise of Value - an assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation; e.g., going concern, liquidation.

Present Value - the value, as of a specified date, of future economic benefits and/or proceeds from sale, calculated using an appropriate discount rate.

Price Earnings Multiple - the price of a share of stock divided by its earnings per share.

Rate of Return - an amount of income (loss) and/or change in value realized or anticipated on an investment, expressed as a percentage of that investment.

Report Date - the date conclusions are transmitted to the client.

Required Rate of Return - the minimum rate of return acceptable by investors before they will commit money to an investment at a given level of risk.

Return on Equity - the amount, expressed as a percentage, earned on a company's common equity for a given period.

Return on Invested Capital - the amount, expressed as a percentage, earned on a company's total capital for a given period.

Return on Investment - see Return on Invested Capital and Return on Equity.

Risk Free Rate - the rate of return available in the market on an investment free of default risk.

Risk Premium - a rate of return added to a risk

Rule of Thumb - a mathematical formula developed from the relationship between price and certain variables based on experience, observation, hearsay, or a combination of these; usually industry specific.

Special Interest Purchasers - acquirers who believe they can enjoy post-acquisition economies of scale, synergies, or strategic advantages by combining the acquired business interest with their own.

Standard of Value - the identification of the type of value being used in a specific engagement; e.g. fair market value, fair value, investment value.

Surplus Assets - assets not necessary to ongoing operations of the business enterprise.

Systematic Risk - the risk that is common to all risky securities and cannot be eliminated through diversification. The measure of systematic risk in stocks is the beta coefficient.

Tangible Assets - physical assets (such as cash, accounts receivable, inventory, property, plant and equipment, etc.).

Terminal Value - the value as of the end of the discrete projection period in a discounted future earnings model.

Unlevered Beta - the beta reflecting a capital structure without debt.

Unsystematic Risk - the risk specific to an individual security that can be avoided through diversification.

Valuation - the act or process of determining the value of a business, business ownership interest, security, or intangible asset.

Valuation Approach - a general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more valuation methods.

Valuation Date - the specific point in time as of which the valuator's opinion of value applies

Valuation Method - within approaches, a specific way to determine value.

Value to the Owner - the value to a particular investor based on individual investment requirements and expectations. (NOTE: commonly used in Family Law matters).

Weighted Average Cost of Capital (WACC) - the cost of capital (discount rate) determined by the weighted average, at market value, of the cost of all financing sources in the business enterprise's capital structure

Appendix V – Financial Services Guide

Dated: 3 November 2017

The financial services referred to in the attached Financial Services Guide (FSG) are offered by:

Sentinel Forensic and Consulting Pty Ltd

Corporate Authorised Representative No 001259520

ABN 75 089 049 963

4 Helensvale Road, Helensvale QLD 4212

PO Box 1463, OXENFORD QLD 4210

Authorised Representative of:

ANDIKA Pty Ltd

ABN 41 117 403 326

PO Box 1323

COOLANGATTA QLD 4225

Telephone: 07 5657 3620

ANDIKA Pty Ltd holds a current **Australian Financial Services Licence No.297069** and is responsible for any financial services that we provide to you.

Where you have engaged FSC we act on your behalf when providing financial services. Where you have not engaged FSC, FSC acts on behalf of our client when providing these financial services and are required to provide you with the attached FSG because you receive a report or other financial services from FSC.

Financial Services that FSC is authorised to provide

FSC is a corporate authorised representative of ANDIKA Pty Ltd, which holds an AFSL authorising it to provide, amongst other services, financial product advice for securities to retail clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to a company's shares.

FSC's responsibility to you

FSC has been engaged by the independent directors of SmartTrans Holdings Limited ('SmartTrans' or 'the Client') to provide general financial product advice in the form of an independent expert's report to be included in the Notice of Meeting ('Notice') sent to SmartTrans shareholders dated on or about 3 November 2017 ('the Report'). You have not engaged FSC directly but have received a copy of the Report because you have been provided with a copy of the Notice. FSC or the employees of FSC are not acting for any person other than the Client. FSC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As FSC has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report. You should also consider the other

parts of the Document before making any decision in relation to the Proposed Transaction.

Fees FSC may receive

FSC charges fees for preparing Reports. These fees will usually be agreed with, and paid by the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay FSC \$26,000 (excluding GST and out of pocket expenses) for preparing the Report.

FSC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

Referrals

FSC does not pay commissions or provide any other benefits to any person for referring clients to them in connection with a Report.

Associations and Relationships

From time to time FSC and related entities may provide professional services, including merger & acquisition and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Compensation Arrangements

FSC has professional indemnity insurance cover as required by the *Corporations Act 2001(Cth)*.



AFS Licence 297069 Licensed Securities and Derivatives Dealer

Financial Services Guide

A guide to our relationship with you and others

This Financial Services Guide

This Financial Services Guide (FSG) is issued by Andika Pty Ltd ABN 41 117 403 326 (ANDIKA) to inform you of the financial services that we can provide under our Australian Financial Services Licence 297069.

It is designed to help you decide whether to use our services and to ensure that ANDIKA meets our obligations as a financial services licensee.

This document contains important information about the financial services and types of products we offer. It also explains how we (and others) are remunerated, any potential conflict of interest as well as details of our internal and external dispute resolution procedures and how you can access them.

What other documents could you receive?

Should we provide you personalised financial advice, we may prepare a written report called a *Statement of Advice (SOA)*. To ensure the financial advice provided is appropriate to you, we must make reasonable enquiries about your current financial situation and future needs.

The *Statement of Advice* will generally include:

- the advice
- the basis on which it is given
- information about replacement of financial products
- our fees and/or commissions
- any associations we have with Financial Product Issuers or other parties which may have influenced the advice we have given you.

If we provide you with further advice after we have given you a *Statement of Advice* and have not given you a *Record of the further Advice (ROA)*, you may request, either verbally or in writing, a record of the further advice at the time, or up to 7 years (or as prescribed by law) after receiving the advice.

If we recommend that you acquire a particular Financial Product (other than listed shares) we will generally give you a *Product Disclosure Statement* that contains information about the particular Financial Product to help you make an informed decision.

Should you elect not to complete the *ANDIKA Client financial information and risk profile form*, your adviser will only be able to provide you with **General Advice and Execution Only** advice service level.

Accordingly you may instruct us to execute transactions on your behalf with or without any general advice provided by your adviser. Where your adviser does provide you with advice, it will be restricted to general factual market advice only and will not include any level of personal advice.

An **"Execution Only"** service involves a transaction or transactions where you instruct us to transact in a particular financial product or products. You will be provided with objective factual information at your request. All investment decision making including the product, volume, price and timing of the transaction will be directed by you. We will then execute these instructions on your behalf.

General Advice means that we are able to provide you with recommendations or opinions about financial products or strategies but we will not consider whether it is or might be

ANDIKA Pty Ltd

AFS Licence 297069 ABN 41 117 403 326
309 2-4 Creek Street COOLANGATTA QLD 4225
PO BOX 1323 COOLANGATTA QLD 4225
Telephone 07 5657 3620 Fax 07 5657 7017
Web: www.andika.com.au

appropriate for your particular personal circumstances, needs or objectives. Any advice provided to you will not be tailored specifically to you or consider your personal needs in any way and therefore you should, before acting on any of the advice that we provide you, consider the appropriateness of the advice having regard to your objectives, financial situation and needs.

You can at any time request us to provide you with a higher level of advice which is personalised to your particular circumstances, needs or objectives by completing the *ANDIKA Client financial information and risk profile form*.

If you provide a completed *ANDIKA Client Financial and Risk Profile form* we will contact you to discuss your personal circumstances and then issue a *Statement of Advice (SOA)* to you which will essentially summarise our advice to you and the basis of our advice.

Who is my adviser?

Your adviser may be a staff member or Director of ANDIKA or an authorised representative providing financial services on behalf of ANDIKA.

If your adviser is an authorised representative, their details and the financial services they will provide can be found in the attached adviser profile, which forms part of this FSG.

If your adviser is a staff member or Director of ANDIKA, you can find their profile noted on the ANDIKA website.

Who is responsible for the financial advisory services provided?

ANDIKA is responsible for the financial advisory services described in this FSG, including the distribution of this FSG. You can contact us by:

Calling us on 07 5657 3620.
Sending us a fax to 07 5657 7017.
Visiting our website at www.andika.com.au
Writing to us at: PO BOX 1323
COOLANGATTA
QLD 4225

Do you have any relationships or associations with financial product issuers?

ANDIKA is 100% privately owned by the director and staff and does not act as a representative of any other Australian Financial Services Licensee.

Clients of ANDIKA trade securities and derivatives via the choice of ASX Participants -

Etrade Australia, CMC Markets Stockbroking, Open Markets and Macquarie Private Wealth.

Are you a participant in a licensed market or licensed clearing and settlement facility?

ANDIKA is not a Trading & Clearing Participant licensed with the Australian Stock Exchange.

What kinds of financial services can ANDIKA offer, and what kinds of Financial Product/s do those services relate to?

ANDIKA is a full service advisory group, providing advice and resources to help investors build a portfolio of investments that best suit their individual investment requirements. We offer:

- ASX Market and FX Trading (*shares, FX, options and warrants*)
- Investment Strategies for Private Individuals and Self Managed Superannuation Funds (SMSF)
- Advice on Superannuation
- Managed Funds
- Portfolio Administration
- Access to IPOs and other capital raisings
- Margin Lending and Cash Management
- Sophisticated Investor Placements
- Corporate Consulting & Capital Raising
- Educational Investor Workshops

ANDIKA is authorised by its licence to advise and deal in:

- Basic Deposit Products (*Cash & Fixed Interest*)
- Securities (*shares and debentures*)
- Derivatives (*exchange traded options contracts and warrants*)
- Foreign Exchange Contracts (FX)
- Superannuation
- Managed Investment Schemes (*Managed funds and CMA's*)
- Standard Margin Lending Facility (*advice, planning and setup*)
- For retail and wholesale clients.

Will you give me Personal Advice that is suitable to my particular needs and financial circumstances, and is your advice restricted in any way?

Subject to you completing the *ANDIKA Client financial information and risk profile form* your adviser can provide personalised advice only after considering its suitability to your personal objectives, financial situation and other relevant information.

Through ANDIKA, you have access to a wide range of financial strategies and products that have been researched and approved by ANDIKA, including shares listed on the ASX, where there is a reasonable basis for the advice. If you do not wish to receive our advice, we may still deal on your behalf by carrying out your instructions.

Should your adviser be unable to provide you with the service or advice that you require, the adviser will refer you to another person who can (*for example, your adviser may be a specialist equity adviser and be authorised to provide advice on a limited range of financial products*).

Although your adviser will consider tax, social security and estate planning when preparing advice for you, your adviser is not a registered taxation agent or solicitor and any advice provided as a guide in these areas is general advice and incidental advice which should be confirmed with appropriately qualified persons or the relevant department.

What information should I provide to receive personalised advice?

You need to provide us with a list of your personal objectives, details of your current financial situation and any other relevant information, so that we can offer you the most appropriate advice possible.

You have the right not to provide us with the information, or limit the scope of the advice provided by your adviser to reduce the cost of receiving advice, however the risk is that the advice you receive may not be appropriate to your needs, objectives and financial situation.

You should read any warnings contained in the Statement of Advice carefully before making any decision relating to a Financial product/s and consider whether the advice is appropriate having regard to your specific investment objectives, financial situation and particular needs.

What information do you maintain in my file, and can I examine my file?

We maintain a record of your personal profile including details of your objectives, financial situation and needs. We also maintain records of any recommendations made to you.

We are committed to implementing and promoting a privacy policy, which will ensure the privacy and security of your personal information. Details of ANDIKA's Privacy Policy can be found on page 5 and online at www.andika.com.au.

If you wish to examine your file please ask us. We will make arrangements for you to do so.

How can I give you instructions about my Financial Product/s?

Generally we rely on your signature for verification but for some financial products and services you may tell us how you would like to give us instructions - for example by telephone, fax or other means such as e-mail.

How will I pay for the services provided?

You may pay us a fee or we may arrange for the ASX Participant through which you trade to charge brokerage for transactions of securities and options listed on the Australian Stock Exchange. Alternatively, we may receive a payment called commission, which is paid to us by the Financial Product issuer/s, as authorised by you.

A Statement of Advice given to you if you are a retail client will contain details of the fees and any payments made to us by a Financial Product issuer/s, as authorised by you. Your adviser will generally give the Statement of Advice to you if you are a retail client before we proceed to act on your instructions.

How are any commissions, fees or other benefits calculated for providing the financial services?

Generally the benefit we receive will be based on the amount you invest. It may vary from one Financial Product issuer to another.

Fees & Brokerage (see *ANDIKA Standard Fee Schedule on page 6*)

- ASX Participants charge brokerage for transactions of securities and derivatives listed on the Australian Stock Exchange.
- We may charge a fee based on the time we spend developing your share portfolio plan or the value of the funds you invest.
- We may invoice you when you receive our written recommendations.
- You may also have to pay us a management fee annually or in instalments.

Commission

- We may be paid (*initial commission*) by the Financial Product issuer at the time you invest or contract, and (*ongoing commission*) during the life of your investment or contract. The amount received may vary (see *ANDIKA Standard Fee Schedule on page 6*) and will only be charged pursuant to your authorisation.

Other Benefits

ANDIKA pays for and encourages all advisers to participate in continuing education programs, including ANDIKA's annual conference. ANDIKA may enter into agreements with fund managers to jointly provide training support. This support is typically provided in the form of technical or product training, as well contributions toward the cost of venues and catering. Fund managers offering such support may include (but may not be limited to), Adelaide Bank, ANZ Bank and Leveraged Equities.

Product issuers may from time to time give ANDIKA other benefits (unquantifiable at this stage) and offer advisers non-monetary benefits of up to \$300 in value.

Adviser Remuneration

Directors and employees receive a salary including bonuses if and when particular targets are achieved. Remuneration received by authorised representatives is a defined portion (of between 80% & 90%) of the fees and commissions received by ANDIKA – *the proportion paid does not depend on the type of*

financial service offered. It is only paid pursuant to your authorisation.

What should I do if I have a complaint?

1. Contact us and tell us about your complaint. ANDIKA is a member of the Credit and Investment Ombudsman (CIO) (Member Number **M0035080**).
2. If your complaint is not satisfactorily resolved within 20 days, please contact *The Compliance Manager* on 07 5657 3620 or put your complaint in writing and send it to ANDIKA's head office mailing address noted at the beginning of this FSG. We will try to resolve your complaint quickly and fairly.
3. If the complaint cannot be resolved to your satisfaction, you have the right to refer the matter to the Credit and Investment Ombudsman (CIO). They can be contacted on 1800 138 422.

CIO follows the following process:

Stage 1 of the CIO process is where CIO facilitates discussions and negotiations between the parties.

Stage 2 is conciliation and the parties come face to face with a conciliator from CIO. The role of the conciliator is to assist the parties to explore options for settlement of the dispute and to help parties to agree on their own outcome.

Stage 3 is where the independent adjudicator is requested to make a decision "on the papers", taking into account the relevant law, fairness and reasonableness. If you accept the adjudicator's decision, it is binding on the member.

ANDIKA holds Professional Indemnity Insurance which complies with Regulatory Guide RG 126 and covers the activities of all representatives who have in the past and are currently operating under ANDIKA's AFS Licence.

ANDIKA Privacy Policy

Personal Information

We collect personal information that is required to: offer or provide our services to you, maintain our relationship with you, or as required under various laws and regulations that govern our business. Naturally we consider this information to be confidential and take all reasonable steps to protect it under ANDIKA's Privacy Policy. ANDIKA is bound by the Australian Privacy Principles.

Purpose of collecting personal information

Your personal information will be utilised to: provide you with a product or a service; to administer your account and our business relationship; to manage our rights and obligations in relation to external payment systems; to conduct market or customer satisfaction research; to develop and identify products and services that may interest you and (unless you ask us not to) provide you with information about other products and services we offer.

If at any time you do not wish to receive information about other products and services, please inform your adviser in writing or contact our Privacy Officer.

Disclosure to third parties

We may share your personal information with our affiliates, business units, agents, contractors, insurers, advisers and other organisations when we believe it will enhance the services we can provide to you or where necessary, to carry out your instructions. This is only done in circumstances where such sharing conforms to law, any applicable confidentiality agreements, our policies and practices, or where a client has consented to such sharing.

Providing the information

It is not compulsory to provide certain personal information requested by us. However, if some of the personal information is not provided by you, we may not be able to advise you, or the advice we give you may not have regard to your investment objectives, financial situation or particular needs.

Access to your information

You can correct and update the personal information we hold about you by contacting, in writing, your adviser or our Privacy Officer. If you wish to access and review personal information, you must submit a written request

outlining the relevant terms of reference for attention of the Privacy Officer. We will endeavour to process and respond to requests in a timely manner.

Keeping information secure

We use security procedures and technology to protect the information we hold. Access to and use of personal information within ANDIKA seeks to prevent misuse or unlawful disclosure of the information.

If other organisations provide support services, we require them to appropriately safeguard the privacy of the information provided to them.

Where the personal information we collect is no longer required, we delete the information or permanently de-identify it.

If you have an account with us, your account information is password protected and we recommend you do not disclose your password to anyone. To further protect your personal information, your log-in time will automatically expire after a certain period of inactivity.

Contacts and Complaints

You may at any time request a copy of our Privacy Policy from our Privacy Officer or by accessing it from our website:

www.andika.com.au

If you have any questions, or complaints regarding the ANDIKA Privacy Policy or how your information is treated, please contact:

ANDIKA
Privacy Officer
309
2-4 Creek Street
COOLANGATTA
QLD 4225

Mailing Address

PO BOX 1323
COOLANGATTA
QLD 4225
Telephone (07) 5657 3620
Facsimile (07) 5657 7017
Email: info@andika.com.au

ANDIKA Standard Fee Schedule

In all instances, payments for services provided will be fully disclosed to you at the time of providing any personal financial advice or when executing a transaction on your behalf.

In addition to the options described below, ANDIKA also offers investors a range of service levels and fee structures which can be tailored to individual circumstances. Please talk to your adviser to find out additional details.

Minimum and Maximum Rates for ASX listed securities and derivative transactions

As described in our Financial Services Guide, the ASX Participant through which you trade charges brokerage for transactions of securities and derivatives listed on the Australian Stock Exchange (ASX). Where we charge a fee for transactions of securities and derivatives listed on the ASX the minimum and maximum brokerage rates charged are shown below:

Shares:	\$85 minimum or 1% whichever is greater, plus 10 %GST
Options:	\$85 minimum or 1% whichever is greater, plus 10% GST and relevant ACH fees plus 10% GST
Warrants:	\$85 minimum or 1% whichever is greater, plus 10% GST

The ASX Participant will pay a portion of the brokerage you are charged to ANDIKA as authorised by you.

Example 1

John and Mary have \$250,000 available to invest in ten (10) companies listed on the Australian Stock Exchange. They would be charged a maximum of \$2,500 for the initial transactions. (1% of \$250,000, ie. As each transaction's face value exceeds \$8,500). John and Mary would also have to pay 10% GST on the brokerage amount.

Commission received from Product Issuers

Should you require comprehensive on-going monitoring, advice and investment services please refer to the fee schedule noted above. Where commissions are payable, we may receive

initial commission and/or ongoing commission as authorised by you.

Initial Commission is a one off payment of between 0% & 5.5% of the amount invested for investment products, which is generally deducted from the amount invested at the time of purchase.

Ongoing Commission of between 0% & 0.55% of the investment product value, is payable during the life of your product as part of the product provider's ongoing charges.

Example 2

John and Mary use a margin lending facility to gear their share investments. They borrow \$100,000. Assuming ongoing commission of 0.5%, the ongoing commission would be \$500.

Miscellaneous Fees and Charges

Please consult the FSG of the ASX Participant that ANDIKA Pty Ltd trades via.

Other Fees

Your adviser may charge other fees in relation to financial products they provide advice on or act as the Investment Manager for. Relevant information regarding these fees is included in the Adviser Profile.

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

SMA

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 9999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10.00am (AEDT) on Sunday, 17 December 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of SmartTrans Holdings Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of SmartTrans Holdings Limited to be held at The Elizabeth Room, Sir Stamford at Circular Quay, 93 Macquarie Street, SYDNEY NSW 2000 on Tuesday, 19 December 2017 at 10.00am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 2 (except where I/we have indicated a different voting intention below) even though Item 2 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 2 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Item 2	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 7	Approval to issue an additional 10% of the issue capital of the Company over a 12 month period pursuant to Listing Rule 7.1a	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3.1	Re-election of Director – Mr Bryan Carr	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 3.2	Election of Director – Tracy Colgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 3.3	Election of Director - Mark Ziirsén	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 4	Ratify issue of Shares and attaching Options to Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 5	Approval for issue of Shares to Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Item 6	Approval for issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / _____ / _____

Date

SMA

2 2 9 0 3 7 A

Computershare +

SMARM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SUBURB
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in SmartTrans Holdings Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Leanne Ralph
Company Secretary